

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2022
AND INDEPENDENT AUDITOR'S REVIEW REPORT

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2022

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Report on Review of Interim Condensed Consolidated Financial Statements

To the shareholders of National Industrialization Company
(Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Industrialization Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2022, the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

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4 August 2022

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NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts in SR'000 unless otherwise stated)

	<u>Note</u>	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,744,805	2,825,486
Projects under progress	6	1,735,171	1,709,944
Right-of-use assets		119,897	116,083
Intangible assets		107,585	106,672
Investments in equity accounted associates and joint ventures	7	12,330,349	12,306,040
Investments in equity instruments designated as FVOCI	13	1,132,017	941,330
Other non-current assets		772,953	565,370
Total non-current assets		18,942,777	18,570,925
Current assets			
Inventories		777,831	699,503
Accounts receivable		1,649,410	1,687,953
Prepayments and other current assets		565,691	627,835
Cash and cash equivalents		3,647,988	3,393,975
Total current assets		6,640,920	6,409,266
Total assets		25,583,697	24,980,191
EQUITY AND LIABILITIES			
Equity			
Share capital		6,689,142	6,689,142
Statutory reserve		1,550,759	1,490,151
Other reserves		(407,233)	(586,603)
Retained earnings		1,698,125	1,109,374
Equity attributable to the equity holders of parent		9,530,793	8,702,064
Non-controlling interests		2,913,930	2,860,844
Total equity		12,444,723	11,562,908
Liabilities			
Non-current liabilities			
Long-term borrowings	8	5,065,728	5,865,343
Employee benefits obligations		524,561	505,397
Lease liabilities		118,216	111,645
Provisions and other non-current liabilities		2,132,382	2,167,045
Total non-current liabilities		7,840,887	8,649,430
Current liabilities			
Long-term borrowings – current portion	8	1,456,607	940,241
Lease liabilities – current portion		18,759	13,816
Accounts payable		1,766,460	1,888,669
Accruals, provisions and other current liabilities		1,239,220	1,160,463
Zakat and income tax payable	9	817,041	764,664
Total current liabilities		5,298,087	4,767,853
Total liabilities		13,138,974	13,417,283
Total equity and liabilities		25,583,697	24,980,191


Chief Financial Officer


Chief Executive Officer


Authorized Board Member

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

NATIONAL INDUSTRIALIZATION COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

(All amounts in SR'000 unless otherwise stated)

	Note	For the three months period ended 30 June		For the six months period ended 30 June	
		2022	2021	2022	2021
Revenue	12	1,077,122	780,415	2,056,305	1,505,790
Cost of revenue		(817,983)	(560,984)	(1,509,016)	(1,099,796)
Gross profit		259,139	219,431	547,289	405,994
Selling and distribution expenses		(46,197)	(41,200)	(93,762)	(82,823)
General and administrative expenses		(92,249)	(156,612)	(184,477)	(278,529)
Impairment of financial assets		(5,910)	(562)	(10,978)	(1,356)
Share of net profit from associates and joint ventures, net		448,382	587,643	848,248	1,127,350
Operating profit		563,165	608,700	1,106,320	1,170,636
Other income / (expenses), net		27,645	12,328	37,008	26,253
Finance costs, net		(47,733)	(44,419)	(87,219)	(88,952)
Profit before zakat and income tax		543,077	576,609	1,056,109	1,107,937
Zakat and income tax		(74,626)	(61,619)	(142,556)	(141,421)
Profit for the period		468,451	514,990	913,553	966,516
Attributable to:					
Equity holders of Parent		297,117	356,735	606,077	684,250
Non-controlling interests		171,334	158,255	307,476	282,266
		468,451	514,990	913,553	966,516
Basic and diluted earnings per share (SR)	10				
From profit attributable to equity holders of Parent		0.44	0.53	0.91	1.02


Chief Financial Officer


Chief Executive Officer


Authorized Board Member

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

NATIONAL INDUSTRIALIZATION COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(All amounts in SR'000 unless otherwise stated)

