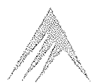
ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
AND INDEPENDENT AUDITOR'S REPORT



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Al Azem, Al Sudairy, Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
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	Pages
Independent auditor's report	1-5
Consolidated statement of financial position	6
Consolidated statement of profit or loss	7
Consolidated statement of comprehensive income	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11-53

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INDEPENDENT AUDITOR'S REPORT

TO: THE SHAREHOLDERS
ALUJAIN HOLDING CORPORATION
A Saudi Joint Stock Company

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **ALUJAIN HOLDING CORPORATION (the "Company") and its subsidiaries (collectively the "Group"),** which comprise the consolidated statement of financial position as at December 31, 2021, 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 a summary of significant accounting policies.

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, 2021 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 Matters

We draw attention to the following:

1- As explained in Note (9) of the accompanying consolidated financial statements, which indicates that in June 2021 National Petrochemical Industrial Company ("NATPET") (Subsidiary Company) completed all procedures related to the transfer of ownership of Menna Company, Fawasel Advanced Petrochemical Company, Al-Taj Towers for Plastic Industries Company, and Afaq professional Chemical Company ("the four Companies") as per the directives of the competent authories and became a 100% owner of these four companies. Accordingly, the investment in the four entities has been included in the consolidated financial statements of the Group for the year ended 31 December 2021. Our opinion has not been amended based on this matter.

2- As explained in Note (18) of the accompanying consolidated financial statements, which indicates that the treasury shares amounting to SR 627 million have been issued a court decision on March 8, 2020 restricting the rights of shares owned by NATPET and any subsidiary company directly or indirectly related to NATPET in these shares of "Alujain Holding Company" until the ownership and transfer are properly corrected, by activating the role of the General Assembly of NATPET. Our opinion has not been amended based on this matter.

3- Note (9) to the accompanying consolidated financial statements, which describes the effects of fire in NATPET production facilities. Our opinion has not been amended based on this matter.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Acquisition of a subsidiary "Natpet"	
Key audit matter	**How the matter was addressed in our audit**
The group obtained control over Natpet on November 11, 2021, due to minority's veto right laps after changes in the Company's by- Law and Natpet became a subsidiary since that date, and the control was obtained with no consideration transferred. The accounting for acquisitions is governed by IFRS 3 'Business Combination' whose requirements can be complex and which requires management to exercise significant judgement in determining certain estimates. The most significant judgement is the determination of puechase price allocation which encompasses: • Identifying the assets (both tangible and intangible) and liabilities acquired and determining their fair values; • Determination of goodwill to be recognized on acquisition; and • Determining the value of the consideration transferred. The group obtained control over Natpet without transferring consideration. As per IFRS 3 "Business combination" the group shall remeasur its previously held interest in the acuiree at its acquisition- date fair value. Given the scale and complexity of the acquisition, this was considered a key audit matter.	We have performed the following procedures among others: • We have assessed control of the subsidiary Company, and reviwed the changes to the the Company's by- Law. • We have obtained and reviewed the valuation reports regarding the fair value of the acquired Company and the valuation reports for the identifiable assets prepared by management's external expert. • Review the valuation by our specialists that was provided by the group and the methodology used to determine the identifiable assets acquired and the liabilities assumed; Especially: - Review methodologies and key assumptions used in valuing the fair value of the acquiree and the valuation of the net identifiable assets. - Review key assumptions used to determine growth rates and trends and underlying data. - Chalange the fair value of the consideration transferred, which involved evaluating expectations of future business performance by approving forcats amounts and underlying contracts and comparing then with forecasts with historical performance and results since the acquisition date. - We have assessed the competence, objectivity, and capabilities of the experts engaged by mangment for valuation the acquired Company and the valuation of the net identifiable assets. - We have assessed the adequacy and appropriateness of the disclosure in Note 9 to the consolidated financial statments.
With reference to note (9) related to Acquisition of a subsidiary .	

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

Key Audit Matters ***(Continued)***

Impairment of inventory	
Key audit matter	**How the matter was addressed in our audit**
As at December 31, 2021 the group had inventory of SAR 320 Million and related provision against slow moving and damaged inventory of SAR 1.7 Million. This inventory consists of raw materials, finished goods, the Company applies a provisioning policy when there are specific matters relating to the quantity and/ or net realizable value of these materials or goods. As for spare parts, including other supplies and materials, the administration considers these parts and materials to have been impaired when there is evidence of damage in their physical condition and/or lack of demand for them in the specified period. We considered this a key audit matter because the provision for slow moving, and damaged inventory is based on a high judgment by management in respect to factors such as the identification of slow moving, stagnant and obsolete spare parts, and includes an assessment of their future use and the determination of associated provisions. Total inventory and related provision are considered material in the financial statements. Please refer to accounting judgments, estimates and assumptions, and note 14 in respect to slow moving and damaged inventory provision.	• In addition to other audit procedures, we have examined the stock allowance accounts against the company's policy regarding slow moving and damaged stock. We have prepared a physical count of inventory items at the end of the year in order to see and understand the company's procedures when identifying damaged inventory items. • We have evaluated the assumptions and the reasonableness of the judgments used by management in estimating the provision. For raw materials and finished goods, we tracked inventory, on a sample basis, to post-year-end sales and confirmed that they were being sold at above book value. • For spare parts, including supplies and other basic materials, that were assessed for impairment in accordance with the following procedures, on a sample basis: - We have obtained an understanding of how company management determines slow moving and obsolete spare parts and assesses the amount of inventory provision. - We have obtained an understaning and assessment of the appropriatenss of the basis for identifying slow moving, stagnant and obsolete inventories. - We have tested the accuracy of the aginf and obsolete Stock of inventory, on a sample basis.
With reference to note (9) related to slow moving and damamged inventory provision.	

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

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 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.

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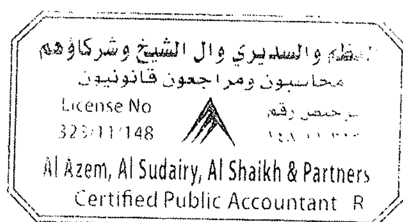
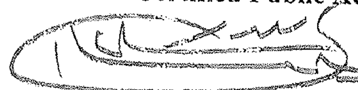
INDEPENDENT AUDITOR'S REPORT ***(Continued)***
ALUJAIN HOLDING CORPORATION
A Saudi Joint Stock Company

Report on other legal and regulatory requirements

Paragraph 135 of the Companies Law requires that the auditor includes in his report what might come to his attention with respect to non-compliance of the terms of the Regulations for companies or the terms of Company's by-law. During the course of our current audit of the consolidated financial statements, we have noted that the company had non-compliances of the Regulations for companies, having no material impact on the consolidated financial statements,, represented by the subsidiary company NATPET owning shares in the holding company ("Alujain Holding"), which is a non-compliance of Regualtions for Companies (Article 184) in the Kingdom of Saudi Arabia.



Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountants



Salman B. AlSudairy
License No. 283

22 Sha'ban 1442H (March 31, 2022)
Riyadh, Kingdom of Saudi Arabia

ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)
Consolidated Statement of Financial Position
As at December 31, 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As at 31 December 31 2021	2020
Assets			
Non-current assets			
Property, plant and equipment	6	2,053,182	24,278
Right of use assets	7	14,537	1,442
Intangible assets	8	23,540	111
Investment accounted for using equity method	9	-	1,625,464
Investment in a joint venture	10	56,079	-
Investment in financial assets / instruments	11	2,084	-
Goodwill	9	1,533,429	
Total non-current assets		3,682,851	1,651,295
Current assets			
Investment in financial assets / instruments	11	45	-
Trade and other receivables, net	12	705,774	43,519
Prepayments and other current assets	13	82,010	1,258
Inventories	14	320,555	3,502
Cash and cash equivalents	15	410,926	5,479
Total current assets		1,519,310	53,758
Total assets		5,202,161	1,705,053
Equity and liabilities			
Equity			
Share capital	16	692,000	692,000
Statutory reserve	17	288,075	125,844
Retained earnings		2,293,975	900,568
Treasury shares	18	(627,141)	-
Reserve for acquisition of additional shares in a subsidiary	19	(8,084)	-
Other reserves		(27,071)	(27,644)
Equity attributable to the shareholders of Alujain Holding Corpoation (Parent Company)		2,611,754	1,690,768
Non-controlling interests	9	826,784	346
Total equity		3,438,538	1,691,114
Non-current liabilities			
Long term loans	20	973,261	-
Non-current portion of lease liabilities against right-of-use assets	7	14,883	1,011
Decommissioning provision	21	12,912	-
Employees defined benefits liabilities	22	75,889	3,079
Total non-current liabilities		1,076,945	4,090
Current liabilities			
Current portion of long term loan	20	205,998	-
Trade and other payables	23	156,403	2,716
Current portion of lease liabilities against right-of-use assets	7	767	250
Accrued and other current liabilities	24	271,105	5,258
Zakat payable	25	52,405	1,625
Total current liabilities		686,678	9,849
Total liabilities		1,763,623	13,939
Total equity and liabilities		5,202,161	1,705,053

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

The accompanying notes (1) to (37) form an integral part of these consolidated financial statements.

ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)
Consolidated Statement of Profit or Loss
For the year ended December 31, 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended December 31, 2021	2020
Revenues		519,298	14,378
Cost of revenues		(400,212)	(13,039)
Gross profit		119,086	1,339
Share of net income from an investment accounted for using equity method	9	275,562	236,212
Selling and marketing expenses	26	(36,568)	(2,298)
General and administration expenses	27	(24,876)	(25,291)
Other operating expenses		(2,489)	-
Other income		3,846	6
Profit from operations		334,561	209,968
Financing cost		(8,471)	(588)
Share of result of a joint venture	10	(219)	-
Re-measurement at fair value of the interest owned in the acquired company	9	1,351,864	-
Profit before Zakat		1,677,735	209,380
Zakat expense	25	(36,905)	(2,145)
Net profit for the year		1,640,830	207,235
Profit for the year attributable to:			
Shareholders of the Parent Company		1,622,307	207,287
Non-controlling interests	9	18,523	(52)
		1,640,830	207,235
Earnings per share attributable to equity holders of the parent Company (Saudi Riyal):			
Basic	28	24,41	3,00
Diluted	28	23,44	3,00

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

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ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)
Consolidated statement of comprehensive income
For the year ended December 31, 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended December 31, 2021	2020
Net profit for the year		1,640,830	207,235
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss:			
Re-measurement of retirement benefit obligation	22	3,114	(42)
Share in other comprehensive income of investments accounted for using equity method	9	655	5,156
Share of other comprehensive loss of a joint venture	10	4	-
Remeasurement gain on equity investment designated as FVTOCI		(14)	-
		3,759	5,114
Total comprehensive income for the year		1,644,589	212,349
Total comprehensive income for the year attributable to:			
Equity holders of the Parent Company		1,625,411	212,401
Non-controlling interests	9	19,178	(52)
		1,644,589	212,349

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

The accompanying notes (1) to (37) form an integral part of these consolidated financial statements.

ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended December 31, 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

		Attributable to the shareholders of ALUJAIN HOLDING 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, 2021		692,000	125,844	900,568	-	-	(27,644)	1,690,768	346	1,691,114
Non-controlling interest acquired	9	-	-	-	-	-	-	-	819,190	819,190
Treasury shares acquired		-	-	-	-	(627,141)	-	(627,141)	-	(627,141)
Reserve for acquisition of additional shares in a subsidiary		-	-	-	(8,084)	-	-	(8,084)	(11,930)	(20,014)
Net profit for the year		-	-	1,622,307	-	-	-	1,622,307	18,523	1,640,830
Other comprehensive income for the year		-	-	2,531	-	-	573	3,104	655	3,759
Total comprehensive income for the year		-	-	1,624,838	-	-	573	1,625,411	19,178	1,644,589
Transfer to statutory reserve	17	-	162,231	(162,231)	-	-	-	-	-	-
Dividends	33	-	-	(69,200)	-	-	-	(69,200)	-	(69,200)
Balance as at December 31, 2021		692,000	288,075	2,293,975	(8,084)	(627,141)	(27,071)	2,611,754	826,784	3,438,538
Balance as at January 1, 2020		692,000	105,115	714,507	-	-	(33,255)	1,478,367	398	1,478,765
Net profit for the year		-	-	207,287	-	-	-	207,287	(52)	207,235
Other comprehensive loss for the year		-	-	(497)	-	-	5,611	5,114	-	5,114
Total comprehensive income for the year		-	-	206,790	-	-	5,611	212,401	(52)	212,349
Transfer to statutory reserve	17	-	20,729	(20,729)	-	-	-	-	-	-
Balance as at December 31, 2020		692,000	125,844	900,568	-	-	(27,644)	1,690,768	346	1,691,114

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

The accompanying notes (1) to (37) form an integral part of these consolidated financial statements.

ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)
Consolidated statement of cash flows
For year ended December 31, 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended December 31, 2021	2020
Cash flows from operating activities			
Profit before Zakat		1,677,735	209,380
Adjustments for:			
Depreciation and amortization	6&8	27,977	3,106
Depreciation of right of use assets	7	510	539
Employee defined benefit expenses	22	1,072	507
Share in net income of equity accounted investees	9	(275,562)	(236,212)
Re-measurement at fair value of the interest owned in the acquired company	9	(1,351,864)	-
Share of result of a joint venture		219	-
Decommissioning provision		84	-
(Gain) Loss on disposal of property, plant and equipment		(35)	156
Loss on disposal of right of use assets		-	58
Expeded credit losses		222	-
Working capital adjustments:			
Inventories		119,367	875
Trade and others receivables		(236,563)	(40,255)
Prepayments and other current assets		26,675	296
Trade and other payables		30,861	(768)
Liabilities against right of use assets		(446)	(576)
Accrued and other current liabilities		64,524	1,446
Net cash flows provided from / (used in) operations		84,776	(61,448)
Employees defined benefits paid	22	(2,242)	(701)
Zakat paid	25	(1,839)	(1,607)
Net cash flows used in / (used in) operating activities		80,695	(63,756)
Cash flows from investing activities			
Addition to investment	9	(895,304)	-
Additional Shares in a subsidiary		(20,014)	-
Addition to property, plant and equipment		(19,938)	(396)
Addition to intengable assests		(25)	(74)
Processds from sold property, plant and equipment		121	9
Dividends received from investment in accountant companies on the equity method		160,457	61,417
Net cash flows (used in) / provided from investing activities		(774,703)	60,956
Cash flows from a financing activity			
Short term facilities		-	(4,506)
Long term facilities	20	915,946	-
Dividend paid to shareholders	20	(68,490)	-
Cash flows provided from (used in) financing activity		847,456	(4,506)
Net change in cash and cash equivalents		153,448	(7,306)
Cash and cash equivalents at the beginning of the year		5,479	12,785
Cash acquired from the acquisition of a subsidiary	9	251,999	
Cash and cash equivalents at the end of the year		410,926	5,479

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

The accompanying notes (1) to (37) form an integral part of these consolidated financial statements

1 General information

ALUJAIN HOLDING CORPORATION ("the Company" 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 crossponding 25 January 2018.

On February 4, 2020, Extraordinary General Assembly approved the amendment of Article no (2) of the company's articles of association regarding changing the name of the company from Aujain Corporation to become Alujain Holding Corporation "Alujain". The company's activity has been also amended based on decision of the Extraordinary General Assembly. The activities of the company before the amendment was to promot and invest in the metallurgical and petrochemical industries and other industrial projects and amended to to manage its subsidiaries and participate in the management of other contributed companies , provide needed support, invest in stocks and other financial instruments, acquire necessary property and movables to start its activity and provide loans and financing guarantees to its subsidiaries.

The head office of the Parent Company is located in Riyadh.

Acquisitions:

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

On 19 Jumada I, 1443 A.H (23 December 2021) the Group has acquired further 0.39% shares in ("NATPET") for a total value of SR 20,01 million paid in cash, resulting in an increase in its shareholding from (74.98%) to (75.37%). Immediately prior to the purchase, the carrying amount of the existing 0.39% non-controlling interest ('NCI') was SR 11.93 million. The purchase was accounted for as an equity transaction with owners with no impact on the profit or loss account for the year ended 31 December 2021. The difference of SR 8.08 million between the carrying value of NCI and consideration paid was recorded under equity as part of Reserve for acquisition of additional shares in a subsidiary.

The consolidated financial statements comprise the financial statements of the Company and its following subsidiaries (the "Group") as at December 31, 2021:

Subsidiaries	Note	Country of incorporation	Paid up share capital 2021	2020	Effective ownership 2021	2020
National Petrochemical Industrial Company	(1)	Saudi Arabia	**1,070,000**	1,070,000	**75.37%**	57.40%
Zain Industries Company	(2)	Saudi Arabia	**40,000**	40,000	**98.75%**	98.75%
Alujain Company for Investment	(3)	Saudi Arabia	-	100	-	100%
Alujain Industrial Company	(4)	Saudi Arabia	-	100	-	100%

1. National Petrochemical Industrial Company "NATPET" is a Saudi Closed Joint Stock Company, incorporated and operating in the Kingdom of Saudi Arabia. The objective of NATPET is to produce polypropylene as per Industrial Ministry License No. 2339 dated Rajab 23,1438H, corresponding to April 20, 2017. NATPET's Polypropylene (PP) complex in Yanbu Industrial City commenced commercial production on August 6, 2010.

2. Zain Industries Company - a Limited Liability Company ("Zain") is engaged in the business of homecare products (spray starch and air fresheners), insecticides and agricultural pesticides, with manufacturing facility located in Jubail Industrial City. During 2017, the Parent Company increased its ownership interest in Zain from 49.38% to 98.75% by purchasing the interest from existing partners.

