BOROUGE PLC

Directors' report, review report and unaudited condensed consolidated financial statements for the period from 28 April 2022 (date of incorporation) to 30 September 2022

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	Pages
Directors' report	
Report on review of interim financial information	
Unaudited condensed consolidated statement of financial position	**2**
Unaudited condensed consolidated statement of profit or loss and other comprehensive income	**3**
Unaudited condensed consolidated statement of changes in equity	**4**
Unaudited condensed consolidated statement of cash flows	**5**
Notes to the unaudited condensed consolidated financial statements	**6 - 41**

BOROUGE PLC

Directors' report

For the period from 28 April (date of incorporation) to 30 September 2022

The Directors present their report together with the unaudited condensed consolidated financial statements of Borouge PLC ("the Company") and its subsidiaries (the "Group") for the period from 28 April (date of incorporation) to 30 September 2022.

Principal activities

The purpose of the Company is to serve as a holding company for Abu Dhabi Polymers Co. Ltd (Borouge) L.L.C. ("ADP") and Borouge Pte Ltd. which are engaged in the principal activities of production of ethylene, propylene, polyethylene, polypropylene and trading of polyolefins, respectively.

Financial results

The financial results of the Company represent a profit for the period of USD 486.35 million as presented in these unaudited condensed consolidated financial statements.

For the Board of Directors

Chairman

27 October 2022

Abu Dhabi, UAE

بروج
Borouge
بروج بي ال سي
Borouge PLC

Building a better working world

Ernst & Young - Middle East
(ADGM Branch)
P.O. Box 136
24th Floor, Office 2449, Sila Tower
Abu Dhabi Global Market Square
Al Maryah Island
Abu Dhabi, United Arab Emirates

Tel : +971 2 417 4400
+971 2 627 7522
Fax: +971 2 627 3383
abudhabi@ae.ey.com
ey.com

Registration No. 000001136

REPORT ON THE REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF

BOROUGE PLC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Borouge PLC (the "Company") and its subsidiaries (the "Group") for the period from 28 April (date of incorporation) to 30 September 2022 which comprise of the interim condensed consolidated statement of financial position as at 30 September 2022 and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the period from 1 July 2022 to 30 September 2022 and for the period from 28 April 2022 to 30 September 2022 and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the period from 28 April 2022 to 30 September 2022, and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). 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 Standards on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim condensed consolidated 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 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.

Signed by
Ahmad Al Dali
Partner
Ernst & Young

27 October 2022
Abu Dhabi

BOROUGE PLC
Unaudited condensed consolidated statement of financial position
as at 30 September 2022

	Notes	30 September 2022 USD'000 (unaudited)
Assets		
Non-current assets		
Property, plant and equipment	5	7,105,718
Intangible assets	6	59,521
Right-of-use assets	7	27,851
Investment in sublease	7	133,853
Deferred tax assets		3,250
Amounts due from related parties	12	1,409
Other receivables	10	197
Total non-current assets		7,331,799
Current assets		
Inventories	8	726,312
Amounts due from related parties	12	185,476
Trade receivables	9	898,318
Prepayments and other receivables	10	72,365
Cash and cash equivalents	11	1,051,790
Total current assets		2,934,261
TOTAL ASSETS		10,266,060
Equity and liabilities		
Equity		
Share capital	13	4,809,231
Merger reserve	14	(4,446,467)
Restricted reserve	14	185,730
Capital reserve	14	12,490
Actuarial reserve	14	(8,336)
Translation reserve	14	(5,956)
Retained earnings		4,035,360
Equity attributable to the owners of the Company		4,582,052
Non-controlling interests		18,034
Total equity		4,600,086
Non-current liabilities		
Provision for employees' end of service benefit		111,379
Lease liabilities	7	157,875
Deferred tax liability		24,556
Bank loans	15	3,982,999
Amounts due to related parties	12	67,569
Other payables		13,512
Total non-current liabilities		4,357,890
Current liabilities		
Trade and other payables		305,943
Dividend payable	14	324,926
Amounts due to related parties	12	580,701
Lease liabilities	7	4,431
Income tax payable		61,530
Contract liabilities		30,553
Total current liabilities		1,308,084
Total liabilities		5,665,974
TOTAL EQUITY AND LIABILITIES		10,266,060

H.E. Dr. Sultan Ahmed Al Jaber
Chairman

Hazeem Sultan Al Suwaidi
Chief Executive Officer

Saeed Sultan Al Dhaheri
Chief Financial Executive Officer

The accompanying notes form an integral part of the unaudited condensed consolidated financial statements.

BOROUGE PLC

Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the period from 28 April 2022 (date of incorporation) to 30 September 2022

	Notes	For the period from 1 July 2022 to 30 September 2022 USD'000 (unaudited)	For the period from 28 April 2022 (inception) to 30 September 2022 USD'000 (unaudited)
Revenue	16	1,674,132	2,404,302
Cost of sales	17	(993,696)	(1,388,142)
Gross profit		680,436	1,016,160
Other income	18	4,810	9,958
General and administrative expenses		(34,014)	(41,747)
Selling and distribution expenses		(192,223)	(265,677)
Impairment loss on property, plant and equipment	5	(1,540)	(9,577)
Operating profit		457,469	709,117
Finance income		10,731	11,104
Foreign exchange (loss) gain		(31)	41
Finance cost		(37,267)	(43,535)
Profit for the period before tax		430,902	676,727
Income tax expense	19	(122,734)	(190,379)
Profit for the period		308,168	486,348
Profit for the period attributable to:			
Owners of the Company		304,223	479,740
Non-controlling interests		3,945	6,608
		308,168	486,348
Other comprehensive loss			
Items that may be not be reclassified to profit or loss			
Defined benefit plan remeasurements		-	(49)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operation		(6,313)	(6,753)
Total other comprehensive loss for the period		(6,313)	(6,802)
Total comprehensive income for the period		301,855	479,546
Total comprehensive income for the period attributable to:			
Owners of the Company		298,873	473,976
Non-controlling interests		2,982	5,570
		301,855	479,546
Earnings per share:			
Basic and diluted (USD)	20	0.01	0.02

The accompanying notes form an integral part of the unaudited condensed consolidated financial statements.

