NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

INDEX	**PAGE**

mazars

Al Kharashi & Co.
Certified Accountants and Auditors
7425 Sahab Tower-Alttakhassusi Street
Riyadh- KSA.
P.O Box. 8306, Riyadh 11482
Tel: +966 920028229
Fax: +966 11 477 4924
www.mazars.sa

INDEPENDENT AUDITOR'S REPORT

To the shareholders
Nama Chemicals Company
(A Saudi Joint Stock Company)
Jubail Industrial City - Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of Nama Chemicals Company (a Saudi Joint Stock Company) ("the Company or NAMA") and its subsidiaries (collectively referred to as "the Group") which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for charted and professional accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report..We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Al Kharashi & Co.
Certified Accountants and Auditors
7425 Sahab Tower-Alttakhassusi Street
Riyadh- KSA.
P.O Box. 8306, Riyadh 11482
Tel: +966 920028229
Fax: +966 11 477 4924
www.mazars.sa

INDEPENDENT AUDITOR'S REPORT (Continued)

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 year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter listed below, our description on how our audit have addressed this matter is set below:

Key audit matter	How the matter was addressed in our audit
2) Borrowings – Compliance with loans covenants The Group has loans as at December 31, 2022 amounting to SR 472 million (2021: SR 516 million) out of which SR 90.8 million is payable within 1 year (2021: SR 53.15 million). These loans are subject to compliance with certain loans covenants, which includes maintenance of certain financial ratios and other conditions. We considered borrowings of the Group as a key audit matter due to the requirements to comply with above mentioned covenants and the significance of the balances reflected in the consolidated statement of financial position. Refer to note 1 and 16 to the consolidated financial statements for the status of Group's borrowing with regards to compliance with covenants.	We have performed the following procedures for assessing the Group's compliance with loans covenants: • Obtained loan agreements and understood the key terms and condition of loan including loan covenants, • Checked the accuracy of the current and non-current maturity of loans as presented in these consolidated financial statements in accordance with loans terms and conditions, • Obtained and agreed borrowing confirmation to the balances appearing in the consolidated statement of financial position, • Assessed the compliance with loan covenants, • Reviewed the adequacy of the related disclosures as presented in the accompanying consolidated financial statements, and • Reviewed correspondence with the lending banks and SIDF.

INDEPENDENT AUDITOR'S REPORT (Continued)

Key audit matter	How the matter was addressed in our audit
2) **Impairment of property, plant and** Operating fixed assets amounted to SR 639 million (2021: SR 687.5 million) which represents 56**%** (2021: 58%) of the total assets of the Group as of December 31, 2022. Management has performed a review of its estimate of the test of impairment review of operating fixed assets as of year end to assess whether there is any indication of potential impairment. This review has resulted in an indication of impairment for one of its subsidiary.This review prepaired by using valuation methods to determine the expected recoverable amounts of its assets. Such methods include assumptions related to future sales volume, prices, operating assets, growth rates, terminal value and other related assumptions. We considered this as a key audit matter due to significant judgements and key assumptions involved in the impairment assessment process. Refer note 3 to the consolidated financial statements for the accounting policy related to impairment of non-current assets.	We have performed the following procedures for assessing the impairment of operating fixed assets: • Evaluated key assumptions used by the management, • Reviewed the mangment assessment report for the reasonableness of the valuation methodology of operating fixed assets analysis prepared by the management. As part of our review, we assessed the reasonableness of key management assumptions in respect of estimated future cash flows, growth and discount rates and assessed the sensitivity analysis on key assumptions, • Compared key assumptions against historical trends and business plans as applicable. Additionally, we reviewed and assessed the future business plans both from internal and external perspectives, and compared forecast to historical trends, • Checked the accuracy and completeness of the information produced by management, that was used as the basis of impairment assessment, and • Considered the adequacy of the group's disclosures as presented in the accompanying consolidated financial statements in accordance with applicable accounting standards.

Al Kharashi & Co.
Certified Accountants and Auditors
7425 Sahab Tower-Alttakhassusi Street
Riyadh- KSA.
P.O Box. 8306, Riyadh 11482
Tel : +966 920028229
Fax : +966 11 477 4924
www.mazars.sa

INDEPENDENT AUDITOR'S REPORT (Continued)

Key audit matter	How the matter was addressed in our audit
3) Revenue recognition The Group has recognized revenue of Saudi Riyals 577.2 million (2021: SR 554.3 million) during the year ended December 31, 2022. The revenue earned is recognized at point in time when control over goods is transferred to the customer generally on delivery of goods to the customers. Accordingly this requires management to establish the fact that control over goods is transferred at the time of dispatch in accordance with IFRS 15. The terms that define when control are transferred to the customer as well as high volume and value of transactions give rise to the risk that revenue is not recognized in the correct time and period. Accordingly due to the significant risk associated with revenue recognition in accordance with terms of IFRS 15 'Revenue from contracts with customers' it was considered as a key audit matter	Our audit procedures to assess the recognition of revenue included the following: • Assessed Group's revenue recognition policy and its compliance in terms of IFRS 15; • Assessed the design and implementation of internal controls related to revenue recognition; • Performed sample tests of individual sales transactions and traced to sales invoices, sales orders and other related documents. Further, in respect of the samples tested we checked that the revenue has been recognized as per contractual terms; • Performed revenue analysis in order to establish any unusual trends; • Selected sample of transactions performed pre and post year end agreeing the period of revenue recognition validating the delivery notes and customer acknowledgement on delivery.

Other information

Management is responsible for the other information. The other information comprises the information included in the Group's annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.mangment is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated When we read the annual report, and we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance

Al Kharashi & Co.
Certified Accountants and Auditors
7425 Sahab Tower-Alttakhassusi Street
Riyadh- KSA.
P.O Box. 8306, Riyadh 11482
Tel: +966 920028229
Fax: +966 11 477 4924
www.mazars.sa

INDEPENDENT AUDITOR'S REPORT (Continued)

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Company's By-laws and applicable requirements of company's regulations, and for such internal controls as management determines are 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 have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's "responsibilities" for the audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

mazars

Al Kharashi & Co.
Certified Accountants and Auditors
7425 Sahab Tower-Alttakhassusi Street
Riyadh- KSA.
P.O Box. 8306, Riyadh 11482
Tel: +966 920028229
Fax: +966 11 477 4924
www.mazars.sa

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's responsibilities for the audit of the Consolidated Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

For Al-Kharashi & Co.

Abdullah S. Al-Misned
License No. (456)

الخـــراشـــي وشــركــاه
محاسبون و مراجعون قانونيون
س.ت: C.R.: 1010327044
Certified Accountants
& Auditors
AL-Kharashi Co.

Riyadh:
Shah'ban 27,1444H
March 19, 2023

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2022	December 31, 2021 *Restated (note 31)*	January1, 2021 *Restated (note 31)*
ASSETS				
Non-current assets				
Property, plant and equipment	5	**638,958**	687,547	735,103
Deferred cost	8	**34,180**	35,744	38,471
Investment properties	6	**66,903**	69,115	71,326
Financial assets at fair value through other comprehensive income	7	**-**	-	128,120
Long term prepaid employees' benefit	8	**103,891**	115,196	117,582
Total non-current assets		**843,932**	907,602	1,090,602
Current assets				
Inventories	9	**128,078**	107,120	72,698
Long Term Prepaid Employees' Benefit – Current Portion	8	**5,753**	5,738	5,475
Trade receivables	10	**111,827**	119,008	88,190
Advances, prepayments and other receivables	11	**34,179**	20,750	26,182
Cash and cash equivalents	12	**9,318**	10,264	6,163
Total current assets		**289,155**	262,880	198,708
TOTAL ASSETS		**1,133,087**	1,170,482	1,289,310
EQUITY AND LIABILITIES				
Equity				
Share capital	13	**235,200**	235,200	235,200
Statutory reserves		**6,435**	2,733	-
Actuarial remeasurement reserves / other reserves	14	**(6,595)**	(5,744)	101,298
Retained earnings/ Accumulated losses		**150,936**	117,622	(30,252)
Treasury shares	15	**-**	-	(2,911)
Total equity		**385,976**	349,811	303,335
LIABILITIES				
Non-current liabilities				
Long term loans	16.2	**381,276**	462,904	33,443
Employees' end of service benefits	17	**34,968**	33,441	43,654
Lease Liabilities	18	**12,653**	10,301	11,236
Total non-current liabilities		**428,897**	506,646	88,333
Current liabilities				
Long term loans – current portion	16.2	**76,755**	49,413	662,970
Short term loans	16.1	**14,019**	3,739	43,840
Lease Liabilities	18	**4,060**	1,084	1,678
Trade payables		**167,694**	204,814	109,140
Provision for zakat	23.2	**7,659**	10,146	29,534
Accrued expenses and other liabilities	19	**48,027**	44,829	50,480
Total current liabilities		**318,214**	314,025	897,642
Total liabilities		**747,111**	820,671	985,975
TOTAL EQUITY AND LIABILITIES		**1,133,087**	1,170,482	1,289,310
Contingencies and commitments	29			

Chief Financial Officer	**Chief Executive Officer**	**Chairman**

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

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	2022	2021 *Restated (note 31)*
Revenue	20	**577,211**	554,277
Cost of revenue	21.1	**(456,272)**	(454,600)
Gross profit		**120,939**	99,677
Selling and distribution expenses	21.2	**(33,358)**	(38,409)
General and administrative expenses	21.3	**(43,927)**	(45,457)
Operating profit		**43,654**	15,811
Finance cost, net	21.4	**(12,629)**	(13,408)
Investment income, net	22.1	**3**	5,530
Miscellaneous income, net	22.2	**8,479**	23,910
Profit before zakat		**39,507**	31,843
Zakat	23	**(2,491)**	(4,154)
Net profit for the year		**37,016**	27,689
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Change in fair value of equity instruments at fair value through other comprehensive income	7	-	11,840
Re-measurement (loss) / gain on employees' end of service benefits	17	**(839)**	1,056
Gain on disposal of treasury shares		-	5,919
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(12)**	(28)
Other comprehensive (loss) / income for the year		**(851)**	18,787
Total comprehensive income for the year		**36,165**	46,476
Earnings per share:			
- Basic	24	**1.574**	1.183
- Diluted	24	**1.574**	1.177
Weighted average number of shares outstanding:			
- Basic ('000')	24	**23,520**	23,396
- Diluted ('000')	24	**23,520**	23,520

