SAUDI INDUSTRIAL INVESTMENT GROUP COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND INDEPENDENT AUDITOR'S REPORT

SAUDI INDUSTRIAL INVESTMENT GROUP COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Independent auditor's report to the shareholders of Saudi Industrial Investment Group 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 Saudi Industrial Investment Group Company (the "Company") and its subsidiary (together the "Group") as at 31 December 2022, 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 2022;
- the consolidated statement of profit or loss and other 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, which include significant accounting policies 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 investment in Jubail Chevron Phillips Company • Acquisition of remaining shareholding in National Petrochemical Company ("Petrochem")

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.

Independent auditor's report to the shareholders of Saudi Industrial Investment Group Company (continued)

Our audit approach (continued)

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 investment in Jubail Chevron Phillips Company As at 31 December 2022, the Group had investments in joint ventures amounting to Saudi Riyals 8.7 billion. At each reporting date, the Group tests the carrying amount of each of its investments in joint ventures for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When one or more impairment triggers are identified, management estimates the recoverable amount - being the higher of value-in-use and fair value less costs of disposal - for each individual investment in a joint venture. Recoverable amounts, in the case of value-in-use, comprise the Group's share of the discounted cash flows expected to be generated from the respective joint venture's underlying assets as reduced by the fair value of outstanding debt of the respective joint venture at the measurement date. Such estimate is based on the management's view of key inputs around future business growth in the forecasted period as well as external market conditions such as future product prices as set out in the approved business plan of the respective joint ventures. It also requires management to make estimates of future business growth, terminal growth rate and to determine the most appropriate discount rate. As at 31 December 2022, the management identified an impairment indicator in its investment in the joint venture - Jubail Chevron Phillips Company ("JCP").	Our audit procedures included the following: • Assessed management's identification of impairment indicators, including the conclusions reached. We also evaluated the design and implementation of key controls over the impairment assessment processes comprising impairment indicators identification and the estimation of recoverable amounts. • Evaluated the reasonableness of the management's assumptions and estimates used to determine the recoverable amount of the investment in JCP. This included: (i) Assessing the methodology used by management to estimate the value-in-use by checking, on a sample basis, the accuracy and appropriateness of the input data in the discounted cash flow models to supporting documentation, such as the approved business plans. We considered the reasonableness of such business plans by comparing the business plans to the historical results and external market data, particularly with respect to product sales pricing, and comparing the current year's actual results with its forecast. We also inquired with JCP's management to understand the basis for the assumptions used in the business plans;

Key audit matter	How our audit addressed the Key audit matter
Impairment assessment of investment in Jubail Chevron Phillips Company (continued) Based on the impairment assessment, the management determined that the recoverable amount of the investment in JCP was higher than the carrying value resulting in no impairment loss to be recognized as at 31 December 2022. We considered this as a key audit matter as the assessment of the recoverable amount of the investment in joint venture requires complex estimation and significant judgement by management primarily around product prices, future economic and market conditions, growth rates (including terminal growth rate) and discount rates. Refer to Note 2.5 to the consolidated financial statements for the accounting policy relating to the impairment of non-financial assets, Note 3 for the disclosure of critical accounting estimates and judgements and Note 4.3 for the disclosure of matters related to impairment of investment in JCP.	(ii) Assessing the appropriateness of the discounted cash flow projections in the calculation of the value-in-use, testing the reasonableness of key assumptions such as the future business growth, terminal growth rates and discount rates based on our knowledge of the business and industry by comparing the assumptions to historical results and published market and industry outlook data and other relevant information. Our internal valuation experts were engaged to assist us in the review of the methodology underlying the value-in-use calculations and to assess the reasonableness of discount rates and terminal growth rates assumed in the models; (iii) Testing management's discounted cash flow models, used in the calculation of the value-in-use and the Group's share of the discounted cash flows expected to be generated from JCP's underlying assets as reduced by the fair value of outstanding debt at the measurement date, for mathematical accuracy and logical integrity of the underlying calculations; and (iv) Performing sensitivity analyses over key assumptions in the calculation of the value-in-use in order to assess the potential impact on the recoverable amount of a range of possible outcomes. • Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.

Independent auditor's report to the shareholders of Saudi Industrial Investment Group Company (continued)

Key audit matter	How our audit addressed the Key audit matter
Acquisition of remaining shareholding in National Petrochemical Company ("Petrochem")	
During the year ended 31 December 2022, the Group acquired the remaining 50% shareholding, which was not owned by the Group, of its subsidiary – Petrochem. Petrochem's shareholders accepted the offer of Saudi Industrial Investment Group Company ("SIIG") to acquire all shares in Petrochem which were not owned by SIIG in accordance with the Merger and Acquisition Regulations in exchange for 1.27 shares in the Company for each share in Petrochem pursuant to the terms and conditions set out in the legally binding implementation agreement entered into between Petrochem and SIIG. As a result, SIIG's share capital was increased from Saudi Riyals 4.5 billion (450,000,000 shares with a par value of Saudi Riyals 10) to Saudi Riyals 7.5 billion (754,800,000 shares with a par value of Saudi Riyals 10). The transaction resulted in the presentation of Petrochem as a wholly owned subsidiary of SIIG wherein the non-controlling interest has been transferred to the shareholders of SIIG. We considered the acquisition of the remaining interest in Petrochem to be a key audit matter as this was a significant transaction during the year and involved significant judgement related to transaction event. Refer to Note 4.1 to the consolidated financial statements for the disclosure of matter related to Petrochem's acquisition.	Our audit procedures included the following: • Inspected the implementation agreement to obtain an understanding of the transaction and key terms; • Inspected minutes of the meeting of the Board of Directors and shareholders of the Group for the approval of the transaction; • Inspected approvals obtained by the Group from the relevant authorities in respect of the acquisition; • Inspected the share price of SIIG from Tadawul on the date of transaction to assess the fair value of consideration of the transaction; • Inspected the condensed consolidated interim financial statements for the three-month period ended 31 March 2022 for valuation of the non-controlling interest as at the date of the transaction. • Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.

Independent auditor's report to the shareholders of Saudi Industrial Investment Group Company (continued)

Other information

Management is responsible for the other information. The other information comprises information included in the Group's 2022 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

Independent auditor's report to the shareholders of Saudi Industrial Investment Group Company (continued)

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

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

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

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

Ali A. Alotaibi
License Number 379

12 March 2023

SAUDI INDUSTRIAL INVESTMENT GROUP COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of financial position
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As at 31 December 2022	As at 31 December 2021
Assets			
Non-current assets			
Property and equipment		**1,690**	1,651
Investments in joint ventures accounted for using the equity method	4	**8,694,689**	8,729,948
Other assets	5	**5,492**	4,986
Total non-current assets		**8,701,871**	8,736,585
Current assets			
Prepayments and other current assets	6	**4,187**	4,492
Due from related parties	14	**903,077**	1,259,561
Short-term Murabaha deposits	8	**1,245,030**	497,000
Cash and cash equivalents	7	**200,046**	1,813,811
Total current assets		**2,352,340**	3,574,864
Total assets		**11,054,211**	12,311,449
Equity and liabilities			
Equity			
Share capital	4, 9	**7,548,000**	4,500,000
Share premium	4	**7,970,520**	-
Statutory reserve	10	**1,047,672**	1,019,928
Acquisition reserve	4	**(6,337,411)**	-
Retained earnings		**458,190**	1,808,544
Equity attributable to the shareholders of Saudi Industrial Investment Group Company		**10,686,971**	7,328,472
Non-controlling interests	4	**-**	4,564,866
Total equity		**10,686,971**	11,893,338
Liabilities			
Non-current liabilities			
Employee benefit obligations	11	**20,570**	19,965
Current liabilities			
Due to a related party	14	**-**	51
Accrued and other liabilities	12	**38,135**	34,920
Zakat payable	13	**308,535**	363,175
Total current liabilities		**346,670**	398,146
Total liabilities		**367,240**	418,111
Total equity and liabilities		**11,054,211**	12,311,449