3. Alujain Company for Investment - a Sole Proprietor Limited Liability Company ("ACJ") was incorporated during the year 2017. ACJ's purpose is to engage in sale and purchase of land and real estate, and provision of commercial and administrative services. However, ACJ has not commenced commercial operations. During the year, the parent company liquidated Alujain Company for Investment and the commercial registration was canceled on July 13, 2021.

4. Alujain Industrial Company - A Sole Proprietor Limited Liability Company ("AIC") was incorporated during the year 2017. AIC's purpose is to engage in providing commercial and administrative services. However, AIC has not commenced commercial operations. During the year, the parent company liquidated Alujain Industrial Company and the commercial registration was canceled on July 12, 2021.

2 Basis of preparation

a) Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and other standards and pronouncements, as endorsed by Saudi Organization for Certified Public Accountants ("SOCPA") in the Kingdom of Saudi Arabia ("KSA").

The Capital Market Authority (CMA) announced on October 16, 2016 that it obligates the listed entities to apply the cost model to measure the property, plant and equipment, investment properties and intangible assets upon adopting the IFRS for three years period starting from the IFRS adoption date. On December 31 2020, it was extended up the financial years starting from 1 January 2022. The Company obligated to the requirments described in the accompanying consolidated financial statements.

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the following:

- Available for Sale ("AFS") investment, financial assets and liabilities that have been measured at fair value
- Employees defined benefit liabilities, determined using actuarial present value calculations based on project unit credit method.
- Investment in a joint venture: The carrying value of the investment in a joint venture is calculated using the equity method of accounting.
- Derivative financial instruments: The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The accounting policies adopted are consistent with those of the previous financial year ended December 31, 2020 except for and the adoption of new and amended standards as set out in Note 5.

c) Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyals which is also the Group's functional currency and all values are rounded to the nearest thousand Saudi Riyals, except when otherwise indicated.

d) Income and cash flow statements

The Group has elected to present consolidated statements of income and other 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's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future period.

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 Company's exposure to risks and uncertainties include the following:

- Sensitivity analyses disclosures (note 22 and 35).
- Financial instruments risk management (note 35)
- Capital management (note 36).

3 Significant accounting estimates, assumptions and judgments (continued)

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

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.

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 judgement 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.

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.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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 beyond the control of the Group. Such changes are reflected in the assumptions when they occur

3.1.1 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations.

A previously recognised 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 recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement consolidated of profit or loss.

3 Significant accounting estimates, assumptions and judgments (continued)

3.1 Key sources of estimation uncertainty judgments (continued)

3.1.2 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" ("IFRS 13").

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 income.

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.

3.1.3 Measurement of financial instruments

The Group is required to make judgements 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.

3.1.4 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.

3.1.5 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 22 to these consolidated financial statements for valuation of defined benefit obligations.

3.1.6 Useful lives and residual value of property, plant and equipment and intangible assets

The management determines the estimated useful lives and residual value of property, plant and equipment 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 Significant accounting estimates, assumptions and judgments (continued)

3.1.7 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.

3.1.8 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).

3-1-9 Goodwill - Annual impairment testing of goodwill:

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 value in use, the discounted cash flow models are used.

The most important parameters in the impairment test include assumptions related to sales growth rate and pre-tax discount rates.

4 Summary of significant accounting polices

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

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 income. Any investment retained is recognised at fair value.

4 Summary of significant accounting polices (continued)

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 income.

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 income.

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.

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.

4 Summary of significant accounting polices (continued)

Investments in equity accounted investees (continued)

The consolidated statement of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in statement of 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 income 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 income.

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 income.

Foreign currency transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in the consolidated statement of other comprehensive income or consolidated statement of income, respectively).

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

All other assets are classified as non-current.

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 period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

4 Summary of significant accounting polices (continued)

Fair value measurement

The Group measures financial instruments, such as, derivatives, at fair value at each reporting date.

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.

Cash dividend to equity holders

The Group recognises a liability to make cash distribution to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the regulations for companies of Saudi Arabia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All repair and maintenance costs are recognised in the consolidated statement of income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

4 Summary of significant accounting polices (continued)

Property, plant and equipment (continued)

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

Leasehold improvements	3 - 10 years
Buildings on leased land	20 - 30 years
Plant and equipment	3 - 30 years
Computer	3 - 4 years
Furniture and fixtures	5 - 10 years
Office equipment	5 - 10 years
Vehicles	4 years
Laboratory and safety tools	5 - 10 years
Capital spares and standby equipment	5 - 25 years

Assets under construction which are not ready for its intended use are not depreciated.

When a major inspection (turnaround/shutdown, planned or unplanned) is performed, its directly met attributable cost is recognised in the carrying amount of the plant and equipment if the recognition criteria are met. This is recorded as a separate component with a useful life generally equal to the time period up to the next scheduled major inspection (turnaround). If the next turnaround occurs prior to the planned date, any existing book value of the previous turnaround is recognized in the consolidation statement of income immediately.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

Research costs are expensed as incurred.

Group's intangible is being amortised over a period of 5 years.

4 Summary of significant accounting polices (continued)

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 income.

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.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right of use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the consolidated statement of income on a straight-line basis over the lease term.

The Group has not entered into any agreement for finance lease.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: weighted average method
- Packaging and label: weighted average method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Consumables spare parts

Consumables are ancillary materials which are consumed in the production of semi-finished and finished products. Consumables may include engineering materials, one-time packaging materials and certain catalysts.

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 capitalised 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 utilised. These do not form part of inventory provided capitalization criteria under property, plant and equipment is met.

4 Summary of significant accounting polices (continued)

- Repairable items that are plant/production line specific with long lead times and will be replaced and refurbished frequently (mostly during turnarounds). These are capitalised 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.

- 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 which may be required at any time for facilitating plant operations. They are generally classified as 'consumables and spare parts' under inventory. Items recorded under inventory are subject to assessment for obsolescence provision and are charged to the 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.

Financial instruments

Classification of financial assets

The Group classifies its financial assets under the following categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI); and
- Amortized cost.

These classifications are on the basis of business model of the Group for managing the financial assets, and contractual cash flow characteristics.

The Group measures financial asset at amortized cost when it is within the business model to hold assets in order to collect contractual cash flows, and 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 assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Initial measurement

At initial recognition, financial assets or financial liabilities are measured at their fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. In the case of financial assets or financial liabilities not at fair value through profit or loss, its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount. Trade receivables are measured at transaction price.

Classification of financial liabilities

The Group designates a financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency or where a group of financial liabilities is managed and its performance is evaluated on a fair value basis.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within 12 months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

All other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset so that the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Reclassifications

Financial assets are reclassified when the Group changes its business model for managing financial assets. For example, when there is a change in management's intention to hold the asset for a short term or long term. Financial liabilities are not reclassified.

4 Summary of significant accounting polices (continued)

Subsequent measurement

Subsequent measurement of financial assets is as follows:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Subsequent measurement (Continued)

FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

De-recognition

The Group derecognizes a financial asset when, and only when the contractual rights to the cash flows from financial asset expire, or it transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognized when the obligations specified in the contract is discharged, cancelled or expires. A substantial change in the terms of a debt instrument is considered as an extinguishment of the original liability and the recognition of a new financial liability.

Impairment

Financial assets
The Group recognizes a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortized cost or at FVOCI, lease receivables, trade receivables.

No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses reflects changes in credit risk since initial recognition of the respective financial instrument.

The Group applies the simplified approach to calculate impairment on trade receivables and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rare based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group applies the general approach to calculate impairment. Lifetime ECL is recognized when there has been a significant increase in credit risk since initial recognition and 12 month ECL is recognized the credit risk on the financial instrument has not increased significantly since initial recognition. The assessment of whether credit risk of the financial instrument has increased significantly since initial recognition is made through considering the change in risk of default occurring over the remaining life of the financial instrument.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Exposure at default for off balance sheet items is arrived at by applying a credit conversion factor to the undrawn portion of the exposure.

4 Summary of significant accounting polices (continued)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

Measurement and recognition of expected credit losses (Continued)

The Group recognizes an impairment gain or loss in the consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations.

Impairment losses are recognized in the consolidated statement of profit or loss. An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or 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. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Revenue from contracts with customers

The Group recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1. Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

4 Summary of significant accounting polices (continued)

Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations, where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount billed to the customer exceeds the amount of revenue recognized, this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Revenue is recognized in the consolidated statement of profit or loss to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

The Group recognizes revenue from the sale of polypropylene and geo-synthetic 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.

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.

Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

4 Summary of significant accounting polices (continued)

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. Subsequent recoveries of amount previously written-off are credited to the consolidated statement of income against "General and administrative expenses".