Chief Financial Officer **Chief Executive Officer** **Chairman**

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

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share Capital	Statutory reserves	Actuarial remeasurement reserves / other reserves	Retained earnings *(Restated note 31)*	Treasury Shares	Total equity
Balance at January 1, 2021 *(before restatements)*	235,200	-	101,298	(46,968)	(2,911)	286,619
Restatements *(note 31)*		-	-	16,716	-	16,716
Balance at January 1, 2021 *(after restatements)*	235,200	-	101,298	(30,252)	(2,911)	303,335
Net income for the year	-	-	-	27,689	-	27,689
Other comprehensive income for the year	-	-	18,787	-	-	18,787
Fair value reserve on disposal	-	-	(119,910)	119,910	-	-
Treasury shares on disposal	-	-	(5,919)	3,008	2,911	-
	-	-	(107,042)	150,607	2,911	46,476
Transfer to statutory reserves	-	2,733	-	(2,733)	-	-
Balance at December 31, 2021	235,200	2,733	(5,744)	117,622	-	349,811
Balance at January 1, 2022	**235,200**	**2,733**	**(5,744)**	**117,622**	**-**	**349,811**
Net income for the year	-	-	-	**37,016**	-	**37,016**
Other comprehensive loss for the year	-	-	**(851)**	-	-	**(851)**
	-	-	**(851)**	**37,016**	-	**36,165**
Transfer to statutory reserves	-	**3,702**	-	**(3,702)**	-	-
Balance at December 31, 2022	**235,200**	**6,435**	**(6,595)**	**150,936**	**-**	**385,976**

Chief Financial Officer **Chief Executive Officer** **Chairman**

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

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	2022	2021 *Restated (note 31)*
Cash flows from operating activities			
Profit before zakat for the year		**39,507**	31,843
Adjustments for:			
Depreciation on operating fixed assets	5.1	**59,677**	57,020
Depreciation on Right of use assets	5.5	**5,574**	1,750
Amortisation of investment properties	6	**2,212**	2,211
Amortisation of deferred cost of villa development	8	**1,943**	2,203
Reversal of provision for zakat	23	**(4,061)**	(21,034)
Dividend income		-	(5,514)
Finance cost, net		**10,280**	11,425
Allowance for impairment of trade receivables	10.2	**(416)**	1,038
Early retirement - right of use assets		**613**	-
Loss on disposal of operating fixed assets		**49**	-
Provision for employees' end of service benefits	17	**3,666**	3,717
		119,044	84,659
Working capital adjustments			
Inventories		**(20,958)**	(34,422)
Trade receivables		**7,597**	(31,856)
Long term prepaid employees' benefits		**13,022**	6,054
Advances, prepayments and other receivables		**(13,429)**	5,432
Trade and other payables		**(37,120)**	95,674
Accrued expenses and other liabilities		**3,198**	(5,659)
Cash generated from operations		**71,354**	119,882
Finance cost paid		**(2,960)**	(10,712)
Employees' end of service benefits paid	17	**(2,978)**	(12,874)
Zakat paid	23	**(917)**	(2,508)
Net cash generated from operating activities		**64,499**	93,788
Cash flows from investing activities			
Dividend income received		-	5,514
Additions to property, plant and equipment	5	**(8,374)**	(15,991)
Proceeds from sale of financial assets at fair value through OCI	7	-	139,960
Proceeds from sale of treasury shares	15	-	5,919
Proceeds from sale of property, plant and equipment		-	1,614
Net cash (used in) / generated from investing activities		**(8,374)**	137,016
Cash flows from financing activities			
Proceeds from short term loans		**13,954**	-
Lease liabilities Retired		**(642)**	-
Lease liabilities settled	18	**(6,432)**	(2,478)
Repayment of short-term loans		**(3,739)**	(40,101)
Repayment of long-term loans		**(60,200)**	(184,096)
Net cash used in financing activities		**(57,059)**	(226,675)
Net change in cash and cash equivalents		**(934)**	4,129
Exchange differences on translation of foreign operations		**(12)**	(28)
Cash and cash equivalents at January 01,		**10,264**	6,163
Cash and cash equivalents at December 31,		**9,318**	10,264
Non-cash transactions:			
Re-measurement gain on employees' end of service benefits		**(839)**	1,056
Fair value reserve on disposal		-	(119,910)
Treasury shares on disposal			(3,008)

Chief Financial Officer **Chief Executive Officer** **Chairman**

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

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

NAMA Chemicals Company ("the Company") ("NAMA") is a Saudi Joint Stock Company registered in Al-Jubail Industrial City under commercial registration number 2055007420. The registered office of the Company is situated in Al-Jubail, Kingdom of Saudi Arabia. The share capital of the Company amounts to SR 235.2 million divided into 23.52 million shares of SR 10 each.

The principal activities of NAMA and its subsidiaries ("the Group"), each of which operates under individual commercial registration, are to own, establish, operate, and manage industrial projects in the petrochemical and chemical fields and engage in real estate operations.

The Company's registered address is P.O. Box 11919, Jubail Industrial City 31961, Kingdom of Saudi Arabia.

These consolidated financial statements have been prepared assuming that the Group will continue as a going concern. At the reporting date, the total current liabilities exceeded the total current assets by SR 29.1 million (2021: SR 51.1 million), mainly because obtaining short-term loans from local banks. The Group management has taken several measures which have begun to have a positive impact on the Group financial results by comparing the current year's results with the previous year. It is expected to continue with these positive results in the foreseeable future so that there will be no restrictions on the Group to meet its current liabilities through normal activities. The Group management has prepared its business plan, which is dependent on a number of factors, estimations, and assumptions in behind with achieving current profitable results which gives a conclusion that the group will have the ability to meet all of it is current liabilities on due dates.

1.1 Structure of the group

The consolidated financial statements include the financial statements of the company and the following subsidiaries:

- Al-Jubail Chemical Industries Company ("JANA"), a limited liability Company, is owned 95% by NAMA and 5% by NAMA Industrial Investment Company, a subsidiary of NAMA.
- Arabian Alkali Company ("SODA"), a limited liability Company, is owned 90% by NAMA and the remaining 10% by JANA.
- NAMA Industrial Investment Company, a limited liability Company, is owned 95% by NAMA and 5% by SODA.
- NAMA Europa GMBH, a limited liability Company incorporated in Switzerland, is owned 99% by NAMA Industrial Investment Company and 1% by NAMA. The shareholding was notified in the commercial registry in Bern vide - CH-036.4.041.685-8.
- NAMA Germany GMBH, a limited liability Company incorporated in Germany, is fully owned by NAMA Europa GMBH.

NAMA has effectively 100% ownership in these subsidiaries. The above wholly owned subsidiaries, including their assets, liabilities, and results of operations, are included in the accompanying consolidated financial statements.

On September 5, 2022 (corresponding safer 9,1444H) NAMA board of directors has decided to change the ownership structure of JANA, SODA, and NAMA Industrial Investment Company., NAMA will have 100% direct ownership of these subsidiaries. As at the reporting ate, the ownership transfer mechanism is under process. This will not have any financial impact on consolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2.2 Basis preparation of the consolidated financial statement

The consolidated financial information has been prepared under the historical cost convention unless it is allowed by the IFRS to be measured at other valuation methods, as illustrated in significant accounting policies note.

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts in the consolidated financial statements. The estimates that are significant to the consolidated financial statements are disclosed in note 3.18.

2. BASIS OF PREPARATION (Continued)

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (SR), which is the Group's functional and presentation currency.

2.4 New standards, amendments to standards, and interpretations

The below-mentioned IFRSs are not expected to have a significant impact on the financial statements of the group.

a) New and revised standards with no material effect on the financial statements

The following revised IFRSs have been adopted. The application of these revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

- COVID-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16), effective date April 1, 2021;
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37), effective date January 1, 2022;
- Annual Improvements to IFRS Standards 2018-2020, effective date January 1, 2022;
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16), effective date January 1, 2022; and
- Reference to the Conceptual Framework (Amendments to IFRS 3), effective date January 1, 2022.

b) New and revised standards issued but not yet effective

IFRS 17 Insurance contracts (Amendments to IFRS 17), effective for annual periods beginning on or after January 1, 2023.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), effective for annual periods beginning on or after January 1, 2023.
- Definition of Accounting Estimate (Amendments to IAS 8), effective for annual periods beginning on or after January 1, 2023.
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes, effective for annual periods beginning on or after January 1, 2023.
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17), effective for annual periods beginning on or after January 1, 2023.
- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after January 1, 2024.
- Lease Liabilities in a Sale and Leaseback (Amendments to IFRS 16) effective for annual periods beginning on or after January 1, 2024.
- Non-current Liabilities with Covenants (Amendments to IAS 1), effective for annual periods beginning on or after January 1, 2024.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The above-mentioned IFRSs are not expected to have a significant impact on the financial statements of the group.

2.5 Basis of consolidation

The consolidated financial statements comprise those of Nama Chemicals and of its subsidiaries (the Group), as detailed in note 1.

Control is achieved when the Group:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses 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 listed above. 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, profit, or loss 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

2. BASIS OF PREPARATION (Continued)

2.5 Basis of consolidation (continue)

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the Consolidated Statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Consolidated Statement of profit or loss and each component of other comprehensive income are attributed to the shareholders of the Group. The total comprehensive income of subsidiaries is attributed to the shareholders of the Group.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring its accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.6 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in the consolidated statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified consolidated statement of profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies applied by the group.

3.1 Property, plant and equipment

Property, plant and equipment (PPE) are stated at their cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is charged to the consolidated statement of profit or loss, using the straight-line method to allocate the costs of the related assets less their residual values over the following estimated economic useful lives.

Class of assets	No of Years
Buildings and leasehold improvements	20 - 40 years
Furniture, fixtures and office equipment	4 – 10 years
Plant and equipment	2 – 30 years
Vehicles	4 years

There is a renewal option on the factory land lease from the Royal Commission for, which the group management considered when preparing estimates of depreciation.

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

Impairment

The carrying values of PPE are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

The cash-generating unit (CGU), at which the impairment assessment and testing are performed, is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. 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.

