ALUJAIN CORPORATION
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 AND REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)

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FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022
AND REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

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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 interim condensed consolidated statement of financial position of **ALUJAIN CORPORATION (the "Company") and its subsidiary (collectively the "Group"),** which comprise as at 30 June 2022, and the related interim condensed consolidated financial statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the three and six months' periods then ended 30 June 2022, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated 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
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8 Muharam 1444H (August 6, 2022)
Riyadh, Kingdom of Saudi Arabia

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position
As of June 30, 2022 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	30 June, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		**2,073,905**	2,053,182
Right of use assets		**13,964**	14,537
Intangible assets		**22,163**	23,540
Goodwill	4	**1,533,429**	1,533,429
Investment in a joint venture	5	**63,544**	56,079
Investment in financial assets / instruments	6	**2,070**	2,084
Total non-current assets		**3,709,075**	3,682,851
Current assets			
Investment in financial assets / instruments	6	**49**	45
Trade and other receivables, net		**805,749**	705,774
Prepayments and other current assets		**88,106**	82,010
Inventories		**245,368**	320,555
Cash and cash equivalents		**378,560**	410,926
Total current assets		**1,517,832**	1,519,310
Total assets		**5,226,907**	5,202,161
Equity and liabilities			
Equity			
Share capital	7	**692,000**	692,000
Statutory reserve		**288,075**	288,075
Retained earnings		**2,338,713**	2,293,975
Treasury shares	8	**(627,141)**	(627,141)
Reserve for acquisition of additional shares in a subsidiary	9	**(25,752)**	(8,084)
Other reserves		**(27,082)**	(27,071)
Equity attributable to the shareholders of Alujain Corporation (Parent Company)		**2,638,813**	2,611,754
Non-controlling interests		**787,340**	826,784
Total equity		**3,426,153**	3,438,538
Non-current liability			
Long term loans		**1,004,294**	973,261
Non-current portion of lease liabilities against right-of-use assets		**14,742**	14,883
Decommissioning provision		**13,222**	12,912
Employees defined benefits liabilities		**78,172**	75,889
Total non-current liability		**1,110,430**	1,076,945
Current liabilities			
Current portion of long term loan		**111,631**	205,998
Trade and other payables		**145,869**	156,403
Current portion of lease liabilities against right-of-use assets		**1,043**	767
Accrued and other current liabilities		**315,378**	271,105
Dividends payable		**75,114**	--
Zakat payable		**41,289**	52,405
Total current liabilities		**690,324**	686,678
Total liabilities		**1,800,754**	1,763,623
Total equity and liabilities		**5,226,907**	5,202,161

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

The accompanying notes (1) to (16) form an integral part of these condensed consolidated interim financial statements.

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Three months period ended		Six months period ended	
		30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	**30 June 2022 (Unaudited)**	30 June 2021 (Unaudited)
Revenues		**574,639**	5,245	**1,084,009**	10,002
Cost of revenues		**(430,354)**	(4,459)	**(779,598)**	(8,474)
Gross profit for the period		**144,285**	786	**304,411**	1,528
Share in net profit of investment accounted for using equity method	4	**-**	102,274	**-**	167,366
Selling and marketing expenses		**(60,858)**	(823)	**(113,445)**	(1,627)
General and administration expenses		**(19,259)**	(8,861)	**(37,542)**	(12,951)
Other operation espenses		**-**	(922)	**-**	(920)
Other income		**23,687**	-	**25,620**	-
Profit from operations		**87,855**	92,454	**179,044**	153,396
Finance costs		**(7,685)**	(17)	**(15,452)**	(33)
Share of result of a joint venture		**8,538**	-	**7,249**	-
Remeasurement gain on equity investment designated as FVTPL		**(5)**	-	**4**	-
Profit before zakat for the period		**88,703**	92,437	**170,845**	153,363
Zakat expense		**(3,607)**	(488)	**(10,949)**	(1,127)
Net profit for the period		**85,096**	91,949	**159,896**	152,236
Attributable to:					
Shareholders of the Parent Company		**62,970**	91,963	**118,748**	152,262
Non-controlling interests		**22,126**	(14)	**41,148**	(26)
Net profit for the period		**85,096**	91,949	**159,896**	152,236
Earnings per share attributable to equity holders of the parent Company (Saudi Riyal):					
Basic	10	**1,28**	1,33	**2,41**	2,2
Diluted	10	**0,91**	1,33	**1,72**	2,2

