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ALUJAIN CORPORATION
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023
AND REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)

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Index **Pages**

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

TO: THE SHAREHOLDERS
ALUJAIN CORPORATION
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **ALUJAIN CORPORATION (the "Company") and its subsidiaries (the "Group")** as at 31 March 2023, and the condensed consolidated interim statements of profit or loss, comprehensive income, statements of changes in equity and cash flows for the three months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard (34), "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

العظم و السديري و آل الشيخ وشركاؤهم
للإستشارات المهنية - عضو كرو الدولية
C.R. 1010466353
سجل تجاري ١٠١٠٤٦٦٣٥٣
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Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountant

Abdullah Al Azem
License No. 335

20 Shawal 1444H (10 May, 2023)
Riyadh, Kingdom of Saudi Arabia

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of financial position
As of March 31, 2023 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	31March 2023 (Unaudited)	31 December 2022 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	5	1,957,281	1,997,428
Right of use assets		14,743	15,056
Intangible assets		20,096	20,785
Goodwill	6	1,533,429	1,533,429
Investment in a joint venture	7	72,261	69,016
Project under study		3,098	1,806
Investment in financial assets / instruments	8	2,059	2,059
Total non-current assets		3,602,967	3,639,579
Current assets			
Investment in financial assets / instruments	8	44	44
Trade and other receivables, net		576,956	615,575
Prepayments and other current assets		83,374	81,789
Inventories		241,524	233,579
Cash and cash equivalents		341,305	295,172
Total current assets		1,243,203	1,226,159
Total assets		4,846,170	4,865,738
Equity and liabilities			
Equity			
Share capital	9	692,000	692,000
Statutory reserve		288,075	288,075
Retained earnings		2,308,689	2,315,886
Reserve for acquisition of additional shares in a subsidiary	11	(25,752)	(25,752)
Other reserves		5,197	5,197
Treasury shares	12	(631,980)	(631,980)
Equity attributable to the shareholders of Alujain Corporation (Parent Company)		2,636,229	2,643,426
Non-controlling interests		763,990	799,597
Total equity		3,400,219	3,443,023
Non-current liabilities			
Non-current portion of long term loans		798,874	803,095
Non-current portion of lease liabilities against right-of-use assets		15,922	15,892
Decommissioning provision		13,720	13,558
Employees defined benefits liabilities		70,180	68,778
Total non-current liabilities		898,696	901,323
Current liabilities			
Current portion of long term loan		213,365	213,365
Trade and other payables		34,414	37,375
Current portion of lease liabilities against right-of-use assets		831	831
Accrued and other current liabilities		238,177	214,758
Zakat payable	10	60,468	55,063
Total current liabilities		547,255	521,392
Total liabilities		1,445,951	1,422,715
Total equity and liabilities		4,846,170	4,865,738

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

The accompanying notes (1) to (19) form an integral part of these condensed consolidated interim financial statements

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of profit or loss
For the three months period ended March 31, 2023 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three-month ended	
		31March2023 (Unaudited)	31 March 2022 (Unaudited)
Revenues		397,058	509,370
Cost of revenues		(353,419)	(349,244)
Gross profit		43,639	160,126
Selling and marketing expenses		(16,220)	(52.587)
General and administration expenses		(17,916)	(18,283)
Other income		918	1,593
Fair value loss on re-measurement of equity investment FVTPL		-	9
Profit from operations		10,421	90,858
Financing cost		(13,856)	(7,767)
Financing income		672	340
Share of result of a joint venture		3,245	(1,289)
Profit before Zakat		482	82.142
Zakat expense		(5,405)	(7.342)
Net (loss)/ profit for the year		(4,923)	74,800
(Loss)/ Profit for the year attributable to:			
Shareholders of the Parent Company		(7,197)	55.778
Non-controlling interests		2,274	19,022
		(4,923)	74.800
(Losses)/ Earnings per share attributable to equity holders of the parent Company (Saudi Riyal):			
Basic	13	(0.15)	1.13
Diluted	13	(0.10)	0.81