Annual review of residual lives and useful lives

The residual value of an asset is the estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. If expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate.

Componentization of assets

PPE is often composed of various parts with varying useful lives or consumption patterns. These parts are (individually) replaced during the useful life of an asset. Accordingly:

- Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately, except where one significant part has a useful life and a depreciation method that is the same as those of another part of that same item of PPE; in which case, the two parts may be grouped together for depreciation purposes;
- Under the component approach, the Group does not recognize in the carrying amount of an item of PPE the costs of the day-to-day servicing of the item. These costs are recognized in the consolidated statement of profit or loss as incurred. The various components of assets are identified and depreciated separately only for significant parts of an item of PPE with different useful lives or consumption patterns; however, the principles regarding replacement of parts (that is, subsequent cost of replaced part) apply generally to all identified parts, regardless whether they are significant or not.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Property, plant and equipment (Continued)

Capitalization of costs under PPE

The cost of an item of PPE comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs 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.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation incurred either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that year.

Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized when replaced.

Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualified assets until the commencement of commercial production.

All other repairs and maintenance are charged to the consolidated statement of profit or loss during the reporting year in which they are incurred. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or production output are charged to the consolidated statement of profit or loss as and when incurred.

Capital Spare Parts (CSP)

The Group classifies CSPs into critical spare parts (strategic spare parts) and general spare parts using the below guidance:

- A critical spare part is one that is on "stand-by", i.e. probable to be a major item / part critical to be kept on hand to ensure uninterrupted operation of production equipment. They would normally be used only due to a breakdown, and are not generally expected to be used on a routine basis. Depreciation on critical spares commences immediately on the date of purchase.
- General spare parts are other major spare parts not considered critical and are bought in advance due to planned replacement schedules (in line with prescribed maintenance program) to replace existing major spare parts with new parts that are in operation. Such items are considered to be "available for use" only at a future date, and hence depreciation commences when it is installed as a replacement part. The depreciation period for such general capital spares is over the lesser of its useful life, and the remaining expected useful life of the equipment to which it is associated.

Assets under construction

Assets in the course of construction or development are capitalized in the capital work-in-progress ("CWIP") account. The asset under construction or development is transferred to the appropriate category in property, plant and equipment or intangible assets (depending on the nature of the project), once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of CWIP comprises its purchase price, construction / development cost and any other directly attributable to the construction or acquisition of an item of CWIP intended by management. Costs associated with testing the items of CWIP (prior to its being available for use) are capitalized net of proceeds from the sale of any production during the testing period. CWIP is not depreciated or amortized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Property, plant and equipment (Continued)

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and restoration costs. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over underlying asset's useful life. Right-of-use assets are subject to impairment.

3.2 Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the Group measures its investment property using cost model i.e. cost less accumulated depreciation and impairment, if any.

The estimated useful life of investment property for the calculation of depreciation is 40 years. Depreciation is calculated on a straight-line basis over the estimated useful lives of the investment property.

Investment property is derecognized either when they have been disposed-off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated profit or loss in the period of de-recognition.

3.3 Inventories

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials, packing material and spare parts at weighted average cost basis; cost comprises all costs of purchases and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work-in-process at weighted average cost basis: these include cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. The NRV assessment to write down the inventory is normally made on an individual item basis.

The practice of writing inventories down below cost to net realizable value is consistent with the view under IFRS that assets should not be carried in excess of amounts expected to be realized from their sale.

An allowance is made against slow moving, obsolete and damaged inventories. Damaged inventories are identified and written down through the inventory counting procedures. Provision for slow-moving and obsolete inventories is assessed by each inventory category as part of their ongoing financial reporting. Obsolescence is assessed based on comparison of the level of inventory holding to the projected likely future sales.

3.4 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise current assets and deposits held with the bank, all of which have original maturities of 90 days or less and are available for use by the Group unless otherwise stated. In the consolidated statement of financial position, based on nature of Group's facility, bank overdraft is presented under borrowings if any.

3.5 Foreign currency translations

Items included in the consolidated financial statements of the Group is measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Saudi Riyals (SR) that is the functional and presentation currency. Figures have been rounded off to the nearest Riyal in thousand unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Foreign currency translations (continued)

Transactions and balances

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within 'Other income/(expenses) – net'.

3.6 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 economic resources will be required to settle the obligation in the future; and
- the amount can be reliably estimated.

If the effect of the time value of money are material, provisions are discounted using a current rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where there are a number of similar obligations, (e.g. product warranties, similar contracts or other provisions) the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3.7 Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the year on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Incremental rate is the rate that the individual lessee would pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce constant periodic rate of interest on the remaining balance of the liability of each year.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of rented properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Employee benefits

Short term obligation

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations within accruals in the consolidated statement of financial position.

Employees' end-of-service benefits (EOSB)

The liability or asset recognized in the consolidated statement of financial position in respect of defined benefit. EOSB plan is the present value of the defined benefit obligation at the end of the reporting year. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Defined benefit costs are categorized as follows:

Service cost

Service costs includes current service cost and past service cost are recognized immediately in consolidated statement of profit or loss.

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

Interest cost

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Re-measurement gains or losses

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the year in which they occur, directly in other comprehensive income.

3.9 Employees' home ownership program

The Group has an employees' home ownership program (HOP), which is managed by the Group, whereby the eligible Saudi employees have the opportunity to buy residential units constructed by the Group after the completion of certain years of service and fulfilment of conditions as per the contract with respective eligible employees. Total estimated unrecoverable cost at the beginning of the project relating to HOP are recognized as deferred employees costs and amortized over the remaining life span of the home ownership plan , starting from the time the residential units are allocated to the employees.

Ownership of the houses is transferred upon full settlement of receivable balance due from employee over the period of service as per the terms and conditions of the contract with the employee. HOP accounts consist of Employee receivables and other receivables arising from the sale of any other houses / villas to third parties (collectively are

referred to as "Long Term Prepaid Employees Benefits "), unallocated units and deferred employees costs. The accounting policies for the treatment of each account are as follows:

Long term prepaid employees' benefit

Costs relating to house ownership plan for employees are recognized as long term prepaid employees' benefit at time the residual units are allocated to the employees and are amortized over the period during which employees relay such residential unit costs.

Unallocated units

This account represented the cost for the units that has not yet been allocated to the employees. Unallocated units have been shown at their original value less accumulated depreciation and included under Property, plant & equipment.

Deferred employees' costs

This account represented the cost incurred on the villas which is not recoverable from the employees and accordingly amortized on the expected remaining ownership plan of the eligible employees. The basis of amortization is straight line method over the duration of the home ownership program.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Revenue recognition

Revenue from contracts with customers

a) Sale of goods

The Group recognizes revenue when a customer obtains controls of the goods at a point in time i.e. on delivery and acknowledgement of goods, using the five-step model. This includes:

a) Identification of a contract with a customer, i.e., agreements with the Group that creates enforceable rights and obligations.
b) Identification of the performance obligations in the contract, i.e., promises in such contracts to transfer products or services.
c) Determination of the transaction price which shall be the amount of consideration the Group will expect to be entitled to in exchange for fulfilling its performance obligations (and excluding any amounts collected on behalf of third parties).
d) Allocation of the transaction price to each identified performance obligation based on the relative stand-alone estimated selling price of the products or services provided to the customer.
e) Recognition of revenue when/as a performance obligation is satisfied, i.e., when the promised products or services are transferred to the customer and the customer obtains control. This may be overtime or at a point in time.

Revenue shall be measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognized. Where there are no specific criteria, above policy will apply and revenue is recorded as earned and accrued.

Revenue is recognized upon delivery or shipment of the products in accordance with the contract terms by which the control of the goods/ products are transferred to the customers and the Group has no effective control over or continuing management involvement over these goods.

For local sales, customer obtains control when the goods are delivered to the customer's warehouses. For international sales, control is transferred when loading the goods at the relevant area at the port.

b) Rental income from investment properties

Revenue from investment properties is generally recognized in the accounting period in which the services are rendered, using straight-line basis, over the term of the lease contract.

3.11 Miscellaneous income

Other income comprises of insurance recoveries and dividends received. Insurance recoveries are recognized in consolidated profit or loss as and when received. Dividend income is recognized in consolidated profit or loss on the date on which the Group's right to receive the payment is established.

3.12 Borrowings

Borrowings are initially recognized at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in consolidated statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in consolidated statement of profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Costs relating to general and specific borrowings that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale, as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Borrowings (continued)

Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the year in which they are incurred in the consolidated statement of profit or loss.

3.13 Zakat and withholding taxes

The Group is subject to the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Moreover, the foreign subsidiaries are subject to the relevant laws relating to income tax in the countries where they conduct their activities. Zakat is computed at 2.5%. A provision for zakat for the is charged to the consolidated statement of profit or loss. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined and settled against any previously provided provisions, if any.

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

3.14 Dividend

Provision or liability is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Group, on or before the end of the reporting year but not distributed at the end of the reporting year.

3.15 Statutory reserve

In accordance with regulations for companies in Saudi Arabia and the by-laws of the Company, the Group has established a statutory reserve by the appropriation of 10% of net income, if available after absorption of accumulated losses, until the reserve equals 30% of the share capital. This reserve is not available for dividend distribution.

3.16 Expenses

Expenses are classified according to their function as part of cost of sales, or the cost of selling and distribution or administrative activities. Selling, distribution, general and administrative expenses include indirect costs not specifically part of production costs as required as per generally accepted accounting principles. Allocations between selling, distribution, general and administrative expenses and production costs, when required are made on a consistent basis.

3.17 Operating Segment

An operating segment is a component of the Group that engages in the business activities from which it may earn revenues and incur expenses, including revenues 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. 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.

3.18 Critical accounting judgments and key sources of estimation uncertainty

The following critical judgments and estimates have the most significant effect on the amounts recognized in the consolidated financial statements:

- Revenue
- Economic useful lives of property, plant and equipment;
- Lease term;
- Zakat;
- Impairment of non-financial assets;
- Estimation of employees' end of service benefits obligation;
- Allowance for impairment of trade receivables;
- Employees' home ownership program;
- Provision for obsolete, slow moving and damaged inventory; and
- Contingencies.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Critical accounting judgments and key sources of estimation uncertainty (Continued)

Judgements:

• Revenue recognition:

In recognizing revenue from the customers, Group makes judgement in respect of nature and timings of the satisfaction of performance obligations, including significant payment terms and related revenue recognition policies. This results in decision on whether revenue is to be recognized over time or at a point in time. Group revenues are recorded at point in time.