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

Khalil Al-Watban	Abdulrahman S.Alismail	Hazem Swaireh
Chairman - Board of Directors	CEO	Finance Manger

SAUDI INDUSTRIAL INVESTMENT GROUP COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of profit or loss and other comprehensive income
(All amounts in Saudi Riyals thousands unless otherwise stated)

		Year ended 31 December	
	Note	**2022**	**2021**
Share of net profit of joint ventures accounted for using the equity method	4	**494,073**	1,905,924
General and administrative expenses	15	**(71,971)**	(69,110)
Operating profit		**422,102**	1,836,814
Finance costs	11	**(557)**	(339)
Finance income	16	**45,563**	10,445
Finance income - net		**45,006**	10,106
Other income	17	**386**	522
Profit before zakat		**467,494**	1,847,442
Zakat expense	13	**(73,811)**	(29,669)
Profit for the year		**393,683**	1,817,773
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of employee benefit obligations	11	**1,405**	190
Share of net other comprehensive income of joint ventures accounted for using the equity method	4	**96,845**	8,792
Other comprehensive income for the year		**98,250**	8,982
Total comprehensive income for the year		**491,933**	1,826,755
Profit for the year is attributable to:			
Shareholders of Saudi Industrial Investment Group Company		**277,440**	1,136,272
Non-controlling interests		**116,243**	681,501
		393,683	1,817,773
Total comprehensive income for the year is attributable to:			
Shareholders of Saudi Industrial Investment Group Company		**375,690**	1,141,812
Non-controlling interests		**116,243**	684,943
		491,933	1,826,755
Earnings per share (Saudi Riyals)			
Basic and diluted	18	**0.41**	2.53

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

Khalil Al-Watban	Abdulrahman S.Alismail	Hazem Swaireh
Chairman - Board of Directors	CEO	Finance Manger

SAUDI INDUSTRIAL INVESTMENT GROUP COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of changes in equity
(All amounts in Saudi Riyals thousands unless otherwise stated)

		Attributable to the shareholders of Saudi Industrial Investment Group Company							
	Note	**Share capital**	**Share Premium**	**Statutory reserve**	**Acquisition reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
At 1 January 2021		4,500,000	-	906,301	-	1,005,359	6,411,660	4,059,923	10,471,583
Profit for the year		-	-	-	-	1,136,272	1,136,272	681,501	1,817,773
Other comprehensive income for the year		-	-	-	-	5,540	5,540	3,442	8,982
Total comprehensive income for the year		-	-	-	-	1,141,812	1,141,812	684,943	1,826,755
Transfer to statutory reserve		-	-	113,627	-	(113,627)	-	-	-
Transactions with shareholders in their capacity as shareholders:									
Dividends	19	-	-	-	-	(225,000)	(225,000)	(180,000)	(405,000)
At 31 December 2021		4,500,000	-	1,019,928	-	1,808,544	7,328,472	4,564,866	11,893,338
At 1 January 2022		4,500,000	-	1,019,928	-	1,808,544	7,328,472	4,564,866	11,893,338
Profit for the year		-	-	-	-	277,440	277,440	116,243	**393,683**
Other comprehensive income for the year		-	-	-	-	98,250	98,250	-	**98,250**
Total comprehensive income for the year		-	-	-	-	375,690	375,690	116,243	**491,933**
Acquisition of non-controlling interests	4	3,048,000	7,970,520	-	(6,337,411)	-	4,681,109	(4,681,109)	-
Transfer to statutory reserve		-	-	27,744	-	(27,744)	-	-	-
Transactions with shareholders in their capacity as shareholders:									
Dividends	19	-	-	-	-	(1,698,300)	(1,698,300)	-	**(1,698,300)**
At 31 December 2022		**7,548,000**	**7,970,520**	**1,047,672**	**(6,337,411)**	**458,190**	**10,686,971**	-	**10,686,971**

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

Khalil Al-Watban
Chairman - Board of Directors

Abdulrahman S.Alismail
CEO

Hazem Swaireh
Finance Manger

SAUDI INDUSTRIAL INVESTMENT GROUP COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of profit or loss and other comprehensive income
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Year ended 31 December 2022	2021
Cash flows from operating activities			
Profit before zakat		**467,494**	1,847,442
Adjustments for:			
Depreciation		**833**	782
Share of net profit of joint ventures accounted for using the equity method	4	**(494,073)**	(1,905,924)
Gain on disposals of property and equipment		**-**	(80)
Finance costs		**557**	339
Finance income		**(45,563)**	(10,445)
Provision for employee benefit obligations	11	**1,530**	1,466
Changes in operating assets and liabilities:			
(Increase) decrease in prepayments and other assets		**(2,444)**	4,580
Increase in due from related parties		**(15)**	(368)
Decrease in due to a related party		**(51)**	-
(Decrease) increase in accrued expenses and other liabilities		**(265)**	1,031
Cash utilized in operations		**(71,997)**	(61,177)
Finance income received		**47,806**	8,203
Zakat paid	13	**(128,451)**	(85,290)
Employee benefit obligations paid	11	**(77)**	(201)
Dividends received from joint ventures	4	**669,375**	384,375
Zakat reimbursed to joint ventures	4	**(43,198)**	(27,389)
Net cash inflow from operating activities		**473,458**	218,521
Cash flows from investing activities			
Payments for purchases of property and equipment		**(873)**	(894)
Proceeds from disposals of property and equipment		**-**	80
Placements in short-term deposits		**(748,030)**	(497,000)
Reduction in share capital of joint ventures		**356,500**	1,555,625
Net cash (outflow) inflow from investing activities		**(392,403)**	1,057,811
Cash flows from financing activities			
Dividends paid	19	**(1,694,820)**	(448,263)
Dividends paid by the subsidiary to non-controlling interests	4	**-**	(180,000)
Net cash outflow from financing activities		**(1,694,820)**	(628,263)
Net (decrease) increase in cash and cash equivalents		**(1,613,765)**	648,069
Cash and cash equivalents at beginning of the year		**1,813,811**	1,165,742
Cash and cash equivalents at end of the year	7	**200,046**	1,813,811

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

Khalil Al-Watban
Chairman - Board of Directors

Abdulrahman S.Alismail
CEO

Hazem Swaireh
Finance Manger

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information

Saudi Industrial Investment Group Company (the "Company") is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration ("CR") number 1010139946 dated on 10 Shaban 1416 H (corresponding to 1 January 1996). The registered address of the Company is P.O. Box 99833, Riyadh, Kingdom of Saudi Arabia.

The accompanying consolidated financial statements include the activities of the Company and its following direct subsidiary (collectively the "Group"):

	Country of incorporation	**Effective ownership percentage at 31 December**	
		2022	**2021**
National Petrochemical Company (a Saudi closed joint stock company) ("Petrochem")	Kingdom of Saudi Arabia	**100%**	50%

The Company is principally engaged in the ownership of real estate, investing the funds of its subsidiary and the management of its subsidiary.