BOROUGE PLC

Unaudited condensed consolidated statement of changes in equity
for the period from 28 April 2022 (date of incorporation) to 30 September 2022

	Share capital USD'000	Merger reserve USD'000	Restricted reserve USD'000	Capital reserve USD'000	Actuarial reserve USD'000	Translation reserve USD'000	Retained earnings USD'000	Equity attributable to Owners of the Company USD'000	Non-controlling interests USD'000	Total equity USD'000
Balance at incorporation (unaudited)	-	-	-	-	-	-	-	-	-	-
Share capital introduced	50	-	-	-	-	-	-	50	-	50
Issuance of additional share capital on transfer of ADP and PTE (note 1)	4,809,181	-	-	-	-	-	-	4,809,181	-	4,809,181
Equity contributed upon transfer of subsidiaries (note 3)	-	(4,446,467)	185,730	12,490	(8,294)	(234)	3,880,620	(376,155)	12,464	(363,691)
Profit for the period	-	-	-	-	-	-	479,740	479,740	6,608	486,348
Other comprehensive loss for the period	-	-	-	-	(42)	(5,722)	-	(5,764)	(1,038)	(6,802)
Total comprehensive income for the period	-	-	-	-	(42)	(5,722)	479,740	473,976	5,570	479,546
Dividend declared (note 14)	-	-	-	-	-	-	(325,000)	(325,000)	-	(325,000)
Balance at 30 September 2022 (unaudited)	**4,809,231**	**(4,446,467)**	**185,730**	**12,490**	**(8,336)**	**(5,956)**	**4,035,360**	**4,582,052**	**18,034**	**4,600,086**

The accompanying notes form an integral part of the unaudited condensed consolidated financial statements.

BOROUGE PLC
Unaudited condensed consolidated statement of cashflows
for the period from 28 April 2022 (date of incorporation) to 30 September 2022

	Note	For the period from 28 April (inception) to 30 September 2022 USD'000 (unaudited)
Cash flows from operating activities		
Profits before tax for the period		676,727
Adjustments for:		
Depreciation on property, plant and equipment	5	169,063
Impairment of property, plant and equipment	5	9,577
Depreciation on right-of-use assets	7	1,737
Amortisation of intangible assets	6	5,841
End of service benefits charge		3,102
Finance cost		43,535
Finance income		(11,104)
Net cash flows from operating activities before changes in working capital		898,478
Changes in working capital:		
Increase in trade receivables		(61,516)
Increase in amounts due from related parties		(6,353)
Decrease in inventories		87,914
Decrease in prepayments and other receivables		35,512
Increase in amounts due to related parties		191,925
Decrease in trade and other payables		(50,618)
Decrease in other payables		(431)
Decrease in contract liabilities		(6,188)
Cash from operating activities		1,088,723
End of service benefits paid		(82,062)
Tax paid		(229,044)
Net cash generated from operating activities		777,617
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment		10
Payments for purchase of property, plant and equipment	5	(33,930)
Payments for purchase of intangible assets	6	(110)
Cash and cash equivalents acquired as part of business combination		347,564
Interest Income received		5,630
Net cash generated from investing activities		319,164
Cash flows from financing activities		
Repayment of lease liability		(1,744)
Issuance of share capital		50
Payment of interest on bank loan		(38,352)
Net cash used in financing activities		(40,046)
Changes in the translation reserve		(4,945)
Net increase in cash and cash equivalents		1,051,790
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	11	1,051,790

The accompanying notes form an integral part of the unaudited condensed consolidated financial statements.

BOROUGE PLC

Notes to the unaudited condensed consolidated financial statements for the period from 28 April 2022 (date of incorporation) to 30 September 2022

1 General information

Borouge PLC (the "Company") was incorporated on 28 April 2022 as a public company limited by shares, with registration number 000007602, pursuant to the Abu Dhabi Global Market Companies (Amendment No. 1) Regulations 2020. The Company has been established for the purpose of serving as a holding company for Abu Dhabi Polymers Co. Ltd and Borouge Pte. Ltd.

The Company is jointly controlled by Abu Dhabi National Oil Company ("ADNOC") and Borealis Middle East Holding GmbH ("BMEH", together with ADNOC, the "Shareholders").

Pursuant to the resolution of the Shareholders dated 10 May 2022, the shareholders approved listing the Company's shares on Abu Dhabi Securities Exchange whereby 10% of its shares were offered in an Initial Public Offering ("IPO"). As of the reporting date, ADNOC held 54% whereas BMEH held 36% of the issued share capital of the Group while the remaining 10% is held by the general public.

These unaudited condensed consolidated financial statements of the Company are for the period from the date of incorporation 28 April 2022 to 30 September 2022 and accordingly, no comparative information is presented.

Details of the Company's subsidiaries as at 30 September 2022 are as follows:

Name of Subsidiary	Ownership interest	Country of incorporation	Principal activities
Abu Dhabi Polymers Co. Ltd (Borouge) L.L.C ("ADP")	**100%**	U.A.E	Production of ethylene, propylene, polyethylene and polypropylene
Borouge Pte Ltd and its subsidiaries ("PTE")	**84.746%**	Singapore	Trading of polyolefins

The Company together with its subsidiaries is referred to as the "Group".