Estimates and assumptions

Economic useful lives of property, plant, equipment

The Group periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. During the current financial year, there was no material financial effect of revising lease terms to reflect the effect of exercising extension or termination options.

Zakat

The Group is subject to zakat in accordance with the regulations of Zakat, Tax and Customs Authority ("ZATCA"). Zakat is accrued and charged to the consolidated statement of profit or loss. Additional zakat liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the final assessments are finalized and settled with previously formed provisions.

Impairment of non-financial asset

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Estimation of employees' end of service benefits

The cost of defined benefit obligation and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Allowance for impairment of trade receivables

The Group assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, which are carried at amortized cost and Fair value through other comprehensive income ('FVOCI'). The ECL is based on a 12-month ECL and a lifetime ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Critical accounting judgments and key sources of estimation uncertainty (Continued)

Allowance for impairment of trade receivables (continued)

For accounts receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. ECL assessment requires a several estimates related to the categorization of customers, discount rates and a general assessment of the economic conditions in the market. Management use their best estimates and historical trends of customers to assess the receivables provision under ECL model.

Provision for obsolete, slow moving and damaged inventory

The Group's management makes a provision for slow moving, obsolete and damaged inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the Consolidated Statement of financial position date to the extent that such events confirm conditions existing at the end of year.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

4. SEGMENTAL INFORMATION

Consistent with the Group's internal reporting process, business segments have been approved by management in respect of the Group's activities. The Group's sales, net profit, assets and liabilities, by business segment, are as follows:

	Epoxy resin products	Chlor Alkali products	Inter-Group eliminations	Others	Total
For the year ended December 31, 2022					
Revenue	**374,489**	**323,855**	**(142,006)**	**20,873**	**577,211**
Finance cost	**5,203**	**7,080**	-	**346**	**12,629**
Depreciation, amortization and impairment	**16,586**	**48,978**	-	**3,843**	**69,407**
Zakat	-	-	-	**2,491**	**2,491**
Net profit	**19,395**	**57,251**	**(45,762)**	**6,132**	**37,016**
Total assets	**549,953**	**479,922**	-	**103,212**	**1,133,087**
Total liabilities	**350,519**	**345,000**	-	**51,591**	**747,110**
For the year ended December 31, 2021 (Restated Note 31)					
Revenue	315,704	312,299	(94,710)	20,984	554,277
Finance cost	4,970	8,052	-	386	13,408
Depreciation, amortization and impairment	15,746	44,013	-	3,425	63,184
Zakat	-	-	-	4,154	4,154
Net profit	18,992	5,705	(9,672)	12,664	27,689
Total assets	540,870	522,189	-	107,423	1,170,482
Total liabilities	407,072	347,929	-	65,670	820,671

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. SEGMENTAL INFORMATION (continued)

Reconciliation of net Profit of operating segments

	December 31, 2022	December 31, 2021
Segment profit	82,778	37,361
Inter-segment profit elimination	45,762	9,672
Net profit for the year	37,016	27,689

Geographical Information

The geographic information analyses the Group's revenue and non-current assets by the Group's country of domicile and other countries.

	December 31, 2022	December 31, 2021
Revenue		
Saudi Arabia	286,700	254,246
Other countries	290,511	300,031
Total Revenue	577,211	554,277
Non-Current Assets		
Saudi Arabia	843,931	907,602

5. PROPERTY, PLANT AND EQUIPMENT

	Note	December 31, 2022	December 31, 2021 *Restated (Note 31)*
Operating fixed assets	5.1	623,329	676,792
Right of use assets	5.5	15,629	10,755
		638,958	687,547

5.1 Operating fixed assets

	For the year ended December 31, 2022					
	Buildings and leasehold improvements	Plant and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
Cost:						
At the beginning of the year	79,402	2,102,738	14,039	2,209	28,654	2,227,042
Additions	349	5,892	359	-	1,774	8,374
Disposals	(2,395)	(1,408)	(1,358)	(1,980)	-	(7,141)
Transfers	-	2,152	-	-	(2,152)	-
At the end of the year	77,356	2,109,374	13,040	229	28,276	2,228,275
Accumulated depreciation:						
At the beginning of the year	27,943	852,685	12,759	2,144	-	895,531
Disposals	(284)	(1,359)	(1,358)	(1,980)	-	(4,981)
Charge for the year	1,593	57,771	313	-	-	59,677
At the end of the year	29,252	909,097	11,714	164	-	950,227
Accumulated impairment:						
At the beginning of the year	14,527	614,787	443	65	24,897	654,719
Charge for the year	-	-	-	-	-	-
At the end of the year	14,527	614,787	443	65	24,897	654,719
Net book value:						
At December 31, 2022	33,577	585,490	883	-	3,379	623,329

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

	For the year ended December 31, 2021					
	Buildings and leasehold improvements	**Plant and equipment *(restated note 31)***	**Furniture, fixtures and office equipment**	**Vehicles**	**Assets under construction**	**Total**
Cost:						
At the beginning of the year *(before restatement)*	84,943	2,081,125	13,829	2,209	28,767	2,210,873
Restatement *(note 31)*	-	5,719	-	-	-	5,719
At the beginning of the year *(after restatement)*	84,943	2,086,844	13,829	2,209	28,767	2,216,592
Additions	-	13,544	188	-	2,259	15,991
Disposals	(5,541)	-	-	-	-	(5,541)
Transfers	-	2,350	22	-	(2,372)	-
At the end of the year	79,402	2,102,738	14,039	2,209	28,654	2,227,042
Accumulated depreciation:						
At the beginning of the year *(before restatement)*	26,752	803,756	12,416	2,144	-	845,068
Restatement *(note 31)*	-	(6,038)	-	-	-	(6,038)
At the beginning of the year *(after restatement)*	26,752	797,718	12,416	2,144	-	839,030
Disposals	(519)	-	-	-	-	(519)
Charge for the year	1,710	54,967	343	-	-	57,020
At the end of the year	27,943	852,685	12,759	2,144	-	895,531
Accumulated impairment:						
At the beginning of the year (before restatement)	14,527	619,746	443	65	24,897	659,678
Restatement *(note 31)*	-	(4,959)	-	-	-	(4,959)
At the beginning of the year *(after restatement)*	14,527	614,787	443	65	24,897	654,719
Charge for the year	-	-	-	-	-	-
At the end of the year	14,527	614,787	443	65	24,897	654,719
Net book value:						
At December 31, 2021	36,932	635,266	837	-	3,757	676,792

5.2 The Group has leased land for factory buildings and other premises from the Royal Commission for Al-Jubail and Yanbu for a period of 25 Hijra years commencing from November 1997 and September 2005.

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

5.3 On December 31, 2022, the Group reviewed the impairment assessment based on various assumptions approved by the Group's management for the determination of the Subsidiary's value in use. The review of the impairment testing assessment as of December 31, 2022, resulted in no additional impairment (2021: SR nil) to be charged to the consolidated statement of profit or loss and other comprehensive income. In determining the value in use, cash flows were discounted at 13.25%. Total impairment value as at December 31, 2022, is SR 654.7 million (2021:SR654.7 million) after deducting the net impact for the restatement of correction of errors related to the residual value and depreciation charge of the catalyst *(refer to note 31)*.

As at March 14, 2017, the Group had realized an impairment for Jubail Chemical Industries Company ("JANA") as one of its subsidiaries. The group recognized an impairment by SR 655 million during 2016 as a result for recognizing that the recoverable amount for JANA's assets was lower than its' carrying amounts. This impairment was based on an estimation of the recoverable amount of cash-generating units ("CGU") to which the operation of JANA has been allocated. To assess the JANA's impairment impact as of December 31, 2016, the group has appointed an external consultant and a report dated March 14, 2017, was issued. Considering the Company as a single CGU, the consultant applied 'Value-In-Use' ("VIU") by using the discounting cash flow methodology. Based on the analysis, the discount rates used was between 12.5% to 13.5% for JANA and assumed an average of 13% for the VIU analysis. The range is based on selected petrochemical companies listed in the Saudi stock exchange and also based on average estimates for companies operating in basic chemical sector in the emerging markets. As of December 31,2019, the group has reassessed the impairment test which resulted in an additional impairment by SR 4.7 million. Accordingly, the impairment as of December 31,2019 was by SR 659.7 million

5.4 SIDF loan is secured against the operating fixed assets of JANA *(note 16.2.1)*

5.5 Right of use assets

The Group has right of use for land, pipelines and vehicles and presents the right of use separately from operating fixed assets. Movement in right of use during the year is as follows:

	December 31, 2022					
	Lands	**Pipelines**	**Vehicles**	**Computers**	**Forklift**	**Total**
Opening balance	**9,737**	**651**	**170**	**197**	-	**10,755**
Addition	**2,788**	**1,202**	-	**435**	**6,636**	**11,061**
Early retirement of ROU	**(786)**	-	-	-	-	**(786)**
Reversal of Depreciation on early retirement of ROU	**173**	-	-	-	-	**173**
Depreciation for the year	**(1,460)**	**(381)**	**(170)**	**(288)**	**(3,275)**	**(5,574)**
Closing balance	**10,452**	**1,472**	-	**344**	**3,361**	**15,629**

	December 31, 2021				
	Lands	Pipelines	Vehicles	Computers	Total
Opening balance	10,938	787	535	-	12,260
Addition	-	-	-	245	245
Depreciation for the year	(1,201)	(136)	(365)	(48)	(1,750)
Closing balance	9,737	651	170	197	10,755

With the exception of short-term leases, the present value of each lease obligation is presented as a lease liability on the consolidated statements of financial position. Lease term period of these leases ranges from 2 to 16 years with fixed payment terms. Some lease contract have renewal option.