	Note	For the three months period ended 30 June		For the six months period ended 30 June	
		2022	2021	2022	2021
Profit for the period		468,451	514,990	913,553	966,516
Other comprehensive income					
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>					
Cash flow hedge reserve		(13)	-	2,808	2,897
Share of other comprehensive (loss) / income of associates and joint ventures, net		(14,940)	(4,103)	16,931	1,151
Total items that may be reclassified to profit or loss in subsequent periods		(14,953)	(4,103)	19,739	4,048
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>					
(Loss) / gain from investments in equity instruments designated as FVOCI	13.1	(69,454)	53,467	246,501	17,298
Share of other comprehensive (loss) / income of associates and joint ventures, net	7	(137,187)	45,847	(50,674)	81,715
Total items that will not be reclassified to profit or loss in subsequent periods		(206,641)	99,314	195,827	99,013
Total other comprehensive (loss) / income for the period		(221,594)	95,211	215,666	103,061
Total comprehensive income for the period		246,857	610,201	1,129,119	1,069,577
Attributable to:					
Equity holders of Parent		107,471	441,579	828,729	783,435
Non-controlling interests		139,386	168,622	300,390	286,142
		246,857	610,201	1,129,119	1,069,577


Chief Financial Officer


Chief Executive Officer


Authorized Board Member

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

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

(All amounts in SR'000 unless otherwise stated)

	Attributable to the equity holders of Parent						Total equity
	Share capital	Statutory reserve	Other reserves	Retained earnings	shareholders' equity	Non-controlling interests	
As at 1 January 2021 (Audited)	6,689,142	1,354,512	(662,623)	(111,375)	7,269,656	2,313,357	9,583,013
Profit for the period	-	-	-	684,250	684,250	282,266	966,516
Other comprehensive income	-	-	99,185	-	99,185	3,876	103,061
Total comprehensive income for the period	-	-	99,185	684,250	783,435	286,142	1,069,577
Transfer to statutory reserve	-	68,425	-	(68,425)	-	-	-
Dividend paid by subsidiaries to non-controlling interests	-	-	-	-	-	(65,119)	(65,119)
As at 30 June 2021 (Unaudited)	6,689,142	1,422,937	(563,438)	504,450	8,053,091	2,534,380	10,587,471
As at 1 January 2022 (Audited)	6,689,142	1,490,151	(586,603)	1,109,374	8,702,064	2,860,844	11,562,908
Profit for the period	-	-	-	606,077	606,077	307,476	913,553
Other comprehensive income	-	-	222,652	-	222,652	(7,086)	215,566
Total comprehensive income for the period	-	-	222,652	606,077	828,729	300,390	1,129,119
Transfer on disposal of investment in equity instruments designated as FVOCI (note 13.1)	-	-	(43,282)	43,282	-	-	-
Transfer to statutory reserve	-	60,608	-	(60,608)	-	-	-
Dividend paid by subsidiaries to non-controlling interests	-	-	-	-	-	(247,304)	(247,304)
As at 30 June 2022 (Unaudited)	6,689,142	1,550,759	(407,233)	1,698,125	9,530,793	2,913,930	12,444,723

Chief Financial Officer

Chief Executive Officer

Authorized-Board Member

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

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022
(All amounts in SR'000 unless otherwise stated)