Petrochem is a Saudi closed joint stock company registered under CR number 1010246363 issued in Riyadh on 8 Rabi Al Awwal 1429 H (corresponding to 16 March 2008), and it was established pursuant to the Ministry of Commerce's resolution number 53/Q dated 16 Safar 1429 H (corresponding to 23 February 2008).

The accompanying consolidated financial statements of the Group, including notes and other explanatory information, were authorized for issue by the Company's Board of Directors on 12 March 2023.

2 Summary of significant accounting policies

The principal accounting policies applied for the preparation of consolidated financial statements of the Group 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 of the Group have been prepared in compliance with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

(b) Historical cost convention

These consolidated financial statements are prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) New standards and amendment to standards and interpretations

The Group has applied the following amendments to the standards for the first time for their reporting periods commencing on or after 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3

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) Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. The management is in the process of assessing the impact of the new standards and interpretations on its consolidated financial statements.

2.2 Basis of consolidation and equity accounting

(a) Subsidiaries

These consolidated financial statements comprise the financial statements of the Company and its subsidiary. 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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed 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.

2 Summary of significant accounting policies (continued)

2.2 Basis of consolidation and equity accounting (continued)

(a) Subsidiaries (continued)

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the 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 on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the 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
- 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.

(b) Investments in joint ventures

A joint venture is a type of joint arrangement where the Group has a contractual arrangement (rights and obligations) in place, with one or more parties, to undertake activities typically, however not necessarily, through a legal entity that is subject to joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Interests in joint ventures are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The consolidated financial statements include the Group's share of the post-acquisition profits or losses of the investee in the profit or loss; and the Group's share of movements in other comprehensive income of the investee in the other comprehensive income, after adjustments to align the accounting policies with those of the Group. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment when the right to receive a dividend is established.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The Group applies IAS 36 "Impairment of Assets" to determine whether an investment in a joint venture is impaired and accounts for any identified impairment loss.

2 Summary of significant accounting policies (continued)

2.2 Basis of consolidation and equity accounting (continued)

(c) 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.

2.3 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on property and equipment so as to allocate its cost, less estimated residual value, on a straight-line basis over the estimated useful lives of the assets. The depreciation expense is recognised in profit or loss in the general and adminsitrative expenses.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each annual reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

Assets in the course of construction or development are capitalised in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in property and equipment, once the asset is in a location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of capital work-in-progress comprises its purchase price, construction / development cost and any other cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work-in-progress is not depreciated.

2.4 Financial instruments

2.4.1 Financial assets

(i) Classification

The Group measures financial assets at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2 Summary of significant accounting policies (continued)

2.4 Financial instruments (continued)

2.4.1 Financial assets (continued)

(ii) 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, transaction costs that are directly attributable to the acquisition of financial assets. Transaction costs 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.

(iii) Measurement

Subsequent measurement of Group's financial assets is at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. A gain or loss on a financial instrument that is subsequently measured at amortised cost and is not part of the hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Impairment losses are presented as a separate line item in the profit or loss.

2.4.2 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method.

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

2.4.3 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and net amounts are reported in the consolidated financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the assets and liabilities simultaneously.

2 Summary of significant accounting policies (continued)

2.5 Impairment of financial and non-financial assets

2.5.1 Impairment of 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 ("CGU") 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.

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 CGU'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.

2.5.2 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For amounts due from related parties, the Group applies a simplified approach, 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 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 credit rating of the Group's counterparties assigned by reputed credit rating agencies 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 has identified the Gross Domestic Product ("GDP") and the inflation rates of the Kingdom of Saudi Arabia, the Middle East, Europe and Asia as the most relevant factors, and accordingly adjusts the loss rates based on expected changes in these factors.

While cash and cash equivalents, short-term murabaha deposits, loans to employees and other receivables are also subject to impairment requirements of IFRS 9, these are considered as low risk and the impairment loss is not expected to be material.

2 Summary of significant accounting policies (continued)

2.6 Cash and cash equivalents and short-term deposits

For the purpose of consolidated statement of financial position, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Deposits with original maturities of more than three months and less than twelve months are presented separately on the consolidated statement of financial position within current assets.

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts, if any, are shown within borrowings in current liabilities in the consolidated statement of financial position.

2.7 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

2.8 Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by shareholders of the Company.

2.9 Employee benefit obligations

The Company and its direct subsidiary operate their respective single post-employment benefit scheme of defined benefit plan driven by the labor laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefit plans are not funded. Accordingly, valuations of the obligations under the plans are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefit plans are recognized immediately in profit or loss while unwinding of the liability at discount rates used are recorded in profit or loss. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to retained earnings in the consolidated statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor laws of the Kingdom of Saudi Arabia.

2 Summary of significant accounting policies (continued)

2.10 Employee home ownership program

The Group provides subsidised non-interest-bearing loans to eligible Saudi Arabian employees to either purchase or build residential properties by mortgaging the property in the Group's name as a security. The repayment of the loan is deducted from the employee's salary in monthly installments. The interest cost associated with the funding of the acquisition or construction of the employee's house is borne by the Company in accordance with the approved home ownership program and expensed as part of finance cost.

2.11 Provisions

Provisions are recognized when; the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effects of the time value of money are material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2.12 Foreign currencies

(a) 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'). All values are rounded to the nearest Saudi Riyal thousands, except when otherwise indicated. The consolidated financial statements are presented in Saudi Riyals, which is also the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in the 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.

2.13 Finance income

Finance income is measured using the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset or a shorter period, where appropriate, to the net carrying amount of the financial asset.

2.14 Zakat

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat, for the Company and its subsidiary, is calculated based on higher of approximate zakat base and adjusted profit and are charged to profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Amounts accrued for zakat expense in one year may have to be adjusted in a subsequent year if the estimate of the annual charge changes.

2 Summary of significant accounting policies (continued)

2.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Board of Directors of the Group assesses the financial performance and position of the Group and makes strategic decisions. The Board of Directors has been identified as being the Chief Operating Decision Maker.

Segment results that are reported to the Group's Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

2.16 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

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.

3 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. 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. There are no estimates and judgments that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period, except for use of significant assumptions around estimation of impairment assessment of investment in joint ventures, as explained below.

The Russian-Ukrainian conflict started in February 2022 resulting a steep increase of crude oil and natural gas prices. The course of events required a reassessment of certain accounting estimates, assumptions and judgements of the Group's exposure on impairment risks and expected credit losses.

Based on their assessment, the management believes that the Russian-Ukrainian conflict has had no material impact on the Group's reported financial results for the year ended 31 December 2022 including the significant accounting judgements and estimates. However, the management will keep monitoring the situation and further developments.

Impairment of investment in joint ventures:

At each reporting date, the Group tests the carrying amount of each of its investments in joint ventures accounted for using the equity method for impairment whenever events or changes in circumstances indicate that the carrying amount of such investments may not be recoverable.

3 Critical accounting estimates and judgments (continued)

When one or more impairment triggers are identified, management estimates the recoverable amount - being the higher of value in use and fair value less costs of disposal - for each individual joint venture. Recoverable amounts, in the case of value-in-use, comprise the Group's share of the discounted cash flows expected to be generated from the respective joint venture's underlying assets as reduced by the fair value of outstanding debt of the respective joint venture at the measurement date. Such an estimate is based on the management's view of key inputs around future business growth in the forecasted period as well as external market conditions such as future product prices as set out in the approved business plan of the respective joint venture. It also requires management to make estimates of future business growth, terminal growth rate and to determine the most appropriate discount rate.