In accordance with the subscription and transfer agreement dated 17 May 2022 (the "Subscription and Transfer Agreement") entered into between the Company and the Shareholders, ADNOC and BMEH agreed to transfer their respective interests in ADP and 84.746% interest in PTE to the Company in exchange of an issuance of shares by the Company. This transfer was in contemplation of an IPO of the Company. Upon the successful listing of the shares of the Company on 3 June 2022, the Company became the holder of the entire issued share capital of ADP and 84.746% of the issued share capital of PTE (the "Reorganisation"). Accordingly, immediately upon the transfer and prior to the listing:

a) ADNOC transferred to the Company:

   i. its full legal and beneficial interests in ADP, being 60% of ADP's total issued and outstanding share capital; and
   ii. its full legal and beneficial interests in PTE, being 50% of PTE's total issued and outstanding share capital.

1 General information (continued)

b) BMEH transferred to the Company:
   i. its full legal and beneficial interests in ADP, being 40% of ADP's total issued and outstanding share capital; and
   ii. 34.7% of PTE's total issued and outstanding share capital.

In consideration of the transfer by ADNOC of its entire shares in ADP and PTE and the transfer by BMEH of its entire shares in ADP and 34.7% interest in PTE, in each case to the Company, the Company:

a) issued and allotted 18,034,427,450 new shares to ADNOC, that resulted in ADNOC holding, immediately prior to listing, 60% of the Company's total issued and outstanding share capital; and
b) issued and allotted 12,022,951,633 new shares to BMEH, that resulted in BMEH holding, immediately prior to listing, 40% of the Company's total issued and outstanding share capital.

Based on the satisfaction of the condition precedent by the parties pursuant to the Subscription and Transfer Agreement, the effective date of completion of the above transaction was 31 May 2022. Post completion of the Reorganisation, the Company has acquired control over ADP and PTE (together referred to as "Borouge Business").

2 Future changes in accounting policies – standards issued but not yet effective

New and amended standards and interpretations
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 17 Insurance Contracts;
- Amendments to IAS 1: Classification of liabilities as Current or Non-Current
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12; and
- Lease liability in a sale and leaseback – Amendments to IFRS 16

The Group does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its interim condensed consolidated financial statements.

3 Summary of significant accounting policies

Statement of compliance

These unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and comply with the applicable requirements of the laws in the UAE.

Basis of preparation

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

Fair value is the price that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of a financial asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these unaudited condensed consolidated financial statements is determined on such a basis.

For financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which is described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs are unobservable inputs for the asset or liability that are derived from valuation techniques.

The principal accounting policies adopted are set out below.

Basis of consolidation

The unaudited condensed consolidated financial statements comprise the unaudited condensed consolidated financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar 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. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company 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.

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. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in unaudited condensed consolidated financial statements from the date when the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. Where necessary, adjustments are made to the unaudited condensed consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately form the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

A change in the ownership interest of a subsidiary without a loss of control, is accounted for as equity transaction. The carrying amount 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 interest are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss 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), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised 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 to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS). 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, or the cost on initial recognition of an investment in an associate or joint venture.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that, together, significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquired entity are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

3 Summary of significant accounting policies (continued)

Business combinations (continued)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interests (including joint operations) in the acquired entity is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period ends as soon as the Group receives the necessary information about the facts and circumstances that existed as of the acquisition date or learns that the information is not obtainable. However, the measurement period cannot exceed one year from the acquisition date.

Transactions under common control

A business combination involving entities or business under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination and that control is not transitory.

Transactions giving rise to transfer of interests in entities, which are under the common control of the Shareholders, are accounted for using the pooling of interest method without restatement of comparative information. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of the transferor entity. The components of equity of the acquired entities are added to the same components within Group equity. Any difference between the consideration paid and capital of the acquiree is recognised directly in equity.

3 Summary of significant accounting policies (continued)

Business combinations (continued)

Transfer of Borouge Business

The transfer of the interest in the Borouge Business (refer note 1) is assessed to be a common control transaction as the Borouge Business continued to be jointly controlled by the Shareholders before and after the Reorganisation. Therefore, the Reorganisation was considered to be outside the scope of IFRS 3 *Business Combinations*. Upon Completion of the Reorganisation, the Group has applied the pooling of interest method of accounting in line with its accounting policies. Accordingly, for the purpose of this unaudited condensed consolidated financial statements:

- The assets and liabilities of the Borouge Business were reflected at their carrying amounts. No adjustments were made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be recognised under the acquisition method.
- No goodwill was recognised as a result of the combination. Any difference between the consideration transferred and the acquired net assets is reflected within equity.
- The unaudited condensed consolidated statement of profit or loss reflects the results of the combining entities form the date of combination.

The following table summarises the book value of the assets and liabilities of ADP and PTE as at the date of the combination:

	USD'000	USD'000	USD'000
Assets	PTE	ADP	Total
Property, plant and equipment	37,832	7,216,453	7,254,285
Intangible assets	586	63,375	63,961
Right-of-use assets	24,795	5,678	30,473
Investment in sublease	-	128,379	128,379
Amounts due from related parties	-	908,155	908,155
Inventories	12,677	802,608	815,285
Trade receivables	1,061,309	-	1,061,309
Cash and cash equivalents	93,628	253,936	347,564
Other assets	21,193	93,506	114,699
Total assets	**1,252,020**	**9,472,090**	**10,724,110**
Liabilities			
Bank loans	-	3,981,666	3,981,666
Trade and other payables	1,007,988	323,535	1,331,523
Income tax payable	7,621	101,262	108,883
Other liabilities	154,696	701,852	856,548
Total liabilities	**1,170,305**	**5,108,315**	**6,278,620**
Net assets as at acquisition date attributable to its common equity holders	**81,715**	**4,363,775**	**4,445,490**

3 Summary of significant accounting policies (continued)

Business combinations (continued)
Transfer of Borouge Business

Upon the transfer of the subsidiaries, the following components of equity were brought forward from ADP & PTE:

	USD' 000
Restricted reserve	185,730
Capital reserve	12,490
Actuarial reserve	(8,294)
Translation reserve	(234)
Retained earnings	3,880,620

A merger reserve of USD (4,446,467) thousand arises as the difference between the book value of the shares issued in the Company in exchange for the share capital of ADP & PTE.

