Sahara International Petrochemical Company
(A Saudi Joint Stock Company)

Consolidated financial statements for the year ended 31 December 2024
and independent auditor's report

Sahara International Petrochemical Company
A Saudi Joint Stock Company
Consolidated financial statements
For the year ended 31 December 2024

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Independent auditor's report to the shareholders of Sahara International Petrochemical Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sahara International Petrochemical Company (the "Company") and its subsidiaries (together the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

Key audit matters	Impairment assessment of non-current assets

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
Impairment assessment of non-current assets As at 31 December 2024, non-current assets of the Group included: • Property, plant and equipment of Saudi Riyals 11,477.9 million; • Right-of-use assets of Saudi Riyals 112.9 million; • Intangible assets of Saudi Riyals 546.8 million; and • Investments in equity accounted investees of Saudi Riyals 3,665.6 million. Management performed a detailed impairment assessment of the above-mentioned non-current assets, by estimating the recoverable amounts using value-in-use calculations based on approved business plans, where impairment indicators were identified as at 31 December 2024. Management also performed a similar detailed impairment assessment for goodwill amounting to Saudi Riyals 630.5 million as at 31 December 2024. The detailed impairment assessments include: • identification of the cash-generating units (CGUs); • identification of impairment indicators; • determination of the assumptions used in the value-in-use calculations to measure the recoverable amounts, including the discount rates and growth rates; and • implementation of key controls over the impairment assessment process.	Our audit procedures included the following: • Assessed the appropriateness of management's identification of the Group's CGUs. • Evaluated management's assessment of the identification of impairment indicators, including the conclusions reached. • Evaluated the design and implementation of key controls over the impairment assessment process. • Assessed the reasonableness of management's assumptions used in the value-in-use calculations to determine the recoverable amounts of the Group's non-current assets subject to impairment assessment. This included: i) Assessing the appropriateness of the methodology used by management to estimate the value-in-use of the non-current assets subject to impairment assessment and testing the accuracy of the input data used by management in the discounted cash flow model by tracing to supporting documentation, such as the approved business plans; ii) Assessing the reasonableness of assumptions used in determination of forecasted cash flows; iii) Engaging our internal valuation experts to assess the reasonableness of discount and growth rates used; iv) Testing the sensitivity analysis performed by management over key assumptions; and

Independent auditor's report to the shareholders of Sahara International Petrochemical Company (continued)

Key audit matter	**How our audit addressed the Key audit matter**
Impairment assessment of non-current assets (continued) In addition, management also performed sensitivity analysis over key assumptions used in the value-in-use calculations to assess the potential impact of a range of possible outcomes on the recoverable amounts and accordingly disclosed the results in the accompanying consolidated financial statements along with the other required disclosures. Based on the impairment assessments, no impairment loss was identified for the year ended 31 December 2024. We considered this as a key audit matter due to the inherent estimation uncertainty and significant judgment and subjectivity around assumptions used to determine the forecasted cash-flows, discount and growth rates for the assessment of the recoverable amounts. Refer to Notes 2.5 and 2.13 to the accompanying consolidated financial statements for the accounting policies relating to the impairment of non-current assets and Notes 6, 9 and 13 to the accompanying consolidated financial statements for the disclosure of critical accounting estimates and judgments related to the impairment assessment of non-current assets.	v) Testing the mathematical accuracy of the underlying calculations used in the discounted cash flow models. • Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Group's 2024 Board Annual Report but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

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

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

When we read Group's 2024 Board Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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Independent auditor's report to the shareholders of Sahara International Petrochemical Company (continued)

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

Those charged with governance i.e., the Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report to the shareholders of Sahara International Petrochemical Company (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

PricewaterhouseCoopers

Waleed A. Alhidiri
License No. 559

25 March 2025

Sahara International Petrochemical Company
A Saudi Joint Stock Company
Consolidated statement of financial position
As at 31 December 2024
Expressed in Saudi Riyals in thousands unless otherwise stated

	Notes	31 December 2024	31 December 2023
Assets			
Non-current assets			
Property, plant and equipment	6	**11,477,942**	11,662,592
Right-of-use assets	7.1	**112,894**	117,396
Intangible assets	8	**546,776**	542,844
Investments in equity accounted investees	9	**3,665,558**	3,795,519
Long term investments	10	**96,459**	172,033
Deferred tax assets	11	**-**	4,932
Long term prepaid employees' benefits	12	**593,283**	700,152
Goodwill	13	**630,483**	630,483
Derivative financial instruments	14	**26,286**	34,208
Other non-current assets	15	**38,501**	41,665
Total non-current assets		**17,188,182**	17,701,824
Current assets			
Inventories	16	**1,214,046**	1,108,966
Trade receivables	17	**1,199,825**	1,115,027
Prepayments and other current assets	18	**375,046**	268,042
Short term investments	10,21	**147,000**	326,000
Cash and cash equivalents	19	**957,994**	1,504,040
Total current assets		**3,893,911**	4,322,075
Total assets		**21,082,093**	22,023,899
Equity and liabilities			
Equity			
Share capital	20	**7,333,333**	7,333,333
Share premium		**4,019,662**	4,031,657
Treasury shares	20	**(84,249)**	(82,116)
Statutory reserve	20	**-**	2,089,149
Other reserves	20	**(318,127)**	(301,211)
Retained earnings		**4,288,583**	2,498,417
Equity attributable to the equity holders of the Company		**15,239,202**	15,569,229
Non-controlling interests	5	**731,099**	853,097
Total equity		**15,970,301**	16,422,326
Liabilities			
Non-current liabilities			
Long term borrowings	21	**1,604,105**	2,017,382
Contractual liabilities	22	**33,537**	38,163
Lease liabilities	7.2	**152,185**	158,662
Employees' benefits	23	**727,683**	635,895
Deferred tax liabilities	11	**107,755**	44,824
Provision for decommissioning costs	24	**147,666**	144,383
Other non-current liabilities		**8,556**	8,556
Total non-current liabilities		**2,781,487**	3,047,865

Sahara International Petrochemical Company
A Saudi Joint Stock Company
Consolidated statement of financial position (continued)
As at 31 December 2024
Expressed in Saudi Riyals in thousands unless otherwise stated

	Notes	31 December 2024	31 December 2023
Current liabilities			
Current portion of long term borrowings	21	**322,289**	338,464
Short term borrowings	21	**163,000**	196,875
Current portion of contractual liabilities	22	**159,089**	132,248
Current portion of lease liabilities	7.2	**17,373**	8,399
Trade payables		**246,965**	291,619
Accrued expenses and other current liabilities	25	**1,222,829**	1,049,103
Provision for precious metals	26	**134,433**	236,871
Zakat and income tax payable	27	**64,327**	300,129
Total current liabilities		**2,330,305**	2,553,708
Total liabilities		**5,111,792**	5,601,573
Total equity and liabilities		**21,082,093**	22,023,899

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements were authorized for issuance by the Board of Directors of the Company on 17 March 2025 (corresponding to 17 Ramadan 1446) and have been signed on their behalf by:

Khalid Abdullah Al- Zamil
Chairman of the Board

Abdullah Saif Al-Saadoon
Chief Executive Officer

Rushdi Khalid Al-Dulaijan
Vice President, Finance

Sahara International Petrochemical Company
A Saudi Joint Stock Company
Consolidated statement of profit or loss
For the year ended 31 December 2024
Expressed in Saudi Riyals in thousands unless otherwise stated

	Notes	31 December 2024	31 December 2023
Revenue	28	**7,060,592**	7,617,941
Cost of revenues	29	**(5,621,095)**	(5,449,474)
Gross profit		**1,439,497**	2,168,467
Selling and distribution expenses	30	**(239,873)**	(234,553)
General and administrative expenses	31	**(569,709)**	(514,946)
Other operating income	34	**53,000**	-
Operating profit		**682,915**	1,418,968
Share of (loss) / profit from equity accounted investees	9	**(150,609)**	51,552
Finance income		**54,585**	89,248
Finance costs	32	**(150,878)**	(210,674)
Other income, net		**12,017**	15,178
Profit before zakat and income tax		**448,030**	1,364,272
Zakat	27	**122,971**	25,530
Income tax	27	**(36,923)**	(44,473)
Deferred tax	11	**(67,863)**	11,015
Profit for the year		**466,215**	1,356,344
Profit attributable to:			
Equity holders of the Company		**426,139**	1,174,994
Non-controlling interests		**40,076**	181,350
Profit for the year		**466,215**	1,356,344
Earnings per share (Saudi Riyals):			
Basic earnings per share	33	**0.59**	1.62
Diluted earnings per share	33	**0.58**	1.60

The accompanying notes form an integral part of these consolidated financial statements.

Khalid Abdullah Al- Zamil
Chairman of the Board

Abdullah Saif Al-Saadoon
Chief Executive Officer

Rushdi Khalid Al-Dulaijan
Vice President, Finance

Sahara International Petrochemical Company
A Saudi Joint Stock Company
Consolidated statement of comprehensive income
For the year ended 31 December 2024
Expressed in Saudi Riyals in thousands unless otherwise stated

	Notes	31 December 2024	31 December 2023
Profit for the year		**466,215**	1,356,344
Other comprehensive (loss) / income			
Items that will be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of foreign operations		**-**	192
Changes in fair value of derivative financial instruments designated as hedges		**(7,922)**	34,208
		(7,922)	34,400
Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement (loss) / gain on defined benefit plans	23	**(12,846)**	23,020
Share of re-measurement (loss) / gain on defined benefit plans from equity accounted investees	23	**(233)**	467
Changes in fair value of financial assets at fair value through other comprehensive income	10.4	**(2,656)**	2,049
		(15,735)	25,536
Total other comprehensive (loss) / income for the year		**(23,657)**	59,936
Total comprehensive income for the year		**442,558**	1,416,280
Total comprehensive income attributable to:			
Equity holders of the Company		**404,326**	1,234,098
Non-controlling interests	5	**38,232**	182,182
Total comprehensive income for the year		**442,558**	1,416,280

The accompanying notes form an integral part of these consolidated financial statements.

Khalid Abdullah Al- Zamil	**Abdullah Saif Al-Saadoon**	**Rushdi Khalid Al-Dulaijan**
Chairman of the Board	Chief Executive Officer	Vice President, Finance

Sahara International Petrochemical Company
A Saudi Joint Stock Company
Consolidated statement of changes in equity
For the year ended 31 December 2024
Expressed in Saudi Riyals in thousands unless otherwise stated

	Attributable to the equity holders of the Company								
	Share capital	Share premium	Treasury shares	Statutory reserve	Other reserves (Note 20)	Retained earnings	Total	Non-controlling interest	Total
As at 1 January 2024	7,333,333	4,031,657	(82,116)	2,089,149	(301,211)	2,498,417	15,569,229	853,097	16,422,326
Profit for the year	-	-	-	-	-	426,139	426,139	40,076	466,215
Other comprehensive loss	-	-	-	-	(21,813)	-	(21,813)	(1,844)	(23,657)
Total comprehensive income	-	-	-	-	(21,813)	426,139	404,326	38,232	442,558
Repurchase of treasury shares	-	(11,995)	(2,133)	-	-	-	(14,128)	-	(14,128)
Net change in other reserves	-	-	-	-	4,897	-	4,897	-	4,897
Transfer to retained earnings (Note 20)	-	-	-	(2,089,149)	-	2,089,149	-	-	-
Dividends (Note 35)	-	-	-	-	-	(725,122)	(725,122)	(160,230)	(885,352)
As at 31 December 2024	7,333,333	4,019,662	(84,249)	-	(318,127)	4,288,583	15,239,202	731,099	15,970,301

Sahara International Petrochemical Company
A Saudi Joint Stock Company
Consolidated statement of changes in equity (continued)
For the year ended 31 December 2024
Expressed in Saudi Riyals in thousands unless otherwise stated

	Attributable to the equity holders of the Company								
	Share capital	Share premium	Treasury shares	Statutory reserve	Other reserves (Note 20)	Retained earnings	Total	Non-controlling interest	Total
As at 1 January 2023	7,333,333	4,059,262	(92,261)	1,971,650	(355,887)	2,891,166	15,807,263	929,560	16,736,823
Profit for the year	-	-	-	-	-	1,174,994	1,174,994	181,350	1,356,344
Other comprehensive income	-	-	-	-	59,104	-	59,104	832	59,936
Total comprehensive income	-	-	-	-	59,104	1,174,994	1,234,098	182,182	1,416,280
Issuance of treasury shares	-	(27,605)	10,145	-	-	-	(17,460)	-	(17,460)
Net change in other reserves	-	-	-	-	(4,428)	-	(4,428)	-	(4,428)
Transfer to statutory reserve (Note 20)	-	-	-	117,499	-	(117,499)	-	-	-
Dividends (Note 35)	-	-	-	-	-	(1,450,244)	(1,450,244)	(258,645)	(1,708,889)
As at 31 December 2023	7,333,333	4,031,657	(82,116)	2,089,149	(301,211)	2,498,417	15,569,229	853,097	16,422,326

The accompanying notes form an integral part of these consolidated financial statements

Khalid Abdullah Al- Zamil
Chairman of the Board

Abdullah Saif Al-Saadoon
Chief Executive Officer

Rushdi Khalid Al-Dulaijan
Vice President, Finance

Sahara International Petrochemical Company
A Saudi Joint Stock Company
Consolidated statement of cash flows
For the year ended 31 December 2024
Expressed in Saudi Riyals in thousands unless otherwise stated

	Notes	31 December 2024	31 December 2023
Cash flow from operating activities			
Profit before zakat and income tax for the year		**448,030**	1,364,272
Non-cash adjustments to reconcile profit before zakat and income tax to net cash flows from operating activities:			
Depreciation of property, plant and equipment and right of use assets	6,7	**790,391**	821,150
Amortization of intangible assets and long term prepaid employees' benefits	8,12	**113,139**	93,098
Amortization of contractual liabilities		**(4,626)**	(7,616)
Share of loss / (profit) from equity accounted investees	9	**150,609**	(51,552)
Provision for employees' benefits	23	**69,315**	65,445
Reversal of provision for precious metals	26	**(102,438)**	(268,187)
Property, plant and equipment - written off		**5,872**	3,026
Fair value gain (loss) on investments	10.4	**6,697**	(601)
Net foreign exchange difference		**1,025**	(27)
Finance income		**(54,585)**	(89,248)
Finance costs		**150,878**	210,674
		1,574,307	2,140,434
Changes in:			
Inventories		**(105,080)**	306,124
Trade receivables		**(84,797)**	57,351
Prepayments and other current assets		**(113,693)**	(3,724)
Trade payables, accrued expenses and other current liabilities		**177,846**	51,504
Long term prepaid employees' benefits		**78,221**	27,387
Cash flows from operations		**1,526,804**	2,579,076
Employees' benefits paid		**(17,645)**	(16,033)
Zakat and income tax paid	27	**(134,817)**	(223,382)
Net cash generated from operating activities		**1,374,342**	2,339,661
Cash flow from investing activities			
Payments for purchase of property, plant and equipment		**(657,604)**	(729,202)
Payments for purchase of intangibles	8	**(1,280)**	(2,645)
Placements in short term investments		**(969,000)**	(1,344,280)
Redemption of short term investments		**1,193,000**	1,168,299
Maturity of long term investments	10	**36,531**	21,543
Investment in long-term investments	10	**(15,310)**	-
Finance income received		**55,740**	88,228
Dividend received from an associate	9	**-**	227,850
Investment in a joint venture	9	**(18,750)**	(9,375)
Net cash used in investing activities		**(376,673)**	(579,582)

Sahara International Petrochemical Company
A Saudi Joint Stock Company
Consolidated statement of cash flows (continued)
For the year ended 31 December 2024
(All amounts in Saudi Riyals in thousands unless otherwise stated)

	Notes	31 December 2024	31 December 2023
Cash flow from financing activities			
Proceeds from long term borrowings		**207,675**	-
Repayment of long term borrowings		**(637,011)**	(1,086,065)
Proceeds from short term borrowings		**163,000**	296,875
Repayments of short term borrowings		**(196,875)**	-
Purchase of treasury shares		**(14,128)**	(37,681)
Dividends paid to shareholders		**(725,122)**	(1,450,244)
Dividends paid by subsidiaries to non-controlling interests		**(160,230)**	(258,645)
Finance costs paid		**(176,410)**	(170,725)
Principal payment of lease liabilities	7.4	**(3,587)**	(5,324)
Net cash used in financing activities		**(1,542,688)**	(2,711,809)
Net decrease in cash and cash equivalents		**(545,019)**	(951,730)
Cash and cash equivalents at 1 January		**1,504,040**	2,455,935
Effect of exchange rate fluctuations		**(1,027)**	(165)
Cash and cash equivalents at 31 December		**957,994**	1,504,040

The accompanying notes form an integral part of these consolidated financial statements.