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.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The net liability recognised in the consolidated statement of financial position in respect of defined benefit post-employment plans is the present value of the projected defined benefit obligation (DBO) at the reporting date. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur as other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of income as past service costs.

Valuations of the obligations under these plans are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognised immediately in the consolidated statement of income while unwinding of the liability at discount rates used are recorded as financial cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the consolidated statement of other comprehensive income.

The actuarial valuation process takes into account the provisions of the Saudi Arabian Labor and Workmen law as well as Group policy. The end of service payments is based on employees' final services and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

4 Summary of significant accounting polices (continued)

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.

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 adjusts 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.

Expenses

Cost of sales

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

Selling and marketing expenses

These include any costs incurred to carry out or facilitate selling activities of the Group.

General and administration expenses

These pertain to operational expenses which are not directly related to the production of any goods or services.

Allocation of overheads between cost of sales, selling and marketing expenses, and general and administration expenses, where required, is made on a consistent basis.

Zakat and income taxes

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 and 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.

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.

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, interpretations and amendments adopted by the Group

New Standards, Amendment to Standards and Interpretations:

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021.

5.1 Amendments to IFRS 7 and IFRS 16 interest rate benchmark reform – Phase 2

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

5.1.1 Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the International Accounting Standards Board ("IASB") published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.

On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The adoption of above amendments does not have any material impact on the Consolidated Financial Statements during the year.

5.2. Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted them in preparing these Consolidated Financial Statements.

5.2.1. Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

5.2.2. Amendments to IFRS 3, IAS 16, IAS 37

- IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

5.2.3. Amendments to IAS 1, Practice statement 2 and IAS 8

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

5.2.4. Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

6 Property, plant and equipment

	Leasehold improvements	Buildings on leased land	Plant and equipment	Computers	Furniture and Office equipment	Vehicles	Laboratory and safety tools	Capital spares and standby equipment	Spare parts	Total
Cost										
At January 1, 2021	-	14,340	21,467	-	358	302	-	-	-	36,467
Acquisition of a subsidiary (note 9)	6,783	103,139	3,814,247	31,942	8,274	7,997	2,796	47,524	21,117	4,043,819
Additions for the year	-	-	19,310	58	68	126	-	-	376	19,938
Write-offs for the year	-	-	-	-	(23)	(353)	-	-	-	(376)
At December 31, 2021	**6,783**	**117,479**	**3,855,024**	**32,000**	**8,677**	**8,072**	**2,796**	**47,524**	**21,493**	**4,099,848**
Accumnlated depreciation										
At January 1, 2021	-	4,432	7,492	-	159	105	-	-	-	12,188
Acquisition of a subsidiary (note 9)	3,759	35,169	1,901,655	25,758	7,786	6,461	1,101	25,485	-	2,007,174
Depreciation charge for the year	81	1,771	24,547	523	90	151	41	391	-	27,595
Write-offs for the year	-	-	-	-	(23)	(268)	-	-	-	(291)
At December 31, 2021	**3,840**	**41,372**	**1,933,694**	**26,281**	**8,012**	**6,449**	**1,142**	**25,876**	-	**2,046,666**
Net book value										
At December 31, 2021	**2,943**	**76,107**	**1,921,330**	**5,719**	**665**	**1,623**	**1,654**	**21,648**	**21,493**	**2,053,182**
At December 31, 2020	-	9,907	13,975	-	199	197	-	-	-	24,278

7 Right of use Assets and lease liabilities

The Group has lease contracts for leasehold land, office tower and fork lifts used in its operations. Leases of land generally have lease terms between 30 and 35 years, for office tower and fork lifts 3-5 years. 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 rights to use the assets in addition to the depreciated consumption:

	December 31,2021	December 31, 2020
Cost		
At January 1	1,854	2,636
Acquisition of a subsidiary (note 9)	19,293	-
Addition	553	-
Write-offs for the year	-	(782)
At December 31	27,700	1,854
Accumulated depreciation		
At January 1	412	597
Acquisition of a subsidiary (note 9)	4,649	-
De-recognition due to termination of contract	1,592	-
Charge of the year	510	539
Write-offs for the year	-	(724)
At December 31	7,163	412
Net book value	14,537	1,442

The lease liabilities as at the end of the year are as follows:

	December 31, 2021	December 31, 2020
Current portion of lease liabilities	767	250
Non-current portion lease liabilities	14,883	1,011
Total lease liabilities	15,650	1,261

The Group recognized the financing cost expense of SR 184 thousand on rental contract liabilities during the year ended December 31, 2021 (December 31, 2020: SR 84 thousand).

8 Intangibles assets

License fee and Software under development	December 31, 2021	December 31, 2020
At January 1	111	44
Acquisition of a subsidiary (note 9)	23,786	-
Addition	25	74
Amortization	(382)	(7)
At December 31	23,540	111

9 Investments

9.1 Investment in subsidiaries

The Group's principal subsidiaries at December 31, 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also its principal place of business.

Subsidiaries	Note	Country of incorporation	Paid up share capital		Effective ownership	
			2021	2020	2021	2020
National Petrochemical Industrial Company	(1)	Saudi Arabia	1,070,000	1,070,000	75.37%	57.40%
Zain Industries Company	(2)	Saudi Arabia	40,000	40,000	98.75%	98.75%
Alujain Company for Investment	(3)	Saudi Arabia	-	100	-	100%
Alujain Industrial Company	(4)	Saudi Arabia	-	100	-	100%

1. National Petrochemical Industrial Company "NATPET" is a Saudi Closed Joint Stock Company, incorporated and operating in the Kingdom of Saudi Arabia. The objective of NATPET is to produce polypropylene as per Industrial Ministry License No. 2339 dated Rajab 23,1438H, corresponding to April 20, 2017. NATPET's Polypropylene (PP) complex in Yanbu Industrial City commenced commercial production on August 6, 2010.

   On 2 October 2018, a fire broke out in the Natpet's plant and the Company has since lodged the claim with the insurance company. Under the terms of insurance policy, the insurance company is obligated to compensate the Company to reinstate the plant in its working condition and also to compensate the Company for business interruption. During the years ended 31 December 2019 and 31 December 2020:

   - The Company entered into a contract for the engineering, procurement and construction of the parts of the plant destroyed by fire.
   - The Company also received payments from the insurance company amounting to SR 1,230 million during the years 2019, 2020 representing allocated payments towards the claim by the Company for property damage and business interruption in accordance with the terms of the insurance policy.
   - The construction work was completed and trial run commenced during the first quarter of 2020 and the complex recommenced its operations.

   On 11 November 2021, the Group obtained control over NATPET due to minority veto rights lapse after changes in the Company By-Law and NATPET became a subsidiary from that date.

2. Zain Industries Company – a Limited Liability Company ("Zain") in which the Company owned 49.38% ownership interest as at December 31, 2016. During the year 2017, the Company increased its ownership interest in Zain from 49.38% to 98.75%. Consequent upon transfer of ownership interest, Zain has been. consolidated in the accompanying financial statements with effect from January 1, 2017 (the acquisition date as per the shareholders' agreement). Zain is engaged in the business of homecare products (spray starch and air fresheners), insecticides and agricultural pesticides, with manufacturing facility located in Jubail Industrial City, Saudi Arabia.

   During the financial year ended December 31, 2020 Zain reduce the share capital with an amount SR 20 million as per resolution of the partners on October 6, 2020. The reduction has been amended in the Articles of Association.

3. Alujain Company for Investment - a Sole Proprietor Limited Liability Company ("ACJ") was incorporated during the year 2017. ACJ's purpose is to engage in sale and purchase of land and real estate, and provision of commercial and administrative services. However, ACJ has not commenced commercial operations. During the year, the parent company liquidated Alujain Company for Investment and the commercial registration was canceled on July 13, 2021.

4. Alujain Industrial Company - A Sole Proprietor Limited Liability Company ("AIC") was incorporated during the year 2017. AIC's purpose is to engage in providing commercial and administrative services. However, AIC has not commenced commercial operations. During the year, the parent company liquidated Alujain Industrial Company and the commercial registration was canceled on July 12, 2021.

9 Investments (continued)

9.2 Non-controlling interest

The non-controlling interests in the consolidated financial statements consist of the non-controlling interests in the subsidiaries, and the non-controlling interests represent 1.25% in Zain Company and 24.63% in NATPET Company as on December 31, 2021 (1.25% in Zain Company as on December 31, 2020), the movement during the year is as below.

	2021	2020
Balance at January 1	346	398
Non-controlling interest acquired	819,190	-
Reserve for acquisition of additional shares in a subsidiary	(11,930)	-
Net profir (loss) for the year	18,523	(52)
Other comprehensive income for the year	655	-
Balance at December 31	826,784	346

9.3 Investment accounted for using equity method (the associate company)

On 11 November 2021, the Group obtained control over NATPET due to minority veto rights lapse after changes in the Company By-Law and NATPET became a subsidiary from that date. (Note 9-4)

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 Holding Corp. in the subsidiary NATPET.