The key assumptions used to determine the recoverable amount for the investment in joint ventures, where the management identified impairment indicators as at 31 December 2022, including a sensitivity analysis, are disclosed and further explained in Note 4.

4 Interests in other entities

4.1 Subsidiary

The Company's principal operating subsidiary is Petrochem and the Company holds an ownership interest of 100% in Petrochem as at 31 December 2022 (2021: ownership interest of 50% in Petrochem). See below the details for the acquisition of non-controlling interests ("NCI") in Petrochem during the year ended 31 December 2022.

Acquisition of NCI in Petrochem

On 15 September 2020 the Board of Directors of the Company, approved the decision to initiate discussions with Petrochem to study the economic feasibility of merging the two related parties (the "Transaction").

During the year ended 31 December 2021, the Company announced the completion of the initial economic feasibility study, on the basis of which the Company and Petrochem decided to commence reciprocal due diligence, negotiate the terms and conditions of the Transaction and initiate sharing of information between them.

Furthermore, on 27 September 2021 (corresponding to 20 Safar 1443H), the Company signed a non-binding memorandum of understanding ("MOU") with Petrochem, in relation to the share exchange ratio and the structure through which the Transaction would be implemented.

On 27 October 2021 (corresponding to 21 Rabi ul Awwal 1443H), the Company entered into a legally binding implementation agreement with Petrochem (the "Implementation Agreement"), pursuant to which the Company and Petrochem agreed that the Company would make an offer to acquire all shares issued by Petrochem which were not owned by the Company in exchange for the issuance of new shares in the Company to Petrochem's shareholders in accordance with applicable regulations and rules issued by the board of Capital Market Authority ("CMA"), as well as the terms and conditions as set out in the Implementation Agreement.

On 16 March 2022 (corresponding to 13 Shaban 1443H), the CMA announced its resolution approving the proposed acquisition.

During the general assembly meeting on 10 April 2022 (corresponding to 9 Ramadan 1443H), Petrochem's shareholders accepted the offer of the Company to Petrochem's shareholders to acquire all shares in Petrochem which were not owned by the Company in accordance with the Merger and Acquisition Regulations in exchange for 1.27 shares in the Company for each share in Petrochem pursuant to the terms and conditions set out in the Implementation Agreement entered into between Petrochem and the Company. As a result, the Company's share capital was increased from Saudi Riyals 4.5 billion (450,000,000 shares with a par value of Saudi Riyals 10) to Saudi Riyals 7.5 billion (754,800,000 shares with a par value of Saudi Riyals 10).

4 Interests in other entities (continued)

4.1 Subsidiary (continued)

The transaction to acquire all shares in Petrochem which were not owned by the Company resulted in the following:

a) Share capital

Outstanding shares of Petrochem owned by non-controlling interests prior to 10 April 2022 (in 000's)	240,000
Exchange ratio	1.27
Shares issued by the Company (in 000's)	304,800
Par value of shares issued by the Company (at Saudi Riyals 10 per share and in Saudi Riyals 000's)	3,048,000
Outstanding share capital of the Company prior to 10 April 2022 (in Saudi Riyals 000's)	4,500,000
Total issued share capital of the Company on 10 April 2022 (in Saudi Riyals 000's)	**7,548,000**

b) Share premium

Shares issued by the Company (in 000's)	304,800
Share price of the Company on 10 April 2022	36.15
Total consideration (in Saudi Riyals 000's)	11,018,520
Less: par value of shares issued by the Company (at Saudi Riyals 10 per share and in Saudi Riyals 000's)	(3,048,000)
Share premium of the Company on 10 April 2022 (in Saudi Riyals 000's)	**7,970,520**

c) Acquisition reserve

The Company recorded the difference between the fair value of the total consideration and the carrying value of the acquired interest as "Acquisition reserve".

Total consideration (in Saudi Riyals 000's)	11,018,520
Less: carrying value of the acquired interest (in Saudi Riyals 000's)	(4,681,109)
Acquisition reserve of the Company on 10 April 2022 (in Saudi Riyals 000's)	**6,337,411**

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Interests in other entities (continued)

4.2 Non-controlling interests

Set out below is summarised financial information for the subsidiary where the Group had non-controlling interests ("NCI") in 2021, and where the NCI was acquired by the Company during 2022, as explained in Note 4.1 above.

The amounts disclosed for the subsidiary are before inter-company eliminations.

Summarised statement of financial position	**As at 31 December**	
	2022	**2021**
Current assets	**1,682,000**	2,284,572
Current liabilities	**(272,750)**	(297,396)
Net current assets	**1,409,250**	1,987,176
Non-current assets	**7,339,275**	7,150,821
Non-current liabilities	**(8,420)**	(8,265)
Net non-current assets	**7,330,855**	7,142,556
Net assets	**8,740,105**	9,129,732
Accumulated NCI	**-**	4,564,866

Summarised statement of profit or loss and other comprehensive income	**For the year ended 31 December**	
	2022	**2021**
Profit for the year	**153,173**	1,366,802
Other comprehensive income for the year	**57,199**	6,884
Total comprehensive income for the year	**210,372**	1,373,686
Profit for the year allocated to NCI	**116,243**	681,501
Other comprehensive income for the year allocated to NCI	**-**	3,442

Summarised statement of cash flows	**For the year ended 31 December**	
	2022	**2021**
Cash flows (used in) generated from operating activities	**(777)**	53,570
Cash flows (used in) generated from investing activities	**(685,856)**	1,218,403
Cash flows used in financing activities	**(600,000)**	(360,000)
Net (decrease) increase in cash and cash equivalents	**(1,286,633)**	911,973

Other information	**For the year ended 31 December**	
	2022	**2021**
Dividends paid to NCI	**-**	(180,000)

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Interests in other entities (continued)

4.3 Investments in joint ventures accounted for using the equity method

Set out below are the joint ventures of the Group as at 31 December 2022 and 2021. The entities listed below have share capital consisting solely of ordinary shares, which are held directly and indirectly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Country of incorporation	Ownership interest held by the Group		Carrying amount	
		2022	**2021**	**2022**	**2021**
Saudi Chevron Phillips Company ("SCP")	Kingdom of Saudi Arabia	**50%**	50%	**678,443**	684,422
Jubail Chevron Phillips Company ("JCP")	Kingdom of Saudi Arabia	**50%**	50%	**634,067**	775,063
Aromatics Distribution Company FZCO (a free zone limited liability company) ("ADCO")	United Arab Emirates	**50%**	50%	**45,479**	123,072
Saudi Polymers Company (a limited liability company) ("SPCO")	Kingdom of Saudi Arabia	**65%**	65%	**6,678,083**	6,530,085
Gulf Polymers Distribution Company FZCO (a free zone limited liability company) ("GPDC")	United Arab Emirates	**65%**	65%	**658,617**	617,306
				8,694,689	8,729,948

4 Interests in other entities (continued)

4.3 Investments in joint ventures accounted for using the equity method (continued)

a) SCP, where the Company holds direct interest, is principally engaged in the production of liquid fuels, basic organic chemicals, primary gases and gaseous fuels. SCP is a limited liability company registered in Jubail, Kingdom of Saudi Arabia under CR number 2055003839 dated 22 Safar 1417H (corresponding to 8 July 1996) with a branch in Jubail under CR number 2055009584.

b) JCP, where the Company holds direct interest, is principally engaged in the production of basic organic chemicals, propylene and liquid fuels. JCP is a limited liability company registered in Jubail, Kingdom of Saudi Arabia under CR number 2055005901 dated 25 Jumada' II 1424H (corresponding to 23 August 2003).