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Designated Member and CEO

Saleem Akhtar
CFO

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ALUJAIN CORPORATION
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of comprehensive income
For the three months period ended March 31, 2023 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three-month ended 31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Net profit for the year		**(4,923)**	74,800
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss:			
Re-measurement gain on equity investment designated as FVTOCI	8	-	14
		-	14
Total comprehensive (loss)/ income for the year		(4,923)	74,814
Total comprehensive (loss)/ income for the year attributable to:			
Equity holders of the Parent Company		**(7,197)**	55,789
Non-controlling interests		**2,274**	19,025
		(4,923)	74,814

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

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ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Condensed consolidated Interim statement of changes in equity
For the three months period ended March 31, 2023 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Attributable to the shareholders of Alujain Corporation								
	Note	Share capital	Statutory reserve	Retained Earnings	Additional Shares in a subsidiary	Treasury shares	Other reserves	Total	Non-controlling interest	Total Equity
As at January 1, 2023 (audited)		**692,000**	**288,075**	**2,315,886**	**(25,752)**	**(631,980)**	**5,197**	**2,643,426**	**799,597**	**3,443,023**
Net (loss)/ profit for the period		-	-	**(7,197)**	-	-	-	**(7,197)**	**2,274**	**(4,923)**
Other comprehensive income for the period		-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/ income for the period		-	-	**(7,197)**	-	-	-	**(7,197)**	**2,274**	**(4,923)**
Dividends	16	-	-	-	-	-	-	-	**(37,881)**	**(37,881)**
As at March 31, 2023 (unaudited)		**692,000**	**288,075**	**2,308,689**	**(25,752)**	**(631,980)**	**5,197**	**2,636,229**	**763,990**	**3,400,219**
As at January 1, 2022 (audited)		692,000	288,075	2,293,975	(8,084)	(627,141)	(27,071)	2,611,754	826,784	3,438,538
Reserve for acquisition of additional shares in a subsidiary	11	-	-	-	(17,668)	-	-	(17,668)	(35,132)	(52,800)
Net profit for the period		-	-	55,778	-	-	-	55,778	19,022	74,800
Other comprehensive income for the period		-	-	-	-	-	11	11	3	14
Total comprehensive income for the period		-	-	55,778	-	-	11	55,789	19,025	74,814
As at March 31, 2022 (unaudited)		692,000	288,075	2,349,753	(25,752)	(627,141)	(27,060)	2,649,875	810,677	3,460,552

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

The accompanying notes (1) to (19) form an integral part of these condensed consolidated interim financial statements

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows
For the three months period ended March 31, 2023 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Cash flows from operating activities		
Profit before Zakat	482	82,142
Adjustments for:		
Depreciation and amortization	48,845	47,379
Depreciation of right of use assets	313	287
Employee defined benefit expenses	2,889	2,383
Share of result of a joint venture	(3,245)	1,289
Decommissioning provision	162	155
Finance cost	13,856	7,767
Finance income	(672)	(340)
Fair value on re-measurement of equity investment FVTPL	-	(9)
Working capital adjustments:		
Inventories	(7,945)	93,617
Trade and others receivables	38,619	43,755
Prepayments and other current assets	(1,585)	21,391
Trade and other payables	(2,961)	(51,239)
Accrued and other current liabilities	11,978	(1,580)
Decommissioning provision	(162)	(155)
Net cash flows provided from operations	100,574	246,842
Finance cost paid	(2,089)	(2,509)
Finance income received	672	340
Employees defined benefits paid	(1,487)	(2,007)
Net cash flows used in operating activities	97,670	242,666
Cash flows from investing activities		
Additional Shares in a subsidiary	-	(52,800)
Addition to property, plant and equipment	(8,009)	(111,599)
Addition to project under study	(1,292)	-
Net cash flows used in investing activities	(9,301)	(164,399)
Cash flows from a financing activity		
Long term facilities	(4,221)	43,200
Liabilities against right of use assets	(134)	(89)
Dividend paid to shareholders	-	(289)
Dividend paid to non-controlling interests	(37,881)	-
Cash flows (used in) provided from financing activity	(42,236)	42,822
Net change in cash and cash equivalents	46,133	121,089
Cash and cash equivalents at the beginning of the year	295,172	410,926
Cash and cash equivalents at the end of the year	341,305	532,015

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

The accompanying notes (1) to (19) form an integral part of these condensed consolidated interim financial statements

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information

ALUJAIN 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 Jamaad Thani 1412H, corresponding to 23 December 1991. The Company obtained its Commercial Registration No. 4030084538 on Rajab 3, 1412H, corresponding to January 7, 1992. The Commercial Register was deleted and replaced with the new Commercial Register No. 1010614417 issued on 8 Jumada Al-Awal 1439H corresponding 25 January 2018. The Parent Company is listed on the Saudi Stock Exchange.