Khalid Abdullah Al- Zamil	**Abdullah Saif Al-Saadoon**	**Rushdi Khalid Al-Dulaijan**
Chairman of the Board	Chief Executive Officer	Vice President, Finance

Expressed in Saudi Riyals in thousands unless otherwise stated

1. General Information

Sahara International Petrochemical Company (“Sipchem” or “the Company”), is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia (“KSA”) under commercial registration number 2051023922 dated 30 Shawwal 1420H, corresponding to 6 February 2000G. The Company's registered head office is in Al-Khobar, with a branch in the city of Riyadh having commercial registration number 1010156910 dated 14 Ramadan 1420H, corresponding to 22 December 1999G, and another branch in Jubail Industrial City having commercial registration number 2055007570 dated 4 Jumada Al-Awal, 1427H, corresponding to 1 June 2006G.

The Company's principal place of business is in Al Jubail, Kingdom of Saudi Arabia.

The principal activities of the Company are to own, establish, operate and manage industrial projects especially those related to chemical and petrochemical industries. As at 31 December 2024 and 2023, the Company has the following subsidiaries (the Company and its subsidiaries hereinafter collectively referred to as “the Group”):

Subsidiaries	**Note**	**Country of incorporation and principal place of business**	**Effective ownership percentage at 31 December**	
			2024	2023
Sahara Petrochemicals Company ("Sahara")	1.1	Saudi Arabia	**100%**	100%
International Methanol Company ("IMC")	1.2	Saudi Arabia	**65%**	65%
International Diol Company ("IDC")	1.3	Saudi Arabia	**100%**	100%
International Acetyl Company ("IAC")	1.4	Saudi Arabia	**100%**	100%
International Vinyl Acetate Company (“IVC”)	1.5	Saudi Arabia	**100%**	100%
International Gases Company (" IGC")	1.6	Saudi Arabia	**100%**	100%
Sipchem Marketing Company ("SMC”)	1.7	Saudi Arabia	**100%**	100%
Sahara Marketing Company ("SaMC”)	1.7	Saudi Arabia	**-**	100%
Sipchem Europe Cooperative U.A	1.7	Netherlands	**100%**	100%
Sipchem Europe B.V.	1.7	Netherlands	**100%**	100%
Sipchem Europe SA	1.7	Switzerland	**100%**	100%
Sipchem Asia PTE Ltd.	1.7	Singapore	**100%**	100%
International Utility Company ("IUC")	1.8	Saudi Arabia	**93%**	93%
International Polymers Company ("IPC")	1.9	Saudi Arabia	**75%**	75%
Sipchem Chemical Company ("SCC")	1.10	Saudi Arabia	**100%**	100%
Saudi Specialized Products Company (“SSPC”)	1.11	Saudi Arabia	**100%**	100%
Saudi Advanced Technologies Company (“SAT”)	1.12	Saudi Arabia	**100%**	100%
Sipchem InnoVent SA	1.13	Switzerland	**100%**	100%

1.1. The principal activity of Sahara is investing in industrial projects, especially in the petrochemicals and chemical fields and to own and execute projects necessary to supply raw materials and utilities.

1.2. The principal activity of IMC is the manufacturing and sale of methanol. IMC commenced its commercial operations in 2004.

1.3. The principal activity of IDC is the manufacturing and sale of maleic anhydride, butanediol and tetra hydro furan. IDC commenced its commercial operations in 2006.

1.4. The principal activity of IAC is the manufacturing and sale of acetic acid. IAC commenced its commercial operations in 2006.

1.5. The principal activity of IVC is manufacturing and sale of vinyl acetate monomer. IVC commenced its commercial operations in 2010.

1.6. The principal activity of IGC is the manufacturing and sale of carbon monoxide and Hydrogen. IGC commenced its commercial operations in June 2010.

1.7. The principal activities of SMC, Sipchem Europe Cooperative U.A, Sipchem Europe B.V., Sipchem Europe SA , Sipchem Asia Pte Limited and SaMC are to provide marketing and distribution services for the petrochemical products. SaMC ceased operations in 2020 and has been dormant since then.

During the year ended 31 December 2024, the management liquidated SaMC. Accordingly, the commercial registration is cancelled and the books of accounts have been closed.

1.8. The principal activity of IUC is to manage provision of industrial utility services to the Group companies.

1.9. The principal activity of IPC is to manufacture and sell low-density polyethylene (LDPE), polyvinyl acetate (PVAC) , polyvinyl alcohol (PVA) and Ethylene-Vinyl Acetate (EVA) films. IPC commenced its commercial operations in 2015.

1.10. The principal activity of SCC is the manufacture and sale of ethyl acetate, butyl acetate and Polybutylene Terephthalate (PBT). The ethyl acetate plant commenced its commercial operations in 2013 while PBT plant which commenced its commercial operations in 2018 was later mothballed in 2021.

1.11. The principal activity of SSPC is the manufacture and sale of metal moulds and related services as well as EVA films. EVA film plant commenced commercial operations in 2019. During the year ended 31 December 2022 a fire incident took place which caused significant damage to the SSPC's production and storage facilities. Accordingly, the management resolved to discontinue the EVA film business and evaluate other suitable business opportunity to capitalize on existing assets.

1.12. The principal activity of SAT is the manufacturing of metal equipment and spare parts. The Tool Manufacturing Factory ("TMF") plant started commercial operations in 2016 and was transferred from SSPC to SAT in 2020.

1.13. Sipchem InnoVent SA commenced commercial operations during 2024 and is primarily involved in investing in innovative technologies and production of various compounds.

Expressed in Saudi Riyals in thousands unless otherwise stated

1.14. Joint operations

The Company, through its subsidiary Sahara, holds 75% equity interest in Al-Waha Petrochemicals Company (“Al-Waha”). Al-Waha commenced its commercial operations in 2011 and is primarily involved in manufacturing of polypropylene.

1.15. Equity accounted investees

The Group holds equity interests in the following joint ventures and associates which are involved in manufacturing of petrochemical and other industrial products:

	Effective ownership percentage at 31 December	
	2024	2023
Joint ventures		
Sahara and Ma’aden Petrochemicals Company (“SAMAPCO”)	**50%**	50%
Gulf Advanced Cable Insulation Company (“GACI”)	**50%**	50%
Linde Sipchem Industrial Gases Company (“LSIG”)	**50%**	50%
Associates		
Tasnee and Sahara Olefins Company ("TSOC")	**32.55%**	32.55%
Saudi Acrylic Acid Company ("SAAC")	**43.16%**	43.16%
Khair Inorganic Chemicals Industries Company (“Inochem”)	**30%**	30%

1.16. SAT is the process of establishing Wahaj Nexter Industrial Company (“Nexter”) and Portsmouth Arabia Company (“PAC”) together with certain foreign partners.

1.17. SAMAPCO is a limited liability company and registered in the Kingdom of Saudi Arabia, is engaged in production and sale of caustic soda, chlorine and ethyl dichloride.

1.18. TSOC is a Saudi closed joint stock company, registered in the Kingdom of Saudi Arabia, engaged in production and sale of Propylene, Ethylene and Polyethylene.

1.19. Inochem is engaged in production and sale of Dense Sodium Carbonate (Soda Ash), Calcium Chloride and Calcium Carbonate. The commercial operations are expected to be commenced during 2025.

2. Material accounting policies

Material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, using accrual basis of accounting except for the following material items in the consolidated statement of financial position:

- Investments in equity accounted investees, equity securities and certain financial assets (including derivative assets) measured at fair value;
- The defined benefit obligation for employees' end of service liability;
- Certain trade receivables;
- Right-of-use assets and lease liabilities;
- Deferred tax assets and liabilities;
- Provision for decommissioning costs; and
- Provision for precious metals
- Other non-current assets

(c) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2024:

- Non-current liabilities with covenants - Amendments to IAS 1
- Lease Liability in a sale and leaseback – Amendments to IFRS 16
- Supplier finance arrangements – Amendments to IAS 7 and IFRS 7

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) New standards and interpretations not yet adopted

The following new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group:

- Lack of exchangeability – Amendments to IAS 21
- Classification and measurement of Financial Instruments - Amendments to IFRS 19 and IFRS 7
- Subsidiaries without public Accountability: Disclosures – IFRS 19
- Presentation and Disclosure in Financial Statements – IFRS 18

Management is currently assessing the impact of such standards, amendments or interpretations on the entity in the future reporting periods and on foreseeable future transactions.

2.2 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in "Saudi Riyals" which is the Company's functional as well as presentation currency.

(a) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate applicable at the date of the initial transactions.

(b) Foreign currency translation

The results and financial position of foreign subsidiaries having reporting currencies other than Saudi Riyals are translated into Saudi Riyals as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the date of statement of financial position;
(ii) income and expenses for statement of comprehensive income are translated at average exchange rates;
(iii) components of equity are translated at historic rate; and
(iv) all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising on translation of the foreign controlled entities are recognized in other comprehensive income with the corresponding impact recorded within equity in other reserves as 'foreign currency translation reserve'. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

2.3 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024 except for investment in joint operations which is consolidated based on the Group's relative share in the arrangement.

Subsidiaries are entities over which the Group has control. 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; and
- The ability to use its power over the investee to affect its returns.

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 of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company 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 financial statements of subsidiaries to bring their accounting policies into 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 during 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 assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.4 Investments in associates, joint arrangements and equity method of accounting

(a) Investments in associates
Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method after initially being recognised at cost.

(b) Joint arrangements
Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations
A joint operation is a type of joint arrangement whereby the parties that have joint control have rights to the assets and liabilities of the joint arrangement. The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These are incorporated in the consolidated financial statements under the appropriate headings.

Joint ventures
A joint venture is a type of joint arrangement whereby the parties that have joint control have rights to the net assets of the joint arrangement.

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated balance sheet.

(c) Equity method of accounting
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Adjustments are made to account for the Group's share of the investee's profit or loss after acquisition in order to account, for example, for depreciation of the depreciable assets based on their fair values at the acquisition date. Similarly, appropriate adjustments to the Group's share of the investee's profit or loss after acquisition are made for impairment losses such as for goodwill or property, plant and equipment. Dividends received or receivable from investees are recognised as a reduction in the carrying amount of the investment. Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.13.

(d) Transactions eliminated on consolidation
Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.5 Goodwill

Goodwill represents consideration paid in excess of the fair value of net assets acquired in business combinations. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less 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 (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. CGU is the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof. A CGU is identified consistently from period to period for the same asset or types of assets, unless a change is justified.

2.6 Current vs non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification. An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

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

The Group classifies all other liabilities as non-current.

2.7 Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts, volume rebates and value-added tax, in the ordinary course of the Group's activities. The Group recognizes revenue based on a five-step model as set out in IFRS 15.

The Group has the following revenue streams:

a) Sale of goods

Revenue is recognized at a point in time upon satisfaction of performance obligations, which occurs when control transfers to the customer, which typically takes place upon delivery or shipment of products depending on the contractually agreed terms.

Revenue contracts for certain transactions with marketers/off-takers provide for provisional pricing at the time of shipment, with final pricing based on the actual selling prices received by such marketers/off-takers from the final customers, after deducting the costs of shipping and distribution (settlement price). Revenue on these contracts is initial recorded at the provisional price i.e. an estimation of final price at the time control is transferred to the customer. Any difference between the estimate and the final price is recorded as a change in fair value of the related receivable, as part of revenue, in consolidated statement of profit or loss.

b) Shipping services

In case of sale of goods under C- incoterms, the Group is also responsible for transportation of goods after control of such goods has passed to the end customer. The separate transaction price for such transportation service is not explicitly available in the contract and the Group uses estimation method to allocate the transaction price to such performance obligation. This service is satisfied over the period of delivery and recognised as revenue accordingly.

c) Sale of specific products

In certain contracts, the Group manufactures products based on customer's specifications. The Group has determined that for these type of products, the customers control all of the work in progress as the products are being manufactured. This is because under those contracts, products are made to a customer's specifications and if a contract is terminated by the customer then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Revenues from such contracts satisfy criteria for revenue recognition over time and is measured based on input method by the percentage of actual cost incurred to-date to estimated total cost for each contract.