Each lease imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right of use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

5.6 Allocation of depreciation of property, plant, and equipment and right of use charge for the year:

	Note	December 31, 2022	December 31, 2021
Cost of Revenue	21.1	**63,654**	56,995
Selling and distribution expenses	21.2	**55**	35
General and administrative expenses	21.3	**1,542**	1,740
		65,251	58,770

6. INVESTMENT PROPERTIES

	December 31, 2022	December 31, 2021
Cost	**88,467**	88,467
Accumulated depreciation:		
At the beginning of the year	**19,352**	17,141
Charge for the year	**2,212**	2,211
At the end of the year	**21,564**	19,352
Net book value:		
At 31 December,	**66,903**	69,115

The investment properties were valued by M/s Esnad Real Estate Valuation having real estate management degree accredited by the Saudi Authority for Accredited Valuers (Taqeem) (license no: 1210000184) which is an independent professionally qualified surveyor. As at December 31, 2022, impairment valuation was performed, and these properties were valued at SR 75.2 million (2021: SR 81.2 million) against the net book values of SR 66.9 million (2021: SR 69.1 million).
The Group has leased land for investment property from the Royal Commission for Al-Jubail and Yanbu for the period till June 28, 2036

Depreciation is calculated on a straight-line basis over the estimated useful lives of the investment property.

The operational information impacts of investment properties on profit or loss are as follows:

	December 31, 2022	December 31, 2021
Rental income for the year	**20,700**	20,700
Direct operating expenses (Depreciation)	**(2,212)**	(2,211)

(All amounts in Saudi Riyals thousands unless otherwise stated)

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2022	December 31, 2021
Balance at the beginning of the year	-	128,120
Fair value gain for the year	-	11,840
Sale of investments during the year	-	(139,960)
Balance at the end of the year	-	-

During 2021, the Group sold all its shares (2,005,000) in Yanbu National Petro Chemicals Company for cash consideration of SAR 139.9 million. The fair valuation resulted in an unrealized gain of SAR 119.9 million for the year ended 31 December 2021.

8. EMPLOYEES' HOME OWNERSHIP PROGRAM

The Group have established employee's home ownership program "HOP" that offer eligible employees the opportunity to obtain residential units constructed by the Group through a series of payments over a particular number of years. These payments are deductible from eligible employees' housing allowance plus 17% of the employee's basic salary. Ownership of the houses is transferred upon completion of full payment. Under the HOP, 17% of the basic salary paid by the employee towards the unit, are repayable back to the employee in case the employee discontinues employment, and the unit is returned back to the Group. Total unrecoverable cost relating to HOP are recognized as a deferred employees cost and amortized over the period of the program. Unallocated units are shown at cost less accumulated depreciation and included under property, plant & equipment.

Long term prepaid employees benefit:

	December 31, 2022	December 31, 2021
Prepaid employee benefits	**120,934**	123,057
Villas issued during the year	**1,732**	3,931
Recovery from employees	**(13,022)**	(6,054)
Closing balance	**109,644**	120,934
Current portion	**(5,753)**	(5,738)
Net Long term prepaid benefit	**103,891**	115,196

Deferred cost:

	December 31, 2022	December 31, 2021
Opening balance	**35,744**	38,471
Amortized during the year	**(1,943)**	(2,203)
Villas issued during the year - net	**379**	1,090
Proceeds from sale of right to build	-	(1,614)
Closing balance	**34,180**	35,744

9. INVENTORIES

	Note	**December 31, 2022**	December 31, 2021
Finished goods		**36,334**	49,034
Work-in-Progress		**23,686**	1,754
Raw materials		**40,715**	40,564
Spare parts		**22,061**	20,170
Others		**13,895**	9,818
		136,691	121,340
Less: Provision for slow moving and obsolete inventories	9.1	**(8,613)**	(14,220)
		128,078	107,120

(All amounts in Saudi Riyals thousands unless otherwise stated)

9. INVENTORIES (continued)

9.1 Movement in the provision for slow moving and obsolete inventories is as follows:

	December 31, 2022	December 31, 2021
Balance at 1 January	**14,220**	14,794
Reversal for the year	**(5,607)**	(574)
Balance at 31 December	**8,613**	14,220

10. TRADE RECEIVABLES

	Note	**December 31, 2022**	December 31, 2021
Trade receivables	10.1	**113,159**	120,756
Expected credit losses of trade receivables	10.2	**(1,332)**	(1,748)
		111,827	119,008

10.1 As of 31 December, the ageing analysis of trade receivable is as follows:

	Total	Neither past due nor impaired	< 30 days	31 – 60 days	61 – 90 days	91 – 180 days	181 – 270 days	271 – 360 days	>360 days
2022	**111,827**	**68,200**	**20,067**	**8,560**	**3,898**	**8,927**	**1,251**	**924**	**0**
%	**100%**	**60%**	**18%**	**8%**	**3%**	**8%**	**1%**	**2%**	0%
2021	119,008	66,942	26,146	11,152	1,815	7,056	5,837	60	0
%	100%	56%	22%	9%	2%	6%	5%	0%	0%

10.2 Expected credit losses on trade receivables

	December 31, 2022	December 31, 2021
Balance at 1 January	**1,748**	710
Charge for the year	-	1,038
Reversal for the year	**(416)**	-
Balance at 31 December	**1,332**	1,748

Expected credit losses on trade receivables has been calculated accordance to the IFRS 9 simplified approach to measuring the expected credit losses which uses twelve months expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

11. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	December 31, 2022	December 31, 2021
Vendor advances	**14,005**	3,925
Employee receivables	**2,529**	3,183
VAT receivable	**11,429**	8,898
Others	**6,216**	4,744
	34,179	20,750

12. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Current accounts	**8,985**	9,932
Time deposits	**333**	332
	9,318	10,264

12.1 Details of amounts placed in various currencies:

	December 31, 2022	December 31, 2021
SR	**3,877**	5,741
USD	**3,851**	3,495
EUR	**1,578**	1,026
CHF	**12**	2
	9,318	10,264

12.2 Reconciliation of liabilities arising from financing activities

		Cash flows	Cash flows	Non- cash charges	
	December 31, 2021	Loans (paid) / received, net	Interest paid	Amortization of finance charges	December 31, 2022
SIDF Loan	453,311	**(20,700)**	**(1,032)**	**7,234**	**438,813**
Tawarruq financing	28,641	**(20,714)**	**(824)**	**837**	**7,940**
Murabaha loan	30,365	**(18,786)**	**(1,104)**	**803**	**11,278**
Short term loans	3,739	**10,215**	**-**	**65**	**14,019**
	516,056	**(49,985)**	**(2,960)**	**8,939**	**472,050**

13. SHARE CAPITAL

	December 31, 2022	December 31, 2021
Authorized shares of SR 10 each	**23,520**	23,520
No. of shares issued and fully paid		
Balance at the beginning of the year	**23,520**	23,520
Balance at the end of the year	**23,520**	23,520
Ordinary shares issued and fully paid (in Saudi Riyals thousands)		
Balance at the beginning of the year	**235,200**	235,200
Balance at the end of the year	**235,200**	235,200

(All amounts in Saudi Riyals thousands unless otherwise stated)

14. ACTUARIAL REMEASUREMENT RESERVES / OTHER RESERVES

	Note	**December 31, 2022**	December 31, 2021
Foreign currency translation reserve	14.2	**(650)**	(638)
Remeasurement loss on employees' end of service benefits	14.3	**(5,945)**	(5,106)
		(6,595)	(5,744)

14.1 This represents cumulative gain on the equity instruments measured at fair value through other comprehensive income:

	December 31, 2022	December 31, 2021
As at January 1,	-	108,070
Fair value gain	-	11,840
Sale of investments during the year	-	(119,910)
As at December 31,	-	-

14.2 This represents the cumulative foreign currency translation differences arising from the consolidation of foreign operations.

	December 31, 2022	December 31, 2021
As at January 1,	**(638)**	(610)
Currency translation loss	**(12)**	(28)
As at December 31,	**(650)**	(638)

14.3 This represents cumulative re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions used for estimating the employees' end-of-service benefits obligation at end of each financial position date.

	December 31, 2022	December 31, 2021
As at January 1,	**(5,106)**	(6,162)
Remeasurement gain on employees' end of service benefits	**(839)**	1,056
As at December 31,	**(5,945)**	(5,106)

15. TREASURY SHARES

Treasury shares represent shares purchased for Employee Share Program ("ESP"). During year 2010, the Board of Directors approved an ESP, which provides a 5 year service awards to eligible employees. These employees, subject to their subscription to ESP and meeting the underlying conditions, were given an option to buy 1,130,339 shares of NAMA, at an agreed exercise price of SR 8.85 per share, at a future date (the "vesting date") once they become fully entitled to the shares. The entitlement to the shares was made in different stages ranging from 10% to 40% based on the vesting period.

In relation to ESP, NAMA purchased its shares at SR 10 million in 2009 through a local financial institution ("Custodian") under a custody arrangement and these shares are held by the custodian. Due to the capital reduction undertaken by NAMA in 2017, the number of shares held under the ESP got reduced to 165,406 shares with a value of SR 2.91 million as on 31 December 2020. There is no share transferred to employee in 2022 and 2021. However, during 2021, NAMA management has sold the remaining treasury shares due to the end of program for total value SAR 5.9 million.

(All amounts in Saudi Riyals thousands unless otherwise stated)

16. LOANS

16.1 Short term loans

	December 31, 2022	December 31, 2021
Overdraft - Bank AL Jazira	-	3,739
Murabaha loans - National Bank of Kuwait	10,339	-
Tawarruq financing - Riyad Bank	3,680	-
Short term loans	**14,019**	3,739

These facilities bear interest at rate based on SIBOR plus margin. These facilities are secured by corporate guarantees and promissory notes. In addition, the Group has incurred, during the year, interest cost of SR 0.065 million (2021: 0.11 million) on short term loans

16.2 Long term loans

	Note	December 31, 2022	December 31, 2021
SIDF loans	16.2.1	438,813	453,311
Tawarruq financing	16.2.2	7,940	28,642
Murabaha loans	16.2.3	11,278	30,364
		458,031	512,317
Less: current portion		(76,755)	(49,413)
Long term loans – non-current portion		**381,276**	462,904

16.2.1 SIDF loans

This loan includes two loan tranches obtained from Saudi Industrial Development Fund (SIDF) for the construction and expansion of Epoxy and Hassad plant respectively.

During 2021, the Group has received a letter from Saudi Industrial Development Fund (SIDF) stating that the fund has rescheduled the loan with one payment in 2021 and the balance to be repaid in unequal installments from year 2023 till year 2027. During September 2021, the net proceeds of SAR 139.65 million from the sale of Yanbu National Petrochemicals Company's shares (see note # 7) were transferred to SIDF as one-time partial payment pertaining to year 2021. Also a formal loans rescheduling agreement has been signed by SIDF and Nama management.