Alujain has fulfilled all the requirements for controlling NATPET in accordance with the International Financial Reporting Standards, which was previously announced in the Saudi Stock Exchange (Tadawul) on January 30, 2022. On the date of control, Alujain Holding Corp. consolidated the financial statements with the subsidiary NATPET. On the acquisition date, the company appointed an independent accredited valuator to evaluate NATPET, and as a result of the evaluation, a goodwill amounting to SR1,533 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%) SR 1,352 million (note 9-4).

During the year till the control date, Alujain Holding Corp. increased its ownership stake in NATPET in stages from 57.40% to 74.98% by purchasing 18,811,272 shares at a cost of SR 896 million at an average price of SR 47.66 per share. The purchases were as follows:

- In May 2021, the group purchased 13,335 shares at SR 45 per share.
- In June 2021, the group purchased 163,699 shares at SR 45 per share.
- In August 2021, the group purchased 16,975,417 shares at SR 47.5 per share.
- In September 2021, the group purchased 1,658,821 shares at SR 49.43 per share.

Investment in equity accounted investees consists of the following investment in private entities:

	Place of Business / country for incorporation	% Ownership 2021	% Ownership 2020	Nature of relationship	December 31, 2021	December 31, 2020
NATPET	Saudi Arabia	75.37%	57.4%	Subsidiary / Associate (1)	-	1,625,464
					-	1,625,464

The movment in the investment in the associate Company previous to the control date is as follow:

	December 31, 2021	December 31, 2020
January 1	1,625,464	1,445,513
Additon	554,836	-
Share of Profit for the year	275,562	236,212
Share of other comprehensive income	655	1,772
The share in the profits realized from the investment of NATPET in the shares of Alujain Holding Corporation	-	3,384
Dividances	(160,457)	(61,417)
Goodwill	220,189	-
The group's share of NATPET's investment in the shares of Alujain Holding Corp.	121,274	-
Inter-group adjustment	(995)	-
Derecognition of investment in associate company	(2,636,528)	-
December 31	-	1,625,464

9 Investments (continued)

On November 11, 2021 (the control date), The Group has recognized the profit from its share of the investment in NATPET as an associate company the summarized financial result of NATPET are as follow:

Summarized statement of financial position	November 11, 2021	December 31, 2020
Current assets		
Cash and cash equivalents	251,999	246,659
Other current assets	975,289	647,660
Total current assets	1,227,288	894,319
Non-current assets	2,547,358	2,590,372
Total assets	3,774,646	3,484,691
Current liabilities		
Financial liabilities (excluding trade and other payables and provisions)	132,185	83,811
Other current liabilities	347,577	417,470
Total current liabilities	479,762	501,281
Non-current liabilities		
Financial liabilities	131,128	51,387
Other non-current liabilities	102,856	101,911
Total non-current liabilities	233,984	153,298
Total liabilities	713,746	654,579
Net assets	3,060,900	2,830,112

A reconciliation to the carrying amount to the net assets of NATPET till controlling date is as follows:

	November 11, 2021	December 31, 2020
Opening net assets	2,830,112	2,522,501
Profit for the period / year	443,734	411,523
Other Comprehensive income for the period / year	1,054	3,088
Dividance	(214,000)	(107,000)
	3,060,900	2,830,112
Group's share in % (rounded to one decimal)	74.98%	57.4%
Group's share in net assets (computed on absolute share)	2,295,065	1,624,469
Goodwill	220,189	-
The group's share of NATPET's investment in the shares of Alujain Holding Corp.	121,274	-
Inter-group adjustment	-	995
	2,636,528	1,625,464

Summary of statements of profit or loss and comprehensive income of NATPET is as follows:

	November 11, 2021	December 31, 2020
Revenues	1,512,454	1,173,701
Depreciation and amortization	(169,509)	(205,774)
Financial charges	(8,321)	(20,428)
Zakat	(15,519)	(12,950)
Profit for continuing operations	443,734	411,523
Other Comprehensive Income	1,054	3,088
Total comprehensive income for the year	444,788	414,611

9 Investments (continued)

9.4 Acquisition of subsidiary

As mentioned in Note (9-3), On 11 November 2021, the Group obtained control over NATPET due to minority veto rights lapse after changes in the Company By-Law and NATPET became a subsidiary from that date. The group obtained control of an NATPET without transferring consideration. As per IFRS 3 "Business combination" when the a company obtain control without transferring consideration the the group shall remeasure 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

On the date of control, the group appointed an independent accredited valuer to evaluate NATPET, and as a result of the evaluation, the fair value of NATPET amounted to SAR 5,319 million, and the fair value at the date of control of its interest in NATPET of (74.98%) amount to SAR 3,988 million. An amount of goodwill was recognized as a result of the control and evaluation process amounting to SAR 1,533 million, and the evaluation of the group's interest in NATPET on the date of control resulted in a profit against the shares previously owned at the date of control, of (74.98%) an amount of SAR 1,352 million (note 9-4).

Acquired net identifiable assets and liabilities

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	11 November 2021
ASSETS	
Property, plant and equipment	2,036,646
Intangible assets	23,786
Right of use assets	14,644
Investment in financial assets / instruments	629,288
Investment in a joint venture	56,294
Inventories	436,419
Trade and other receivables	431,038
Prepayments and other assets	107,785
Cash and cash equivalents	251,999
TOTAL ASSETS	3,987,899
LIABILITIES	
Long term borrowings	263,313
Employees' benefits liabilities	77,094
Decommissioning provision	12,828
Trade and other payables	126,595
Lease liabilities	16,154
Accrued and other liabilities	202,048
Zakat provision	15,714
TOTAL LIABILITIES	713,746
Fair value of Net assets acquired	3,274,153

- During December 2021, Alujain Holding Corp. increased its ownership stake in NATPET in stages from 74.98% to 75.37% by purchasing 416,957 shares at a price of SR 48 per share.

Goodwill

Goodwill arising from the acquisition has been recognised as follows.

Fair value pf pre-existing interest in NATPET	3,988,392
NCI based on their proportionate interest in the recognised amounts of the assets and liabilities of NATPET	819,190
Fair value of identifiable net assets	(3,274,153)
	1,533,429

9 Investments (continued)

Gain resulting from the revaluation of shares owned in NATPET prior to the date of acquisition

A gain resulted from the remeasurment of the shares owned by Alujain Group in NATPET previously to the date of control, of (74.98%) amounting to SR 1,352 million

Fair value of the pre-existing interest in NATPET at the acuistion date	3,988,392
The carrying amount of the Investment in NATPET at the acquisition date	(2,636,528)
	1,351,864

On the control date, the Group appointed an independent accredited valuator to evaluate NATPET. The fair value of NATPET was calculated using the income method.

The income method have been applied evaluate NATPET and based it on the Company's strategic plan, operational expectations and valuator opinion based on the market indicators for Commercial Chemicals sector for the next five years, ending 31st December 2026.

The rationale behind the use of the income method is the following:

- The income approach valuation better reflects the Company's expected future financial performance as it is based on detailed Management assumptions for the main business drivers of the Company taking into account the covid-19 effect and market conditions.

- Furthermore, the projections are based on assumptions for the expected growth and operational efficiency, with this growth driven by the optimization of the Company's core operations. As such, Management's insight and expectations of future performance should be accurate given Management's experience of running the business.

- We have considered the Guideline publicly-traded Comparable method to derive NATPET and its investments' relative value based on publicly traded comparable companies operating in similar industry and KSA market specifically, regionally and globally.

- The rationale behind the use of the Guideline publicly-traded Comparable method is that the prices of publicly traded companies should in theory incorporate all current available information and the expectations (including future growth and profitability) of many independent investors regarding the financial performance, growth prospects and in turn value of these companies. As such, prices of publicly listed companies reflect the market consensus on the financial prospects and in turn the valuation of such companies. Additionally, the depth and liquidity of stock markets in general, combined with "real-time" price movements, make them a good proxy for the latest value expectations of the investor community and the market as a whole.

The calculation in value in use is most sensitive to the assumptions on EBITDA margins, discount rate and terminal growth rate. Key assumptions underlying the projections are:

Key assumptions	%
Discount rate	%11
Terminal value growth rate	%2

Sensitivity to the changes in assumptions

With regard to the assessment of the value in use, management believes that no reasonably possible change in any of the key assumptions above would cause the carrying value of the CGU including goodwill to materially exceed its recoverable amount. The implications of changes to the key assumptions are discussed below.