Contract assets and liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.8 Property, plant and equipment

Property, plant and equipment are initially recorded at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost includes all expenditure directly attributable to the construction or purchase of the item of property, plant and equipment. Such costs include the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Repair and maintenance costs are charged to profit or loss. Plant and machinery include planned turnaround costs which are depreciated over the period until the date of the next planned turnaround. Should an unexpected turnaround occur prior to the previously envisaged date of planned turnaround, then the net book value of planned turnaround costs is immediately expensed and the new turnaround costs are depreciated over the period likely to benefit from such costs.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Class of assets	No of Years
- Buildings and lease hold improvements	10 - 33.33
- Plant and machinery	1.5 - 30
- Computers and vehicles	4
- Furniture and fixtures, catalysts and tools and office equipments	2 - 10
- Capital spares	2 - 20

Land is not depreciated.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Capital work in progress is stated at cost less impairment losses, if any, and is not depreciated until the asset is brought into commercial operations or is available for intended use.

2.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in profit or loss when it is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

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

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually.

Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales and general and administrative expenses.

A summary of the policies applied to the Group's intangible assets is as follows:

	Software license and related cost "Computer software"	Right to use "Rights"	Customer contracts
Useful lives	Up to 10 years	10 - 20 years	30 years
Amortisation method used	Amortised on a straight-line basis over the useful life	Amortised on a straight-line basis over the period of expected future benefits from the related project	Amortised on a straight-line basis over the useful life
Internally generated or acquired	Acquired	Acquired	Acquired

2.10 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. Currently, Group has no contract which includes lease and non-lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability mainly comprise of fixed lease payments. The lease liability is subsequently carried at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset. The Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease or the Group's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short term leases including lease of IT equipments. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii) As a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Lease income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet in accordance with their nature.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.12 Financial instruments

Financial assets

a) Classification

The Group’s financial assets are classified and measured under the following categories:

i) amortised cost;
ii) fair value through OCI (“FVOCI”); or
iii) fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. These classifications are on the basis of business model of the Group for managing the financial assets, and contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

b) Recognition and derecognition

At initial recognition, the Group measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of financial asset. Transactions cost of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

c) Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at FVOCI	These assets are subsequently measured at fair value with the corresponding fair value movement recorded in other comprehensive income and accumulated in other reserves within equity as 'fair value investment reserve'. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial liabilities
Financial liabilities are recognized initially at fair value less any directly attributable transaction costs and are subsequently measured at amortised cost using the EIR method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financial guarantees require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortised balance of the amount at initial recognition. In addition, an ECL loss allowance is recognised for fees receivable that are recognised in the consolidated statement of financial position as an asset.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Finance income
For financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss.

Derivative financial instruments and hedge accounting

Derivatives are measured at fair value and any related transaction costs are recognised in profit or loss. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in a separate reserve shown under equity. The amount accumulated in equity is reclassified to profit or loss in the period during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss. If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Hedge effectiveness is determined at the inception of the hedge relationship and periodically to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group performs a qualitative and quantitative assessment of effectiveness at each reporting date. The ineffective portion, if material, is recognized in statement of profit or loss.
At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

2.13 Impairment

i) Financial instruments and contract assets

The Group recognises loss allowances for Expected credit losses "ECL" on financial assets measured at amortised cost. For trade receivables (including contract assets and due from related parties) carried at amortised cost, the Group applies the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the related financial asset. The amount of the loss is charged to profit or loss. The Group uses a provision matrix in the calculation of the ECL on to estimate the lifetime ECL, applying certain provision rates to respective contractual past due aging buckets. The provision matrix was developed considering probability of default based on historical collection trends and loss given default. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is no longer recoverable based on historical experience of recoveries of similar assets. For off-takers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off if there is a significant decrease in credit worthiness of the customer, the failure of the customer to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of 1 year. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

While cash and cash equivalents, contract assets, due from related parties and other receivables are also subject to impairment requirements of IFRS 9 ‘Financial Instruments’ (“IFRS 9”), these are considered as low risk and the impairment loss is not expected to be material.

ii) Non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

2.14 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is principally based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.
At each reporting date, spare parts and consumables are assessed for impairment. If spare parts and consumables are impaired, their carrying amount is reduced to written down value; the impairment losses are recognized immediately in profit or loss. Provision for slow-moving inventories is made considering various factors including age of inventory items, historic usage and expected utilization in future.

2.15 Cash and cash equivalent

Cash and cash equivalents in the statement of financial position comprise cash at banks, cash on hand and short-term deposits with original maturity of three months or less, net of outstanding bank overdrafts which are subject to an insignificant risk of changes in value.

2.16 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized against share premium.

2.17 Provisions

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

Decommissioning costs

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

Precious metal

The production process of certain of the Group’s subsidiaries require the use of certain precious metals as catalysts. The Group enters into arrangements with certain commercial banks under which the banks procure such precious metals from suppliers and provide them to the Group for certain periods (usually for twelve months) against a fixed margin. The rental period may be extended with mutual agreement of both parties. The Group records the fixed margin paid on such arrangements in profit or loss within cost of sales and records a provision for the shortfall in precious metal quantities due to consumption, based on the expected market prices with the resulting charge or gain recorded in cost of sales.

2.18 Zakat and income tax

The Company and its Saudi Arabian subsidiaries are subject to zakat and income tax in accordance with the regulations of the Zakat, Tax and Customs Authority (“ZATCA”). Foreign subsidiaries are subject to income taxes in their respective countries of domicile. Zakat and income taxes are initially recorded in profit or loss on self assessment basis. Any difference in such assessment and the final assessment by the tax authorities is recorded in profit or loss when the final assessment is issued.

The income tax is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period. Income tax is provided for on the share of the adjusted profit related to foreign shareholders in the Saudi subsidiaries.

The Company and its Saudi Arabian subsidiaries withhold taxes on certain transactions with non-resident parties, including dividend payments to foreign shareholders of the Saudi Arabian subsidiaries, if any, as required under Saudi Arabian Income Tax Law.

Deferred tax

Income tax based on the applicable income tax rate is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences. Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.19 Employees’ end of service benefits

The Company and its subsidiaries operate their respective unfunded end of service defined benefit plans driven by regulations applicable in their respective countries of domicile. The plans are based on employees’ most recent salary and number of service years. The costs of providing benefits under the defined benefit plans is determined using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income and transferred to other reserves within equity as ‘Remeasurements on employees’ benefits’.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date on which the Group recognizes related restructuring costs

Interest is calculated by applying the discount rate to the net defined benefit liability and is recorded under finance costs in profit or loss. Service costs are recorded under ‘cost of sales’ and ‘general and administrative expenses’ in the consolidated statement of profit or loss.

2.20 Employees’ home ownership program

The Company and its Saudi subsidiaries has an employees’ home ownership programs (“HOP”) under which eligible Saudi employees have the opportunity to buy residential units constructed by the Group through a series of deductions from their salaries over a particular number of years. Ownership of the houses is transferred upon completion of full payment. Under the HOP, the amounts paid by the employee towards the house are repayable back to the employee subject to certain deductions in case the employee discontinues employment and the house is returned back to the Group. Costs which are not directly related to residential units are recognized in long term prepaid employees benefits as deferred costs at time the residential units are allocated to the employees. Such deferred costs are employee benefit costs and are amortized on a straight line basis over 5 -10 years as this period reflects the expected future benefits to be recoverable from the employees.

2.21 Employees’ savings plan (thrift plan)

The Company and its Saudi Subsidiaries maintain an employee's savings plan for Saudi employees. Under the plan the employees designate a portion of their salary to be contributed to the plan which is proportionately matched by the Group. Employees’ contributions are deposited in a separate bank account, which is in the Group's name and such funds may be invested on behalf of the employees. The employees’ contributions are always available to employees for unconditional withdrawal. The underlying asset (bank account) is presented as cash and cash equivalents and the corresponding liability is presented as a current liability as part of accrued expenses and other current liabilities.

The Company and its Saudi Subsidiaries’ contribution under the savings plan is available for withdrawal by the employees subject to certain conditions and is charged to profit or loss with the corresponding liability being recognised under long term employees' benefits.

2.22 Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the Company's Annual General Assembly. Interim dividends are recorded as and when approved by the Company's Board of Directors based on delegation of authority by the general assembly for approval of such interim dividends.

2.23 Share based payment transactions

Employees of the Group receive certain remuneration in the form of share based payments under Sipchem Employee Incentive Program "SEIP", whereby employees render services as consideration for equity instruments (equity settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is recognised in employee benefits expense, together with a corresponding increase in equity over the period in which the services and the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. Service conditions are not taken into account when determining the grant date fair value of awards but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. There are no market conditions associated with the vesting of the equity instruments. No expense is recognised for awards that do not ultimately vest because service conditions have not been met. Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met.

An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

2.24 Segment reporting

A business segment is Group of assets, operations or entities:

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

The Group's Board of Directors ("BOD") is considered to be the chief operating decision maker. Segment results that are reported to the BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The details of Group's segments are presented in note 4 to these consolidated financial statements.

2.25 Earnings per share

Earnings per share are computed by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.26 Short term investments

Short term investments in the statement of financial position are deposits having maturity of more than three months but less than a year from date of placement.

2.27 Borrowings

Borrowings are initially recognised at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, long-term borrowings are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

2.28 Trade payables

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

2.29 Fair value measurement and valuation processes

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 Group has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including level three fair values.

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

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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 Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

External valuers are involved for valuation of significant assets, whenever required. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the external valuer, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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. As at 31 December 2024 and 2023, the fair values of the Group's financial instruments at amortised cost, other than non-current are estimated to approximate their carrying values as these financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their carrying amounts within twelve months from the date of statement of financial position. Fair values of non-current financial liabilities are estimated to approximate their carrying amounts as these carry interest rates which are based on prevailing market interest rates.

3. Significant accounting estimates, assumptions and judgements

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgments concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

i. Employees' end of service benefits
The cost of end of service defined benefit and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. For details on assumptions used and sensitivities of key assumptions refer Note 23.

ii. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the management approved budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested.

Future events could cause the estimates used in the value-in-use calculations to change adversely with a consequent effect on the future results of the Group. Management has performed a sensitivity analysis around the estimates. For details on assumptions used and sensitivities of key assumptions refer Note 6, 9 and 13.

iii. Useful lives of property, plant and equipment

Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods. At 31 December 2024, if the useful lives increased or decreased by 10% against the current useful lives with all other variables held constant, the profit for the year would have been higher or lower by Saudi Riyals 73 million.

iv. Judgement related to settlement of precious metal contracts

Upon completion of the precious metal lease arrangements, the Group is obliged to return the full quantity of such precious metals to the bank. The management of the Group believes that the underlying plant in which the respective precious metals are used has a finite useful life. Accordingly, these arrangements will be settled through return of the leased quantities of precious metals, and not in cash, as the Group has no economic incentive to settle in cash and the Group has no alternate use for the quantities remaining at the end of useful lives of the underlying plants as these precious metals cannot be used in any other plant within the Group. Accordingly, such contracts are not considered to be financial liabilities.

v. Judgement related to classification of joint arrangements

a) Joint ventures

The Group is party to several join arrangements. The Group has joint control over these arrangements as unanimous consent is required from all parties to the agreements to direct the activities that significantly affect the returns of the arrangement, such as annual production budgets, capital expenditures, incurrence of indebtedness, election of key management team members, approval of pricing policies and admission of new parties. The classification of these joint arrangements as joint ventures is driven by the rights and obligations of the parties arising from the arrangements rather than the legal form of the arrangements. These entities meet the definition of a joint venture as they are structured as limited liability companies and provide the Group and the other shareholders with rights to its net assets under the respective arrangements.

b) Joint operations

The Group is party to a joint arrangement, Al Waha (75% shareholding). Al Waha cannot sell its products directly to third parties and, under the directives of its shareholders, all of its sales are to related parties of the shareholders, depending on the end customer's geographical location. The management assessed that it meets the criteria of a joint operation given all of the economic benefits of its assets are taken by shareholders and is dependent on its sales to shareholders or their related parties, as approved by the shareholders, to generate cash in order to settle its liabilities. Accordingly, investment in Al Waha is assessed as a joint operation, and the Group records its share of assets and liabilities in Al Waha in the accompanying consolidated financial statements.

Expressed in Saudi Riyals in thousands unless otherwise stated

4. SEGMENT INFORMATION

The Group has the following operating segments:

- **Basic chemicals,** which includes methanol, butane products and carbon monoxide.
- **Intermediate chemicals,** which includes acetic Acid, vinyl acetate monomer, ethyl acetate, butyl acetate, and utilities.
- **Polymers,** which includes Low-density polyethylene, polyvinyl acetate, polyvinyl alcohol, PBT, polypropylene, EVA and electrical connecting wire products.
- **Marketing,** which includes trading revenues of SMC and its foreign subsidiaries.
- **Corporate and others,** which includes Sipchem, and tool manufacturing plant. This segment also includes Sahara's enabling functions and support activities.

No operating segments have been aggregated to form the above reportable operating segments.

Year ended 31 December 2024	Basic chemicals	Intermediate chemicals	Polymers	Marketing	Corporate and others	Inter segment transaction elimination	Total
Revenue							
External customers - KSA	123,383	-	-	571,311	142,471	-	837,165
External customers - foreign countries	364,015	235,780	1,264,610	4,279,458	79,564	-	6,223,427
Inter-segment	1,732,792	1,912,528	996,299	-	211,551	(4,853,170)	-
Total revenue	2,220,190	2,148,308	2,260,909	4,850,769	433,586	(4,853,170)	7,060,592
Gross profit	735,555	(79,155)	282,485	191,741	50,816	258,055	1,439,497
Operating costs	151,007	142,078	161,450	82,770	27,449	191,828	756,582
Operating profit / (loss)	584,548	(221,233)	121,035	108,971	23,367	66,227	682,915
Share of profit from equity accounted investees	-	40,511	-	-	(244,102)	52,982	(150,609)
Profit before zakat and tax	541,054	(241,636)	36,136	108,990	(71,943)	75,429	448,030
Total assets	3,672,190	4,604,887	6,059,839	1,357,600	24,737,359	(19,349,782)	21,082,093
Total liabilities	1,484,420	1,932,463	1,912,736	901,492	3,228,298	(4,347,617)	5,111,792
Capital expenditure	147,613	134,507	197,156	3,635	224,091	-	707,002
Depreciation and amortization	217,134	282,203	322,913	8,904	35,174	-	866,328
Finance cost	55,904	75,566	91,197	1,673	60,186	(133,648)	150,878
Finance income	7,409	8,631	6,449	12	32,084	-	54,585

Expressed in Saudi Riyals in thousands unless otherwise stated

Year ended 31 December 2023	Basic chemicals	Intermediate chemicals	Polymers	Marketing	Corporate and others	Inter segment transaction elimination	Total
Revenue							
External customers - KSA	113,325	-	-	742,415	94,305	-	950,045
External customers - foreign countries	454,862	263,010	1,469,426	4,479,450	1,148	-	6,667,896
Inter-segment	1,534,367	2,415,340	1,272,166	-	37,696	(5,259,569)	-
Total revenue	2,102,554	2,678,350	2,741,592	5,221,865	133,149	(5,259,569)	7,617,941
Gross profit	882,203	198,473	641,998	198,959	(16,667)	263,501	2,168,467
Operating costs	128,553	114,787	165,392	89,117	68,315	183,335	749,499
Operating profit / (loss)	753,650	83,686	476,606	109,842	(84,982)	80,166	1,418,968
Share of profit from equity accounted investees	-	-	-	-	51,552	-	51,552
Profit before zakat and tax	716,302	68,837	368,159	110,290	121,853	(21,169)	1,364,272
Total assets	3,364,988	4,860,260	6,303,826	1,379,077	25,961,306	(19,845,558)	22,023,899
Total liabilities	1,116,031	1,292,550	2,503,971	882,076	3,463,163	(3,656,218)	5,601,573
Capital expenditure	265,928	111,449	144,273	4,141	206,056	-	731,847
Depreciation and amortization	200,899	312,301	316,716	8,210	45,257	-	883,383
Finance cost	52,298	29,351	126,019	2,163	97,639	(96,796)	210,674
Finance income	6,620	17,584	19,042	150	45,852	-	89,248

Segment performance is evaluated based on profit or loss before zakat and income tax and is measured consistently with profit or loss in these consolidated financial statements.