According to the terms and conditions of the SIDF loans' agreement, the group has an option for early settlement, however the group is not intended to use this option during the agreed repayment period.

During the year, the Group charged SR 7.23 million (2021: SR 7.22 million) follow up cost on SIDF loans. SIDF charge follow up fee through invoices sent on biannual basis. SIDF loans covenants include maximum limits for capital expenditure and maintenance of certain financial ratios during the period of the loan. The loan is secured against the mortgage of the operating fixed assets of JANA.

As at December,31, 2022, the Group breached the loan covenants of the SIDF, however through communication with the SIDF Management Credit Committee, the SIDF waived these covenants before the reporting date.

16.2.2 Tawarruq financing

This loan is obtained from Bank AL Jazira and was initially repayable in 57 equal monthly installments of SR 2.7 million starting from January 31, 2018. However, in May 2020 the bank agreed to postpone the repayment of 6 installments and also revised the installment amounts as Covid-19 support. The bank loan covenants include maintenance of certain financial ratios during the period of the loan. It is subject to mark-up at SIBOR plus margin and is secured by promissory notes. In addition, the Group has incurred, during the year, interest cost of SR 0.83 million (2021: SR 2.03 million) on Tawarruq financing.

16.2.3 Murabaha loans

This loan includes three loan tranches obtained from Saudi British Bank. The first tranche is repayable in 47 equal monthly installments of SR 0.75 million starting from March 26, 2018. The second tranche is repayable in 47 equal monthly installments of SR 1.06 million starting from March 12, 2018. The third tranche is repayable in 18 equal monthly installments of SR 1.61 million starting from February 28, 2022.

In addition, the Group has incurred, during the year, interest cost of SR 0.8 million (2021: SR 1.37 million) on Murabaha loans.

(All amounts in Saudi Riyals thousands unless otherwise stated)

17. EMPLOYEES' END OF SERVICE BENEFITS

17.1 The movement in the present value of employees' end of service benefits is as follows:

	Note	**December 31, 2022**	December 31, 2021
Balance as at the beginning of the year		**33,441**	43,654
Charged to profit or loss:			
- Current service cost		**2,891**	3,026
- Interest cost		**775**	691
		3,666	3,717
Charged to other comprehensive loss / (income):			
Re-measurements on obligation from:			
- Demographic changes		**(283)**	(821)
- Experience adjustments		**1,122**	(235)
		839	(1,056)
Benefits paid during the year		**(2,978)**	(12,874)
Balance as at the end of the year		**34,968**	33,441

17.2 Major economic and actuarial assumptions used in benefits liabilities computation:

	December 31, 2022	December 31, 2021
Discount rate per annum	**4.12%**	2.48%
Average salary increase per annum	**3.50%**	2.00%

17.3 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions for year is as follows:

	December 31, 2022	December 31, 2021
Increase		
Discount rate +1%	**32,370**	30,560
Salary + 1%	**36,597**	34,787
Decrease		
Discount rate -1%	**36,606**	34,799
Salary -1% /	**32,340**	30,532

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the end-of-service indemnities recognized within the statement of financial position.
The weighted average duration of the defined benefit obligation is 10 years.

(All amounts in Saudi Riyals thousands unless otherwise stated)

18. LEASE LIABILITIES

	December 31, 2022					
	Lands	**Pipelines**	**Vehicles**	**Computers**	**Forklift**	**Total**
Opening balance	10,336	715	185	149	-	11,385
Lease Liability Addition	**2,788**	**1,202**	-	**435**	**6,636**	**11,061**
Liability on Retired Lease reversed	**(642)**	-	-	-	-	**(642)**
Interest accrued during the year	**765**	**166**	**3**	**17**	**390**	**1,341**
Lease liability settled during the year	**(1,847)**	**(451)**	**(188)**	**(356)**	**(3,590)**	**(6,432)**
Closing balance	**11,400**	**1,632**	-	**245**	**3,436**	**16,713**
Less: current portion	**(1,003)**	**(193)**	-	**(137)**	**(2,727)**	**(4,060)**
Non-current portion	**10,397**	**1,439**	-	**108**	**709**	**12,653**

As at December 31, 2022, the minimum lease payments of lease liabilities are as follows:

	Current	**1-5 years**	**6-10 years**	**11-20 years**	**Total**
Lease payments	**4,917**	**10,383**	**4,150**	**1,133**	**20,583**
Finance charges	**(857)**	**(2,340)**	**(610)**	**(63)**	**(3,870)**
Net present values	**4,060**	**8,043**	**3,540**	**1,070**	**16,713**

The Group has short-term and low value lease arrangements having an expense for the year amounting to SR 969,100.

	December 31, 2021				
	Lands	**Pipelines**	**Vehicles**	**Computers**	**Total**
Opening balance	11,378	970	565	-	12,913
Lease Liability Addition				245	245
Interest accrued during the year	632	44	25	4	705
Lease liability settled during the year	(1,675)	(298)	(405)	(100)	(2,478)
Closing balance	10,335	716	185	149	11,385
Less: current portion	(747)	(71)	(185)	(81)	(1,084)
Non-current portion	9,588	645	-	68	10,301

As at December 31, 2021, the minimum lease payments of lease liabilities are as follows:

	Current	1-5 years	6-10 years	11-20 years	Total
Lease payments	1,708	7,236	4,408	1,849	15,201
Finance charges	(624)	(2,227)	(813)	(152)	(3,816)
Net present values	1,084	5,009	3,595	1,697	11,385

The Group has short-term and low value lease arrangements having an expense for the year amounting to SR 902,318.

(All amounts in Saudi Riyals thousands unless otherwise stated)

19. ACCRUED EXPENSES AND OTHER LIABILITIES

	December 31, 2022	December 31, 2021
Advance rent received	6,323	6,323
Freight accrual	3,186	4,208
Employee related accrual	6,676	5,472
Customers advance payments	1,627	3,132
Board remuneration	2,552	3,009
Utilities and waste accruals	11,391	9,698
Sales commission	3,052	2,552
Others	13,220	10,435
	48,027	44,829

20. REVENUE

DISAGGREGATED REVENUE INFORMATION

	December 31, 2022	December 31, 2021
Type of goods or service		
Sale of goods	556,338	533,293
Rental income (1)	20,873	20,984
Total revenue from contracts with customers	577,211	554,277
Type of customer		
Government and quasi-government customers	22,409	25,462
Corporate customers	554,802	528,815
Total revenue from contracts with customers	577,211	554,277
Geographical markets		
Saudi Arabia	286,700	254,246
Gulf countries	146,184	145,545
Asia	17,032	29,906
Africa	30,739	27,681
Europe	74,520	86,433
Other territories	22,036	10,466
Total revenue from contracts with customers	577,211	554,277

Revenue from contracts with customers is measured at a transaction price agreed under the contract and the payment is generally due within from 30 days to 90 days from the invoice date depending on specific terms of the contract.

Transaction prices are not adjusted for the time value of money as the group does not have any contracts where the period between the transfer of product or rendering of services to the customer and payment by the customer exceeds one year.

The Group's revenue was recognized at a point in time

(1) This rent income is generated from the investment properties of Nama Industrial Investment Company ("NIIC") (Subsidiary Company), according to a short-term rent agreement with other external bodies This rent income is the main activity of the company.

(All amounts in Saudi Riyals thousands unless otherwise stated)

21. EXPENSES

Based on the nature of the expenses, cost of sales, selling and distribution expenses and General and administrative expenses include the following expense for the year ended:

21.1 COST OF REVENUE

	December 31, 2022	December 31, 2021 *Restated (note 31)*
Raw materials consumed	**212,055**	248,828
Employees costs	**49,503**	51,382
Depreciation (note 5.6) & (note 31)	**63,654**	56,995
Utilities and fuel and power	**47,249**	49,377
Repair & Maintenance	**10,960**	12,991
Others	**82,084**	58,118
Opening Work in progress and finished goods	**50,787**	27,564
Closing work in progress and finished goods	**(60,020)**	(50,655)
Cost of Revenue	**456,272**	454,600

21.2 SELLING AND DISTRIBUTION EXPENSES

	December 31, 2022	December 31, 2021
Transportation and shipping expenses	**23,628**	28,243
Employee cost	**4,625**	5,112
Depreciation (note 5.6)	**55**	35
Other expenses	**5,050**	5,019
	33,358	38,409

21.3 GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2022	December 31, 2021
Employees related costs	**23,685**	21,024
Depreciation (note 5.6 and note 6)	**3,754**	3,952
Amortization of House Ownership Program (note 8)	**1,943**	2,203
Legal & Professional Fee	**2,203**	8,364
Consultancy Charges	**3,249**	1,642
Board & Board's Committees remuneration	**2,875**	2,753
Others	**6,218**	5,519
	43,927	45,457

21.4 FINANCE COST, NET

	December 31, 2022	December 31, 2021
Mark up on loans and borrowings	**8,939**	10,722
Interest expenses on lease liabilities	**1,341**	706
Bank charges and others	**2,349**	1,980
	12,629	13,408

(All amounts in Saudi Riyals thousands unless otherwise stated)

22. OTHER INCOME

22.1 INVESTMENT INCOME

	December 31, 2022	December 31, 2021
Dividend income	-	5,514
Mark up on time deposit	3	16
	3	5,530

22.2 MISCELLANEOUS INCOME/ (EXPENSES), NET

	December 31, 2022	December 31, 2021
Pipeline rent	603	609
Scrap sales	2,883	651
Subsidy	-	1,764
Reversal of Zakat provision	4,061	21,034
Others, net	932	(148)
	8,479	23,910

23. ZAKAT

23.1 The principal elements of zakat base are as follows:

	December 31, 2022	December 31, 2021
Non-current assets	843,931	907,602
Non-current liabilities	428,897	506,646
Opening shareholders' equity	349,811	286,619
Net income before zakat	39,507	31,843

Some of these amounts have been adjusted in arriving at the zakat base for the year.