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CFO

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ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of comprehensive income
For the three and six months period ended June 30, 2022 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Three months period ended		Six months period ended	
		30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	**30 June 2022 (Unaudited)**	30 June 2021 (Unaudited)
Net profit for the period		**85,096**	91,949	**159,896**	152,236
Other comprehensive income					
Items that will not be reclassified to statement of profit or loss:					
Share in other comprehensive income of investment accounted for using equity method	4	**-**	23	**-**	443
Remeasurement gain on equity investment designated as FVTOCI		**(28)**	-	**(14)**	-
		(28)	23	**(14)**	443
Total comprehensive profit for the period		**85,068**	91,972	**159,882**	152,679
Attributable to:					
Shareholders of the Parent Company		**62,948**	91,986	**118,737**	152,705
Non-controlling interests		**22,120**	(14)	**41,145**	(26)
		85,068	91,972	**159,882**	152,679

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CFO

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ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
condensed consolidated Interim statement of changes in equity
For the six months period ended June 30, 2022 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Attributable to the shareholders of Alujain Corporation								
	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, 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	-	-	-	(17,668)	-	-	(17,668)	(35,132)	(52,800)
Net profit for the period	-	-	118,748	-	-	-	118,748	41,148	159,896
Other comprehensive loss for the period	-	-	-	-	-	(11)	(11)	(3)	(14)
Total comprehensive income for the period	-	-	118,748	-	-	(11)	118,737	41,145	159,882
Dividend			(74,010)				(74,010)	(45,457)	(119,467)
As at June 30, 2022 (unaudited)	**692,000**	**288,075**	**2,338,713**	**(25,752)**	**(627,141)**	**(27,082)**	**2,638,813**	**787,340**	**3,426,153**
As at January 1, 2021 (audited)	692,000	125,844	900,568	-	-	(27,644)	1,690,768	346	1,691,114
Net profit for the period	-	-	152,262	-	-	-	152,262	(26)	152,236
Other comprehensive income for the period	-	-	-	-	-	443	443	-	443
Total comprehensive income for the period	-	-	152,262	-	-	443	152,705	(26)	152,679
Transfer to statutory reserve	-	15,226	(15,226)	-	-	-	-	-	-
As at June 30, 2021 (unaudited)	692,000	141,070	1,037,604	-	-	(27,201)	1,843,473	320	1,843,793

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The accompanying notes (1) to (16) 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 six months period ended June 30, 2022 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	**June 30, 2022 (Unaudited)**	June 30, 2021 (Unaudited)
Operating activities			
Profit before Zakat for the period		**170,845**	153,363
Adjustments for:			
Depreciation and amortizations		**97,391**	1,577
Depreciation for right-of-use assets		**573**	196
Employee defined benefit expenses		**5,038**	151
Share in net profit of equity accounted investees	4	**-**	(166,371)
Share in net profit of a joint venture		**(7,249)**	-
Decommissioning provision		**310**	-
Finance cost		**15,452**	-
Finance income		**(1,309)**	-
Profit on disposal of property, plant and equipment		**171**	-
Realized gain from sale of investment designated through FVTPL		**(4)**	-
Working capital adjustments:			
Inventories		**75,187**	(352)
Trade and other receivables		**(100,191)**	37,989
Prepayments and other current assets		**(6,096)**	211
Trade and other payables		**(9,133)**	1,397
Lease liabilities		**(157)**	(98)
Accrued expenses and other current liabilities		**33,792**	(1,688)
Net cash flows provided from operations		**274,620**	26,375
Finance cost paid		**(4,679)**	-
Employees defined benefits paid		**(2,755)**	(962)
Zakat paid		**(22,065)**	(1,748)
Net cash flows provided from operating activities		**245,121**	23,665
Investing activities			
Addition to investments		**-**	(7,967)
Addition to property, plant and equipment		**(116,908)**	(365)
Purchase of additional shares in a subsidiary		**(52,800)**	-
Finance income received		**1,309**	-
Net cash flow used in investing activities		**(168,399)**	(8,332)
Financing activities			
Long term facilities		**(63,334)**	-
Dividend paid to shareholders		**(297)**	-
Dividend paid to non-controlling interests		**(45,457)**	-
Net cash provided from financing activities		**(109,088)**	-
Net change in cash and cash equivalents		**(32,366)**	15,333
Cash and cash equivalents at the beginning of the period		**410,926**	5,479
Cash and cash equivalents at the end of the period		**378,560**	20,812