Functional and presentation currency
These unaudited condensed consolidated financial statements are presented in United States Dollar ("Dollar" or "USD"), which is the Group's functional and presentation currency and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern
The directors have, at the time of approving the unaudited condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the unaudited condensed consolidated financial statements.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's unaudited condensed consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3 Summary of significant accounting policies (continued)

Financial assets (continued)

Amortised cost
The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on trade receivables, investment in sublease, other receivables and due from related parties. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, investment in sublease, other receivables and due from related parties. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

3 Summary of significant accounting policies (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

a) the financial instrument has a low risk of default;
b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Group employs models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event (see (ii) above);
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.
f) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

3 Summary of significant accounting policies (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group has elected the IFRS 9 simplified approach to measure loss allowance for cash and bank balances, trade receivables, and due from related parties at an amount equal to lifetime ECLs. Accordingly, financial assets which are not credit impaired and which do not have significant financing component are categorised under stage 2 and lifetime ECL is recognised.

Expected credit losses related to cash and bank balances, trade and other receivables and due from related parties are presented in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income (FVTOCI), the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3 Summary of significant accounting policies (continued)

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, lease liabilities, bank loans, contract liabilities, amount due to related parties and other payables.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss (FVTPL).

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the unaudited condensed consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the unaudited condensed consolidated statement profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in the consolidated statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch with unaudited condensed consolidated statement of profit or loss. The remaining amount of change in the fair value of liability is recognized in the unaudited condensed consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in the consolidated statement of other comprehensive income are not subsequently reclassified to the unaudited condensed consolidated statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the unaudited condensed consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3 Summary of significant accounting policies (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Revenue recognition

Application of IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group is in the business of sale of high-density Polyethylene, linear low-density Polyethylene, Polypropylene, Ethylene, polyolefin and other compounded products.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about its remaining performance obligations if:

a) the performance obligation is part of a contract that has an original expected duration of one year or less; or
b) the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Determining transaction price and allocation
The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer. Since sale of goods is the only performance obligation, the entire transaction price is allocated to the sale of goods.

Determining the timing of satisfaction of performance obligation
The Group recognise revenue when (or as) the Group satisfies a performance obligation by transferring a promised good to customers. An asset is transferred when (or as) the customer obtains control of that asset, which is upon delivery of goods.

Principal versus agent considerations
The Group enters into contracts with its customers for supply of goods. The Group determined that it controls the goods before they are transferred to customers, and it has the ability to direct the use of the goods. The following factors indicate that the Group controls the goods before they are being transferred to customers. Therefore, the Group determined that it is a principle in all its revenue arrangements.

- The Group is primarily responsible for fulfilling the promise to provide the specified goods.
- The Group has inventory risk before the specified goods has been transferred to the customers.
- The Group has discretion in establishing the price for the specified goods.

Consideration of significant financing component in a contract
Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. The Group concluded that there is no significant financing component for those contracts where the customer elects to pay in advance considering the length of time between the customer's payment and the transfer of goods to the customer.

Determining method to estimate variable consideration and assessing the constraint
The contracts for the sale of goods include a right of return, volume rebates and discounts that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, volume rebates and discounts given the large number of customer contracts that have similar characteristics. Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions.

Sales of goods
For sale of goods, revenue is recognised when the control of the products or services are transferred to the customers, which generally coincides with the actual delivery of goods. Revenue from sale of goods is recognised at a point in time upon satisfaction of the performance obligation.

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Sales of goods (continued)
The Group has agreements with various customers for selling its products. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Right of return
Sale contracts provide a customer with a right to return the goods within a specified period, The Group uses the "expected value method" to estimate as this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements of IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price.

For goods that are expected to be returned, a refund liability is recognised. However, the sales returns are negligible as compared to the gross revenue for the sale of goods. Based on estimated expected returns, goods that are likely to be returned are expected to be very minimal. Considering that the sales returns of the Group are not significant, the Group has not recorded a refund liability and a right of return asset for anticipated sales returns as of 30 September 2022.

Other income
Other income is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably.

Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Capital work in progress is carried at cost less any recognized impairment loss. When commissioned, capital work in progress is transferred to the appropriate property, plant and equipment category and is depreciated in accordance with the Group's policies.

Depreciation is charged so as to write off the cost less estimated residual values of property, plant and equipment, other than capital work in progress, over their estimated useful lives, using the straight-line method, on the following basis, as follows:

Buildings	15 – 40 years
Plant and machinery	8 – 30 years
Motor vehicles	4 – 10 years
Furniture, fixtures and equipment	3 – 4 years
Laboratory equipment	8 – 20 years

3 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)
The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The plant performs regular major inspections and overhauls, i.e. turnarounds.