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

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

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

Details of subsidiary companies are as follow:

Subsidiaries	Country of incorporation	Principal activities	Effective ownership 2023	Effective ownership 2022
National Petrochemical Industrial Company (Closed Joint Stock Company) ("NATPET")	Saudi Arabia	Produce polypropylene	76.40%	76.40%
Zain Industries Company (Closed Joint Stock Company) ("Zain")	Saudi Arabia	engaged in the business of homecare products, insecticides and agricultural pesticides	98,75%	98,75%
Alujain National Industrial Co. (A Single Person Company - A Limited Liability Company) ("Alujain National") **	Saudi Arabia	Produce polypropylene	100%	-
Infrastructure Reinforcement Industrial Company *	Saudi Arabia	Manufacturing, distribution and sale of geo-synthetic products	100%	100%
Fawasel Advanced Chemicals Company (A Limited Liability Company) ("Fawasel") *	Saudi Arabia	Wholesale of chemicals	100%	100%
Abraj Altaj Plastic Company (A Limited Liability Company) ("Abraj") *	Saudi Arabia	Manufacturing of organic chemicals including styrene except nitrogenous fertilizers	100%	100%
Afaq Professional Chemicals Company (A Limited Liability Company) ("Afaq") *	Saudi Arabia	Wholesale of basic plastic, rubber and synthetic fiber	100%	100%
Mina Company (A Single Person Company) ("Mina") *	Saudi Arabia	Wholesale of basic plastic, rubber and synthetic fiber	100%	100%

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

* The company has indirect ownership in these companies, which are subsidiaries of "NATPET"
** Alujain National Industrial Co. (A Single Person Company - A Limited Liability Company) is a company that was established on 10/6/1444 A.H. (corresponding to 3/1/2023), and it is wholly owned by Alujain Company, and it has not started its business yet.

2 Basis of preparation

2-1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") and other standards and pronouncements, as endorsed by Saudi Organization for Certified Public Accountants ("SOCPA") in the Kingdom of Saudi Arabia ("KSA").

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended 31 December 2022.

a.) Basis of measurement

The condensed consolidated interim financial information has been prepared on a historical cost basis using the accrual basis of accounting and the going concern concept except for:

- Derivative financial instruments measured at fair value.
- Employees defined benefits determined using actuarial present value calculations based on project unit credit method.
- Investments measured at fair value through Other Comprehensive Income (OCI).

In addition, results for the interim period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year ended 31 December 2022

b.) Functional and presentation currency

The interim condensed 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.

2-2 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 Condensed Consolidated Interim 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 Condensed Consolidated Interim statement of income. Any investment retained is recognised at fair value.

2 Basis of preparation (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 Condensed Consolidated Interim statement of profit or loss.

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in its financial information, provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the Group also recognises additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Group receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period does not exceed one year from the acquisition date.

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

Investments accounted for using equity method

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 is 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.

2 Basis of preparation (continued)

2-2 Basis of preparation (continued)

Investments accounted for using equity method (continued)

The condensed consolidated interim 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 Condensed Consolidated Interim 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 interim 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 Condensed Consolidated Interim statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

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

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

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.

2 Basis of preparation (continued)

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 companies' regulations of Saudi Arabia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Inter-group loans

The Group recognises any loans obtained from the shareholder of subsidiaries as a financial liability and classifies it under the current liabilities. Such loans are repayable at the request and the Group does not have an unconditional right to avoid settlement of such obligation.

2.3 Using judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in annual consolidated financial statements.

However, as explained in Note (1) above, the Group has reviewed the key sources of estimation uncertainties disclosed in the last annual consolidated financial statements against the backdrop of Covid-19 pandemic. Management believes that other than the expected credit losses arising on the financial assets, all other sources of estimation uncertainty remain similar to those disclosed in the annual consolidated financial statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

3 Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for change of estimation of residual life. These change of estimation will impact the depreciation of property plant & equipment from 1 January 2022.