10 Investments in a Joint Venture

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

	Principal activities	Place of business / country of incorporation	Proportion of ownership interest 2021	2020	2021	2020
Natpet Schulman Specialty Plastic Compounding L.L.C ("Natpet Schulman")	Produce polypropylene compounds	Saudi Arabia	50%	-	56,079	-

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

	2021	2020
Balance at January 1,	-	-
Acquisition of a subsidiary (note 9)	56,294	-
Share of profit for the year	(219)	-
Share of other comprehensive income for the year	4	-
Balance at December 31	56,079	-

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 31 December 2018. The loan was reduced to SR 84.7 million vide agreement dated 29 December 2019 and the remaining further withdrawals amounting to SR 17.6 were also made during year 2019. The Company has paid an upfront fees totaling to SR 7 million as at 31 December 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 Company has not drawn any balance. The SIDF term loan is repayable in 12 semi-annual instalments and is secured by mortgage over the assets of the Company for which the loan was granted, promissory notes and corporate guarantees of the partners. The loan agreements contain certain covenants which, among others, require that the Company 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 2021 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 Company had paid an upfront commitment fee of SR 1.025 million as at 31 December 2019, which were treated as an adjustment to interest cost for valuation of the loan using the EIR method under IFRS 9. As at 31 December 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 25 January 2024. Upon merger of SAMBA and National Commercial Bank into Saudi National Bank(SNB), the loan payments were rescheduled dated 22 September 2021 that require quarterly principle repayments over the period by 15 September 2023 to SNB. These borrowing facilities require the Company to maintain financial covenants including total debt to share capital ratio and current ratio above certain limits.

10 Investments in a Joint Venture (continued)

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.

	2021	2020
Non-current assets	133,571	-
Current assets	187,546	-
Non-current liabilities	(59,092)	-
Current liabilities	(151,062)	-
Equity	110,963	-

The above amounts of assets and liabilities include the following:

	2021	2020
Cash and cash equivalents	47,641	-
Current financial liabilities (excluding trade and other payables and provisions)	28,474	-
Non-current financial liabilities (excluding trade and other payables and provisions)	56,401	-

11 Investment in financial assets / instruments

Equity investments comprise the following individual investments:

	2021	2020
Fair value through Other Comprehensive Income (FVTOCI) *		
Investment in listed equity shares (see note a below)		
Saudi Basic Industries Corporation (SABIC)	115	-
Fair value through Profit or Loss (FVTPL) *		
Investment in listed equity shares (see note b below)		
Saudi Arabian Oil Company	45	-
Investment in financial assets measured at amortized cost		
Investment in preferred stock shares (see note c below)		
Lygos Inc.	1,969	-
Total Investments in financial assets	2,129	-

* 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 30).

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.
The management has been informed that the Board of Siluria voted to place Siluria into a formal "Action by Creditors" process managed by Sherwood with a recommendation to pursue an offer by Lummus LLC (a subsidiary of McDermott).
In July 2019, Siluria Technologies was acquired by a US engineering contractor; based on the information currently available and management's best estimate, and keeping in view the uncertainty of future events, management believes that there is a significant doubt over the recoverability of investment in preference shares and convertible note. Accordingly, the Group has recorded impairment in full.
b) The Group entered into another agreement on 19 September 2017, for acquisition of convertible notes issued by Siluria Technologies at a purchase consideration of SR 18.75 million. Such convertible notes will be exercisable either into qualified financing preferred stock, non-qualified preferred stock or series E preferred shares at applicable conversion price. During 2019, the Group acquired additional convertible notes in two tranches of SR 1.75 million and SR 1.43 million. Based on the managements best estimate it is unlikely the Group will recover any of their investments in Siluria and accordingly have recorded impairment of SR 21.927 million against investment in convertible notes.

11 Investment in financial assets / instruments (continued)

c) 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.

12 Trade and other receivables, net

	December 31, 2021	December 31, 2020
Trade receivable	616,430	2,525
Due from related parties (Note 28)	97,860	41,504
Other receivable	53	-
	714,343	44,029
Less: allowances for expected credit losses	(8,569)	(510)
	705,774	43,519

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 individually impaired receivables are more than one year past due and mainly relate to one trade customer. A provision is recognized for amounts not expected to be recovered (also see Note 29).

Movement in allowances for expected credit losses is as follows:

	December 31, 2021	December 31, 2020
Balance as at January 1	510	510
Acquisition of a subsidiary (note 9)	7,851	-
Additions	222	-
Write off during the year	(14)	-
Balance as at December 31	8,569	510

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 allowance for trade receivables 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.

Historically, the trade receivables of the Group have not remained uncollected for more than 90 days past due and there has been no defaults in the past therefore, no impairment allowance has been recognized as of December 31, 2021.

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
2021	616,430	464,236	94,603	15,303	1,735	22,032	18,521
2020	2,525	1,250	253	-	-	-	1,022

See financial risk management (note 30) 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.

13 Prepayments and other current assets

	December 31, 2021	December 31, 2020
Advances to suppliers and contractors	14,024	461
Insurance receivable	3,488	-
Custom duties refundable, net	2,700	-
Prepayments	26,018	224
VAT receivable	30,793	-
Deposits	137	8
Advances to employees	4,850	565
	82,010	1,258

14 Inventories

	December 31, 2021	December 31, 2020
Raw materials	126,819	1,116
Packaging and labels	1,888	1,223
Work in progress	4,858	-
Finished Goods	116,059	998
Consumables and Spare parts	72,647	165
	322,271	3,502
Less: provision for slow moving and obsolete items	(1,716)	-
	320,555	3,502

As at December 31, 2021, the Group maintains provision against slow moving parts amounting to SR 1.72 million (2020: NIL)

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

	2021	2020
Balance as at January 1	-	100
Acquisition of a subsidiary (note 9)	4,161	-
Additions	519	-
Writtoff	(2,964)	(100)
Balance as at December 31	1,716	-

15 Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash in hand	566	41
Cash at banks	310,360	5,438
Short term deposits - murabaha deposits	100,000	-
	410,926	5,479

Cash at banks and short-term deposits are placed with commercial banks. Short term deposits yield financial income at variable commercial rates and have a maturity of less than 3 months from the date of deposit placement.

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.

16 Share capital

The Parent Company's authorized, issued and fully paid share capital is Saudi Riyals 692 million which is divided into 69.2 million shares of Saudi Riyals 10 par value each. The company may decide to stop this transfer when the reserve reaches 30% of the capital.

17 Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, 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 company may decide to stop this transfer when the reserve reaches 30% of the capital. This reserve is not available for distribution

18 Treasury shares

The shares of Alujain, 19.86 million shares amount to SR 627,14 million, owned by the subsidiaries of the company ("NATPET") were classified after the consolidation of the financial statements as treasury shares according to the accounting standards adopted. The acquisition of these shares will be finalized in coordination with stakeholders and regulatory authorities.

The following is the number of treasury shares resulting from the acquisition (thousand):

	Decmber 31, 2021	Decmber 31, 2020
Number of treasury shares as on January 1	-	-
Number of shares resulted from the acquisition	19,860	-
Number of outstanding shares as on December 31	19,860	-

19 Reserve for acquisition of additional shares in a subsidiary

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

On 19 Jumada I, 1443 A.H (23 December 2021) the Group has acquired further 0.39% shares in ("NATPET") for a total value of SR 20,01 million paid in cash, resulting in an increase in its shareholding from (74.98%) to (75.37%). Immediately prior to the purchase, the carrying amount of the existing 0.39% non-controlling interest ('NCI') was SR 11.93 million. The purchase was accounted for as an equity transaction with owners with no impact on the profit or loss account for the year ended 31 December 2021. The difference of SR 8.08 million between the carrying value of NCI and consideration paid was recorded under equity as part of Reserve for acquisition of additional shares in a subsidiary.

20 Facility

	2021	2020
Facility at amortized costs		
Short term facilities (1)	-	-
Long term facilities (2)	1,179,259	-
Total	1,179,259	-

1 Short term facility

During 2021, the Group has obtained short term facilities from a local commercial bank amounting to SR 20 million. The outstanding short term facilities as of December 31, 2021, nill (31 December 2020: nill). The full amount was paid during 2021.

2 Long term facility

The following is a summary of the facilities:

	2021	2020
Secured facilities at amortized costs		
Saudi Industrial Development Fund (a)	62,946	-
Alinma bank (b)	1,116,313	-
	1,179,259	-
Less: Current portion of long term borrowings	(205,998)	-
	973,261	-

20 Facility (continued)

(a) The Group obtained long term loan from Saudi Industrial Development Fund (SIDF) to finance the construction of manufacturing facilities of one of its subsidiary 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 the Parent Company and is repayable over semi-annual installments starting from 25 January 2016 and ending on 16 May 2022. During the year 2019, the loan agreement has been amended and the loan has been rescheduled, due to which maturity of loan has been increased by 2 years without increasing the rate or principal and the final settlement is due on April 2024. During the year, the terms of loan have been reschedule and maturity period has been further extended till April 13, 2025.

(b) The Group obtained long-term Islamic facilities from Alinma Bank. The outstanding financings as on December 31, 2021 amounted to SR 1,116 million (December 31, 2020: nil) as follows.