Capital expenditure and depreciation and amortization relates to property, plant and equipment and intangible assets.

Expressed in Saudi Riyals in thousands unless otherwise stated

5. NON-CONTROLLING INTERESTS

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non- controlling interests:

Subsidiaries	Country of Incorporation	2024	2023
IMC	KSA	**35%**	35%
IPC	KSA	**25%**	25%

The summarized information of these subsidiaries is provided below:

Summarized statements of financial position as at 31 December 2024

	IMC	IPC	Total
Current assets	**367,648**	**411,498**	**779,146**
Non-current assets	**1,231,270**	**2,023,822**	**3,255,092**
Current liabilities	**(194,098)**	**(411,454)**	**(605,552)**
Non-current liabilities	**(114,758)**	**(518,583)**	**(633,341)**
Equity	**1,290,062**	**1,505,283**	**2,795,345**
Attributable to:			
Equity holders of the Company	**886,827**	**1,177,419**	**2,064,246**
Non-controlling interests	**403,235**	**327,864**	**731,099**

Summarized statements of financial position as at 31 December 2023

	IMC	IPC	Total
Current assets	310,110	436,588	746,698
Non-current assets	1,297,754	2,105,330	3,403,084
Current liabilities	(135,748)	(245,090)	(380,838)
Non-current liabilities	(71,364)	(602,284)	(673,648)
Equity	1,400,752	1,694,544	3,095,296
Attributable to:			
Equity holders of the Company	925,777	1,316,422	2,242,199
Non-controlling interests	474,975	378,122	853,097

Summarized statements of comprehensive income for the year ended 31 December 2024

	IMC	IPC	Total
Revenue	**883,164**	**966,866**	**1,850,030**
Profit before zakat and tax	**373,776**	**40,448**	**414,224**
Profit after zakat and tax	**292,333**	**13,881**	**306,214**
Other comprehensive loss	**(2,800)**	**(3,143)**	**(5,943)**
Total comprehensive income	**289,533**	**10,738**	**300,271**
Attributable to:			
Equity holders of the Company	**236,199**	**25,840**	**262,039**
Non-controlling interests	**53,334**	**(15,102)**	**38,232**
Dividends to non-controlling interest	**125,075**	**35,155**	**160,230**

Expressed in Saudi Riyals in thousands unless otherwise stated

Summarized statements of comprehensive income for the year ended 31 December 2023

	IMC	IPC	Total
Revenue	750,102	1,289,906	2,040,008
Profit before zakat and tax	360,369	350,795	711,164
Profit after zakat and tax	328,866	338,365	667,231
Other comprehensive income	1,174	1,683	2,857
Total comprehensive income	330,040	340,048	670,088
Attributable to:			
Equity holders of the Company	228,588	259,318	487,906
Non-controlling interests	101,452	80,730	182,182
Dividends to non-controlling interest	115,543	143,102	258,645

Summarized statement of cash flows for the year ended 31 December 2024

	IMC	**IPC**	**Total**
Net cash flow generated from operating activities	**472,618**	**314,276**	**786,894**
Net cash flow used in investing activities	**(35,556)**	**(40,469)**	**(76,025)**
Net cash flow used in financing activities	**(400,388)**	**(227,468)**	**(627,856)**
Cash and cash equivalents at 31 December 2024	**43,003**	**77,738**	**120,741**

Summarized statement of cash flows for the year ended 31 December 2023

	IMC	IPC	Total
Net cash flow generated from operating activities	390,268	581,298	971,566
Net cash flow used in investing activities	(94,953)	(24,953)	(119,906)
Net cash flow used in financing activities	(351,980)	(714,435)	(1,066,415)
Cash and cash equivalents at 31 December 2023	6,329	31,399	37,728

Expressed in Saudi Riyals in thousands unless otherwise stated

6. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and lease hold improvements	Plant and machinery	Catalysts and tools	Vehicles, computers, furniture, fixture and office equipment	Capital work in progress	Total
2024						
Cost:						
At 1 January 2024	1,221,812	19,428,004	1,014,482	313,692	1,094,115	23,072,105
Additions*	927	196,472	149	6,266	501,908	705,722
Transfers	-	233,675	107,930	2,816	(344,421)	-
Transfers to intangibles	-	-	-	-	(87,143)	(87,143)
Transfers to related parties	-	-	-	-	(15,520)	(15,520)
Disposals/write off	-	-	-	(143)	(5,872)	(6,015)
Reclassification	1,149	(5,948)	-	4,769	30	-
At 31 December 2024	1,223,888	19,852,203	1,122,561	327,400	1,143,097	23,669,149
Accumulated depreciation:						
At 1 January 2024	(371,599)	(9,932,486)	(891,633)	(213,795)	-	(11,409,513)
Depreciation charge for the year	(36,927)	(685,889)	(47,507)	(11,514)	-	(781,837)
Disposals/write off	-	-	-	143	-	143
Reclassification	-	35,329	-	(35,329)	-	-
At 31 December 2024	(408,526)	(10,583,046)	(939,140)	(260,495)	-	(12,191,207)
Carrying amount at 31 December 2024	815,362	9,269,157	183,421	66,905	1,143,097	11,477,942

* Additions include impact of change in assumption arising from provision for decommissioning costs. Also see Note 24.

Expressed in Saudi Riyals in thousands unless otherwise stated

	Land, buildings and lease hold improvements	Plant and machinery	Catalysts and tools	Vehicles, computers, furniture, fixture and office equipment	Capital work in progress	Total
2023						
Cost:						
At 1 January 2023	1,218,517	19,147,420	999,862	308,524	885,526	22,559,849
Additions*	386	202,793	15,700	3,184	505,715	727,778
Transfers	2,909	77,791	18,542	2,189	(101,431)	-
Transfers to long term prepaid employees' benefits	-	-	-	-	(119,134)	(119,134)
Transfers to intangibles	-	-	-	-	(56,995)	(56,995)
Transfers to inventories	-	-	-	-	(16,540)	(16,540)
Disposals/write off	-	-	(19,622)	(205)	(3,026)	(22,853)
At 31 December 2023	1,221,812	19,428,004	1,014,482	313,692	1,094,115	23,072,105
Accumulated depreciation:						
At 1 January 2023	(333,262)	(9,276,179)	(800,933)	(205,466)	-	(10,615,840)
Depreciation charge for the year	(38,337)	(656,307)	(110,322)	(8,534)	-	(813,500)
Disposals/write off	-	-	19,622	205	-	19,827
At 31 December 2023	(371,599)	(9,932,486)	(891,633)	(213,795)	-	(11,409,513)
Carrying amount at 31 December 2023	850,213	9,495,518	122,849	99,897	1,094,115	11,662,592

Expressed in Saudi Riyals in thousands unless otherwise stated

6.1. Capital work in progress

The Group's capital work-in-progress as at 31 December 2024 amounting to Saudi Riyals 1,145.4 million (2023: Saudi Riyals 1,094.1 million) comprises mainly advances for purchases of items of property, plant and equipment and other costs incurred related to several projects for construction, expansion and enhancements of operating plants. During 2024, Saudi Riyals 50.3 million (2023: Saudi Riyals 14.8 million) have been capitalized as borrowing costs at the weighted average interest rate applicable to the Group's borrowings.

6.2. Property, plant and equipment - pledged

Property, plant and equipment (other than CWIP) for SAT having a carrying value amounting to Saudi Riyals 82.9 million (2023: 83.8 million) is pledged as security against borrowings from Saudi Industrial Development Fund ("SIDF").

6.3. Allocation of depreciation charge for the year

	2024	2023
Cost of revenue	**743,482**	785,990
General and administrative expenses	**38,355**	27,510
	781,837	813,500

6.4. Impairment indicators and assessment

During 2024, the management identified impairment indicators for IDC, Acetyls and Polymers CGUs due to worse than expected economic performance resulting from significant decrease in the market prices. Accordingly, the management performed a detailed impairment assessment of the non-current assets of CGUs subject to impairment testing and determined the recoverable amount based on value-in-use calculations using the approved business plans. As a result of such assessment, as at 31 December 2024, the recoverable amount of the non-current assets of the said CGUs subject to impairment were assessed higher than their respective carrying amounts.

The key assumptions used in the value-in-use calculations are as follows:

- The projected cash flows used were based on three years' cash flow projections based on budgets/forecasts approved by Group management.
- The growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts was 2.5% (2023: 2.5%). Management believes that the estimated growth rate used does not exceed the average growth rate of the activities of CGUs subject to impairment over the long term.
- A discount rate of 8.5% (2023: 9.0%) was applied to the cash flow projections, which is based on the weighted average cost of capital.

Management performed a sensitivity analysis around the key assumptions and believes that the recoverable amounts of the CGUs are not sensitive to reasonable possible change in the key assumptions except for IDC where a 1% change in market prices will make recoverable amount equal to the carrying amounts .The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

As at 31 December 2024, Group management has analyzed all other CGUs for impairment indicators and concluded that no indicators existed for the other CGUs. As at 31 December 2024, there were no assumptions a reasonable possible change in which would have resulted in an impairment loss.

Expressed in Saudi Riyals in thousands unless otherwise stated

7. LEASES

The Group leases land parcels and vehicles. The lease period ranges from 3 to 30 years with an option to renew the lease after that date. Property, plant and equipment of the Group are constructed on land leased by the Group from the Royal Commission for Jubail and Yanbu. The land lease term is for an initial period of 30 years which commenced in 2002 and is renewable by mutual agreement of the parties. Lease payments are agreed at the time of inception of the lease which may change based on mutual consent of both the parties. The Group leases IT equipment with contract terms of one to three years. These leases are leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases. Information about leases for which the Group is a lessee is presented below:

7.1. Right-of-use assets

The movement in right-of-use assets at 31 December is as follows:

	Land	**Vehicles**	**Total**
Balance as at 1 January 2024	**108,033**	**9,363**	**117,396**
Additions	**-**	**2,517**	**2,517**
Depreciation charge for the year	**(6,334)**	**(2,220)**	**(8,554)**
Increase due to change in assumptions	**1,535**	**-**	**1,535**
Balance as at 31 December 2024	**103,234**	**9,660**	**112,894**

	Land	Vehicles	Total
Balance as at 1 January 2023	103,612	1,023	104,635
Additions	-	9,667	9,667
Depreciation charge for the year	(6,323)	(1,327)	(7,650)
Increase due to change in assumptions	10,744	-	10,744
Balance as at 31 December 2023	108,033	9,363	117,396

7.2. Lease liabilities

<u>2024</u>	**Land**	**Vehicles**	**Total**
Current portion	**14,349**	**3,024**	**17,373**
Non-current portion	**145,264**	**6,921**	**152,185**
Balance as at 31 December 2024	**159,613**	**9,945**	**169,558**
<u>2023</u>			
Current portion	6,499	1,900	8,399
Non-current portion	151,609	7,053	158,662
Balance as at 31 December 2023	158,108	8,953	167,061

7.3 Amounts recognized in statement of profit or loss

	2024	2023
Depreciation charge for the year	**8,554**	7,650
Interest on lease liabilities	**6,494**	4,553
	15,048	12,203

7.4 Amounts recognized in statement of cash flow

	2024	2023
Principal payment of lease liabilities	**3,587**	5,324

Expressed in Saudi Riyals in thousands unless otherwise stated

8. INTANGIBLE ASSETS

2024	**Computer software**	**Rights**	**Customer contracts**	**Total**
Costs:				
Balance as at 1 January	**399,100**	**786,407**	**6,750**	**1,192,257**
Additions	**1,280**	**-**	**-**	**1,280**
Transfers (Note 6)	**87,143**	**-**	**-**	**87,143**
Balance as at 31 December	**487,523**	**786,407**	**6,750**	**1,280,680**
Accumulated amortization:				
Balance as at 1 January	**(350,853)**	**(297,528)**	**(1,032)**	**(649,413)**
Amortization	**(28,521)**	**(55,746)**	**(224)**	**(84,491)**
Balance as at 31 December	**(379,374)**	**(353,274)**	**(1,256)**	**(733,904)**
Net carrying amount at 31 December	**108,149**	**433,133**	**5,494**	**546,776**

2023	Computer software	Rights	Customer contracts	Total
Costs:				
Balance as at 1 January	339,460	786,407	6,750	1,132,617
Additions	2,645	-	-	2,645
Transfers (Note 6)	56,995	-	-	56,995
Balance as at 31 December	399,100	786,407	6,750	1,192,257
Accumulated amortization:				
Balance as at 1 January	(332,008)	(246,715)	(807)	(579,530)
Amortization	(18,845)	(50,813)	(225)	(69,883)
Balance as at 31 December	(350,853)	(297,528)	(1,032)	(649,413)
Net carrying amount at 31 December	48,247	488,879	5,718	542,844

Computer software mainly includes ERP and other programs which management has capitalized and amortization is calculated on 5 -10 years of useful life with the remaining useful life of 5-9 years.

Rights mainly represent payments by the Group to acquire feedstock from suppliers under preferential arrangements on long term contracts. Amortization is calculated over a period of 10-20 years based on the inflow of economic benefits to the Group with the remaining useful life of 10-15 years.

Customer contract relates to a beneficial long-term agreement to off-take a significant amount of polypropylene production. The Group acquired this contract as a result of business combination. The asset is amortized over 30 years with the remaining useful life of 25 years.