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

4 New Standards, Amendment to Standards and Interpretations

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and have been explained in Group annual consolidated financial statements, but they do not have a material effect on the Group's condensed consolidated interim financial statements.

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Property, plant and equipment

The value of additions to property and equipment during the three-month period ending on March 31, 2023 amounted to SR 8.1 million (31 December 2022 : SR 130.65 million), and the value of depreciation for the three months ending on 31 March 2023 amounted to SR 48.15 million (31 December 2022 : SR 186.24 million).

6 Goodwill

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

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 30 January 2022. On the date of control, Alujain Corporation 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%) an amount of SR 1,352 million.

The Group management evaluated the goodwill as at 31 December 2022, and the evaluation did not result in any impairment losses in the value of the recognized goodwill.

7 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 2023	Proportion of ownership interest 2022	**31 March 2023 (Unaudited)**	31 December 2022 (Audited)
Natpet Schulman Specialty Plastic Compounding L.L.C ("Natpet Schulman")	Produce polypropylene compounds	Saudi Arabia	**50%**	50%	**72,261**	69,016

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

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at January 1,	**69,016**	56,079
Share of profit	**3,245**	11,662
Share of other comprehensive income	-	79
Zakat expenses absorption	-	1,196
End of the period / year	**72,261**	69,016

(All amounts in Saudi Riyals thousands unless otherwise stated)

8 Investment in financial assets / instruments

Equity investments comprise the following individual investments:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Fair value through Profit or Loss (FVTPL) *		
Investment in listed equity shares		
Saudi Arabian Oil Company	44	44
Fair value through Other Comprehensive Income (FVTOCI) *		
Investment in listed equity shares		
Saudi Basic Industries Corporation (SABIC)	90	90
Investment in financial assets measured at cost		
Lygos Inc.	1,969	1,969
Total Investments in financial assets	2,103	2,103

* 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.

9 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.

10 Zakat

10.1 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.

10.2 Provision for Zakat

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

	As of December 31,	
	2022	2022
January 1	55,063	52,405
Provided during the year	5,405	24,340
Adjustment for prior year Zakat	-	470
Paid during the year	-	(22,152)
December 31	60,468	55,063

10.3 Status of assessments

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

The Zakat, Tax and Customs Authority (the Authority) completed the zakat assessment until 2019, and obtained the final Zakat certificate.

The company finalized the Zakat assessment for the year ending on 31 December 2020 without any Zakat differences, and obtained the final zakat certificate.

The parent company has submitted its declaration for the year ending on 31 December 2021. The assessment for the year 2021 is currently under review by the Authority.

11 Reserve for acquisition of additional shares in a subsidiary

During the period, the Group has acquired further 1,03% shares in ("NATPET") for a total value of SR 52,8 million paid in cash, resulting in an increase in its shareholding from (75,37%) to (76,40%) by purchasing 1,100,000 shares. The purchases were as follows:

- In January 2022, the group purchased 900,000 shares at SR 48 per share.
- In March 2022, the group purchased 200,000 shares at SR 48 per share.

The movement on Reserve for acquisition of additional shares in a subsidiary during the period / year is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at January 1,	**25,752**	8,084
Additions	-	17,668
End of the period / year	**25,752**	25,752

12 Treasury shares

The shares of Alujain, 20 million shares amount to SR 631,98 million as of 31 March 2023 (31 December 2022: 20 million shares amount to SR 631,98 million), owned by NATPET and its subsidiaries were classified after the consolidation of the financial statements as treasury shares according to the accounting standards adopted. The acquisition of these shares will be finalized in coordination with stakeholders and regulatory authorities.

13 Earnings per share

The following is the calculation of basic and diluted earnings per share for the period:

	31 March 2023	31 March 2022
Net profit attributable to equity holders of the Parent Company	(7,197)	55,778
Number of shares (in thousand)		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**49,340**	49,340
Weighted average number of repurchased ordinary shares	**19,860**	19,860
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**69,200**	69,200
Earnings per share attributable to equity holders of the Parent Company (in Saudi Riyals)		
Basic	**(0,15)**	1,13
Diluted	**(0,10)**	0,81

14 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 statements 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