During 2018, the shareholders of JCP resolved to decrease the share capital of JCP by Saudi Riyals 994 million through their resolution dated 4 September 2018 (corresponding to 24 Dhul Hijjah 1439H). The legal formalities in relation to this matter were completed during 2020. The reduction in share capital is payable on demand to the shareholders of JCP, dependent on its financial capabilities, and is treated as a current liability in JCP's financial statements (also see Note 14).

c) ADCO, where the Company holds direct interest, is principally engaged to distribute the aromatic products (styrene, cyclohexane, propane and benzene) produced by JCP and SCP. ADCO is registered in Dubai Airport Free Zone ("DAFZA"), United Arab Emirates under license number 4105.

d) SPCO, where the Company holds indirect interest through Petrochem, is a limited liability company registered in Jubail, Saudi Arabia under CR number 2055008886 dated 29 Dhul-Qadah 1428H (corresponding to 9 December 2007), with a branch in Jubail under Commercial Registration number 2055009065. The principal activities of SPCO are to produce and sell motor fuel blend stock, fuel oil, ethylene, propylene, 1-Hexene, high density and low-density polyethylene and polypropylene. SPCO is a joint venture between Petrochem and Arabian Chevron Phillips Petrochemical Company Limited ("ACPPCL").

During 2019, the shareholders of SPCO resolved to decrease the share capital of SPCO from Saudi Riyals 4.8 billion to Saudi Riyals 1.4 billion. The legal formalities in relation to this matter were completed during the year ended 31 December 2021. The balance of reduction in share capital is payable on demand, dependent on its financial capabilities, and is treated as a current liability in SPCO's financial statements (also see Note 14).

e) GPDC, where the Company holds indirect interest through Petrochem, was formed in the Dubai Airport Free Zone on 15 February 2011 as per DAFZA trade license. The registered address of GPDC is DFZA, Office No.6EA 420, Dubai, United Arab Emirates. The principal activities of GPDC are facilitating sales of polymer and monomer products and provision of international warehousing. GPDC is a distributor for SPCO and is a joint venture of Petrochem and ACPPCL.

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Interests in other entities (continued)

4.3 Investments in joint ventures accounted for using the equity method (continued)

Movement in carrying amount of investment in joint ventures is as follows:

	For the year ended 31 December 2022					
	SCP	**JCP**	**ADCO**	**SPCO**	**GPDC**	**Total**
1 January 2022	684,422	775,063	123,072	6,530,085	617,306	**8,729,948**
Share of net profit (loss)	408,646	(157,164)	44,282	59,498	138,811	**494,073**
Share of other comprehensive income	26,076	14,321	-	56,448	-	**96,845**
Dividends received from joint ventures	(450,000)	-	(121,875)	-	(97,500)	**(669,375)**
Zakat reimbursed to joint ventures	9,299	1,847	-	32,052	-	**43,198**
31 December 2022	**678,443**	**634,067**	**45,479**	**6,678,083**	**658,617**	**8,694,689**

	For the year ended 31 December 2021					
	SCP	**JCP**	**ADCO**	**SPCO**	**GPDC**	**Total**
1 January 2021	536,698	699,739	54,509	7,493,025	594,347	9,378,318
Share of net profit	356,307	66,589	115,438	1,222,756	144,834	1,905,924
Share of other comprehensive income	797	709	-	7,286	-	8,792
Reduction in share capital	-	-	-	(2,206,100)	-	(2,206,100)
Dividends received from joint ventures	(215,625)	-	(46,875)	-	(121,875)	(384,375)
Zakat reimbursed to joint ventures	6,245	8,026	-	13,118	-	27,389
31 December 2021	684,422	775,063	123,072	6,530,085	617,306	8,729,948

Impairment assessment for investment in JCP:

As at 31 December 2022, due to the existence of certain impairment indicators, the Group's investment in JCP was tested for impairment. However, no impairment was required to be recognized as a result of such assessment as at 31 December 2022.

The calculation of value in use for the Group's investment in JCP is most sensitive to the management's assumption used for the compound annual growth rate (CAGR) of the prices of its products over the forecast period of 5 years, which is 3.2%. A revision in the weighted average CAGR to 2.6%, as used by the management in preparation of discounted cashflows to determine the value in use of the Group's investment in JCP, would make the value in use of the Group's investment in JCP equal to its carrying value. A further decrease would result in an impairment loss in the Group's investment in JCP.

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Interests in other entities (continued)

4.3 Investments in joint ventures accounted for using the equity method (continued)

A reasonable change in the other assumptions used in the calculation of value in use of the Group's investment in JCP is not expected to result in any material adjustment to the carrying value of Group's investment in JCP.

Summarised financial information for joint ventures is provided below. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not the Group's share of those amounts.

Summarised statement of financial position

	SCP		JCP	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Current assets				
Cash and cash equivalents	**374,513**	196,148	**199,898**	278,276
Other current assets	**1,416,143**	1,419,353	**1,069,822**	1,132,823
Total current assets	**1,790,656**	1,615,501	**1,269,720**	1,411,099
Non-current assets	**866,108**	989,164	**1,424,012**	1,660,790
Current liabilities				
Financial liabilities (excluding trade payables)	**(701,360)**	(782,224)	**(956,387)**	(736,946)
Other current liabilities	**(292,819)**	(148,433)	**(354,381)**	(689,757)
Total current liabilities	**(994,179)**	(930,657)	**(1,310,768)**	(1,426,703)
Non-current liabilities				
Financial liabilities (excluding trade payables)	**(79)**	(821)	**(4,838)**	(4,639)
Other non-current liabilities	**(194,756)**	(223,283)	**(79,208)**	(119,712)
Total non-current liabilities	**(194,835)**	(224,104)	**(84,046)**	(124,351)
Net assets	**1,467,750**	1,449,904	**1,298,918**	1,520,835

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Interests in other entities (continued)

4.3 Investments in joint ventures accounted for using the equity method (continued)

Summarised statement of financial position

	ADCO		SPCO	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Current assets				
Cash and cash equivalents	**200,299**	286,091	**211,065**	598,729
Other current assets	**269,801**	508,117	**1,487,653**	1,923,478
Total current assets	**470,100**	794,208	**1,698,718**	2,522,207
Non-current assets	**-**	-	**12,357,885**	12,392,888
Current liabilities				
Financial liabilities (excluding trade payables)	**(379,043)**	(547,980)	**(3,044,284)**	(3,023,955)
Other current liabilities	**-**	-	**(270,026)**	(604,171)
Total current liabilities	**(379,043)**	(547,980)	**(3,314,310)**	(3,628,126)
Non-current liabilities				
Financial liabilities (excluding trade payables)	**-**	-	**(42,454)**	(799,425)
Other non-current liabilities	**(101)**	(86)	**(573,946)**	(653,944)
Total non-current liabilities	**(101)**	(86)	**(616,400)**	(1,453,369)
Net assets	**90,956**	246,142	**10,125,893**	9,833,600