When each major turnaround is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Other plant turnaround costs are expensed as incurred. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired are recorded at cost and are amortised on a straight line basis over their estimated useful lives as follows

Computer software	3 – 5 years
Cracker rights	10 years
License costs	10 years
Others	4 years

License costs represent irrevocable exclusive and non-exclusive rights and licenses granted by Borealis to the Group for use of Borealis's proprietary catalyst, process design, patent rights and technical information in order to design, construct, maintain and operate the Ruwais plant, as well as use and sell Polyethylene ("PE") resins manufactured in the plant.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, consumables, spare parts, direct labour and materials and related overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale. Provision is made for obsolete and slow moving items.

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3 Summary of significant accounting policies (continued)

Impairment of tangible assets (continued)
If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leases

The Group as a lessee
At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non- lease components and account for the lease and non-lease components as a single lease component

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the earlier of the asset's useful life and the lease term on a straight-line basis. The estimated useful lives of the assets, as follows:

Land lease	35 years
Transportation, storage, and terminals	4 years
Buildings and infrastructure	3 to 9 years
Fixture, fittings, and office equipment	3 years

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received; and
- restoration costs.

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

3 Summary of significant accounting policies (continued)

Leases (continued)

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right- of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

Investment in sub-lease is recognised in the unaudited condensed consolidated financial statements to reflect the sub-lease of Borouge 4 plot of land to a related party Borouge 4 LLC.

Taxation

Value added tax (VAT)
Expenses and assets are recognised net of the amount of VAT, except:

- When VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the unaudited condensed consolidated statement of financial position.

Current income tax
The Group is subject to income taxes in several jurisdictions. Estimates are required in determining the group-wide provision for income taxes. There are some transactions and calculations for which the ultimate tax position is uncertain during the ordinary course of business. The Group recognizes provisions for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3 Summary of significant accounting policies (continued)

Taxation (continued)

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the unaudited condensed consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

Deferred tax assets and liabilities are offset for financial reporting purposes when they relate to income taxes levied by the taxation authorities.

Employees' benefit

(i) Short term obligation
An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period. The accrual relating to annual leave and leave passage is disclosed as a current liability in the unaudited condensed consolidated statement of financial position.

(ii) Employees' end of service benefits (EOSB)

The liability recognised in the unaudited condensed consolidated statement of financial position in respect of the defined end of service benefit plan is the present value of the projected defined benefit obligation ("DBO") at the end of the reporting period. The provision for EOSB is calculated by a qualified actuary using the projected unit credit method whilst considering the Group's policy with respect to end of service benefits where it requires the provision to be at least equal to the benefits payable in accordance with the UAE Labour law for their period of service up to the end of the reporting period.

The provision relating to EOSB is disclosed as a non-current liability.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income. Re-measurements are not reclassified to the unaudited condensed consolidated statement of profit or loss in subsequent periods. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the statement of financial position date. Payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the UAE Labour law.

3 Summary of significant accounting policies (continued)

Employees' benefit (continued)

(ii) Employees' end of service benefits (EOSB)(continued)

Net interest expense and other expenses related to defined benefit plans are recognised in the unaudited condensed consolidated statement of profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined EOSB obligation. The Group recognises the following changes in the net defined benefit obligation in the unaudited condensed consolidated statement of profit or loss within personnel costs:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income

(iii) Pension contributions

With respect to its UAE national employees, the Group makes pension contributions to the Abu Dhabi Retirement Pensions and Benefits Funds in accordance with the Abu Dhabi Retirement Pensions and Benefits Fund's regulations. With respect to its GCC national employees, the Group makes pension contributions to the pension funds or agencies of their respective countries. Such contributions are charged to operating costs during the employees' period of service.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Foreign currencies transactions

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

3 Summary of significant accounting policies (continued)

Foreign currencies transactions(continued)

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into USD at the rate of exchange prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the foreign currency translation reserve. Such exchange differences are recognised in the profit or loss in the period in which the foreign operation is disposed of.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Current versus non-current classification
The Group presents assets and liabilities in the unaudited condensed consolidated statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

4 Critical judgments and key sources of estimation uncertainty

The preparation of the unaudited condensed consolidated financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the unaudited condensed consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 Critical judgments and key sources of estimation uncertainty (continued)

Critical judgements

Segment information
For management purpose, the Group is organised as one business unit based on the products and services and management has concluded that it has only one reportable segment. The Group is managed as a single business unit and the financial performance is reported in the internal reporting provided to the Chief Operating Decision-maker ("CODM"). The Executive Committee, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CODM that makes strategic decisions. The financial information reviewed by the CODM is based on the IFRS financial information for the Group. The CODM monitors the operating results of its business unit separately for the purpose of making decisions about resource allocation and performance assessment.

Determination of principal status
The Group measures its revenue at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty, as the Group has determined that it is acting as principal in the transactions. The determination of whether the Group is principal or agent requires judgement. In making this judgement, the Group evaluates whether it controls each specified good or service before that good or service is transferred to the customer.

Asset retirement obligation
The Group exercises judgement in evaluating whether an arrangement contains a legal or constructive obligation to remove the plant and equipment and restore the land at the end of the contractual arrangement or end of useful life of the Group's plant and equipment constructed and installed on land leased from government related entities. The management has concluded it does not have any legal or constructive obligation relating to decommissioning activity.

Key sources of estimation uncertainty

Useful lives and residual values of property, plant and equipment and intangible assets
The Group's management determines the estimated useful lives and residual values of the property, plant and equipment and the intangible assets based on the historical pattern of useful lives and general standards in the industry. The useful lives and residual values are reviewed for reasonableness by management on an annual basis.

Useful lives of right-of-use assets
The Group's management determines the estimated useful lives of its right-of- use assets for calculating amortisation. The cost of right-of-use assets are depreciated over the estimated useful lives of the assets, which is based on shorter of the lease term and the estimated useful lives of the assets. The Group reviews the estimated useful lives of right-of-use assets at the end of each annual reporting period. Any change in the lease term or pattern of consumption of these assets are adjusted prospectively.