14 Segment reporting (continued)

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

	Manufacturing petrochemical products	Manufacturing of home-care products	Unallocated	Total
31 March 2023 - unaudited				
Revenues	391,167	5,891	-	397,058
Cost of sales excluding depreciation	(176,239)	(655)	-	(176,896)
Depreciation and amortization	(177,127)	(3,354)	(53)	(180,534)
Selling and marketing expenses excluding depreciation	(15,283)	(736)	-	(16,019)
General and administration expenses excluding depreciation	(10,520)	(714)	(2,874)	(14,108)
Finance costs	(1,575)	(14)	(11,595)	(13,184)
Other income	4,038	125	2	4,165
Segment results profit (loss) before Zakat	14,461	543	(14,520)	482

	Manufacturing petrochemical products	Manufacturing of home-care products	Unallocated	Total
31 March 2022 - unaudited				
Revenues	503,769	5,601	-	509,370
Cost of sales excluding depreciation	(298,579)	(4,135)	-	(302,714)
Depreciation and amortization	(46,772)	(840)	(54)	(47,666)
Selling and marketing expenses excluding depreciation	(51,860)	(683)	-	(52,543)
General and administration expenses excluding depreciation	(13,375)	(700)	(3,116)	(17,191)
Finance charge	(2,644)	(16)	(5,107)	(7,767)
Other income	548	-	105	653
Segment results profit (loss) before Zakat	91,087	(773)	(8,172)	82,142

Total assets and liabilities as at 31 March 2023 - unaudited	**Manufacturing petrochemical products**	**Manufacturing of home-care products**	**Unallocated**	**Total**
Total assets	3,144,192	34,010	1,667,968	4,846,170
Total liabilities	510,460	14,767	920,724	1,445,951

Total assets and liabilities as at 31 December 2022 - audited	**Manufacturing petrochemical products**	**Manufacturing of home-care products**	**Unallocated**	**Total**
Total assets	3,279,247	34,348	1,552,143	4,865,738
Total liabilities	494,626	15,573	912,516	1,422,715

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

	For the three-month ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
Geographic information		
Local sales	60,140	122,397
Export sales	336,918	386,973
Total	397,058	509,370

The revenue information above is based on the locations of the customers; the non-current assets of the Group are based in the Kingdom of Saudi Arabia.

(All amounts in Saudi Riyals thousands unless otherwise stated)

15 Related party transactions and balances

Key management compensation for the Group

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

	For the three-month ended 31 March 2023 (Unaudited)	2022 (Unaudited)
Short-term employee salaries and benefits	4,383	4,230
Termination benefits	229	142
	4,612	4,372

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

Related Party	Nature of transaction	Relation	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Natpet Schulman Specialty Plastic Compounds Company	Sales	Joint Venture	15,114	192
	Expenses re-charged by the Company	Joint Venture	(653)	(314)
	Management support services	Joint Venture	(741)	(530)

Related party balances

Related party	Relationship	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Included within "trade and other receivables"			
Amounts due from related party			
Natpet Schulman Specialty Plastic Compounds Company	Joint Venture	34,342	16,798
Less: allowances for expected credit losses		-	-
		34,342	16,798

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

16 Dividend

In the General Assembly meeting held on 18 May 2022; shareholders approved authorizing the Board of Directors to distribute interim profits for the fiscal year 2022. On 5 June 2022, the company announced the decision of the Board of Directors to distribute cash dividends to shareholders in the amount of SR 103.8 million, at SR 1.5 per share for the first half of the fiscal year 2022, which represents 15% of the total paid-up capital. The share of the subsidiary company amounting to SR 29.8 million was excluded when consolidating the financial statements. The eligibility for dividends will be for the shareholders who own the shares by the end of trading on 30 June 2022 (the due date).

During the interim period ending on 31 March 2023, the board of directors of the subsidiary company "NATPET" approved on 26 February 2023, the distribution of interim dividends amounting to SR 160.5 million. This amount excludes the company share of SR122.6 million, which was eliminated in the consolidation of the financial statements.

17 Subsequent events

No events occurred after 31 March 2023 and before the date of signing the auditor's report have a significant effect on the condensed consolidated financial statements,

18 Lawsuits

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

19 Approval of condensed consolidated interim financial statements

The condensed consolidated interim financial statements including notes and other explanatory information was approved and authorized for issue by the Board of Directors on 20 Shawal 1444 H (corresponding to 10 May 2023).