	GPDC	
	31 December 2022	**31 December 2021**
Current assets		
Cash and cash equivalents	**612,585**	95,693
Other current assets	**720,435**	1,475,171
Total current assets	**1,333,020**	1,570,864
Non-current assets	**1,605**	304
Current liabilities		
Financial liabilities (excluding trade payables)	**(305,040)**	(568,778)
Other current liabilities	**(15,008)**	(51,506)
Total current liabilities	**(320,048)**	(620,284)
Non-current liabilities		
Financial liabilities (excluding trade payables)	**-**	-
Other non-current liabilities	**(1,320)**	(1,182)
Total non-current liabilities	**(1,320)**	(1,182)
Net assets	**1,013,257**	949,702

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Interests in other entities (continued)

4.3 Investments in joint ventures accounted for using the equity method (continued)

The reconciliation of the Group's interest in the joint ventures is as given below:

	SCP		**JCP**	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Joint venture net assets	**1,467,750**	1,449,904	**1,298,918**	1,520,835
Group's share	**50%**	50%	**50%**	50%
	733,875	724,952	**649,459**	760,418
Intra-group eliminations	**(8,772)**	-	**-**	-
Timing differences in zakat / current income tax recognition and reimbursement	**(46,660)**	(40,530)	**(15,392)**	14,645
Carrying value of investments	**678,443**	684,422	**634,067**	775,063

	ADCO		**SPCO**	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Joint venture net assets	**90,956**	246,142	**10,125,893**	9,833,600
Group's share	**50%**	50%	**65%**	65%
	45,478	123,072	**6,581,831**	6,391,840
Intra-group eliminations	**1**	-	**(13,872)**	(38,622)
Timing differences in zakat / current income tax recognition and reimbursement	**-**	-	**110,124**	176,867
Carrying value of investments	**45,479**	123,072	**6,678,083**	6,530,085

	GPDC	
	31 December 2022	**31 December 2021**
Joint venture net assets	**1,013,257**	949,702
Group's share	**65%**	65%
Carrying value of investment	**658,617**	617,306

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Interests in other entities (continued)

4.3 Investments in joint ventures accounted for using the equity method (continued)

Summarised statement of profit or loss and other comprehensive income

	For the year ended 31 December			
	SCP		JCP	
	2022	**2021**	**2022**	**2021**
Revenue from contracts with customers	**6,152,318**	4,498,256	**6,775,793**	6,019,253
Finance income	**5,790**	2,618	**3,521**	1,733
Depreciation	**(135,341)**	(134,605)	**(268,100)**	(270,286)
Finance costs	**(6,795)**	(5,355)	**(2,891)**	(2,445)
Zakat and income tax expense (credit)	**(97,736)**	(80,640)	**26,598**	(16,050)
Profit (loss) for the year	**755,745**	634,223	**(278,290)**	120,900
Other comprehensive income for the year	**46,935**	1,594	**25,778**	1,275
Total comprehensive income (loss) for the year	**802,680**	635,817	**(252,512)**	122,175

	For the year ended 31 December	
	ADCO	
	2022	**2021**
Revenue from contracts with customers	**4,617,428**	4,236,593
Depreciation	**(120)**	(120)
Finance costs	**-**	(4)
Profit for the year	**88,568**	230,876
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**88,568**	230,876

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Interests in other entities (continued)

4.3 Investments in joint ventures accounted for using the equity method (continued)

	For the year ended 31 December			
	SPCO		GPDC	
	2022	**2021**	**2022**	**2021**
Revenue from contracts with customers	**6,598,868**	8,201,284	**6,717,289**	7,582,751
Finance income	**12,983**	5,719	**1,433**	15
Depreciation	**(876,058)**	(871,346)	**-**	(1,073)
Finance costs	**(47,966)**	(37,635)	**(56)**	(4)
Zakat and income tax expense	**(12,371)**	(171,046)	**-**	-
Profit for the year	**50,978**	1,763,036	**213,555**	222,821
Other comprehensive income for the year	**80,764**	10,425	**-**	-
Total comprehensive income for the year	**131,742**	1,773,461	**213,555**	222,821

The joint ventures' contingent liabilities with respect to bank guarantees and approved capital expenditures is as follows:

	As at 31 December	
	2022	**2021**
SCP	**896,469**	738,647
JCP	**1,287,756**	971,762
SPCO	**132,289**	1,256,083
GPDC	**9,467**	-

5 Other assets

Other assets represent non-interest bearing housing loans provided to eligible Saudi Arabian employees. The loans are secured by mortgages on the property purchased under the employee home ownership program and are repayable in monthly installments within a maximum period of 15 years.

The installments due within one year expected to be amortised within one year are included in 'Prepayments and other current assets' under current assets. The carrying value at the reporting date is presented as follows:

	Note	2022	2021
Non-current portion presented under 'Other assets'		**5,492**	4,986
Current portion presented under 'Prepayments and other current assets'	6	**1,193**	1,160
		6,685	6,146

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 Prepayments and other current assets

	Note	2022	2021
Prepaid expenses		**1,349**	927
Loans to employees - current portion	5	**1,193**	1,160
Advances		**1,500**	-
Accrued Murabaha finance income		**-**	2,242
Other receivables		**145**	163
		4,187	4,492

The above classes within prepayments and other current assets do not contain impaired assets. The maximum exposure to the credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

7 Cash and cash equivalents

	2022	2021
Cash at banks	**40,374**	36,811
Cash in hand	**10**	-
Short-term Murabaha deposits	**159,662**	1,777,000
	200,046	1,813,811

Murabaha deposits are placed with commercial banks, with a maturity period of three months or less from date of placement, and yield finance income at commercial rates ranging from 4.40% to 5.00% per annum (2021: 0.35% to 1.25% per annum).

8 Short-term Murabaha deposits

Short-term Murabaha deposits represents short-term deposits with maturity periods of more than three months and less than twelve months from the date of placement, and yield finance income at commercial rates ranging from 3.15% to 5.35% per annum (2021: 0.60% to 0.75% per annum).

9 Share capital

As at 31 December 2022 and 2021, the authorized, issued and fully paid-up share capital comprised 754.8 million ordinary shares (31 December 2021: 450 million ordinary shares) of Saudi Riyals 10 per share. Also see Note 4.

10 Statutory reserve

In accordance with the Company’s By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of the net profit for the year to a statutory reserve until such reserve equals 30% of share capital. The statutory reserve in the accompanying consolidated financial statements is the statutory reserve of the Company. This reserve currently is not available for distribution to the shareholders of the Company.

(All amounts in Saudi Riyals thousands unless otherwise stated)

11 Employee benefit obligations

11.1 General description of the defined benefit plan

The Company and its subsidiary operate their respective single post-employment benefit scheme of defined benefit plan driven by the labor laws of the Kingdom of Saudi Arabia which is based on the most recent salary and number of service years. The end-of-service benefit payments under the plans are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the labor laws of the Kingdom of Saudi Arabia. Employees' end-of-service benefit plans are unfunded plans and the benefit payment obligation are met when they fall due upon termination of employment or employee's resignation from the company. An independent actuary carried out the latest valuation of employee benefit obligations under the projected unit credit method as at 31 December 2022 for the Group.