Functional currency
Management considers USD to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. USD is the currency in which the Group measures its performance and reports its results.

4 Critical judgments and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Valuation of non-financial assets
The Group assesses at each reporting date whether there is objective evidence that its non- financial assets are impaired. The Group's non-financial assets primarily comprise property, plant and equipment, right-of-use assets and intangible assets. To determine whether there is objective evidence of impairment, the Group considers factors such as operating economic conditions, industry developments and other factors which could affect the carrying value of these assets. An impairment exists when carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Judgement and estimates are required in the determination of appropriate inputs to derive at forecasted cash flows and the discount rate.

Leases - Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

5 Property, plant and equipment

	Buildings USD'000	Plant and machinery USD'000	Motor vehicles USD'000	Furniture, fixtures and equipment USD'000	Laboratory equipment USD'000	Capital work-in-progress USD'000	Total USD'000
Cost							
Balance at incorporation	-	-	-	-	-	-	-
Balance arising on business combination (Note 3)	701,268	11,901,989	13,912	172,680	6,922	761,618	13,558,389
Additions	-	44	-	64	44	33,778	33,930
Disposals	-	(64)	-	(1,906)	-	-	(1,970)
Transfers from capital work in progress	4,594	508,537	181	122	95	(513,529)	-
Transfers to intangibles (Note 6)	-	-	-	-	-	(1,247)	(1,247)
Other movement	-	(18,789)	-	919	-	20,117	2,247
Exchange differences	(1,479)	(2,462)	-	(929)	(496)	(291)	(5,657)
At 30 September 2022 (unaudited)	**704,383**	**12,389,255**	**14,093**	**170,950**	**6,565**	**300,446**	**13,585,692**
Accumulated depreciation and impairment							
Balance at incorporation	-	-	-	-	-	-	-
Balance arising on business combination (Note 3)	292,152	5,829,692	12,982	165,789	3,489	-	6,304,104
Impairment	-	-	-	-	-	9,577	9,577
Depreciation	8,524	158,967	73	1,316	183	-	169,063
Disposals	-	(58)	-	(1,906)	-	-	(1,964)
Other movement	10,138	(9,045)	74	1,080	-	-	2,247
Exchange differences	(560)	(1,392)	-	(851)	(250)	-	(3,053)
At 30 September 2022 (unaudited)	**310,254**	**5,978,164**	**13,129**	**165,428**	**3,422**	**9,577**	**6,479,974**
At 30 September 2022 (unaudited)	**394,129**	**6,411,091**	**964**	**5,522**	**3,143**	**290,869**	**7,105,718**

6 Intangible assets

	Computer software USD'000	Cracker Rights USD'000	License costs USD'000	Capital work in progress USD'000	Others USD'000	Total USD'000
Cost						
Balance at incorporation	-	-	-	-	-	-
Balance arising on business combination (Note 3)	75,942	11,305	133,386	309	86,277	307,219
Additions	14	-	-	96	-	110
Disposals	(284)	-	-	-	-	(284)
Transfers	48	-	-	(48)	-	-
Transfers from property, plant, and equipment (Note 5)	-	-	-	-	1,247	1,247
Exchange differences	(85)	-	-	52	-	(33)
At 30 September 2022 (unaudited)	**75,635**	**11,305**	**133,386**	**409**	**87,524**	**308,259**
Accumulated amortisation						
Balance at incorporation	-	-	-	-	-	-
Balance arising on business combination (Note 3)	29,774	11,305	120,374	-	81,805	243,258
Charge for the period	3,773	-	-	-	2,068	5,841
Disposals	(281)	-	-	-	-	(281)
Exchange differences	(80)	-	-	-	-	(80)
At 30 September 2022 (unaudited)	**33,186**	**11,305**	**120,374**	**-**	**83,873**	**248,738**
At 30 September 2022 (unaudited)	**42,449**	**-**	**13,012**	**409**	**3,651**	**59,521**

7 Leases

A- Right-of-use assets

	30 September 2022 (unaudited) USD'000
Balance at incorporation	-
Balance arising on business combination (Note 3)	30,473
Depreciation charge during the period	(1,737)
Additions	-
Exchange differences	(885)
	27,851

B- Investment in sublease

	30 September 2022 (unaudited) USD'000
Balance at incorporation	-
Balance arising on business combination (Note 3)	128,379
Accretion of interest	5,474
	133,853

C- Lease liabilities

	30 September 2022 (unaudited) USD'000
Balance at incorporation	-
Balance arising on business combination	162,870
Accretion of interest	2,806
Payments	(1,744)
Exchange differences	(1,626)
	162,306
Current	4,431
Non-current	157,875
	162,306

8 Inventories

	30 September 2022 (unaudited) USD'000
Finished goods	**424,903**
Spare parts	**153,653**
Raw materials	**181,798**
Work in progress	**8,723**
	769,077
Less: allowance for slow moving and obsolete inventories	**(42,765)**
	726,312

9 Trade receivables

	30 September 2022 (unaudited) USD'000
Trade receivables	**900,732**
	900,732
Less: allowance for expected credit loss	**(2,414)**
	898,318

Trade receivables are held within a held-to-collect business model consistent with the Group's continuing recognition of these trade receivables.