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Designated Member and CEO

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CFO

The accompanying notes (1) to (15) 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 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 correponding 25 January 2018. The Parent Company is listed on the Saudi Stock Exchange.

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

The main activities of the 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.

Acquisitions:

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 Condensed Consolidated Interim financial statements comprise the financial statements of the Company and its following subsidiaries (the "Group") as at June 30, 2022 (31 December 2021):

Subsidiaries	Country of incorporation	Paid up share capital	Effective ownership 2022	2021
National Petrochemical Industrial Company (1)	Saudi Arabia	**1,070,000**	**76.40%**	75,37%
Zain Industries Company (2)	Saudi Arabia	**40,000**	**98,75%**	98,75%

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 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 Saudi Closed Joint Stock 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 May 2022, Zain Company was converted from a Limited Liability Company to a a Saudi Closed Joint Stock Company.

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 December 31, 2021.

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 June 30, 2022 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2022.

The accounting policies adopted are consistent with those of the previous financial year ended December 31, 2021,

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)

2-2 Basis for consolidation (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 accouuted 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 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.

2 Basis of preparation (continued)

2-2 Basis of preparation (continued)

Investments accouuted 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 judments 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 2021, except new standards, amendment to standards and interpretations as described below:

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 has 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.

4 Investment accouuted for using equity method NATPET

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 October 2, 2018, a fire occurred at the plant of NATPET in Yanbu. As a result, the complex is currently not in operation. the NATPET Company has since lodged the claim with the insurance company. Under the insurance policy, the insurance company is responsible to reinstate the plant to its working condition and also compensate the NATPET Company for business interruption.

In subsequent to the accident, NATPET estimated the cost of plant and equipment destroyed in the fire, and the items of plant and equipment that were damaged beyond repair in the fire accident were written off. The net book value of plant and equipment amounted to 31.1 million, has been presented as property and equipment written off in the statement of profit or loss and comprehensive income in NATPET for the year ended December 31, 2018. no further write-offs of property, plant, and equipment during the year ended 31 December 2020 and December 31, 2019, and during the first quarter of 2020, construction works related to the facilities affected by the resulting fire were completed and work began during 2020.

In April 2020, NATPET finalized its final claim with the insurance company related to fire incident compensation where total payments received from insurance company amounting to SR 1,230 million.

In June 2021, NATPET 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 authorities and became a 100% owner of these four companies. Accordingly, the investment in the four companies has been consolidated in the condensed consolidated interim financial statements of NATPET for the year ended 31 December 2021.

NATPET has invested in the shares of Alujain Corporation, the fair value of the shares as on June 30, 2022 amounted to about SR 1,156 million (19.86 million shares).