	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before zakat and income tax	1,056,109	1,107,937
Adjustments for:		
Depreciation and amortization	114,291	117,179
Right-of-use assets deprecation	7,298	11,326
Amortization of deferred settlement income	(9,468)	-
Share of net profit from equity accounted associates and joint ventures	(848,248)	(1,127,350)
Impairment of financial assets	10,978	1,365
Provision for slow moving inventory	1,149	-
Employee benefits expenses	34,095	11,437
Finance costs	87,219	93,756
Changes in operating assets and liabilities:		
Other non-current assets	15,020	19,451
Inventories	(79,477)	(105,516)
Accounts receivables	27,565	(389,861)
Prepayments and other current assets	62,144	(212,911)
Provisions and other non-current liabilities	(25,195)	(29,537)
Accounts payables	(122,209)	451,120
Accruals, provisions and other current liabilities	77,685	49,390
Cash generated from / (used in) operations	408,956	(2,214)
Employee benefits paid	(14,931)	(5,684)
Zakat and income tax paid	(86,185)	(88,108)
Net cash generated from / (used in) operating activities	307,840	(96,006)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Additions to property, plant and equipment	(21,103)	(22,097)
Disposals of property, plant and equipment	371	3,628
Additions to projects under progress	(34,124)	(2,912)
Disposals to intangible assets	(4,894)	(839)
Investments in equity instruments designated as FVOCI	55,812	-
Investments in debt securities	(50,000)	-
Dividend received	792,484	475,977
Loan given to a joint venture	(160,000)	(260,000)
Net cash generated from investing activities	578,546	193,757
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of long-term borrowings	(307,871)	(202,903)
Finance costs paid	(76,589)	(75,140)
Payment of principal portion of lease liabilities	(609)	(32,283)
Dividend paid by subsidiaries to non- controlling interests	(247,304)	(65,119)
Net cash used in financing activities	(632,373)	(375,445)
Net change in cash and cash equivalents	254,013	(277,694)
Cash and cash equivalents at beginning of the period	3,393,975	2,654,849
Cash and cash equivalents at end of the period	3,647,988	2,377,155


Chief Financial Officer


Chief Executive Officer


Authorized Board Member

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**
(All amounts in SR'000 unless otherwise stated)

1. STATUS AND NATURE OF ACTIVITIES

National Industrialization Company (the "Company" or "Tasnee") is a Saudi Joint Stock Company registered in Riyadh under Commercial Registration no. 1010059693 dated 7 Shawwal 1405H (corresponding to 25 June 1985G). The Company was formed pursuant to the Ministerial Resolution no. 601 dated 24 Dhul Hijja 1404H (corresponding to 19 September 1984G).

The principal activities, registered address, shareholding percentages in subsidiaries, associates, joint ventures and joint operation of the Company and its subsidiaries (collectively referred to as "the Group") have not materially changed from prior year.

2. BASIS OF PREPARATION

(i) Statement of Compliance

These interim condensed consolidated financial statements are prepared in accordance with the International Accounting Standard No. 34 – "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

These interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

(ii) Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals, which is also Tasnee's functional currency. All amounts have been rounded to the nearest thousand (SR '000), unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021. There are no new standards effective from 1 January 2022, however, several amendments to existing standards which are effective from 1 January 2022 as explained in the Group's annual consolidated financial statements are applied for the first time in 2022 and are explained as follows:

(i) Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

(ii) Amendments to IFRS 3 - Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1998 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events.

(iii) Amendments to IAS 37 - Onerous Contracts-Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts.

(iv) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

These amendments to existing standards do not have a material effect on these interim condensed consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**
(All amounts in SR'000 unless otherwise stated)

4. USE OF CRITICAL ESTIMATES AND JUDGMENTS

In preparing these interim condensed consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual result may differ from these estimates. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual consolidated financial statements for the year ended 31 December 2021.

5. PROPERTY, PLANT AND EQUIPMENT

During the six-months period ended 30 June 2022, the Group added property, plant, and equipment with a cost of SR 21.1 million (six-months period ended 30 June 2021: SR 22.1 million). Property, plant, and equipment with a net book value of SR 0.37 million were disposed of the Group during the six-months period ended 30 June 2022 (six-months period ended 30 June 2021: SR 3.6 million).

6. PROJECTS UNDER PROGRESS

Projects under progress mainly represent costs of establishing a project (Slagger) relating to Titanium metals of various types and other related substances including Titanium ore, Iron ore and manufacturing of Titanium dioxide through high pressure oxidation at Jizan by a subsidiary and certain costs of expansion of facilities of production lines, safety and environment improvement costs.