10 Prepayments and other receivables

	30 September 2022 unaudited) USD'000
Prepayments	**15,121**
Other receivables	**52,941**
Tax recoverable	**5,664**
Deposits	**1,857**
	75,583
Less: allowance for expected credit loss on other receivables	**(3,021)**
	72,562
Current	**72,365**
Non-current	**197**
	72,562

11 Cash and cash equivalents

	30 September 2022 (unaudited) USD'000
Bank balances	**440,286**
Short-term deposits	**611,497**
Cash on hand	**7**
Cash and cash equivalents	**1,051,790**

Included in the Group's cash and cash equivalents are cash and bank balances amounting to USD 5,523 thousand that are denominated in Chinese Renminbi ("RMB"). RMB is not a freely convertible currency and the remittance of funds inward and outward of the People's Republic of China ("PRC") is subject to exchange control regulations by the PRC government.

Short-term deposits are mainly denominated in US Dollars and earn interest at floating rate of 0.92% per annum.

12 Related parties

Related parties comprise the Government of Abu Dhabi and related departments and institutions (owner of the majority shareholder), associated companies, joint ventures, shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. During the period, the Group entered into the following significant transactions with related parties at prices and on terms agreed between the related parties:

Related party transactions

	For the period from 1 July 2022 to 30 September 2022 (unaudited) USD'000	*For the period from 28 April 2022 (inception) to 30 September 2022 (unaudited) USD'000*
Shareholders		
Sale of goods	**160,920**	**227,043**
Purchase of goods	**(514,979)**	**(648,678)**
Other income and expenses	**(168)**	**(405)**
Other related parties		
Sale of goods	**4,621**	**7,240**
Purchase of goods	**(14,346)**	**(20,581)**
Other income and expenses	**(51,621)**	**(67,185)**

Tax

An amount of USD 222,525 thousand for the period ended 30 September 2022 was paid to the Department of Finance by the Group as per the fiscal agreement with the Supreme Council for Financial and Economic Affairs in the Emirate of Abu Dhabi. As of 30 September 2022, an amount of USD 37,117 thousand was payable to the Department of Finance.

	For the period from 1 July 2022 to 30 September 2022 USD'000 (unaudited)	*For the period from 28 April 2022 (inception) to 30 September 2022 USD'000 (unaudited)*
Compensation of key management personnel		
Short-term benefits	**1,490**	**1,746**
Long-term benefits	**42**	**49**
Other employee benefits	**-**	**20**

12 Related parties (continued)

Balances with related parties mainly comprise:

	30 September 2022 USD'000 (unaudited)
Amounts due to related parties	
Shareholders	**589,296**
Related companies	**58,974**
Total	**648,270**
Current	**580,701**
Non-current	**67,569**
Total	**648,270**
Amounts due from related parties	
Shareholders	**181,716**
Related companies	**5,169**
Total	**186,885**
Current	**185,476**
Non-current	**1,409**
Total	**186,885**

Investment in sublease disclosed in note 7 amounting to USD 133,853 thousand represents the land subleased to an affiliate, Borouge 4 LLC.

13 Share capital

In accordance with the Article of Association of the Company which became effective on 28 April 2022, the Company issued 50,000 ordinary shares of USD 1 each on its incorporation to the Shareholders. By virtue of the Subscription and Transfer agreement dated 17 May 2022, the Company issued further shares effective 31 May 2022 increasing its share capital to USD 4.8 billion divided into 30,057,691,583 shares, each valued at USD 0.16 (note 1).

14 Reserves

Merger reserve

The merger reserve was recognised on combination of the Borouge Business under the pooling of interest method (refer note 3).

Restricted reserve

-For the Company, in accordance with ADGM laws, the provisions of the Decree Law No.32 of 2021 shall not apply to companies established in free zones of the Emirate of Abu Dhabi.

-For the subsidiary ADP, in accordance with the UAE Federal Law No. 2 of 2015 (as amended) superseded by Decree Law No. 32 of 2021 and the Articles of Association of the Company, 10% of the profit is transferred to a non-distributable statutory reserve. Such transfers are required to be made until the reserve is equal to 50% of the paid-up share capital of ADP.

-For the subsidiary PTE, pursuant to the relevant laws and regulations of PRC, a portion of the profit of a subsidiary established in PRC is required to transfer to a statutory reserve which is restricted in use.

Capital reserve

The capital reserve of the subsidiary, PTE relates to a waiver of a related party payable balance amounting to USD 14.8 million in prior years.

Actuarial reserve

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions on post- employment benefits are recognized in the period in which they occur, directly in other comprehensive income. They are included in the actuarial reserve in the unaudited condensed consolidated statement of changes in equity and in the statement of financial position.

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations into the Group's presentation currency.

Dividends

On 27 July 2022, the Board of Directors approved an interim dividend amounting to USD 325 million (amounting to AED 1.2 billion or 3.97 fils per share) which remained outstanding as at 30 September as a dividend payable.

15 Bank loans

	30 September 2022 USD'000 (unaudited)
Commercial term facility	**3,650,000**
Islamic facility	**350,000**
Unamortized transaction costs	**4,000,000** **(17,001)**
	3,982,999

This represents external facilities from a consortium of banks amounting to USD 4,000 million with a maturity of 5 years, comprising a commercial term facility of USD 3,650 million and an Islamic facility of USD 350 million. The commercial term facility carries an interest rate of LIBOR + 0.90% margin per annum and the Islamic facility carries a profit margin amount. The repayment of the commercial term and Islamic finance facilities will be in full after 5 years. During the period, interest on this loan amounted to USD 37,846 thousand and transaction costs amortized amounted to USD 1,333 thousand. There are no bank covenants or collateral maintained for the loans.

As at 30 September 2022, the Company has an undrawn revolving loan facility with First Abu Dhabi Bank amounting to USD 500 million, valid up to 5 years. The loan bears an interest rate at LIBOR plus margin per annum of 0.8%. Total commitment fee recognised during the three-month period ended 30 September 2022 amounted to USD 75 thousand. There are no bank covenants or collateral maintained for this loan.