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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Investment accouuted for using equity method NATPET (continued)
Acquisition of subsidiary (continued)

The movement in investment is as follows as at 30 June:

	30 June, 2022 (Unaudited)	30 June, 2021 (Unaudited)
Beginning of the period	-	1,625,464
Additions	-	4,872
Share in net profit for the period	-	167,366
Share in other comprehensive income for the period	-	443
Goodwill	-	3,095
Inter-group adjustment for the period	-	(995)
End of the period	-	1,800,245

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

	June 30, 2021 (Unaudited)
Opening net assets	2,830,112
Profit for the period	291,070
Other Comprehensive profit for the period	491,746
	3,612,928
Eliminate the unrealized gains from NATPET's investment in Alujain Corporation	(490,974)
	3,121,954
Group's share in % (rounded to one decimal)	57.56%
Group's share in net assets (computed on absolute share)	1,797,150
Goodwill	3,095
	1,800,245

Acquisition of subsidiary

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.

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 acquisition date, the company appointed an independent accredited valuator 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.

As a result of the above, the comparative figures for the period ending on June 30, 2022, are not comparable to the same period of the previous year ending on June 30, 2021.

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Investment accouuted for using equity method NATPET (continued)

Acquisition of subsidiary (continued)

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

	December 31, 2021
January 1	1,625,464
Additon	554,836
Share of Profit for the year	275,562
Share of other comprehensive income	655
Dividances	(160,457)
Goodwill	220,189
The group's share of NATPET's investment in the shares of Alujain Corporation	121,274
Inter-group adjustment	(995)
Derecognition of investment in associate company	(2,636,528)
December 31	-

During the period, Alujain Corporation increased its ownership stake in NATPET in stages from 75.37% to 76.40% by purchasing 1,100,000 shares at a cost of SR 52.8 million at a price of SR 48 per share. 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.

5 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 2022	Proportion of ownership interest 2021	2022	2021
Natpet Schulman Specialty Plastic Compounding L.L.C ("Natpet Schulman")	Produce polypropylene compounds	Saudi Arabia	**50%**	50%	**63,544**	56,079

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at January 1,	**56,079**	-
Acquisition of a subsidiary	-	56,294
Zakat expenses absorption	**216**	-
Share of profit (loss)	**7,249**	(219)
Share of other comprehensive income	-	4
End of the period / year	**63,544**	56,079

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 Investment in financial assets / instruments

Equity investments comprise the following individual investments:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Fair value through Other Comprehensive Income (FVTOCI) *		
Investment in listed equity shares (see note a below)		
Saudi Basic Industries Corporation (SABIC)	101	115
Fair value through Profit or Loss (FVTPL) *		
Investment in listed equity shares (see note b below)		
Saudi Arabian Oil Company	49	45
Investment in financial assets measured at amortized cost		
Investment in preferred stock shares (see note c below)		
Lygos Inc.	1,969	1,969
Total Investments in financial assets	2,119	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.

7 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.

8 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.

9 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:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at January 1,	8,084	-
Additions	17,668	8,084
End of the period / year	25,752	8,084

10 Earnings per share

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

	June 30, 2022	June 30, 2021
Net profit attributable to equity holders of the Parent Company	118,748	152,262
Number of shares (in thousand)		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	49,340	69,200
Weighted average number of repurchased ordinary shares	19,860	-
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	2.41	2.2
Diluted	1.72	2.2

11 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. Investment made by the Group in the Company engaged in the manufacturing of Petrochemical products; and
ii. Manufacturing of Home-care products.

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

June 30, 2022 - unaudited	Manufacturing petrochemical products	Manufacturing of home-care products	Unallocated	Total
Revenues	1,074,062	9,947	-	1,084,009
Cost of sales excluding depreciation	(676,051)	(7,879)	-	(683,930)
Depreciation and amortization	(96,181)	(1,676)	(107)	(97,964)
Selling and marketing expenses excluding depreciation	(111,937)	(1,424)	-	(113,361)
General and administration expenses excluding depreciation	(28,675)	(1,306)	(5,349)	(35,330)
Finance costs	(5,213)	(32)	(10,207)	(15,452)
Other income	32,479	2	392	32,873
Segment results profit (loss) before Zakat	188,484	(2,368)	(15,271)	170,845