23.2 Movement in zakat provision:

	December 31, 2022	December 31, 2021
At beginning of the year	10,146	29,534
Provided during the year	2,491	4,154
Provision reversed	(4,061)	(21,034)
Paid during the year	(917)	(2,508)
At end of the year	7,659	10,146

23.3 Outstanding assessment and zakat status:

The Group is subject to Zakat in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations. Zakat computation involves relevant knowledge and judgment of the Zakat rules and regulations to assess the impact of Zakat liability at a particular year end. This liability is considered an estimate until the final assessment by ZATCA has been completed until which the Group retains exposure to additional Zakat liability. The management does not expect any additional liability more than the provisions made as per the technical opinion obtained from the external Zakat advisor in this regard.

During 2020, the company has received the final zakat assessment relating to year 2014 from ZATCA with an additional zakat liability of SAR 9.76 million. The company has submitted the appeal at General Secretariat of Tax and Appeal Committee (GSTC). The GSTC first level has decided the matter in favor of the Company, however, second level of GSTC has decided the matter in favor of ZATCA and referred the case back to GSTC first level for their review and consideration. GSTC review is awaited.

23. ZAKAT (continued)

During 2020, the company received the final zakat assessments relating to years 2015 to 2018 from ZATCA with an additional zakat liability of SAR 18.16 million. The company has submitted the appeal at GSTC. The GSTC level one has issued favorable ruling to ZATCA, and accordingly NAMA has raised the appeal with the second level of GSTC. Currently, the cases are still under review by the GSTC.

During 2021, the company received the final zakat assessments relating to years 2019 & 2020 with total liability of SR 10.03 million out of which SR 2.51 paid as requested by ZATCA. The company has submitted the appeal at GSTC. The GSTC level one has issued the ruling for the year 2019 partially in favor of NAMA. For the year 2020, the appeal has been decided in favor of ZATCA. For the year 2019 both ZATCA and NAMA has filed the appeal with second level of GSTC. Similarly for the year 2020 NAMA has filed the appeal with second level of GSTC. Currently, the cases are still under review by the GSTC.

The Zakat assessment for the year 2021 has not yet being raised by the ZATCA.

The company is working on filing the Zakat return for the year 2022.

During 2018, the Group obtained approval from ZATCA to file Zakat returns on the consolidated basis. Accordingly, the zakat provision of the year ended December 31, 2022, has been calculated based on consolidated financial statements of the Group.

24. EARNINGS PER SHARE

The Group's basic and diluted earnings per share for the years ended December 31, 2022, and 2021 have been arrived at by dividing the respective year's net profit attributable to the shareholders by the weighted average number of shares outstanding at the end of the year.

	December 31, 2022	December 31, 2021 *(Restated Note 31)*
Basic earnings per share	**1.574**	1.183
Profit for the year	**37,016**	27,689
Weighted average number of outstanding shares (in thousands)	**23,520**	23,396
Diluted earnings per share	**1.574**	1.177
Profit for the year	**37,016**	27,689
Weighted average number of outstanding shares, considering the effect of dilutive shares (in thousands)	**23,520**	23,520
Reconciliation of weighted average number of ordinary outstanding shares		
Number of ordinary issued shares (in thousands)	**23,520**	23,520
Less: Outstanding treasury shares (in thousands)	-	(124)
Number of outstanding shares (in thousands)	**23,520**	23,396
Weighted average number of outstanding shares	**23,520**	23,396

(All amounts in Saudi Riyals thousands unless otherwise stated)

25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties consist of affiliates, Board of Directors and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. The transactions are dealt with on mutually agreed terms and the terms and conditions on these transactions are approved by the Group's management. Transactions with key management personnel are as follows:

	December 31, 2022	December 31, 2021
Short term benefits	**5,476**	4,515
Employees' end of service benefits	**207**	208
Board remuneration	**2,350**	2,160
	8,033	6,883

26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets	**Total**	**At amortized cost**	**At fair value through OCI**
2022:			
Trade receivables	**113,159**	**113,159**	-
Vendor advances and employee receivables	**16,534**	**16,534**	-
Long term prepaid employees' benefit	**109,643**	**109,643**	-
Cash and cash equivalents	**9,318**	**9,318**	-
	248,654	**248,654**	-

	Total	At amortized cost	At fair value through OCI
2021:			
Trade receivables	120,756	120,756	-
Vendor advances and employee receivables	7,108	7,108	-
Long term prepaid employees' benefit	120,934	120,934	-
Cash and cash equivalents	10,264	10,264	-
	259,062	259,062	-

The Group's exposure to various risks associated with the financial instruments is discussed in note 28. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of financial assets mentioned above.

	As at December 31	
Financial liabilities	Total	Liabilities at amortized cost
2022:		
Long term loans including current portion	**458,031**	**458,031**
Short term loans	**14,019**	**14,019**
Trade and other payables	**167,695**	**167,695**
Accrued expenses and other liabilities	**41,704**	**41,704**
	681,449	**681,449**
2021:		
Long term loans including current portion	512,317	512,317
Short term loans	3,739	3,739
Trade and other payables	204,814	204,814
Accrued expenses and other liabilities	38,506	38,506
	759,376	759,376

(All amounts in Saudi Riyals thousands unless otherwise stated)

27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At reporting date, the Group do not have any investments in other institutions which may be considered as financial instruments.

28. FINANCIAL RISK MANAGEMENT

Financial risk is inherent in the Group's activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group profitability. The Group's activities are exposed to a variety of financial risks, which mainly include market risk, credit risk and liquidity risk.

The Group seeks to minimize the effects of these financial risks by various methods, including derivative financial instruments where appropriate, to hedge risk exposures.

The Group's Board oversees these risks.

28.1 CREDIT RISK

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has established procedures to manage credit exposure including evaluation of credit worthiness, formal credit approvals, assigning credit limits, monitoring the outstanding receivable, and ensuring the close follow up.

Groups maximum credit exposures are as follows:

	December 31,	
	2022	2021
Trade receivables	**111,827**	119,008
Advances and other receivables	**34,179**	20,750
Cash and cash equivalents	**9,318**	10,264
Total	**155,324**	150,022

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy and procedures. The Group has a policy of only dealing with creditworthy counterparties. Credit rating information of customers are obtained from independent rating agencies where available, and if not available, the Group uses publicly available information and its own trading records to rate its major customers. The Credit limits are established for all customers based on internal rating criteria. Trade receivables are non-interest bearing and have a credit period at par with industry norms. Collateral is generally not required but may be used under certain circumstances as well as letters of credit in certain markets, particularly in lesser developed markets.

The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

The Group reviews the recoverable amount of each trade receivable on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. Further, an impairment analysis is also performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk.

Cash balances are deposited with major banks with good credit standings.

(All amounts in Saudi Riyals thousands unless otherwise stated)

28. FINANCIAL RISK MANAGEMENT (Continued)

28.1 CREDIT RISK (continued)

Other financial assets

This comprises mainly of deposits with banks and investments. Credit risk arising from these financial assets is limited. These investments are made in banks and recognized financial institutions having high credit ratings assigned by the international credit rating agencies.

28.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system.

The calculation of net debt was as follows:

	December 31,	
	2022	2021
Cash and cash equivalents	**(9,318)**	(10,264)
Borrowings	**458,095**	516,056
Lease liabilities	**16,714**	11,385
Net debt	**465,491**	517,177

At the statement of financial position date, gearing ratio analysis by the management was as follows:

	December 31,	
	2022	2021 *Restated (note 31)*
Equity	**385,976**	349,811
Liabilities	**747,110**	820,671
Total capital	**1,133,086**	1,170,482

	December 31,	
	2022	2021 *Restated (note 31)*
Net debt to equity ratio	**121%**	148%
Gearing ratio	**66%**	70%
Current ratio	**91%**	84%

The table below analyses non-derivative financial liabilities of the Group into relevant maturity based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed under the ageing buckets are the contractual discounted cash flows.

	Within 1 year	**1 to 5 years**	**Greater than 5 years**	**Total**
31 December 2022				
Long term loans	**76,755**	**381,276**	-	**458,031**
Short term loans	**14,019**	-	-	**14,019**
Trade and other payables	**167,695**	-	-	**167,695**
Accrued expenses and other liabilities	**48,026**	-	-	**48,026**
	306,495	**381,276**	-	**687,771**
31 December 2021				
Long term loans	49,413	462,904	-	512,317
Short term loans	3,739	-	-	3,739
Trade and other payables	204,814	-	-	204,814
Accrued expenses and other liabilities	44,829	-	-	44,829
	302,795	462,904	-	765,699

(All amounts in Saudi Riyals thousands unless otherwise stated)

28. FINANCIAL RISK MANAGEMENT (Continued)

28.3 MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk, such as equity price risk and commodity risk.

The Group does not have any financial asset or financial liability, which is exposed to other price risk as on December 31, 2022, and December 31, 2021.

28.3.1 CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is subject to the risk of fluctuations in foreign exchange rates through its normal course of business. The Group monitors the fluctuations in currency exchange rates and charge the effects on the financial statements accordingly.

The Group exposure to currency risk primarily arises from transactions denominated in US Dollars (USD), EURO (EUR), Emirati Dirham (AED), Japanese Yen (JPY), British Pounds (GBP) and Swiss franc (CHF). For transactions denominated in USD, there is minimal currency risk since the Saudi Riyal (SR) to USD exchange rate is pledged.

The SR equivalent of monetary financial instruments denominated in major foreign currencies is summarized below:

	December 31, 2022						
	USD	EUR	AED	JPY	GBP	CHF	BHD
Cash and cash equivalents	**3,851**	**1,578**	-	-	-	**12**	-
Trade receivables	**47,907**	**975**	-	-	-	-	-
Trade and other payables	**(29,199)**	**(743)**	**(2,807)**	-	-	-	-
Total net monetary exposure	**22,559**	**1,810**	**(2,807)**	-	-	**12**	-

	December 31, 2021						
	USD	EUR	AED	JPY	GBP	CHF	BHD
Cash and cash equivalents	3,495	1,026	-	-	-	2	-
Trade receivables	99,004	9,128	-	-	-	-	-
Trade and other payables	(86,141)	(1,432)	(645)	(42)	(46)	(228)	-
Total net monetary exposure	16,358	8,722	(645)	(42)	(46)	(226)	-

28.3.2 INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Detail of floating rate borrowings are as follows:

Financial liabilities	December 31, 2022	December 31, 2021
Long term borrowings	**33,236**	59,006

The following table demonstrates the sensitivity of profit to reasonably possible changes in interest rates, with all other variables held constant.