	30 September 2022 (unaudited) USD'000
Current liabilities	-
Non – current liabilities	**3,982,999**
	3,982,999

16 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services at a point in time in the following major lines of business.

	For the period from 1 July 2022 to 30 September 2022 (unaudited) USD'00	*For the period from 28 April 2022 (inception) to 30 September 2022 (unaudited) USD'000*
Sale of goods		
Polyethylene	**938,608**	**1,363,312**
Polypropylene	**651,890**	**932,034**
Ethylene and others	**83,634**	**108,956**
	1,674,132	**2,404,302**
Timing of revenue recognition		
At a point in time	**1,674,132**	**2,404,302**

Geographical information
Revenue is based on the geographical location of end customers as follows:

	For the period from 1 July 2022 to 30 September 2022 (unaudited) USD'000	*For the period from 28 April 2022 (inception) to 30 September 2022 (unaudited) USD'000*
Bangladesh	**48,035**	**64,470**
Egypt	**165,618**	**260,857**
India	**293,674**	**376,178**
Israel	**22,759**	**37,312**
Pakistan	**83,098**	**112,266**
People's Republic of China	**596,465**	**815,500**
Saudi Arabia	**27,621**	**37,536**
United Arab Emirates	**35,110**	**112,700**
Vietnam	**44,091**	**63,392**
Others	**357,662**	**524,092**
Revenue from contracts with end customers	**1,674,132**	**2,404,302**

17 Cost of sales

	For the period from 1 July 2022 to 30 September 2022 (unaudited) USD'000	*For the period from 28 April 2022 (inception) to 30 September 2022 (unaudited) USD'000*
Cost of production and other related costs	**861,899**	**1,198,412**
Depreciation on property, plant and equipment	**127,351**	**183,089**
Amortisation of intangible assets	**4,373**	**6,527**
Depreciation on right-of-use assets	**73**	**114**
	993,696	**1,388,142**

18 Other income

Other income relates mainly to sale of scrap materials that took place during the period.

19 Income tax expense

	For the period from 1 July 2022 to 30 September 2022 (unaudited) USD'00	*For the period from 28 April 2022 (inception) to 30 September 2022 (unaudited) USD'000*
Income tax expense	**111,438**	**181,691**
Deferred tax charge	**11,296**	**8,688**
	122,734	**190,379**

Income tax expense is recognised at an amount determined by multiplying the profit / loss before tax for the interim reporting period by management's best estimate of the weighted average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Company is subject to Abu Dhabi Income Tax on its taxable income attributable to its operations in respect of Borouge 1, Borouge 2 and Borouge 3.

20 Basic and diluted earnings per share

Earnings per share amounts are calculated by dividing the profit attributable to shareholders of the Group by the weighted average number of share outstanding during the period.

	For the period from 1 July 2022 to 30 September 2022 (unaudited)	*For the period from 28 April 2022 (inception) to 30 September 2022 (unaudited)*
Profit attributable to owners of the Company (USD '000)	**304,223**	**479,740**
Weighted average number of shares in issue ('000)	**30,057,429**	**30,057,429**
Earnings per share (USD)	**0.01**	**0.02**

There are no dilutive securities therefore diluted EPS is the same as basic EPS.

21 Segmental Analysis

The business activities of the Group are performed on an integrated basis. Therefore, any segmentation of operating income, expenses, assets and liabilities is not relevant and is not performed for internal management reporting purposes.

For internal management purpose, the Group is organized as one business unit based on the products and services and has only one reportable segment. The Group is managed as a single business unit and the financial performance is reported in the internal reporting provided to the Chief Operating Decision-maker ("CODM"). The Executive Committee, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CODM that makes strategic decisions. The financial information reviewed by the CODM is based on the IFRS financial information for the Group. The CODM monitors the operating results of its business unit separately for the purpose of making decisions about resource allocation and performance assessment.

The CODM regularly reviews the unaudited condensed consolidated statement of profit or loss and other comprehensive income. The CODM function is to allocate resources to and assess the performance of the operating segments of the Group. Based on the review and assessment of the CODM, the Group has a single operating segment, which is 'Polyolefin Business'.

There are no other economic characteristics within the Group that will lead to determination of other operating segments. This analysis requires significant judgement as to the circumstances of the Group.

The Group does not have any operating segments that are aggregated. The CODM has considered the following criteria in determining the operating segments of the Group:

- the nature of products and services;
- the nature of the production processes;
- the type or class of customer for their products and services; and
- the methods used to distribute their products or provide their services;

Based on the criteria and evaluation above, the CODM has determined that the Group has only one operating segment, which is consistent with the internal reporting and performance measurement.

22 Commitment and contingencies

As at 30 September 2022, the Group had contingent liabilities amounting to USD 3.9 million in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's unaudited condensed consolidated financial statements if concluded unfavorably.

23 Seasonality of results

There is no material impact of seasonality on the Group's operating results.

24 Covid-19 impact

Given the strong pro-active Health and Safely Environment ("HSE") approach at production sites and plants combined with a diversified product portfolio that the Group produces, the management is not aware of any material uncertainties related to events or conditions that may cast significant risk on the company or its operations and does not anticipate a future material impact of the Covid-19 outbreak on the Group's unaudited condensed consolidated financial statements at this stage.

25 Fair value of financial assets and liabilities

Management considers that the carrying amounts of financial assets and liabilities approximate their fair values.

26 Subsequent events

Subsequent to the period ended 30 September 2022, the Company paid the interim dividend amounting to USD 325 million.

27 Approval of the unaudited condensed consolidated financial statements

The unaudited condensed consolidated financial statements were approved by the Board of Directors and authorised for issuance on 27 October 2022.