11.2 Movement in net liability recognised in the consolidated statement of financial position

	2022	2021
1 January	**19,965**	18,551
Current service cost	**1,530**	1,466
Finance cost	**557**	339
Benefits paid	**(77)**	(201)
Remeasurements	**(1,405)**	(190)
31 December	**20,570**	19,965

11.3 Amounts recognized in the consolidated statement of profit or loss and other comprehensive income

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income related to employee benefit obligations are as follows:

	2022	2021
Current service cost	**1,530**	1,466
Interest expense	**557**	339
Total amount recognised in consolidated profit or loss	**2,087**	1,805
Remeasurements		
Gain from change in financial assumptions	**(1,396)**	(1,280)
(Gain) loss from change in experience adjustments	**(9)**	1,090
Total amount recognised in consolidated other comprehensive income	**(1,405)**	(190)

11.4 Key actuarial assumptions

	2022	2021
Discount rate	**4.2%**	2.6%
Salary growth rate	**4.0%**	3.0%

(All amounts in Saudi Riyals thousands unless otherwise stated)

11 Employee benefit obligations (continued)

11.5 Sensitivity analysis for actuarial assumptions

2022	**Change in assumption**		**Impact on employee benefit obligations**	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	**100 basis points**	**100 basis points**	**(1,216)**	**1,342**
Salary growth rate	**100 basis points**	**100 basis points**	**1,337**	**(1,235)**

2021	**Change in assumption**		**Impact on employee benefit obligations**	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	100 basis points	100 basis points	(1,288)	1,436
Salary growth rate	100 basis points	100 basis points	1,416	(1,295)

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. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee termination.

11.6 Expected maturity analysis

The weighted average duration of the defined benefit obligation is 6 years (2021: 7 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**
31 December 2022	**2,258**	**1,565**	**4,656**	**33,103**	**41,582**
31 December 2021	2,030	2,034	4,118	29,742	37,924

12 Accrued and other liabilities

	2022	**2021**
Accrued expenses	**3,447**	6,232
Accrued salaries and benefits	**3,099**	5,095
Dividends payable	**3,480**	-
Other payables	**28,109**	23,593
	38,135	34,920

(All amounts in Saudi Riyals thousands unless otherwise stated)

13 Zakat

13.1 Components of zakat base

The Company files its zakat and income tax declaration on an unconsolidated basis. The significant components of the zakat base of the Company and each of its subsidiaries which are subject to zakat under zakat and income tax regulations, are principally comprised of shareholders' equity, provisions at the beginning of year and adjusted net profit, less deduction for the net book value of property, plant and equipment and certain other items.

13.2 Provision for zakat

	2022	2021
1 January	**363,175**	418,796
Provision for the year	**73,811**	103,542
Adjustment relating to prior years	**-**	(73,873)
	73,811	29,669
Payments	**(128,451)**	(85,290)
31 December	**308,535**	363,175

13.3 Zakat charged to the consolidated statement of profit or loss and other comprehensive income

	2022	2021
Zakat for the Company	**16,038**	54,310
Zakat for Petrochem	**57,773**	(24,641)
	73,811	29,669

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%.

13.4 Status of certificates and final assessments

The Group is subject to zakat in accordance with the regulation of Zakat, Tax and Customs Authority ("ZATCA"). Provisions for zakat are charged to the profit or loss.

(a) Status of assessments of the Company

The Company has filed its Zakat returns with ZATCA up to 2021. The Company has finalised its zakat status with ZATCA for all years up to 31 December 2006 on a standalone basis.

ZATCA raised additional zakat assessments for the years from 2007 to 2014 amounting to Saudi Riyals 42.0 million. The Company has filed an appeal against such additional zakat assessments with General Secretariat of Tax Committees ("GSTC") and the final ruling is awaited.

During 2021, ZATCA raised additional zakat assessments for the years from 2019 to 2020 amounting to Saudi Riyals 15.7 million. The Company filed an appeal against such additional zakat assessments with the ZATCA, following which the Company received revised assessments from ZATCA amounting to Saudi Riyals 14.8 million, against which the Company settled Saudi Riyals 3.9 million during the year ended 31 December 2021 and the remaining balance of Saudi Riyals 10.9 million during January 2022.

(All amounts in Saudi Riyals thousands unless otherwise stated)

13 Zakat (continued)

13.4 Status of certificates and final assessments (continued)

(b) Status of assessments of Petrochem

Petrochem has filed its Zakat returns with ZATCA up to 2021. Petrochem has finalised its zakat status with ZATCA for all years up to 31 December 2010 on a standalone basis. A number of additional assessments have been issued by ZATCA as follows:

ZATCA raised additional zakat assessments for the years from 2014 to 2016 amounting to Saudi Riyals 204.2 million. Petrochem filed an appeal against such assessments with ZATCA, following which the case was escalated to GSTC. During the year ended 31 December 2021, the Committee for Resolution of Tax Violations and Disputes ("CRTVD", the first level of GSTC) issued its ruling, accepting Petrochem's appealed items partially and, accordingly, the assessments for such years were reduced to Saudi Riyals 92.5 million. Petrochem and ZATCA, both, had filed an appeal to Appellate Committee for Tax Violations and Disputes Resolution ("ACTVD", the final level of GSTC). During 2022, ACTVD issued its decision accepting Petrochem's appealed items partially and returning one of the appeal's clauses to CRTVD to consider it again. Accordingly, Petrochem escalated the case to CRTVD again based on the decision of ACTVD, and decision of CRTVD is awaited.

During 2020, ZATCA raised additional zakat assessments for the years 2017 and 2018 amounting to Saudi Riyals 128.9 million. Petrochem had filed an appeal against such assessments with ZATCA, following which the case had been escalated to the GSTC. During 2022, CRTVD issued its ruling, accepting Petrochem's appealed items partially and, accordingly, the additional zakat assessments for such years has been reduced to Saudi Riyals 91.8 million. Petrochem and ZATCA, both, filed an appeal to ACTVD. During 2023, ACTVD issued its decision accepting Petrochem's appealed items partially and reduced the zakat liability to Saudi Riyals 71.7 million. While Petrochem has settled the revised zakat liability amounting to Saudi Riyals 71.7 million, however, it has submitted a reconsideration request for one of the rejected appealed items and decision of ACTVD is awaited.

During 2021, the ZATCA raised additional zakat assessments for the years 2019 and 2020 amounting to Saudi Riyals 9.2 million. Petrochem had filed an appeal against such assessments with ZATCA, following which the case had been escalated to GSTC and GSTC's decision is awaited.

The Group's management believes that the existing provisions in the consolidated statement of financial position are adequate to cover any additional zakat liabilities that may arise from any additional assessments and upon ultimate resolutions of the appeals for open assessments from ZATCA.

14 Related party transactions and balances

The Group has transactions with its shareholders and their affiliated entities (collectively "related parties").

Related parties comprise the shareholders, directors, associated companies, key management personnel. Related parties also include business entities in which certain directors or senior management have an interest (other related parties).