- The Group obtained long-term Islamic financing from Alinma Bank of SR 1,000 million in accordance with the agreement concluded on August 2021, and the outstanding balance as of December 31, 2021 amounted to SR 916 million (December 31, 2020: None). For the purpose of purchasing additional shares in NATPET, the shares owned by Alujain Holding Corp. have been mortgaged as collateral in return for the financing and will be repaid over 8 years in annual installments starting from 2022.

- The Group obtained long-term Islamic financing from Alinma Bank amounting to SR 400 million in accordance with the agreement concluded in March 2021, and the outstanding term balance as at December 31, 2021 amounted to SR 200 million (December 31, 2020: nil). This is for the purpose of financing the company's operational operations and will be paid in two equal annual payments starting from 2022

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

31 December	facility principal	Deferred financial charges	Long term facilities
2022	206,531	(533)	205,998
2023	209,431	(386)	209,045
2024	112,131	(207)	111,924
2025	102,531	(28)	102,503
2026	91,631	-	91,631
2027	91,631	-	91,631
2028	91,631	-	91,631
2029	274,894	-	274,896
	1,180,411	(1,154)	1,179,259

21 Decommisioning provision

	2021	2020
January 1,	-	-
Acquisition of a subsidiary (note 9)	12,828	-
Unwinding of provision during the year	84	-
December 31,	12,912	-

22 Employees defined benefit liabilities

22.1 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 consolidated statement of income.

	December 31, 2021	December 31, 2020
Defined benefits obligation	75,889	3,079

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

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

	2021	2020
As at January 1	3,079	3,231
Acquisition of a subsidiary (note 9)	77,094	-
Current service cost	793	397
Financial charges	279	110
Benefits paid	(2,242)	(701)
Actuarial gain on the obligation		
Gain of changes in financial assumptions	(3,114)	185
Effect of experience adjustments	-	(143)
As at December 31	75,889	3,079

Net benefit expense (recognized in the consolidated statement of income statement) is as shown below:

	For the year ened December 31,	
	2021	2020
Current service cost	793	397
Financial charges	279	110
Benefit expense	1,072	507

Net actuarial loss on the obligation for the year is as follows:

	For the year ened December 31,	
	2021	2020
Loss on changes in financial assumptions	(3,114)	185
Experience adjustment	-	(143)
Actuarial loss gain on the obligation	(3,114)	42

The expected maturity analysis of undiscounted employee benefits obligations is as follows:

	December 31, 2021	December 31, 2020
1 - 5 years	30,866	1,745
Over 5 years	30,377	862

22 Employees defined benefit liabilities (Continued)

22.2 Actuarial assumptions

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

	December 31, 2021	December 31, 2020
Discount rate	3% - 3,45%	2,7% - 3%
Future salary growth	5%	5%
Employee turnover*	5% - 20%	0% - 20%
Duration of the defined benefit plan obligation	12,3% – 16,7%	12,3% – 16,7%

* Based on attrition rate assumption for each age band.

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

Discount rate:

	December 31, 2021	December 31, 2020
1% increase in discount rate	(67,984)	(294)
1% decrease in discount rate	5,587	356

Future salary growth:

	December 31, 2021	December 31, 2020
1% increase in salary escalation rate	5,314	344
1% decrease in salary escalation rate	(11,237)	(321)

Mortality rate:

	December 31, 2021	December 31, 2020
Mortality Rate: Increase by 20%	(3,663)	(3)
Mortality Rate: Decrease by 20%	3,557	3

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.

23 Trade and other payables

	December 31, 2021	December 31, 2020
Trade payables	153,915	1,538
Dividend payable	2,046	692
Other payable	442	486
	156,403	2,716

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.

24 Accrued and other current liabilities

	December 31, 2021	December 31, 2020
Accrued expenses	151,295	3,866
Accrued purchases	92,998	-
Advance from customers	8,574	-
VAT payable	-	211
Other	18,238	1,181
	271,105	5,258

25 Zakat

25.1 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 and income tax regulation are principally comprised of shareholders' equity, provisions at the beginning of year, adjusted income, less deductions for the adjusted net book value of property and equipment, and investments.

25.2 Provision for Zakat

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

	December 31, 2021	December 31, 2020
January 1	1,625	1,087
Acquisition of a subsidiary (note 9)	15,714	-
Provided during the year	36,905	1,789
Adjustment - prior year	-	356
Paid during the year	(1,839)	(1,607)
December 31	52,405	1,625

25.3 Status of assessments

The Parent Company – Alujain Holding Corporation (a Saudi Joint Stock Company)

Zakat, Tax and Customs Authority (ZATCA) completed the zakat assessment until the year 2017, and obtained the final zakat certificate.

The difference in zakat assessments issued by ZATCA for the year 2018 and 2019 was paid in the amount of SR64 thousand and SR12 thousand, respectively, and the final zakat certificate was obtained.

The parent company has submitted its declaration for the year ended 31 December 2020. The assessment for the year 2020 is currently under review by ZATCA.

Zain Industries Company

Zain has submitted its Zakat returns up to year ended 31 December 2020, settled Zakat as per the return and obtained the required certificates and officials receipts. The Company finalized its assessments up to the year 2018.The final assessment for 2019 is currently under review by ZATCA.

NATPET

The Company filed its Zakat returns for the period/years ended 31 December 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. The Company 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. The Company 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 the Company'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. The Company 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. The Company filed a plea against the said BOG decision at the Royal Court, the Royal Court referred the case back to the BOG to restudy the Company's petition which is still under review by the BOG.

The Company filed its Zakat returns for the years ended 31 December 2006 to 2008. The ZATCA issued the Zakat assessment for the said years based on the field audit and claimed additional Zakat differences and withholding tax of SR 12,042,835. The Company objected against the said assessment and settled the withholding tax of SR 6,284,968 and the related delay fine due of SR 2,752,097, under protest, which was transferred to the First Preliminary Objection Committee FPOC. The FPOC issued its decision by which Zakat differences were reduced to SR 111,613. The Company filed an appeal against the FPOC's decision with the Higher Appeal Committee HAC, which supported the FPOC's point of view. The Company filed a petition with the BOG against the said HAC decision. The said petition is still under study by the BOG. The Company has lodged the appeal with the newly formed appeal Committee the "General Secretary of Tax Committee [GSTC]", the GSTC's review is awaited.

25 Zakat (continued)

The Company filed its Zakat returns for the years ended 31 December 2009 to 2014 and obtained the unrestricted Zakat certificate for the year ended 31 December 2014. The ZATCA issued a preliminary assessment for the year ended 31 December 2012 and claimed additional Zakat differences of SR 800,000. The Company objected against the said assessment, which is still under review by the ZATCA to date. The ZATCA did not issue the final assessment for the said years to date. The ZATCA has also issued assessment for the years 2009 to 2013 having additional zakat liability amounting to SR 692,300. The Company filed an appeal against the assessments. Following the submission of the appeal the ZATCA issued revised appeal with an additional liability of SR 145 thousand. The Company settled the additional liability and as such the assessments up to 2013 were finalized.

The ZATCA issued a preliminary assessment for the year ended 31 December 2015 and claimed additional Zakat differences of SR 20,814,553. The Company objected against the said assessment and settled the remaining Zakat liability of SR 524,611. The ZATCA accepted the Company's objection and cancelled the said claim.

The Company filed its Zakat returns for the years ended 31 December 2016 thru 2020 and the ZATCA review is awaited.

26 Selling, marketing and distribution expenses

	2021	2020
Distribution and freight	31,958	963
Employee cost and other compensation	2,346	1,220
Warehouse management	1,119	-
Commission	403	-
Travel and accommodation	185	
Advertising, media and exhibitions	163	-
Depreciation	51	-
Other	343	115
	36,568	2,298

27 General and administrative expenses

	2021	2020
Employee cost and other compensation	17,315	12,909
Legal and professional fees	1,975	10,089
Public relation and publicity	796	638
Depreciation	781	203
Information technology	939	44
Meetings, seminars and conferences	83	239
Utilities and services	110	86
Travel and accommodation	80	85
Repairs and maintenance	67	55
Subscriptions and office supplies	172	53
Other	2,557	890
	24,876	25,291

28 Earnings per share

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

	2021	2020
Net profit attributable to equity holders of the Parent Company	1,622,307	207,287
Number of shares (in thousand)		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	66,472	69,200
Weighted average number of repurchased ordinary shares	2,728	-
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	69,200	69,200
Earnings per share attributiable to equity holders of the Parent Company (in Saudi Riyals)		
Basic	24.41	3.00
Diluted	23.44	3.00

29 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; and
ii. Manufacturing of home-care products.