June 30, 2021 - unaudited	Investments	Manufacturing of home-care products	Unallocated	Total
Revenues	-	10,002	-	10,002
Cost of sales excluding depreciation	-	(7,359)	-	(7,359)
Depreciation and amortization	-	(1,115)	(105)	(1,220)
Share in net income of an equity accounted investee	167,366	-	-	167,366
Selling and marketing expenses excluding depreciation	-	(1,627)	-	(1,627)
General and administration expenses excluding depreciation	-	(1,540)	(11,306)	(12,846)
Finance costs	-	(33)	-	(33)
Other income	-	-	(920)	(920)
Segment results profit (loss) before Zakat	167,366	(1,672)	(12,331)	153,363

(All amounts in Saudi Riyals thousands unless otherwise stated)

11 Segment reporting (continued)

Total assets and liabilities as at June 30, 2022 - unaudited	**Manufacturing petrochemical products**	**Manufacturing of home-care products**	**Unallocated**	**Total**
Total assets	**3,416,109**	**37,195**	**1,773,603**	**5,226,907**
Total liabilities	**708,603**	**14,092**	**1,078,059**	**1,800,754**

Total assets and liabilities as at December 31, 2021 - audited	**Manufacturing petrochemical products**	**Manufacturing of home-care products**	**Unallocated**	**Total**
Total assets	3,516,760	36,330	1,649,071	5,202,161
Total liabilities	794,259	10,775	958,589	1,763,623

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

	For the six month ended 30 June	
Geographic information	**2022 (Unaudited)**	2021 (Unaudited)
Local sales	**221,614**	9,771
Export sales	**862,395**	231
Total	**1,084,009**	10,002

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.

12 Related party transactions and balances

Key management compensation

	For the six month ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Short-term employee benefits	**164**	303
Termination benefits	**6**	20
	170	323

	For the six month ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Board of directors rewards	**1,579**	5,290

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

Related Party	**Nature of transaction**	**Relation**	**June 30, 2022 (Unaudited)**	June 30, 2021 (Unaudited)
Natpet Schulman Specialty Plastic Compounds Company	Sales	Joint Venture	**5,122**	-
	Expenses re-charged by the Company	Joint Venture	**(1,128)**	-
	Management support services	Joint Venture	**1,000**	-

(All amounts in Saudi Riyals thousands unless otherwise stated)

12 Related party transactions and balances (Continued)

Related party balances

Related party	Relationship	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Included within "trade and other receivables"			
i) Amounts due from related party			
Natpet Schulman Specialty Plastic Compounds Company	Joint Venture	**56,985**	97,860
		56,985	97,860
Less: allowances for expected credit losses		**(372)**	(372)
		56,613	97,488
Included within "accrued and other current liabilities"			
ii) Amounts due to related party			
Board of directors	Board of directors	**102**	188
		102	188

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.

13 Dividend

At the general assembly meeting held on May 18, 2022, the shareholders agreed to authorize the Board of Directors to distribute interim dividends for the 2022 fiscal year. On June 5, 2022, the company announced the Board of Directors' decision to distribute cash dividends to shareholders in the amount of Saudi riyals 103.8 million at (1.5) Saudi riyals per share for the first half of the fiscal year 2022, which represents 15% of the total paid-in capital. The share of the subsidiary company amounting to Saudi riyals 29.8 million was eliminated on consolidation of the financial statements. The eligibility for dividends will be for the shareholders owning the shares at the end of trading on June 30, 2022 (the maturity date). The dividends paid to the non-controlling interests through the subsidiary NATPET amounted to Saudi riyals 45.5 million during the period.

14 Subsequent event

No events occurred after 30 June 2022 and before the date of signing the auditor's report have a significant effect on the condensed consolidated financial statements.

15 Lawsuits

On 9 March 2020 (corresponding to 14 Rajab 1441), the management of Alujain 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.

16 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 8 Muharram 1444 H (corresponding to 6 August 2022).