(a) Following are the significant transactions entered into by the Group:

Related parties	Nature of transactions	2022	2021
Joint ventures:			
SPCO	*Reduction in share capital*	-	2,206,100

(All amounts in Saudi Riyals thousands unless otherwise stated)

14 Related party transactions and balances (continued)

(a) Following are the significant transactions entered into by the Group:

(i) Due from related parties

	2022	2021
SPCO	**743,951**	987,686
JCP	**159,126**	271,875
	903,077	1,259,561

(ii) Due to related parties

	2022	2021
ACPPCL	**-**	51

(b) Key management personnel compensation:

	2022	2021
Salaries and other short-term employee benefits	**20,941**	21,396
Post-employment benefits	**758**	1,892
	21,699	23,288

15 General and administrative expenses

	2022	2021
Salaries and benefits	**27,004**	27,339
Professional fees	**35,262**	26,142
Rent	**1,717**	1,501
Donations	**1,710**	3,000
Depreciation	**834**	783
Withholding tax	**242**	4,376
Other	**5,202**	5,969
	71,971	69,110

16 Finance income

	2022	2021
Finance income on short-term deposits	**45,563**	10,445

(All amounts in Saudi Riyals thousands unless otherwise stated)

17 Other income

	2022	2021
Gain on disposals of property and equipment	-	80
Other	**386**	442
	386	522

18 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the earnings for the year attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the year. As the Company does not have any dilutive potential shares, the diluted earnings per share is the same as the basic earnings per share.

	2022	2021
Earnings for the year	**277,440**	1,136,272
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	**671,900**	450,000
Earnings per share	**0.41**	2.53

19 Dividends

On 14 April 2022, the Company's shareholders approved dividends amounting to Saudi Riyals 1.13 billion (Saudi Riyals 1.5 per share), which were fully paid during the year ended 31 December 2022 (31 December 2021: Saudi Riyals 225.00 million (Saudi Riyals 0.5 per share), which were fully paid during the year ended 31 December 2021).

Furthermore, on 5 December 2022, the Board of Directors approved dividends amounting to Saudi Riyals 566.10 million (Saudi Riyals 0.75 per share) of which Saudi Riyals 562.62 million were paid during the year ended 31 December 2022.

20 Segment reporting

In respect of performance appraisal and allocation of resources, all activities and operations of the Group and its joint ventures comprises two operating segments which are within the petrochemical sector i.e. the polymers and aromatics product envelopes.

(All amounts in Saudi Riyals thousands unless otherwise stated)

20 Segment reporting (continued)

Operating assets are located in the Kingdom of Saudi Arabia. The revenue of the operating segments (revenues of the joint ventures) is geographically distributed as follows:

Polymers	**2022**	**2021**
Domestic/Middle East	**18%**	20%
Asia	**48%**	49%
Europe/Africa	**34%**	31%
	100%	100%

Aromatics	**2022**	**2021**
Domestic/Middle East	**48%**	45%
Asia	**22%**	26%
Europe/Africa	**30%**	29%
	100%	100%

21 Financial risk management

21.1 Financial risk factors

The Group's activities expose it to a variety of financial risks including the effects of changes in market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management under policies approved by the Board of Directors.

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

21 Financial risk management (continued)

21.1 Financial risk factors (continued)

(a) Market risk

(i) *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are primarily in Saudi Riyals. Management of the Group believes that the currency risk for the financial instruments is not significant.

(ii) *Fair value and cash flow interest rate risk*

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. At 31 December 2022, the Group had interest bearing financial assets of Saudi Riyals 1.4 billion (2021: Saudi Riyals 1.78 billion). However, the interest rates have been agreed with the respective financial institutions.

(iii) *Price risk*

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group’s financial assets and liabilities are not exposed to price risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents, trade, related party, employee and other receivables carried at amortised cost.

Credit risk represents the financial loss that would be recognized at the reporting date if the counter parties failed to meet its contractual obligations. The maximum exposure to credit risk is equal to the carrying amount of financial assets.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group’s performance to developments affecting a particular industry or geographical location.

As at 31 December 2022 and 2021, all amounts were due from SPCO, SCP and JCP. Also refer to Note 14.

21 Financial risk management (continued)

21.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Group has established credit policies and procedures that are considered appropriate and commensurate with the nature and size of receivables. The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all due from related parties' balances arising out of commercial transactions. For due from related parties' balances arising out of non-commercial transactions, the Group uses the following staging criteria when using the general approach for estimating ECL:

- At initial recognition, stage 1 is assigned to the financial asset;
- At subsequent measurement dates, a financial asset would be classified in:

  i) Stage 1 (12-month ECL), if at the reporting date it is not credit impaired and credit risk has not increased significantly since initial recognition or it belongs to a low credit risk portfolio;

  ii) Stage 2 (30+ days overdue or counterparty risk downgraded to non-investment grade), if at the reporting date it is not credit impaired and credit risk has not increased significantly since initial recognition; or

  iii) Stage 3 (365+ days overdue or in default), if at the reporting date it is credit-impaired.

For due from related parties, an internal risk assessment process determines the credit quality of the counter-parties, considering their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. As at 31 December 2022 and 2021, there are no assumptions to which a reasonably possible change may cause a material change to the provision for expected credit loss on due from related parties.

Credit risk on related parties is considered minimal as management monitors and reconciles amounts due from related parties on a regular basis and recoverability is not considered to be doubtful. Management does not expect any losses from non-performance by such related parties. At 31 December 2022 and 2021, the non-commercial portion of due from related parties' balance was in Stage 1 and the ECL allowance on due from related parties was immaterial.

Other financial assets:

Other financial assets at amortised cost include loans to employees and other receivables. The instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Management considers 'low credit risk' for loan to employees and other receivables. At 31 December 2022 and 2021, the ECL allowance on other financial assets was immaterial.

Cash at bank:

For banks, parties generally with a rating of P-1 are accepted. The stated rating is as per the global bank ratings by Moody's Investors Service. The ECL for cash and cash equivalents is determined using the general approach, and instruments are considered as low risk. Management does not expect any losses from nonperformance by these counterparties. At 31 December 2022 and 2021, the ECL allowance on cash at bank was immaterial.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

21 Financial risk management (continued)

21.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

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

The maturity of the Group's financial liabilities based on the remaining contractual maturity period at the reporting date is less than one year.

21.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Total capital for the Group is calculated as 'total equity' as shown in the consolidated statement of financial position.

During the years ended 31 December 2022 and 2021, the Group did not have any debt.

21.3 Fair value estimation

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

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

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, including the level in the fair value hierarchy in which such valuations should be classified.

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

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

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

21 Financial risk management (continued)

21.3 Fair value estimation (continued)

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The fair values of the Group's financial instruments are estimated to approximate their carrying values since the 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 current carrying values within twelve months from the date of consolidated statement of financial position.

22 Financial instruments

The financial instruments by measurement category are detailed in the table below:

	2022	**2021**
Financial assets at amortised cost		
Other assets	**5,492**	4,986
Prepayments and other current assets	**1,193**	3,402
Due from related parties	**903,077**	1,259,561
Short-term Murabaha deposits	**1,245,030**	497,000
Cash and cash equivalents	**200,046**	1,813,811
Total	**2,354,838**	3,578,760
Financial liabilities at amortised cost		
Due to related parties	**-**	51
Accrued and other liabilities	**38,135**	34,920
Total	**38,135**	34,971

23 Contingencies and commitments

At 31 December 2022, the Group has contingencies in relation to bank guarantees issued in the normal course of business amounting to Nil (31 December 2021: Saudi Riyals 2.4 million).

24 Events after the reporting date

The Group's joint venture – SPCo, undertook a major routine plant maintenance activity during the year, which was completed successfully, and the operations resumed normally at the completion of the same. However, subsequent to the year ended 31 December 2022, SPCo had to shutdown its Ethylene refrigeration unit to undertake certain further repair and maintenance work, to ensure safe and reliable operations of such unit. The repair and maintenance work has been completed successfully and the plant resumed operations in March 2023. The financial impact of the shutdown cannot be measured reliably as of the date of these consolidated financial statements.