Allocation of amortisation charge for the year

	2024	2023
Cost of revenue	**50,393**	39,198
General and administrative expenses	**34,098**	30,685
	84,491	69,883

Expressed in Saudi Riyals in thousands unless otherwise stated

9. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

	2024	2023
Investment in joint ventures	**276,805**	371,876
Investment in associates	**3,388,753**	3,423,643
	3,665,558	3,795,519

	SAMAPCO	**GACI**	**LSIG**	**Total Joint venture**	**TSOC**	**Inochem**	**Total Associates**
As at 1 January 2024	**345,395**	**18,393**	**8,088**	**371,876**	**3,246,004**	**177,639**	**3,423,643**
Movement in Investment							
Share of loss	**(106,221)**	**(6,935)**	**(2,563)**	**(115,719)**	**(26,715)**	**(8,175)**	**(34,890)**
Share of changes in other comprehensive loss	**(233)**	**-**	**-**	**(233)**	**-**	**-**	**-**
Movement in Loan							
Additions / (recoveries), net	**-**	**(240)**	**18,750**	**18,510**	**-**	**-**	**-**
Finance cost charged	**-**	**1,203**	**1,168**	**2,371**	**-**	**-**	**-**
As at 31 December 2024	**238,941**	**12,421**	**25,443**	**276,805**	**3,219,289**	**169,464**	**3,388,753**

	SAMAPCO	GACI	LSIG	Total Joint venture	TSOC	Inochem	Total Associates
As at 1 January 2023	386,490	23,758	1,096	411,344	3,365,553	183,584	3,549,137
Movement in Investment							
Share of (loss) / profit	(41,393)	(6,360)	(2,882)	(50,635)	108,301	(6,114)	102,187
Share of changes in other comprehensive income	298	-	-	298	-	169	169
Dividends	-	-	-		(227,850)	-	(227,850)
Movement in loan							
Additions	-	-	9,375	9,375	-	-	-
Finance cost charged	-	995	499	1,494	-	-	-
As at 31 December 2023	345,395	18,393	8,088	371,876	3,246,004	177,639	3,423,643

Expressed in Saudi Riyals in thousands unless otherwise stated

9.1 Summarized financial information as presented in the financial statements of the joint ventures and reconciliation with the carrying amount of the investments in the consolidated financial statements, are set out below:

Summarized statement of financial position as at 31 December 2024

	SAMAPCO	**GACI**	**LSIG**	**TSOC**	**Inochem**
Non-current assets	**2,038,072**	**33,958**	**90,560**	**8,531,878**	**3,066,290**
Current assets (excluding cash and cash equivalents)	**244,911**	**2,739**	**2,908**	**1,025,833**	**123,699**
Cash and cash equivalents	**31,563**	**7,787**	**3,598**	**1,847,399**	**238**
Total current assets	**276,474**	**10,526**	**6,506**	**2,873,232**	**123,937**
Non current financial liabilities	**(1,399,501)**	**(131,168)**	**(68,670)**	**(227,393)**	**(2,238,888)**
Other non current liabilities	**(51,109)**	**(1,329)**	**-**	**-**	**(17,537)**
Total non-current liabilities	**(1,450,610)**	**(132,497)**	**(68,670)**	**(227,393)**	**(2,256,425)**
Trade payables	**(107,019)**	**(502)**	**-**	**(223,561)**	**(17,473)**
Financial liabilities (excluding trade payables)	**(135,005)**	**(5,495)**	**(37,086)**	**(4,641,241)**	**(408,557)**
Other current liabilities	**(119,484)**	**(170)**	**-**	**(180,069)**	**(810)**
Total current liabilities	**(361,508)**	**(6,167)**	**(37,086)**	**(5,044,871)**	**(426,840)**
Net assets	**502,428**	**(94,180)**	**(8,690)**	**6,132,846**	**506,962**
Sipchem interest	**50%**	**50%**	**50%**	**32.55%**	**30%**
Sipchem share	**251,214**	**(47,090)**	**(4,345)**	**1,996,241**	**152,089**
Goodwill, other long term interest, fair value and other adjustments	**(12,273)**	**59,511**	**29,788**	**1,223,048**	**17,376**
	238,941	**12,421**	**25,443**	**3,219,289**	**169,465**

Summarized statement of financial position as at 31 December 2023

	SAMAPCO	**GACI**	**LSIG**	**TSOC**	**Inochem**
Non-current assets	2,094,656	35,302	4,767	7,230,355	2,595,272
Current assets (excluding cash and cash equivalents)	279,396	2,695	652	756,544	49,367
Cash and cash equivalents	71,323	11,174	16,099	1,351,851	10,462
Total current assets	350,719	13,869	16,751	2,108,395	59,829
Non current financial liabilities	(1,498,187)	(123,225)	(19,476)	(210,210)	(1,841,685)
Other non current liabilities	(45,987)	(1,308)	-	-	(11,537)
Total non-current liabilities	(1,544,174)	(124,533)	(19,476)	(210,210)	(1,853,222)
Trade payables	(71,499)	(535)	-	(698,850)	(17,473)
Financial liabilities (excluding trade	(46,407)	(4,211)	(5,200)	(2,190,075)	(249,832)
Other current liabilities	(67,959)	(207)	-	(129,989)	(361)
Total current liabilities	(185,865)	(4,953)	(5,200)	(3,018,914)	(267,666)
Net assets	715,336	(80,315)	(3,158)	6,109,626	534,213
Sipchem interest	50%	50%	50%	32.55%	30%
Sipchem share	357,668	(40,158)	(1,579)	1,988,683	160,264
Goodwill, other long term interest, fair value and other adjustments	(12,273)	58,551	9,667	1,257,321	17,375
	345,395	18,393	8,088	3,246,004	177,639

Expressed in Saudi Riyals in thousands unless otherwise stated

Summarized statement of profit or loss for the year ended 31 December 2024

	SAMAPCO	GACI	LSIG	TSOC	Inochem
Revenue	**619,381**	**-**	**-**	**1,142,339**	**22,049**
Cost of revenue	**(636,742)**	**-**	**-**	**(1,261,876)**	**(17,190)**
Depreciation and amortization	**121,315**	**1,917**	**-**	**99,760**	**509**
Finance costs	**(136,204)**	**(8,361)**	**(1,352)**	**(72,578)**	**(61)**
Financial income	**2,219**	**432**	**203**	**87,174**	**-**
Profit (loss) before zakat	**(210,593)**	**(13,866)**	**(5,941)**	**98,407**	**(26,440)**
Zakat	**(1,848)**	**-**	**407**	**(75,187)**	**(810)**
Profit (loss) after zakat	**(212,441)**	**(13,866)**	**(5,534)**	**23,220**	**(27,250)**
Other comprehensive loss	**(465)**	**-**	**-**	**-**	**-**
Total comprehensive loss	**(212,906)**	**(13,866)**	**(5,534)**	**23,220**	**(27,250)**

Summarized statement of profit or loss for the year ended 31 December 2023

	SAMAPCO	GACI	LSIG	TSOC	Inochem
Revenue	678,040	-	-	889,751	-
Cost of revenue	(575,394)	(1,230)	-	(792,606)	-
Depreciation and amortization	(115,565)	1,186	-	89,947	509
Finance costs	(117,441)	(6,889)	(171)	(55,628)	(6)
Financial income	3,144	529	-	80,763	14
Profit (loss) before zakat	(75,776)	(12,722)	(2,807)	399,466	(20,017)
Zakat	(7,011)	-	281	(47,662)	(361)
Profit (loss) after zakat	(82,787)	(12,722)	(2,526)	351,804	(20,378)
Other comprehensive income	596	-	-	-	-
Total comprehensive loss	(82,191)	(12,722)	(2,526)	351,804	(20,378)

During 2024, TSOC via its subsidiary, SAAC, acquired remaining 25% of the shares in Saudi Acrylic Monomers Company ("SAMCO") thereby obtaining the control. Subsequent to the year end, the management of TSOC, entered into a restructuring arrangement for the long-term borrowing which is expected to have a positive impact on TSOC's cash flows.

9.2 Impairment indicators and assessment

During 2024, management identified the significant decrease in the market prices of the products of SAMAPCO along with a current-period operating loss as impairment indicators. Accordingly, Group management performed a detailed impairment assessment of the Group's investment in SAMAPCO and determined the recoverable amount based on value-in-use using a discounted cash flow model based on the approved business plan. As a result of such assessment, as at 31 December 2024, the recoverable amount of the Group's investment in SAMAPCO was higher than the carrying amount.

The key assumptions used in the discounted cash flow model are as follows:

- The projected cash flows used were based on three years' cash flow projections based on approved budgets/forecasts. This is the best available information on projected sales and production volumes, sales prices and production costs.
- The growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts was 2.5% (2023: 2.5%). Management believes that the estimated growth rates used do not exceed the average growth rate of the activities of SAMAPCO over the long term.
- A discount rate of 8.5% (2023: 9.0%) was applied to the cash flow projections, which is based on the weighted average cost of capital.

Expressed in Saudi Riyals in thousands unless otherwise stated

Management has performed a sensitivity analysis around the key assumptions used in the value-in-use calculations and believes that the recoverable amount of the Group's investment in SAMAPCO is not sensitive to reasonable possible changes in key assumptions. The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

As at 31 December 2024, the management analyzed all other investments for impairment indicators and concluded that no indicators existed for any of the other investments. The management also assessed as at 31 December 2024 and 2023 regarding the impairment previously recognised related to SAAC concluded that there were no indicators for reversal of impairment.

10. LONG TERM INVESTMENTS

	Notes	2024	2023
At fair value through profit or loss ("FVTPL")	10.1	**81,406**	109,324
At fair value through other comprehensive income	10.2	**15,053**	17,709
		96,459	127,033
At amortized cost	10.3	**45,000**	45,000
		141,459	172,033
Less: investment classified as short-term investments		**(45,000)**	-
		96,459	172,033

10.1. At FVTPL

	2024	2023
Listed securities		
Riyad REIT Fund	**25,500**	33,226
Unlisted securities		
Mutual fund units	**40,596**	76,098
Equity securities (note 10.1.1)	**15,310**	-
	81,406	109,324

10.1.1. Investment in unlisted equity securities represents investments recorded at cost as the cost for such investments is deemed as approximation of their fair value.

10.2. At FVOCI

For investments in equity instruments, management has elected to classify them at FVOCI. These represent investments in equity shares of an entity listed in KSA.

10.3. At amortized cost

This includes investments in various Sukuks which earn profit at prevailing market rates which are based on Saudi inter-bank offer rate (SAIBOR) and have been classified as current assets in the statement of financial position under short term investments. Break-up is as follows:

	Date of maturity	Number of certificates		Amount	
		2024	2023	**2024**	2023
Ma'aden Phosphate Company	February 2025	**50,000**	50,000	**5,000**	5,000
Banque Saudi Fransi	November 2025	**40**	40	**40,000**	40,000
				45,000	45,000

Expressed in Saudi Riyals in thousands unless otherwise stated

10.4. Movement in long-term investments FVTPL and FVOCI is as follows:

	FVTPL	**FVOCI**
Balance as at 1 January 2024	**109,324**	**17,709**
Disposals	**(36,531)**	**-**
Additions	**15,310**	**-**
Fair value loss	**(6,697)**	**(2,656)**
Balance as at 31 December 2024	**81,406**	**15,053**

	FVTPL	FVOCI
Balance as at 1 January 2023	130,266	15,660
Disposals	(21,543)	-
Fair value gain	601	2,049
Balance as at 31 December 2023	109,324	17,709

10.5. There was no movement in long-term investments at amortized cost during the years ended 31 December 2024 and 2023.

11. DEFERRED TAX

Following are the major deferred tax assets and liabilities recognized by the Group and movements thereon during the year:

11.1 Deferred tax assets

	2024	2023
Balance as at 1 January	**4,932**	4,932
Reversal for the year	**(4,932)**	-
Balance as at 31 December	**-**	4,932

Deferred tax assets mainly relate to certain provisions that are not considered as deductible tax expense. Management believes that future taxable profits will be available against which deferred tax assets can be realised and those temporary differences become deductible.

11.2 Deferred tax liabilities

	2024	2023
Balance as at 1 January	**44,824**	55,839
Expense / (reversal) for the year	**62,931**	(11,015)
Balance as at 31 December	**107,755**	44,824

Deferred tax liabilities mainly relate to taxable temporary differences arising on property, plant and equipment.

Expressed in Saudi Riyals in thousands unless otherwise stated

11.3 The balance comprises temporary differences attributable to:

	2024	2023
Property, plant and equipment	**(116,237)**	(46,718)
Provisions and others	**8,482**	6,826
Deferred tax liabilities	**(107,755)**	(39,892)

	Property, plant and equipment	Provisions and others	Total
1 January 2023	(56,206)	5,299	(50,907)
Credited to profit or loss	9,488	1,527	11,015
31 December 2023	**(46,718)**	**6,826**	**(39,892)**
1 January 2024	**(46,718)**	**6,826**	**(39,892)**
(Charged) credited to profit or loss	**(69,519)**	**1,656**	**(67,863)**
31 December 2024	**(116,237)**	**8,482**	**(107,755)**

12. LONG TERM PREPAID EMPLOYEES' BENEFITS

	Employees' receivables	Employee loan	Deferred costs	Total
Balance as at 1 January 2024	**533,765**	**11,062**	**155,325**	**700,152**
Transfers	**-**	**-**	**(5,467)**	**(5,467)**
Additions during the year	**-**	**-**	**11,065**	**11,065**
Reclassification	**-**	**-**	**-**	**-**
Amortization	**-**	**-**	**(28,648)**	**(28,648)**
Deductions	**(78,160)**	**(1,867)**	**(200)**	**(80,227)**
Discount on employee receivables	**(4,396)**	**804**	**-**	**(3,592)**
Balance as at 31 December 2024	**451,209**	**9,999**	**132,075**	**593,283**
Balance as at 1 January 2023	503,714	11,621	117,647	632,982
Transfers (Note 6)	96,886	-	22,248	119,134
Additions during the year	-	-	39,612	39,612
Reclassification	348	619	(967)	-
Amortization	-	-	(23,215)	(23,215)
Deductions	(65,254)	(1,745)	-	(66,999)
Discount on employee receivables	(1,929)	567	-	(1,362)
Balance as at 31 December 2023	533,765	11,062	155,325	700,152

Expressed in Saudi Riyals in thousands unless otherwise stated

13. GOODWILL

On 31 December 2011, SMC acquired 100% of the voting shares of Sipchem Europe SA an unlisted Company registered in Switzerland and subsidiary of Sipchem Europe Cooperative U.A, for a consideration of Saudi Riyals 106.0 million. Saudi Riyals 30.0 million of goodwill arose on this transaction.