6.1 Option agreement for slagger asset in AMIC

AMIC, a subsidiary of the Group, has signed an option agreement with Tronox Holding Plc ("Tronox") with the following key terms:

(1) AMIC shall (a) incorporate a wholly owned Special Purpose Vehicle ("SPV") in the Kingdom of Saudi Arabia and (b) subject to certain exceptions as set out in the Option Agreement, transfer (or procure the transfer of) the assets, liabilities and contracts used for its Jazan-based titanium slag smelting Slagger Business (as defined in the Option Agreement) to the SPV;

(2) subject to the satisfaction of certain conditions precedent set out in the Option Agreement including reaching the Sustainable Operations (as defined in the Option Agreement), AMIC shall have an option to require Tronox to purchase, and Tronox shall have an option to require AMIC to sell, 90% of AMIC's ownership in the SPV.

As part of the Option Agreement, Tronox also advanced loan to AMIC USD 125 million (equivalent to SR 469 million) for capital expenditures and operational expenses (as detailed in the Option Agreement) at SAIBOR plus agreed margin.

At the interim condensed consolidated statement of financial position date, the Group's management is of the view that the high probability test of transaction completion as required by IFRS 5: "Non-current Assets Held-for-Sale and Discontinued Operations" before assets and liabilities are reclassified as "held for sale" had not been met due to the conditions precedent for the exercise of call or put option, and consequently no reclassification has been made in these interim condensed consolidated financial statements.

NATIONAL INDUSTRIALIZATION COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**
(All amounts in SR'000 unless otherwise stated)

7. INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES AND JOINT VENTURES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Investments in associates	3,129,622	2,968,264
Investments in joint ventures	9,200,727	9,337,776
	12,330,349	12,306,040

The share of other comprehensive (loss) / income of associates and joint ventures mainly includes exchange loss due to foreign currency translation differences.

8. LONG-TERM BORROWINGS

The Group's long-term borrowings were as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Saudi Industrial Development Fund	1,065,056	1,246,680
Commercial banks	5,508,633	5,619,430
Total loans	6,573,689	6,866,110
Less: Unamortized finance cost	(51,354)	(60,526)
	6,522,335	6,805,584
Less: Long term borrowings – current portion	(1,456,607)	(940,241)
Total non-current loans	5,065,728	5,865,343

9. ZAKAT AND INCOME TAX PAYABLE

Status of Zakat and income tax returns and assessments

The Company

During 2015, the Company received an approval from ZATCA in the Kingdom of Saudi Arabia to file consolidated zakat returns of the Company and its 100% owned Saudi subsidiaries since 2008. The Company has filed consolidated zakat returns while non-wholly owned subsidiaries have filed their zakat and income tax returns with ZATCA up to the years ended 31 December 2021. The Company has finalized its Zakat and income tax status with ZATCA up to 2007 and received initial assessments for the years up to 2018 resulting in additional liability of SR 246 million (31 December 2021: SR 246 million), which are still under review. The management believes that sufficient provisions are recorded, and no additional material liability is likely to arise from open assessments, once finalized.

Subsidiaries

Non-wholly owned subsidiaries in KSA file their Zakat and income tax returns individually. Some of these subsidiaries have received initial assessments for several years from the ZATCA, resulting in additional liability amounting to SR 378 million (31 December 2021: SR 323 million). The subsidiaries have submitted appeal against these assessments which are still under review. The management believes sufficient provisions are recorded by the Group wherever necessary and no material additional liability is likely to arise from open assessments, once finalized. Any additional zakat and income tax liabilities or adjustments are recorded when known and finalized.

10. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing net profit attributable to equity holder of Parent by the weighted average number of ordinary shares issued, that is 668,914 thousand shares as at 30 June 2022 (30 June 2021: 668,914 thousand shares).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**
(All amounts in SR'000 unless otherwise stated)

12. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has three reportable segments, Chemicals, Petrochemicals and Downstream & Others. The Group's total revenue, expenses items for the six-months period ended 30 June 2022 and 2021 by operating segments, are as follows:

	Chemicals	Petrochemicals	Downstream & Others	Total
For the six-months period ended 30 June 2022				
Sale of goods	89,667	1,119,445	661,682	1,870,794
Rendering of services	-	-	59,630	59,630
Others	-	101,079	24,802	125,881
Total segment revenue	89,667	1,220,524	746,114	2,056,305
Segment expenses	88,205	995,083	714,946	1,798,234
Share of profit from associates and joint ventures, net	236,830	614,995	(3,577)	848,248
Depreciation and amortization	3,193	51,651	66,745	121,589
Segment EBITDA	261,545	935,987	67,385	1,264,917
For the six-months period ended 30 June 2021				
Sale of goods	-	786,996	541,533	1,328,529
Rendering of services	-	-	52,134	52,134
Others	-	68,332	56,795	125,127
Total segment revenue	-	855,328	650,462	1,505,790
Segment expenses	98,966	634,065	729,473	1,462,504
Share of profit (loss) from associates and joint ventures, net	59,621	1,071,283	(3,554)	1,127,350
Depreciation and amortization	3,193	51,860	73,452	128,505
Segment EBITDA	(83,663)	1,316,319	92,738	1,325,394

The Group's total assets and liabilities as at 30 June 2022 and 31 December 2021 by operating segments are as follows:

	Chemicals	Petrochemicals	Downstream & Others	Total
As at 30 June 2022 (Unaudited)				
Segment assets	5,645,687	10,255,580	9,682,430	25,583,697
Segment liabilities	2,557,307	3,037,532	7,544,135	13,138,974
Investments in equity accounted associates and joint ventures	2,963,857	9,211,142	155,350	12,330,349
As at 31 December 2021 - Audited				
Segment assets	5,343,054	10,261,098	9,376,039	24,980,191
Segment liabilities	2,716,238	3,207,188	7,493,857	13,417,283
Investments in equity accounted associates and joint ventures	2,796,000	9,348,190	161,850	12,306,040

13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

All financial assets and liabilities have been accounted at amortized cost except for the investments in equity instruments designated at FVOCI which have been carried at fair value.

The management assessed that fair value of other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**
(All amounts in SR'000 unless otherwise stated)

13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Nature of financial instrument	Carrying value	Level 1	Level 2	Level 3
As at 30 June 2022				
Investments in quoted equity shares	727,289	727,289	-	-
Investments in unquoted equity shares	404,728	-	-	404,728
	1,132,017	727,289	-	404,728
As at 31 December 2021				
Investments in quoted equity shares	412,380	412,380	-	-
Investments in unquoted equity shares	528,950	-	-	528,950
	941,330	412,380	-	528,950

Apart from the above financial instruments, other financial instruments have been carried at amortized cost

13.1 Transfers between levels

During the six-months period ended 30 June 2022, an investee company, AMAK, which was previously included as unlisted entity (Level 3) completed process of listing its shares on Saudi stock exchange, and accordingly moved from level 3 (2021: SR 140 million) to level 1 (30 June 2022: SR 311.9 million) and the Group has recognized fair valuation gain in OCI amounting to SR 227 million during the six-months period ended 30 June 2022. Further, during the same period the Group has sold part of its investment in AMAK, and the related gain of SR 43 million realized from this disposal has been reclassified from other reserves to retained earnings.

Other than the above, there have been no transfers between the levels during the six-months period ended 30 June 2022. There were also no changes made during the period ended 30 June 2022 to any of the valuation techniques applied as of 31 December 2021.

14. COMMITMENTS AND CONTINGENCIES

14.1 Capital commitments

The Group's capital commitments as of reporting date are as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Capital commitments for projects under progress and property, plant and equipment	204,619	208,599

14.2 Contingencies

The Group contingencies as of reporting date are as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Letters of guarantee	303,699	304,069
Letters of credit	1,200	2,564
	304,899	306,633

Additionally, the Group has issued corporate guarantees to commercial banks and Saudi Industrial Development Fund by its share owned in share capital of some joint ventures against the loans, which have been obtained by these joint ventures from such parties. As at 30 June 2022 such guarantees amounted to SR 1,861 million (31 December 2021: SR 1,921 million).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**
(All amounts in SR'000 unless otherwise stated)

15. EVENTS AFTER THE REPORTING DATE

No material events have occurred subsequent to the reporting date and before the issuance of these interim condensed consolidated financial statements which require adjustment to, or disclosure, in these interim condensed consolidated financial statements.

16. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved from the Board of Directors on 4 August 2022 (corresponding to 6 Muharram 1444H).