	Increase / decrease in basis points of interest rates	Effect on profit for the year
'Year ended 31 December 2022	**+100**	**(461)**
	-100	**461**
'Year ended 31 December 2021	+100	(796)
	-100	796

The Group monitors the fluctuations in market rates upon significant changes and assess the impact on Group's performance. The Group manages its borrowings made at floating rates as per the Group policies.

(All amounts in Saudi Riyals thousands unless otherwise stated)

28. FINANCIAL RISK MANAGEMENT (Continued)

28.4 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue 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, issue new shares or obtain / repay financing from / to financial institutions.

Consistent with others in the industry, the Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total of long-term finance and short-term borrowings. Total capital employed comprises shareholders' equity as shown in the consolidated statement of financial position under share capital and reserves and net debt (net of cash and cash equivalent).

At the statement of financial position date, gearing ratio analysis by the management was as follows:

	December 31, 2022	December 31, 2021 *Restated (note 31)*
Total debt	**465,491**	527,441
Less: Cash and bank balances	**(9,318)**	(10,264)
Net debt	**456,173**	517,177
Total equity	**385,976**	349,811
Total capital employed	**842,149**	866,988
Gearing ratio	**54%**	60%

29. CONTINGENCIES AND COMMITMENTS

The Group's outstanding contingencies and commitments were as follows:

	December 31, 2022	December 31, 2021
Letters of credit	**16,138**	156
Letters of guarantee	**8,592**	8,611

30. SUBSEQUENT EVENTS

In the opinion of the management, there have been no other significant subsequent events since the year end that would have a material impact on the financial position of the Group as reflected in these consolidated financial statements.

(All amounts in Saudi Riyals thousands unless otherwise stated)

31. RESTATEMENTS ON PRIOR YEARS FIGURES

During 2022, the management has identified some accounting errors from prior years which have been restated in the comparative figures of the current year's financial statements. These restatements were related to property, plant and equipment that, the impact of that correction of error on the Group's consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income was as follows:

31.1 The impact on the consolidated financial position as of December 31, 2021, as follows:

	December 31, 2021 (before restatement)	Restatements	December 31, 2021 (after restatement)
ASSETS			
Non-current assets			
Property, plant and equipment *(refer to 31.4)*	670,474	17,073	687,547
Deferred cost	35,744	-	35,744
Investment properties	69,115	-	69,115
Long term prepaid employees' benefit	115,196	-	115,196
Total non-current assets	890,529	17,073	907,602
Current assets			
Inventories	107,120	-	107,120
Long Term Prepaid Employees' Benefit – Current Portion	5,738	-	5,738
Trade receivables	119,008	-	119,008
Advances, prepayments and other receivables	20,750	-	20,750
Cash and cash equivalents	10,264	-	10,264
Total current assets	262,880	-	262,880
TOTAL ASSETS	1,153,409	17,073	1,170,482
EQUITY AND LIABILITIES			
Equity			
Share capital	235,200	-	235,200
Statutory reserves	2,733	-	2,733
Actuarial remeasurement reserves / other reserves	(5,744)	-	(5,744)
Retained earnings *(refer to 31.4)*	100,549	17,073	117,622
Total equity	332,738	17,073	349,811
LIABILITIES			
Non-current liabilities			
Long term loans	462,904	-	462,904
Employees' end of service benefits	33,441	-	33,441
Lease Liabilities	10,301	-	10,301
Total non-current liabilities	506,646	-	506,646
Current liabilities			
Long term loans – current portion	49,413	-	49,413
Short term loans	3,739	-	3,739
Lease Liabilities	1,084	-	1,084
Trade payables	204,814	-	204,814
Provision for zakat	10,146	-	10,146
Accrued expenses and other liabilities	44,829	-	44,829
Total current liabilities	314,025	-	314,025
Total liabilities	820,671	-	820,671
TOTAL EQUITY AND LIABILITIES	1,153,409	17,073	1,170,482

(All amounts in Saudi Riyals thousands unless otherwise stated)

31. RESTATEMENTS ON PRIOR YEARS FIGURES (continued)

31.2 The impact on the consolidated financial position as of January 1, 2021, as follows:

	January1,2021 (Before restatement)	Restatements	January1,2021 (After restatement)
ASSETS			
Non-current assets			
Property, plant and equipment *(refer to 31.4)*	718,387	16,716	735,103
Deferred cost	38,471	-	38,471
Investment properties	71,326	-	71,326
Financial assets at fair value through other comprehensive income	128,120	-	128,120
Long term prepaid employees' benefit	117,582	-	117,582
Total non-current assets	1,073,886	16,716	1,090,602
Current assets			
Inventories	72,698	-	72,698
Long Term Prepaid Employees' Benefit – Current Portion	5,475	-	5,475
Trade receivables	88,190	-	88,190
Advances, prepayments and other receivables	26,182	-	26,182
Cash and cash equivalents	6,163	-	6,163
Total current assets	198,708	-	198,708
TOTAL ASSETS	1,272,594	16,716	1,289,310
EQUITY AND LIABILITIES			
Equity			
Share capital	235,200	-	235,200
Statutory reserves	-	-	-
Actuarial remeasurement reserves / other reserves	101,298	-	101,298
Accumulated losses *(refer to 31.4)*	(46,968)	16,716	(30,252)
Treasury shares	(2,911)	-	(2,911)
Total equity	286,619	16,716	303,335
LIABILITIES			
Non-current liabilities			
Long term loans	33,443	-	33,443
Employees' end of service benefits	43,654	-	43,654
Lease Liabilities	11,236	-	11,236
Total non-current liabilities	88,333	-	88,333
Current liabilities			
Long term loans – current portion	662,970	-	662,970
Short term loans	43,840	-	43,840
Lease Liabilities	1,678	-	1,678
Trade payables	109,140	-	109,140
Provision for zakat	29,534	-	29,534
Accrued expenses and other liabilities	50,480	-	50,480
Total current liabilities	897,642	-	897,642
Total liabilities	985,975	-	985,975
TOTAL EQUITY AND LIABILITIES	1,272,594	16,716	1,289,310

(All amounts in Saudi Riyals thousands unless otherwise stated)

31. RESTATEMENTS ON PRIOR YEARS FIGURES (continued)

31.3 The impact on the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2021, as follows:

	December 31, 2021 (before restatement)	Restatements	December 31, 2021 (after restatement)
Revenue	554,277	-	554,277
Cost of revenue *(refer to 31.4)*	(454,957)	357	(454,600)
Gross profit	99,320	357	99,677
Selling and distribution expenses	(38,409)	-	(38,409)
General and administrative expenses	(45,457)	-	(45,457)
Operating profit	15,454	357	15,811
Finance cost, net	(13,408)	-	(13,408)
Investment income, net	5,530	-	5,530
Miscellaneous income, net	23,910	-	23,910
Profit before zakat	31,486	357	31,843
Zakat	(4,154)	-	(4,154)
Net profit for the year	27,332	357	27,689
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Change in fair value of equity instruments at fair value through other comprehensive income	11,840	-	11,840
Re-measurement gain on employees' end of service benefits	1,056	-	1,056
Gain on disposal of treasury shares	5,919	-	5,919
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	(28)	-	(28)
Other comprehensive income for the year	18,787	-	18,787
Total comprehensive income for the year	46,119	357	46,476
Earnings per share:			
- Basic	1.168	0.015	1.183
- Diluted	1.162	0.015	1.177
Weighted average number of shares outstanding:			
- Basic	23,396	-	23,396
- Diluted	23,520	-	23,520

(All amounts in Saudi Riyals thousands unless otherwise stated)

31. RESTATEMENTS ON PRIOR YEARS FIGURES (continued)

31.4 The impact on the retained earnings for the periods before January 01, 2021 and during 2021 are as follows:

	December 31, 2021 (before restatement)	Restatement for the periods before January 1, 2021	Restatements during 2021 *(refer to 31/2)*	December 31, 2021 (after restatement)
Retained earning	100,549	16,716	357	117,622

31.5 The impact on The Consolidated Statement Of Cash Flows for the year ended December 31, 2021, as follows:

The impact of the correction of errors mentioned above on the consolidated statement of cash flows was the increase in net profit before zakat for the year by SR 0.357 million (refer to note 31.2), and the decrease in the depreciation of property, machinery and equipment by the same amount. As a result, there is no impact on cash flows from operating activities.

31.6 Details of restatements

An accounting error was discovered in 2022 in property plant and equipment (Catalysts were initially recognized with an accounting error; the residual value of gold and platinum, which is significant value, was not calculated as residual value). These catalysts are recorded under plant and equipment category of Property, Plant, and Equipment ("PPE").

During 2022, the Group management has obtained required information and estimated the residual value and optimal useful life of catalysts. As the catalysts is mainly comprises of Palladium and Gold, the residual value was resulted in higher value in comparison with original historical cost. Further, the estimated useful life of catalyst was assessed as 2 years. The Group's management believes that these results will get maximum efficiency and performance out of the catalyst within its given useful life and the residual value at the end of its useful life.

Accordingly, the Group has restated the previously recognized net impact on Property, plant and equipment and retained earnings as of December 31, 2021, by a total amount of SR 17.073 million. The cost of Property, plant and equipment was increased (before January 1, 2021) by SR 5.719 million as a result of reverse a write off from the cost which have been recognized previously and by decreasing the total accumulated depreciation before January 1, 2021 by SR 6.038 million, which includes the impact of re-recognize of SR 5.719 million write off and SR 11.757 million to reverse depreciation expenses pertaining to previous years. Depreciation for the year ended December 31,2021 have been decreased by SR 0.357 million and the restatement of previously recognized impairment before 2021 by SR 4.959 million (refer to note 5). The impact on retained earnings before January 1, 2021 was by SR 16.716 million and the impact during 2021 was SR 0.357 million.

32. COMPARATIVE INFORMATION

Certain comparative information has been rearranged / reclassified in order to conform to the presentation adopted in the current year.

33. APPROVAL OF CONSOLIDATED FINANCIALS STATEMENTS

These consolidated financial statements have been approved and authorized for issue by the Group's Board of Directors on March 14, 2023, corresponding to Shah'ban 22, 1444H.