On 16 May 2019, Sipchem acquired 100% shares and voting interests in Sahara Petrochemicals Company ("Sahara") and obtained control of Sahara. This business combination resulted in goodwill of Saudi Riyals 600.9 million which was allocated based on the assessed fair values to the following cash-generating units of Sahara:

Cash-generating units	Carrying amount
Saudi Ethylene and Polyethylene Company ("SEPC"), a Joint venture of TSOC	**342,295**
Al Waha	**258,644**
	600,939

Goodwill is tested annually for any impairment by the Group's management, using discounted cash flow model. As a result of the goodwill assessment test performed during the year ended 31 December 2024, there was no impairment loss identified. The Group uses a discounted cash flow model as the basis to determine the recoverable amounts based on value-in-use.

The key assumptions used in the discounted cash flow model are as follows:

- The projected cash flows used for Al Waha were based on on the budget/forecast approved by the management. The projected cash flows used for SEPC were based on cash flow projections based on the approved budget which includes the cash flows of the equity accounted investees as approved by SEPC's Board of Directors.
- The growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts was 2.5% (2023: 2.5%). Management believes that the estimated growth rates used do not exceed the average long term growth rate of the activities of Al Waha and SEPC.
- A discount rate of 8.5% (2023: 9.0%) was applied to the cash flow projections, which is based on the weighted average cost of capital.

The Group management has performed a sensitivity analysis around the key assumptions used in the discounted cash flow models and believes that the recoverable amount of the goodwill in Al Waha and SEPC will be equal to their respective carrying amounts based on the following changes in key assumptions:

	2024		2023	
	Al Waha	**SEPC**	**Al Waha**	**SEPC**
Increase in discount rate to	**9.1%**	**10.0%**	**9.8%**	**10.2%**
Decrease in projected selling prices by	**3.0%**	**17.0%**	**1.6%**	**5.1%**

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Expressed in Saudi Riyals in thousands unless otherwise stated

14. DERIVATIVE FINANCIAL INSTRUMENTS

The Group entered into an interest rate swap arrangement designated as a cash flow hedge instrument to cover cash flow fluctuations arising from variable interest rate long term loans. The interest rate swap results in the Group receiving floating Saudi Interbank Offer Rate ("SAIBOR") while paying a fixed rate of interest under certain conditions.

The fair value of the derivative is calculated using a discounted cash flow analysis and is accordingly categorized in Level 3 of the fair value hierarchy. Significant market data used as input for such valuation includes interest rate (SAIBOR) curves. At 31 December 2024, the impact of a reasonably expected change in the interest rate (SAIBOR) curves is not expected to be material.

At 31 December 2024, the carrying amount and fair value of the hedging instrument is Saudi Riyals 26.3 million (2023: 34.2 million).

15. OTHER NON-CURRENT ASSETS

Other non-current assets include lease receivables. Movement in lease receivables is as follows:

	2024	2023
Balance as at 1 January	**41,665**	30,536
Finance income on net investment in the lease	**1,595**	1,740
Adjustment	**(1,615)**	9,389
Balance as at 31 December	**41,645**	41,665
Current portion (included in prepayments and other current assets)	**(3,144)**	-
Non-current portion	**38,501**	41,665

Amount recognized in statement of profit or loss

	2024	2023
Finance income on net investment in the lease	**1,595**	1,740

The following table sets out the maturity analysis of lease receivables, showing undiscounted lease payments to be received after reporting date:

	2024	2023
Within 1 year	**4,219**	2,908
Between 1 to 5 years	**11,669**	11,631
Later than 5 years	**43,781**	47,399
	59,669	61,938

16. INVENTORIES

	Notes	**2024**	2023
Raw materials		**113,543**	164,232
Finished goods	16.1	**761,037**	580,583
Spare parts and consumables		**376,438**	403,161
		1,251,018	1,147,976
Provision for slow moving stores and spares	16.2	**(36,972)**	(39,010)
		1,214,046	1,108,966

16.1 As at 31 December, finished goods include inventories amounting to Saudi Riyals 37.9 million (2023: Saudi Riyals 30.9 million) which are semi-finished products.

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16.2. Movement in provision for slow moving stores and spares is as follows:

	2024	2023
Balance as at 1 January	**39,010**	17,900
Provision for the year	**11,873**	21,110
Reversal during the year	**(13,911)**	-
Balance as at 31 December	**36,972**	39,010

16.3 Write-downs of inventories to net realisable value amounted to Saudi Riyals 29.9 million (2023: 9.6 million). These were recognised as an expense and included in cost of sales in the statement of profit or loss.

17. TRADE RECEIVABLES

	Notes	**2024**	2023
Trade receivables - FVTPL		**1,088,259**	1,081,380
Trade receivables - at amortized cost		**119,832**	41,302
Less: expected credit losses	17.1	**(8,266)**	(7,655)
		1,199,825	1,115,027

17.1 Movement in expected credit losses is as follows:

	2024	2023
Balance as at 1 January	**7,655**	8,162
Charge during the year	**702**	86
Write-offs	**(91)**	(593)
Balance as at 31 December	**8,266**	7,655

Trade receivables include an amount of Saudi Riyals 378.2 million (2023: Saudi Riyals 343.3 million) from related parties. For terms and conditions relating to related party receivables, refer to Note 37. Trade receivables are non-interest bearing and are generally on terms in accordance with the agreements with customers.

The Group's management analyse customers outstanding balance on regular basis and write off any balance which management concludes to be un-collectible. Trade receivables amounting to Saudi Riyals 821.6 million (2023: Saudi Riyals 668.5 million) are secured against letter of credits and letter of guarantees issued by the customers' bankers.

Please refer Note 21 on credit risk of trade receivables, which discusses how the Group manages and measures credit quality of trade receivables.

18. PREPAYMENTS AND OTHER CURRENT ASSETS

	2024	2023
Advances, deposits and prepayments	**173,343**	94,888
Due from related parties (Note 37)	**73,537**	52,181
VAT input tax receivable	**90,484**	88,193
Income tax refundable (Note 27)	**-**	15,514
Others	**37,682**	17,266
	375,046	268,042

Expressed in Saudi Riyals in thousands unless otherwise stated

19. CASH AND CASH EQUIVALENTS

	2024	2023
Cash in hand	**338**	340
Cash at bank	**855,106**	885,750
Short term deposits	**102,550**	617,950
	957,994	1,504,040

Cash and cash equivalents include cash and bank balances, demand deposits, and highly liquid investments with original maturities of three months or less. Short term deposits are held with local commercial banks and yield financial income at the prevailing market rates having original maturities of less than three months.

20. SHARE CAPITAL AND RESERVES

	2024	2023
Authorized, issued and fully paid shares @ Saudi Riyals 10 each		
As at 1 January and 31 December - number of shares	**733,333,300**	733,333,300
As at 1 January and 31 December - share capital (Saudi Riyals 000's)	**7,333,333**	7,333,333

20.1 Other reserves

Other reserves include cash flow hedge reserve, fair value investment reserve, reserve for results of sale/purchase of shares in subsidiaries, foreign currency translation reserve, share based payment transactions reserve and unrealised gain/(loss) on employees' benefits. The gains or losses resulting from sale/purchase of shares in subsidiaries, when the Group continues to exercise control over the respective subsidiary, are booked in the reserve for the results of sale/purchases of shares in subsidiaries.

Movement in other reserves during the year is as follows:

2024	Cash flow hedge reserve	Fair value investment reserve	Reserve for results of sale /purchase of shares in subsidiaries	Foreign currency translation reserve	Shares based payment transaction reserve	Remeasurements on employees' benefit obligations	Total
As at 1 January 2024	**42,144**	**3,517**	**(315,406)**	**(10,990)**	**5,230**	**(25,706)**	**(301,211)**
Re-measurement gain on defined benefit plans of the Group	**-**	**-**	**-**	**-**	**-**	**(11,234)**	**(11,234)**
Changes in the fair value of investment	**-**	**(2,656)**	**-**	**-**	**-**	**-**	**(2,656)**
Movement in share based payment - net	**-**	**-**	**-**	**-**	**4,897**	**-**	**4,897**
Changes in cash flow hedge reserve	**(7,923)**	**-**	**-**	**-**	**-**	**-**	**(7,923)**
As at 31 December 2024	**34,221**	**861**	**(315,406)**	**(10,990)**	**10,127**	**(36,940)**	**(318,127)**

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2023	Cash flow hedge reserve	Fair value investment reserve	Reserve for results of sale /purchase of shares in subsidiaries	Foreign currency translation reserve	Shares based payment transaction reserve	Remeasurements on employees' benefit obligations	Total
As at 1 January 2023	7,936	1,468	(315,406)	(11,182)	9,658	(48,361)	(355,887)
Exchange difference on translation of foreign operations	-	-	-	192	-	-	192
Re-measurement gain on defined benefit plans of the Group	-	-	-	-	-	22,655	22,655
Changes in the fair value of investment	-	2,049	-	-	-	-	2,049
Movement in share based payment - net	-	-	-	-	(4,428)	-	(4,428)
Changes in cash flow hedge reserve	34,208	-	-	-	-	-	34,208
As at 31 December 2023	42,144	3,517	(315,406)	(10,990)	5,230	(25,706)	(301,211)

20.2 Share purchase plan (equity-settled)

The Group has offered to its employees, subject to an eligibility criteria, to participate in a share purchase plan. At the inception of the plan, eligible employees are offered a fixed number of shares at a 30% discount of the market price at grant date. The remaining 70% of the market value of such shares at grant date is paid by employees through deductions from their monthly salaries over a period of three years 3 years. The exercise price is fixed at the grant date and does not change. Consequently, the employee is entitled to the risks and rewards of all share price movements subsequent to the grant date. The shares vest if the employees remain in service (vesting condition) for 3-5 years (vesting period) and pay their portion of share purchase price (representing 70% of the market value of shares at grant date) in full (non-vesting condition). Employees who cease their employment, before completion of the vesting period, or elect not to exercise their options to purchase shares will be refunded their saved amounts.

Below is the movement of the number of shares granted under the plan:

	Number of instruments	
	2024	2023
As at 1 January	**1,614,382**	2,617,409
Granted during the year	**728,475**	1,144,753
Vested during the year	**(351,238)**	(2,109,795)
Forfeited during the year	**(136,370)**	(37,985)
As at 31 December	**1,855,249**	1,614,382

Expressed in Saudi Riyals in thousands unless otherwise stated

31 December 2024:

Grant date	**Number of instruments**	**Vesting conditions**	**Grant date share price**	**Grant date fair value**	**Exercise price**	**Contractual life of options**
1-May-22	**61,059**	**3 years services from grant date**	**56.2**	**23.0**	**39.4**	**3 Years**
1-Nov-22	**44,212**	**3 years services from grant date**	**42.3**	**19.7**	**29.6**	**3 Years**
1-May-23	**481,893**	**3 years services from grant date**	**39.4**	**18.6**	**27.6**	**3 Years**
1-Nov-23	**539,610**	**3 years services from grant date**	**34.4**	**14.7**	**24.1**	**3 Years**
1-May-24	**453,754**	**3-5 years services from grant date**	**33.1**	**14.2**	**23.2**	**3-5 Years**
1-Nov-24	**274,721**	**3-5 years services from grant date**	**27.6**	**11.5**	**19.3**	**3-5 Years**

31 December 2023:

Grant date	Number of instruments	Vesting conditions	Grant date share price	Grant date fair value	Exercise price	Contractual life of options
1-May-21	277,918	3 years services from grant date	44.2	23.8	31.0	3 Years
1-Nov-21	73,320	3 years services from grant date	44.2	44.2	31.0	3 Years
1-May-22	69,902	3 years services from grant date	56.2	23.0	39.4	3 Years
1-Nov-22	48,489	3 years services from grant date	42.3	19.7	29.6	3 Years
1-May-23	588,342	3 years services from grant date	39.4	18.6	27.6	3 Years
1-Nov-23	556,411	3 years services from grant date	34.4	14.7	24.1	3 Years

The expense recognized during the year arising from amortization of discount offered under share based payments arrangements amounted Saudi Riyals 7.5 million (2023: Saudi Riyals 4.3 million).

20.3 Treasury shares

Treasury shares include 8.4 million shares (2023: 8.2 million shares) of Sipchem held by the Group.

20.4 Statutory reserve

According to the newly enacted Regulations for Companies effective from 19 January 2023, the mandatory statutory reserve requirement was abolished. In pursuant to this change, during the year ended 31 December 2024, the Company's shareholders resolved to amend its By-laws to exclude the requirement to maintain a statutory reserve and to transfer the existing balance to retained earnings. Accordingly, the statutory reserve balance amounting to Saudi Riyals 2.1 billion was transferred to retained earnings.

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21. FINANCIAL INSTRUMENTS

21.1 Financial assets

2024	**At amortized cost**	**At FVTPL**	**At FVOCI**	**Total**
Short term investments	**147,000**	**-**	**-**	**147,000**
Long term investments	**-**	**81,406**	**15,053**	**96,459**
Trade receivables (Note 17)	**111,566**	**1,088,259**	**-**	**1,199,825**
Derivative financial instrument	**-**	**-**	**26,286**	**26,286**
Other current assets	**111,219**	**-**	**-**	**111,219**
Cash and cash equivalent (Note 19)	**957,994**	**-**	**-**	**957,994**
	1,327,779	**1,169,665**	**41,339**	**2,538,783**

2023	At amortized cost	At FVTPL	At FVOCI	Total
Short term investments	326,000	-	-	326,000
Long term investments	45,000	109,324	17,709	172,033
Trade receivables (Note 17)	33,647	1,081,380	-	1,115,027
Derivative financial instrument	-	-	34,208	34,208
Other current assets	69,447	-	-	69,447
Cash and cash equivalent (Note 19)	1,504,040	-	-	1,504,040
	1,978,134	1,190,704	51,917	3,220,755

21.2 Financial liabilities

Financial liabilities measured at amortized cost:

a. *Loans and borrowings*

	2024	2023
Current loans and borrowings		
Shari'a compliant loans (Note 21.2.1)	**320,789**	337,664
SIDF (Note 21.2.2)	**1,500**	800
	322,289	338,464
Other current loans		
Short term loan (Note 21.2.3)	**163,000**	196,875
Total current loans and borrowings	**485,289**	535,339
Non-current loans and borrowings		
Shari'a compliant loans	**1,582,865**	2,006,882
SIDF	**21,240**	10,500
Total non-current loans and borrowings	**1,604,105**	2,017,382
Total loans and borrowings	**2,089,394**	2,552,721

Aggregate maturities of the long term loans at 31 December were as follows:

	2024	2023
2024	**-**	338,464
2025	**322,389**	538,149
2026	**725,221**	669,516
2027	**565,159**	504,697
2028 and thereafter	**313,625**	305,020
	1,926,394	2,355,846

There were no significant non-cash movement in the balances during the years ended 31 December 2024 and 2023.