Certain expense 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
31 December 2021				
Revenues	495,394	23,904	-	519,298
Cost of sales excluding depreciation and Amortization	(356,428)	(16,313)	-	(372,741)
Depreciation and Amortization	(24,906)	(3,364)	(217)	(28,487)
Share in net profit of an equity accounted investee*	275,562	-	-	275,562
Selling and marketing expenses	(33,625)	(2,892)	-	(36,517)
General and administration expenses	(4,768)	(3,119)	(16,024)	(23,911)
Finance cost	(875)	(94)	(7,502)	(8,471)
Other income (expenses)	1,249	1	1,351,752	1,353,002
Segment results (profit before Zakat)	351,603	(1,877)	1,328,009	1,677,735

29 Segment reporting (Continued)

	Investments	Manufacturing home-care products	Unallocated	Total
31 December 2020				
Revenues	-	14,378	-	14,378
Cost of sales excluding depreciation and Amortization	-	(9,539)	-	(9,539)
Depreciation and Amortization	-	(3,500)	(368)	(3,868)
Share in net profit of an equity accounted investee*	236,212	-	-	236,212
Selling and marketing expenses	-	(2,298)	-	(2,298)
General and administration expenses	-	(2,790)	(22,133)	(24,923)
Finance cost	-	(75)	(513)	(588)
Other income (expenses)	-	109	(103)	6
Segment results (profit before Zakat)	236,212	(3,715)	(23,117)	209,380

* Also see Note 9 for financial results of equity accounted investees.

Total assets and liabilities as at December 31, 2021	Manufacturing petrochemical products	Manufacturing home-care products	Unallocated	Total
Total assets	3,516,760	36,330	1,649,071	5,202,161
Total liabilities	794,259	10,775	926,735	1,731,769

Total assets and liabilities as at December 31, 2020	Investments	Manufacturing home-care products	Unallocated	Total
Total assets	1,625,464	33,323	46,266	1,705,053
Total liabilities	-	5,597	8,342	13,939

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

	2021	2020
Geographic information		
Revenue from external customers		
Local sales	63,788	14,378
Export sales	455,510	-
Total	519,298	14,378

30 Related party transactions and balances

Related party transactions

Parent entities

Key management compensation

	Year ended December 31, 2021	2020
Short-term employee benefits	603	757
Termination benefits	27	95
	630	852

Directors and other committees' remuneration and related expenses

	Year ended December 31, 2021	2020
Compensation of the executive directors	840	631
Board of directors' remuneration	5,956	5,329
Board of Directors' and related committees' attendance fees and expenses	505	2,133
	7,301	8,093

30 Related party transactions and balances (continued)

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

Related Party	Nature of transaction	Relation	2021	2020
NATPET	Dividend distribution	Subsaidry / Affilate Company	-	61,417
Natpet Schulman Specialty Plastic Compounds Company	Sales	Joint Venture	**5,563**	-
Natpet Schulman Specialty Plastic Compounds Company	Management fees	Joint Venture	**448**	-
Natpet Schulman Specialty Plastic Compounds Company	Expenses re-charged by the Company	Joint Venture	**(598)**	-

Terms and conditions of transactions with related parties

Transaction with the related parties are undertaken at mutually agreed prices and are approved by the management. Outstanding balances as at December 31, 2021 are interest free and settled in cash.

Related party balances

	Related party	Relationship	2021	2020
	Included within "trade and other receivables"			
i)	Amounts due from related party			
	NATPET	Subsaidry / Affilate Company	-	41,504
	Natpet Schulman Specialty Plastic Compounds Company	Joint Venture	97,860	-
			97,860	-
	Less: allowances for expected credit losses		(372)	-
			97,488	41,504
	Included within "accrued and other current liabilities"			
ii)	Amounts due to related party			
	Board of directors	Board of directors	188	108
			188	108

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

31 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.

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

31 Fair value estimation (Continued)

As of 31 December 2021	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	-	2,084	45	2,129	-	-
Trade and other receivables	705,774	-	-	-	-	-
Advances to employees	4,850	-	-	-	-	-
Cash and bank balances	410,926	-	-	-	-	-
Financial liabilities						
Long term borrowings (including current portion)	1,179,259	-	-	-	-	-
Lease liabilities (including current portion)	15,650	-	-	-	-	-
Short term borrowings	-					
Trade and other payables	156,403	-	-	-	-	-

As of 31 December 2020	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	-	-	-	-	-	-
Trade and other receivables	43,519	-	-	-	-	-
Advances to employees	565	-	-	-	-	-
Cash and bank balances	5,479	-	-	-	-	-
Financial liabilities						
Lease liabilities (including current portion)	1,261	-	-	-	-	-
Short term borrowings	-					
Trade and other payables	2,716	-	-	-	-	-

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

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 31 December 2021.

32 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by senior management under policies approved by the board of directors. The most important types of risk are currency risk, fair value and cash flow interest rate risk, price risk, credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is represented by: interest rate risk, currency risk and other price risk.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated - for example, changes in interest rate and changes in foreign currency rates.

1. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. 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 at the year ended December 31, 2021. Further, since the Saudi Riyal is pegged to the US dollar, the Group is not exposed to significant foreign currency risk.

2. Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest bearing financial instruments.

At the reporting date, there were no interest bearing financial liabilities. Interest bearing financial assets at balance sheet date comprise of short term deposits which are at fixed interest rates; therefore, has no exposure to cash flow interest rate risk and fair value interest rate risk.

Trade and other receivables, other current assets and trade and other current liabilities are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets.

Short-term deposits yield market rate of interest.

3. Price risk

The Groups assets and liabilities are not exposed to any significant price risk.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentration of credit risk except for trade receivables.

To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored.

32 Financial risk management (continued)

b) Credit risk (continued)

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

	2021	2020
Financial assets		
Trade receivables	616,430	2,525
Advances to employees	4,850	565
Cash and cash equivalents	410,926	5,479
	1,032,206	8,569

Trade receivables are carried net of impairment allowances. For trade receivables from third parties, the Company has a credit insurance policy with a reputable insurance service provider. The Company 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.
All bank balances of the Group are held with reputable and high credit rating banking institutions.

Analysis by credit quality of financial assets is as follows:

	2021	2020
Neither past due not impaired:	464,236	1,250
	464,236	1,250
Past due but not impaired:		
- Less than 180 days overdue	133,671	253
- 180 to 360 days overdue	18,523	1,022
Total past due but not impaired	152,194	1,275
Individually determined to be impaired (gross)		
- 180 to 360 days overdue	-	-
- More than 360 days	8,569	510
Total individually determined to be impaired	8,569	510
Less: provision for doubtful debts	(8,569)	(510)
Total trade receivables, net of provision for impairment	616,430	2,525

c) 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 on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. 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.

A summary table with maturity of financial assets and liabilities presented below is used by key management personnel to manage liquidity risks.

32 Financial risk management (continued)

c) Liquidity risk (continued)

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 31 December 2020 and 2021. The Group does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.

The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at December 31, 2021.

	Within 1 year	Between 1- 5 years	More than 5 years	Total
2021				
Long term borrowings (including current portion)	205,999	606,735	366,525	1,179,259
Trade and other payables	164,403	-	-	156,403
	362,402	606,735	366,525	1,335,662
2020				
Trade and other payables	2,716	-	-	2,716
	2,716	-	-	2,716

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

d) Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group considers share capital, retained earnings and statutory reserve as Group's capital. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

33 Dividends distributions

At the general assembly meeting held on May 27, 2021, the shareholders agreed to authorize the Board of Directors to distribute interim dividends for the 2021 fiscal year. On October 31, 2021, the group announced the board of directors' decision to distribute cash dividends to shareholders at the rate of (1) Saudi Riyals per share for the fiscal year 2021, which represents 10% of the total paid-in capital of 69.2 million Saudi Riyals. The eligibility for dividends will be for the shareholders owning the shares at the end of trading on November 4, 2021 (the maturity date), and the dividend distributed on November 18, 2021.

34 Subsequent events

In the opinion of the management, there have been no significant subsequent events since the year-end that require disclosure or adjustment in these consolidated Financial Statements.

35 Contingencies and commitments

The Group has given a guarantee to SIDF and commercial banks for loans to its subsidiary and joint venture.
The Group has contingent liabilities related to letters of guarantee issued to Saudi Arabian Oil Company (Saudi Aramco) amounting to SR 264 million as of December 2021.
As of 31 December 2021, capital expenditure contracted by the Group but not incurred amounted to SR 28.24 million (.
As at 31 December 2021 the Group has sufficient inventories in hand to execution of outstanding sale orders.

36 Lawsuits

As of December 31, 2021, and as per the group's lawyer opinion date 29 March 2022 there are no cases brought against the group that might cause material potential obligations.

On 9 March 2020 (corresponding to 14 Rajab 1441), the management of Alujain Holding Corporation filed a liability legalsuit against the members of former Board of Directors, who were removed on 14 June 2017, at the competent judicial authorities in the Commercial Court in Jeddah.

37 Approval of consolidated financial statements

The consolidated financial statements including notes and other explanatory information was approved and authorised for issue by the Board of Directors on 28 Sha'ban 1443H (corresponding to 31 March 2022).