Expressed in Saudi Riyals in thousands unless otherwise stated

b. Other financial liabilities

	2024	2023
Lease liabilities (Note 7)	**169,558**	167,061
Trade payables	**246,965**	291,619
Accrued expenses and other current liabilities (Note 25)	**1,222,829**	1,049,103
Total other financial liabilities measured at amortized cost	**1,639,352**	1,507,783
Total financial liabilities measured at amortized cost	**3,728,746**	4,060,504

21.2.1 Shari'a compliant bank loans

The Group entered into Shari'a compliant credit facility agreements with individual financial institutions. The loans are repayable in unequal semi-annual and annual instalments. The loans carry financial charges at SAIBOR plus a fixed margin. The agreements include covenants to maintain certain financial ratios. As at 31 December 2024, the Group was in compliance with such covenants.

21.2.2 Secured loan - SIDF

SIDF granted loan to SAT. This loan is secured by corporate guarantees from SIPCHEM and first priority mortgage on all present and future assets of SAT. The loans are repayable in unequal semi-annual instalments. The loan agreements include covenants to maintain financial ratios during the loans period. Management fees and follow-up fees are charged to the loans as stated in the loan agreements. As at 31 December 2024, SAT is in breach of the covenant related to current ratio, total liability to tangible net worth ratio and Capex requirement related to SIDF loan. The management obtained a waiver letter from SIDF before the as at the reporting date for compliance of such covenants.

21.2.3 Short term loan

During the year, the Group has taken short term loan from the Saudi Exim bank. The loan carries financial charges at a fixed margin as stated in the loan agreement.

21.3 Financial assets measured at fair value

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy. This is 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.

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31 December 2024 and 2023, the fair values of the Group's financial instruments at amortised cost, other than non-current financial instruments are estimated to approximate their carrying values as these financial instruments are short term in nature and are expected to be realized at their carrying amounts within twelve months from the date of statement of financial position. Fair values of non-current financial liabilities are estimated to approximate their carrying amounts as these carry interest rates which are based on prevailing market interest rates.

Expressed in Saudi Riyals in thousands unless otherwise stated

	Carrying amount	**Fair value**	**Level 1**	**Level 2**	**Level 3**
	As at 31 December 2024				
Trade receivables	**1,199,825**	**1,088,259**	**-**		**1,088,259**
Derivative financial instruments	**26,286**	**26,286**	**-**	**-**	**26,286**
Long term investments					
Listed mutual fund	**25,500**	**25,500**	**25,500**	**-**	**-**
Unlisted mutual fund	**40,596**	**40,596**	**-**	**40,596**	**-**
Equity shares	**30,363**	**30,363**	**15,053**	**-**	**15,310**
Total	**1,322,570**	**1,211,004**	**40,553**	**40,596**	**1,129,855**

	Carrying amount	Fair value	Level 1	Level 2	Level 3
	As at 31 December 2023				
Trade receivables	1,074,156	1,074,156	-	-	1,074,156
Derivative financial instruments	34,208	34,208	-	-	34,208
Long term investments					
Listed mutual fund	33,225	33,225	33,225	-	-
Unlisted mutual fund	76,098	76,098	-	76,098	-
Equity shares	17,710	17,710	17,710	-	-
Total	1,235,397	1,235,397	50,935	76,098	1,108,364

Fair value of trade receivables is based on information provided by the marketers which is based on published market prices of goods sold by the Group as adjusted for shipping and handling costs estimated by the marketers, if any. At 31 December 2024, the Group had 11 customers (2023: 10 customers) representing Saudi Riyals 570.4 million (2023: Saudi Riyals 537.1 million) altogether and accounted for approximately 48% (2023: 47%) of the total trade receivables. During the years ended 31 December 2024 and 2023, the Group had no individual customers with revenue representing more than 10% of the consolidated revenue.

21.4. Financial instruments risk management objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's financial risk activities are governed by appropriate policies and procedures. Financial risks are identified, measured and managed in accordance with Group policies and risk appetite. All activities for risk management purposes are carried out by teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include borrowings, investments and trade receivables.

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Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. To manage this, the Group has a policy to assess implications of changes in interest rates and evaluate need of entering into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2024, fixed amount of interest on outstanding long term loan is approximately around 18% (2023: 17%) of finance charges on loans.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings, after the impact of hedge accounting (if any). With all other variables held constant, the Group's profit before zakat and income tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease	Effect on profit before zakat and income tax
31 December 2024		
Impact in Saudi Riyals in million due to change in base	+50 bps	**10.4**
Impact in Saudi Riyals in million due to change in base	-50 bps	**(10.4)**
31 December 2023		
Impact in Saudi Riyals in million due to change in base point	+50 bps	11.7
Impact in Saudi Riyals in million due to change in base point	-50 bps	(11.7)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries including foreign currency amounts due from related parties. The Group is subject to fluctuations in foreign exchange rates for Australian dollar ("AUD") and Euros. The Group's transactions in USD are not subject to foreign currency risk as the Saudi Riyals is pegged to USD. The currency risk is monitored at the Group level. The Group monitors the fluctuations in exchange rates and manages its foreign currency risk by closely monitoring the fluctuations in foreign currencies and purchasing such currencies if the market conditions are favourable. As at 31 December 2024, the Group's exposure to foreign currency risk was not material as a reasonable possible change in the exchange rate of AUD or Euros will not have a material impact on the Group's profit before zakat and income tax.

Commodity price risk

The Company is exposed to the impact of market fluctuations of the price of various inputs to production, mainly propane, ethane, ethylene, propylene, natural gas and utilities, with many of the inputs correlated to the prices of crude oil. The Company is also subject to commodity price risk on provisional price sales to marketers and off takers as the final price will fluctuate due to change in market prices of products. To manage the risk, the Board of Directors has developed and enacted a risk management strategy which includes procuring long term fixed-price contracts where possible to deal with commodity price risk. Further, prices of certain variable-price inputs like propane, propylene, ethylene are relatively co-related to the sales price of the final product sold by the Group, which also mitigates the exposure. Sensitivity of the Group's product portfolio to volatility in crude oil prices cannot be reasonably determined and, therefore, has not been disclosed.

The commodity price risk related to provisional price sales is not expected to be material as the time period between the provisional sale and final sale to customers is not more than few days and therefore any price movements between both dates is usually not material.

Expressed in Saudi Riyals in thousands unless otherwise stated

Equity price risk

The group's exposure to equity securities price risk arises from investments held by the group and classified in the statement of financial position either as at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio in accordance with the directions from the senior management. As at 31 December 2024, the Group's exposure to equity price risk was not material as a reasonable possible change in the underying prices will not have a material impact on the Group's profit before zakat and income tax.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables at amortised cost) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets and contract assets, as disclosed below.

Financial instruments	**2024**	2023
Long term investments	**96,459**	172,033
Trade receivables and due from related parties	**1,273,362**	1,167,208
Short term investments	**147,000**	326,000
Other current assets	**111,219**	69,447
Cash and cash equivalents	**957,994**	1,504,040

Cash and cash equivalents and investments represent low credit risks as they are placed with reputable local banks and institutions with good credit ratings.

Trade receivables and due from related parties are recorded net of expected credit loss. Also see Note 37.5 for credit risk on financial guarantee contracts.

Trade receivables at amortised cost and contract assets

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Group evaluates the concentration of risk with respect to trade receivables as normal, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Expected credit loss assessment for customers

The Group allocates each exposure to a credit risk grade based credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of the customers on due dates.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from customers:

Expressed in Saudi Riyals in thousands unless otherwise stated

31 December 2024	**ECL impairment rate**	**Gross carrying amount**	**ECL impairment**
Current (not past due)	**-**	**100,377**	**-**
0-90 days past due	**5%**	**11,721**	**(532)**
91-120 days past due	**100%**	**9**	**(9)**
121-180 days past due	**100%**	**255**	**(255)**
181-360 days past due	**100%**	**351**	**(351)**
More than 360 days past due	**100%**	**7,119**	**(7,119)**
		119,832	**(8,266)**

31 December 2023	ECL impairment rate	Gross carrying amount	ECL impairment
Current (not past due)	-	31,224	-
0-90 days past due	56%	5,472	(3,049)
91-120 days past due	100%	262	(262)
121-180 days past due	100%	380	(380)
181-360 days past due	100%	701	(701)
More than 360 days past due	100%	3,263	(3,263)
		41,302	(7,655)

ECL impairment rates are based on actual credit loss experience over the past years. These rates are reflective of economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to certain approvals. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts.

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by managing the working capital and ensuring that bank facilities are available.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Expressed in Saudi Riyals in thousands unless otherwise stated

As at 31 December 2024	**Carrying value**	**On demand**	**Less than 6 months**	**6 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Lease liabilities	**169,558**	**6,465**	**6,924**	**7,332**	**52,580**	**154,909**	**228,210**
Trade payables	**246,965**	**-**	**246,965**	**-**	**-**	**-**	**246,965**
Accrued expenses and other current liabilities	**1,222,829**	**-**	**1,222,829**	**-**	**-**	**-**	**1,222,829**
Short term borrowings	**163,000**	**-**	**163,000**	**-**	**-**	**-**	**163,000**
Long term borrowings	**1,926,394**	**-**	**181,019**	**182,619**	**1,718,326**	**540**	**2,082,504**
Financial guarantee	**123,200**	**123,200**	**-**	**-**	**-**	**-**	**123,200**
	3,851,946	**129,665**	**1,820,737**	**189,951**	**1,770,906**	**155,449**	**4,066,708**

As at 31 December 2023	Carrying value	On demand	Less than 6 months	6 to 12 months	1 to 5 years	> 5 years	Total
Lease liabilities	167,061	-	5,375	5,375	42,456	131,248	184,454
Trade payables	291,619	-	291,619	-	-	-	291,619
Accrued expenses and other current liabilities	1,049,103	-	1,049,103	-	-	-	1,049,103
Short term borrowings	196,875	-	196,875	-	-	-	196,875
Long term borrowings	2,552,721	-	118,723	240,925	2,216,411	-	2,576,059
Financial guarantee	123,200	123,200	-	-	-	-	123,200
	4,380,579	123,200	1,661,695	246,300	2,258,867	131,248	4,421,310

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group' Board of Directors manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio and current ratio to ensure compliance with the applicable financial covenants of loan facilities. Gearing ratio is calculated as the percentage of total liabilities to total liabilities and equity. See Note 21.2 for details of covenant compliance.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. During the years ended 31 December 2024 and 2023, the Group did not have a significant concentration of revenue transactions from any individual foreign countries.

Expressed in Saudi Riyals in thousands unless otherwise stated

22. CONTRACTUAL LIABILITIES

Contractual liabilities mainly include the following:

- Advance received for usage of certain shared facilities by a joint venture which will be adjusted over the duration of the shared facilities usage contract. As at 31 December 2024, outstanding balance was amounted to Saudi Riyals 38.1 million (2023: Saudi Riyals 42.8 million) including Saudi Riyals 4.6 million (2023: Saudi Riyals 4.6 million) which is classified as current.

- An expected credit loss provision against a financial guarantee contract amounting to Saudi Riyals 123.2 million classified as current liability (2023: Saudi Riyals 123.2 million classified as non-current liability).

- Also see note 28 for balances related to contracts with customers.

23. EMPLOYEES' BENEFITS

	Notes	2024	2023
Post-employment benefits	23.1	**655,439**	572,687
Thrift plan	23.2	**72,244**	63,208
		727,683	635,895

23.1 Post-employment benefits

The Group has a post-employment defined benefit plan. The benefits are required by Saudi Labour and Workmen Law. The Group and its subsidiaries recognized the benefits in the consolidated statement of profit and loss. The benefit is based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia. The following table summarizes the components of the net benefit expense recognized in the consolidated statement of profit or loss and consolidated statement of comprehensive income and amounts recognized in the consolidated statement of financial position.

Net benefit expense recognised in consolidated income statement:

	2024	2023
Current service cost	**53,493**	51,098
Interest cost on defined benefit obligation	**27,646**	22,200
	81,139	73,298

Re-measurements recognised in consolidated statement of comprehensive income:

	2024	2023
Loss / (gain) due to change in financial assumptions	**9,499**	(24,302)
Loss due to change in experience adjustments	**3,347**	1,282
	12,846	(23,020)
Share of profit (loss) from joint venture and associates	**233**	(467)
	13,079	(23,487)

Expressed in Saudi Riyals in thousands unless otherwise stated

Movement in the present value of defined benefit obligation:

	2024	2023
As at 1 January	**572,687**	535,688
Current service cost	**53,493**	51,098
Interest cost on benefit obligation	**27,646**	22,200
Actuarial loss / (gain) on the obligation	**12,846**	(23,020)
Transfers	**(375)**	-
Benefits paid during the year	**(10,858)**	(13,279)
As at 31 December	**655,439**	572,687

Significant assumptions used in determining the post-employment defined benefit obligation includes the following:

	2024	2023
Discount rate	**4.88%**	4.88%
Future salary increases	**5.00%**	4.20%
Mortality rates	**A1949-52**	A1949-52
Rates of employee turnover	**12% per annum**	12% per annum

Assumptions regarding future mortality have been based on published statistics and mortality tables. A quantitative sensitivity analysis for discount rate and salary increases on the defined benefit obligation as at 31 December is shown below:

Assumptions	**Discount rate**	
Sensitivity analysis	0.5% increase	0.5% decrease
Defined benefit obligation as at 31 December 2024	**615,155**	**699,384**
Defined benefit obligation as at 31 December 2023	538,732	609,385

	Salary increase	
	0.5% increase	0.5% decrease
Defined benefit obligation as at 31 December 2024	**702,147**	**611,967**
Defined benefit obligation as at 31 December 2023	611,744	536,000

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. The average duration of the defined benefit obligation at the end of the reporting period is 6 years (2023: 6 years). The expected maturity analysis of undiscounted post-employment benefits is as follows:

	Less than a year	**Between 1 - 2 years**	**Between 2 - 5 years**	**Over 5 years**	**Total**
2024	**100,486**	**84,353**	**250,218**	**1,418,580**	**1,853,637**
2023	89,430	71,671	222,352	1,082,124	1,465,577

23.2. Thrift Plan

This represents the Group's contribution for the employee's savings plan for its Saudi employees which is charged to profit or loss. During the year ended 31 December 2024, the Group contributed Saudi Riyal 6.7 million (2023: Saudi Riyals 2.7 million) to the employee's saving plan. The Group also paid the benefit amounting to Saudi Riyals 15.8 million (2023: Saudi Riyals 14.3 million) to the eligible employees Also see Note 25.1.

Expressed in Saudi Riyals in thousands unless otherwise stated

24. PROVISION FOR DECOMMISSIONING COSTS

	2024	2023
Balance as at 1 January	**144,383**	138,842
Movements due to change in assumptions	**(3,385)**	(1,424)
Charge for the year	**6,668**	6,965
Balance as at 31 December	**147,666**	144,383

25. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	Note	**2024**	2023
Goods received and invoices not received		**641,172**	496,527
Distribution costs accruals		**101,871**	105,990
Due to related parties	37	**136,147**	150,444
Donations accrual		**55,081**	58,175
Finance costs accruals		**14,678**	29,604
SEIP payable		**28,135**	24,180
Employees related liabilities	25.1	**88,607**	82,495
Others		**157,138**	101,688
		1,222,829	1,049,103

25.1 Employee related liabilities include employees' contribution to thrift plan amounting to Saudi Riyals 78.5 million (2023: Saudi Riyals 70.1 million).

26. Provision for precious metals

	2024	2023
1 January	**236,871**	505,058
Reversal, net	**(102,438)**	(268,187)
31 December	**134,433**	236,871

26.1 The movement in provision during the years ended 31 December 2024 and 2023 is mainly due to fluctuation in the prices of the precious metal.

27. ZAKAT AND INCOME TAX PAYABLE

	2024	2023
Zakat payable	**62,322**	299,696
Income tax payable	**2,005**	433
	64,327	300,129

The Group is subject to zakat and income tax in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations. Zakat and income tax computation involves relevant knowledge and judgment of the zakat and tax rules and regulations to assess the impact of zakat liability at a particular period end. This liability is considered an estimate until the final assessment by ZATCA has been completed, until which the Group retains exposure to additional zakat and tax liability.

The Company files a consolidated zakat return for the Company and its 100% owned Saudi subsidiaries. Non-wholly owned Saudi subsidiaries file their zakat and income tax returns on an individual basis. Foreign subsidiaries file their income tax returns individually in their respective countries of domicile. The Company and its subsidiaries have filed their respective zakat and income tax returns for all years up to 2023.

For the Company and its Saudi subsidiaries zakat is payable at 2.578% of the zakat base, excluding adjusted profit for the year, attributable to the Saudi shareholders. Zakat on adjusted profit for the year is payable at 2.5%. Income tax for Saudi subsidiaries with foreign shareholders is payable at 20% of taxable income attributable to their foreign shareholders. Income tax for foreign subsidiaries is payable at the tax rates enacted in their respective countries of domicile.

Expressed in Saudi Riyals in thousands unless otherwise stated

27.1 Zakat and income tax payable

	Zakat	**Income tax**	**Total**
Balance as at 1 January 2024	**299,695**	**(15,081)**	**284,614**
Charge:			
Current year	**13,618**	**36,923**	**50,541**
Prior year	**(136,589)**	**-**	**(136,589)**
Payments during the year	**(114,980)**	**(19,837)**	**(134,817)**
Other	**578**	**-**	**578**
Balance as at 31 December 2024	**62,322**	**2,005**	**64,327**

	Zakat	Income Tax	Total
Balance as at 1 January 2023	473,143	15,911	489,054
Charge:			
Current year	122,425	44,495	166,920
Prior year	(147,955)	(22)	(147,977)
Payments during the year	(147,917)	(75,465)	(223,382)
Balance as at 31 December 2023	299,696	(15,081)	284,615

Income tax is presented in statement of financial position as follows:

	2024	2023
Prepayments and other current assets (Note 18)	**-**	(15,514)
Zakat and income tax payable	**762**	433
	762	(15,081)

27.2 Zakat, current tax and deferred tax impact in the profit or loss

2024	**Zakat**	**Income tax**	**Deferred tax**	**Total**
Zakat, income and deferred tax attributable to equity holders	**(122,971)**	**3,690**	**578**	**(118,703)**
Zakat, income and deferred tax attributable to non-controlling interest	**-**	**33,233**	**67,285**	**100,518**
	(122,971)	**36,923**	**67,863**	**(18,185)**

2023	Zakat	Income tax	Deferred tax	Total
Zakat, income and deferred tax attributable to equity holders	(25,530)	521	-	(25,009)
Zakat, income and deferred tax attributable to non-controlling interest	-	43,952	(11,015)	32,937
	(25,530)	44,473	(11,015)	7,928

Expressed in Saudi Riyals in thousands unless otherwise stated

27.3 Reconciliation of income tax expense

The relationship between the domestic (Saudi Arabia) income tax expense and the effective tax expense is as follows for the years ended 31 December:

	2024	2023
Income before zakat and income tax	**414,224**	1,446,625
Less: Income subject to Zakat	**(273,290)**	(1,232,797)
Income subject to income tax	**140,934**	213,828
Income tax rate (%)	**20%**	20%
Income tax at domestic rate	**28,187**	42,766
Tax effects of:		
- Prior year tax assessment and others	**76,021**	(9,308)
	104,208	33,458

27.4 Outstanding assessments:

Sahara International Petrochemical Company (Sipchem)

Sipchem has finalized its zakat status with the Zakat, Tax, and Customs Authority (ZATCA) for all years up to 2018. All zakat assessments for this period have been completed, executed, and settled, with no further liabilities remaining outstanding. Accordingly, the group management reversed previously recorded provisions amounting to Saudi Riyals 134.3 million.

For subsequent years, the Company has submitted zakat returns up to 31 December 2023 and has obtained the corresponding zakat certificates. These returns are currently under review by ZATCA.

Subsidiaries

Certain Saudi subsidiaries filing their returns individually have received assessments for several years from ZATCA, resulting in additional zakat liability amounting to Saudi Riyals 3.8 million (31 December 2023: Saudi Riyals 27.7 million), which are still under various stages of appeal.

28. REVENUE

28.1. Revenue streams

	2024	2023
Sale at provisional prices	**6,908,449**	7,678,858
Movement between provisional and final price	**57,426**	(98,587)
Sales of specific products	**94,717**	37,670
Total revenue	**7,060,592**	7,617,941

Timing of revenue recognition		
At a point in time	**6,691,301**	7,342,449
Over time	**369,291**	275,492
Total revenue	**7,060,592**	7,617,941

Expressed in Saudi Riyals in thousands unless otherwise stated

28.2. Contract balances

The following table provides information about receivables from contracts with customers:

	2024	2023
Contract assets included in trade receivables	**76,586**	8,310
Contract liabilities included in contractual liabilities	**31,263**	4,422

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

29. COST OF REVENUES

	2024	2023
Cost of inventories	**3,975,809**	3,831,768
Depreciation and amortization	**757,192**	826,789
Employee related costs	**528,229**	441,909
Others	**359,865**	349,008
	5,621,095	5,449,474

30. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses mainly include freight charges and other shipping and handling costs.

31. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Employees' related costs	**403,894**	372,144
Depreciation and amortization	**103,105**	87,459
Legal and professional expenses	**12,970**	8,303
Research related expenses	**5,670**	2,296
Board of directors' expenses	**8,621**	8,440
Donations	**5,954**	11,495
Others	**29,495**	24,809
	569,709	514,946

32. FINANCE COSTS

	Notes	**2024**	2023
Finance charges on loans		**98,375**	163,398
Interest cost on defined benefit obligation		**23,972**	19,609
Commission on letters of credit and guarantees		**5,951**	6,425
Un-winding of discount on provision for decommissioning costs	24	**6,668**	6,965
Interest on lease liabilities	7	**6,494**	4,553
Others		**9,418**	9,724
		150,878	210,674

32. EARNINGS PER SHARE

Basic earnings per share for profit attributable to ordinary shares holders for the year ended 31 December 2024 and 2023 are computed based on the weighted average number of shares outstanding during such years. Diluted earnings per share for profit attributable to ordinary shares holders for the year ended 31 December 2024 and 2023 are computed based on the weighted average number of shares outstanding during such years adjusted for treasury shares.

Expressed in Saudi Riyals in thousands unless otherwise stated

	2024	2023
Profit for the year attributable to equity holders of Sipchem	**426,139**	1,174,994
Weighted average number of shares used in calculating basic earnings per share	**725,122**	725,122
Weighted average number of shares used in calculating dilutive earnings per share	**733,333**	733,333
Basic earnings per share	**0.59**	1.62
Diluted earnings per share	**0.58**	1.60

34. OTHER OPERATING INCOME

Other operating income comprise of full and final settlement of insurance claim received during the year ended 31 December 2024 related to the damage caused by the fire incident at SSPC's plant.

35. DIVIDENDS

On 12 June 2024, the Board of Directors of the Company approved to distribute interim cash dividends amounting to Saudi Riyals 362.6 million, i.e. Saudi Riyals 0.5 per share (21 June 2023: interim cash dividends amounting to Saudi Riyals 906.4 million, i.e. Saudi Riyals 1.25 per share) which was paid on 11 July 2024.

On 26 November 2024, the Board of Directors of the Company approved to distribute cash dividends for second half amounting to Saudi Riyals 362.6 million, i.e. Saudi Riyals 0.5 per share (11 December 2023: cash dividends for second half amounting to Saudi Riyals 543.8 million, i.e. Saudi Riyals 0.75 per share) which was paid on 16 December 2024.

36. COMMITMENTS AND CONTINGENCIES

- The capital expenditure contracted by the Group but not incurred till 31 December 2024 was approximately Saudi Riyals 1,469.5 million (2023: Saudi Riyals 305.8 million).
- At 31 December 2024, banks have issued guarantees and letters of credit on behalf of the Group amounting to Saudi Riyals 1,151.6 million (2023: Saudi Riyals 605.2 million).
- Also see Note 27 for details on zakat and income tax assessments.

37. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Company's shareholders, associates and their shareholders, joint arrangements and their shareholders, non-controlling interests, key management personnel, directors, and entities controlled, jointly controlled or significantly influenced by such parties. During the period, the Group transacted with the following related parties:

Name	**Relationship**
Japan Arabia Methanol Company Limited ("JAMC")	Shareholder of a subsidiary (non-controlling interest)
Hanwha Chemical Malaysia Sdn Bhd ("Hanwha")	Shareholder of a subsidiary (non-controlling interest)
SAMAPCO	Joint venture
LSIG	Joint venture
GACI	Joint venture
National Industrialization Company ("Tasnee")	Share holder of an associate
Basell Arabia Investments Limited and its associates ("Lyondell Basell")	Shareholder of a joint operation
Saudi Ethylene and Polyethylene Company ("SEPC")	Indirect associate

Expressed in Saudi Riyals in thousands unless otherwise stated

37.1. Significant transactions with related parties other than key management personnel

Related party	Nature of transaction	2024	2023
Hanwha	Sales made to Hanwha	**286,071**	543,720
JAMC	Sales made to JAMC	**212,026**	281,510
SAMAPCO	Shared service cost charged to SAMAPCO	**108,023**	116,143
	Allocation of HOP finance costs to SAMAPCO	**4,127**	3,817
	Transfer of property, plant and equipment	**10,820**	-
Lyondell Basell	Sales made to Lyondell Basell	**1,270,284**	1,354,896
	Shared services cost charged to Lyondell Basell	**69,142**	67,283
	Transfer of property, plant and equipment	**3,843**	-
	Allocation of HOP finance costs to Lyondell Basell	**388**	1,158
SEPC	Purchase of ethylene by Al-Waha	**70,893**	59,262
	Purchase of ethylene by IVC	**377,327**	441,983
	Purchase of ethylene by Sipchem	**137,828**	-
LSIG	Finance cost on loan to LSIG	**1,666**	499
GACI	Shared service cost charged to GACI	**3,374**	3,608
	Finance cost on loan to GACI	**8,176**	6,752

The prices and terms of the above transactions were approved by the Board of Directors of the subsidiaries of the Group.

37.2. The above transactions resulted in the following unsecured balances with related parties:

i) Trade receivables (Note - 17)

	2024	2023
Lyondell Basell	**311,631**	201,309
Hanwha	**49,829**	70,132
JAMC	**16,783**	71,872
	378,243	343,313

ii) Prepayments and other current assets (Note - 18)

	2024	2023
SAMAPCO	**52,270**	41,494
LSIG	**12,661**	1,196
Lyondell Basell	**6,530**	8,762
GACI	**2,076**	729
	73,537	52,181

iii) Accrued expenses and other current liabilities (Note - 25)

	2024	2023
SAMAPCO	**80,724**	91,618
Lyondell Basell	**49,485**	52,908
Hanwha	**5,828**	5,884
GACI	**110**	34
	136,147	150,444

Expressed in Saudi Riyals in thousands unless otherwise stated

37.3. Key management personnel

Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel compensation also includes the proportionate benefits of key management personnel of Sahara after business combination. The key management personnel compensation is as follows:

	2024	2023
Short-term employee benefits	**12,064**	11,651
End of service benefits	**2,218**	3,427
Thrift plan	**1,376**	1,328
Share based payment transactions	**297**	239
Total compensation related to key management personnel	**15,955**	16,645

37.4. Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at mutually agreed terms. Outstanding balances at the year-end are unsecured, interest free and settled in cash. For the year ended 31 December 2024, the Group has assessed and concluded that no impairment is required for amounts owed by a related party. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

37.5. Guarantees

Sahara has provided financial guarantee to a lender of Saudi Acrylic Polymer Company (SAPCO), a subsidiary of TSOC. As at 31 December 2024, the Group has recorded expected credit loss provision amounting to Saudi Riyals 123.2 million (2023: Saudi Riyals 123.2 million) against such financial guarantee which represents the maximum amount of potential cash outflow under such guarantee contract.

38. CONVENTIONAL AND NON-CONVENTIONAL FINANCING AND INVESTING ACTIVITIES

Components of consolidated statement of financial position

	2024	2023
Cash and cash equivalents - non-conventional		
Current murabaha (including fixed term deposits)	**102,550**	617,950
Current accounts (excluding fixed term deposits)	**855,545**	886,090
	958,095	1,504,040
Long term investments - non-conventional	**96,459**	172,033
Short term investments - non-conventional	**147,000**	326,000
Borrowings - non-conventional	**2,204,803**	2,539,981
Borrowings - conventional	**22,740**	11,300

39. SUBSEQUENT EVENTS

Except as disclosed in Note 9, no adjusting event occurred between 31 December 2024 and the date of authorisation of issuance of the accompanying consolidated financial statements by the Board of Directors, which may have an impact on the consolidated financial statements.