

ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021
AND REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS



Crowe

Al Azem & Al Sudairy & Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

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**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**TO: THE SHAREHOLDERS
ALUJAIN HOLDING CORPORATION
A Saudi Joint Stock Company**

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **ALUJAIN HOLDING CORPORATION (the "Company") and its subsidiary (collectively the "Group")**, which comprise as at 31 march 2021, and the related condensed consolidated interim statements of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity, and condensed consolidated interim statement of cash flows for the three months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial information in accordance with International Accounting Standard (34), "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphasis of Matters

We draw attention to the following:

1. As explained in Note (4) of the accompanying consolidated financial statements, end of 2019, established four companies , Mna Company, Developed Fawasel Chemical Company, Abraj Altaj Plastic Industrial Company and Professional Afaq Company ("the four companies") without paid their capital as of 2019, and in Jan 1 ,2020 NATPET company signed contract with a combined value of SR 559 million so that the four companies can purchase shares in Alujain Holding Corporation and pay off the loan on December 31, 2025. Through first quarter for their 2020, NATPET Company gave up its full shares in these four companies in stages, and the management of NATPET believes that the process of assigning ownership of these four companies is illegal, and legal procedures have begun to restore its ownership and control over these four companies. Accordingly, the financial statements of these four companies were not consolidated within the consolidated financial statements of NATPET Company for the year ending on December 31, 2020. In addition, NATPET Company obtained a legal opinion that supports its position and confirms its ability to recover the value of the loan by the due date, and our opinion has not been amended based on this matter

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL INTERIM STATEMENTS (Continued)
ALUJAIN HOLDING CORPORATION
A Saudi Joint Stock Company

Emphasis of Matters (Continued)

2. As explained in Note (4) and Note (30) to the accompanying consolidated financial statements which describes that NATPET invested in Alujain Holding Corporation shares and the fair value of those shares as of December 31, 2019 amounted to about SR 223 million (7.435 million shares). At the beginning of March 2020, NATPET sold all these shares. On March 10, 2020, a court ruling was issued against NATPET and any of its subsidiaries, whether owned directly or indirectly, restricting the rights of shares owned by NATPET Company in the Alujain Holding Corporation until ownership is corrected and moving properly through activating the regular role of the General Assembly of NATPET, according to the Regulations for Companies. Management, after consulting with legal counsel, believes that this ruling includes restricting the rights of these shares transferred by NATPET to others as long as the transfer of shares is in a fictitious and unrealistic manner. Our opinion is not further modified in respect of this matter.
3. As explained in Note (4) to the accompanying consolidated financial statements which describes that a court ruling was issued at the end of 2019 revoking the NATPET General Assembly's decision regarding dividends amounting SR 107 million related to year ended December 31, 2018. The General Assembly of NATPET was held on May 31, 2020, and approved a dividend of SR 107 million for the year ended December 31, 2019. Our opinion is not further modified in respect of this matter.

Conclusion

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



Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountant



Salman B. AlSudairy
License No. 283

17 Ramadan 1442H (April 29, 2021)
Riyadh, Kingdom of Saudi Arabia

ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of financial position
As of March 31, 2021 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

		31 March, 2021	December 31, 2020
	Note	(Unaudited)	(Audited)
Assets			
Non-current assets			
Property, plant and equipment		23,497	24,278
Right-of-use assets		1,390	1,442
Intangible asset		109	111
Investment accounted for using equity method	4	1,690,976	1,625,464
Total non-current assets		1,715,972	1,651,295
Current assets			
Trade and other receivables		4,039	43,519
Prepayments and other current assets		1,953	1,258
Inventories		3,424	3,502
Cash and cash equivalents		39,282	5,479
Total current assets		48,698	53,758
Total assets		1,764,670	1,705,053
Equity and liabilities			
Equity			
Share capital	5	692,000	692,000
Statutory reserve		131,874	125,844
Retained earnings		954,837	900,568
Other reserves		(27,224)	(27,644)
Equity attributable to the shareholders of Alujain Holding Corporation (Parent Company)		1,751,487	1,690,768
Non-controlling interests		334	346
Total equity		1,751,821	1,691,114
Non-current liability			
Non-current portion of lease liabilities against right- of -use assets		1,011	1,011
Employees defined benefits obligations		3,082	3,079
Total non-current liability		4,093	4,090
Current liabilities			
Trade and other payables		3,283	2,716
Current portion of lease liabilities against right- of -use assets		250	250
Accrued expenses and other current liabilities		3,106	5,258
Zakat payable		2,117	1,625
Total current liabilities		8,756	9,849
Total liabilities		12,849	13,939
Total equity and liabilities		1,764,670	1,705,053

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

The accompanying notes (1) to (11) form an integral part of these condensed consolidated interim financial statements.

ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of profit or loss
For the three months period ended March 31, 2021 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three-month ended	
		31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Sales		4,757	4,633
Cost of sales		(4,015)	(4,018)
Gross profit for the period		742	615
Share in net profit (loss) of investment accounted for using equity method	4	65,092	(35,630)
Selling and marketing expenses		(804)	(696)
General and administration expenses		(4,090)	(10,328)
Profit (loss) from operations		60,940	(46,039)
Finance Charges		(16)	(62)
Other income		2	86
Profit (loss) before Zakat for the period		60,926	(46,015)
Zakat expense		(639)	(364)
Net profit (loss) for the period		60,287	(46,379)
Attributable to:			
Shareholders of the Parent Company		60,299	(46,366)
Non-controlling interests		(12)	(13)
Net profit (loss) for the period		60,287	(46,379)
Profit (loss) per share			
Weighted average number of ordinary shares ('000)		69,200	69,200
Basic and diluted loss per share attributable to ordinary equity holders of the Parent Company (Saudi Riyals)	6	0,87	(0,67)

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CFO

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ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of comprehensive income
For the three months period ended March 31, 2021 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the three-month period ended	
	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Net profit (loss) for the period	60,287	(46,379)
Other comprehensive income:		
<u>Items that will not be reclassified to statement of profit or loss:</u>		
Share in other comprehensive income (loss) of investment accounted for using equity method	4 420	(1,407)
Total comprehensive profit (loss) for the period	60,707	(47,786)
Total comprehensive profit (loss) for the period attributable to:		
Shareholders of the Parent Company	60,719	(47,773)
Non-controlling interests	(12)	(13)
	60,707	(47,786)

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ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

condensed consolidated Interim statement of changes in equity
For the three months period ended March 31, 2021 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Attributable to the shareholders of Alujain Holding Corporation			Non-controlling interest	Total Equity
			Retained Earnings	Other reserves	Total		
As at January 1, 2021 (audited)	692,000	125,844	900,568	(27,644)	1,690,768	346	1,691,114
Net profit for the period	-	-	60,299	-	60,299	(12)	60,287
Other comprehensive income for the period	-	-	-	420	420	-	420
Total comprehensive income for the period	-	-	60,299	420	60,719	(12)	60,707
Transferred to statutory reserve		6,030	(6,030)				
As at March 31, 2021 (unaudited)	692,000	131,874	954,837	(27,224)	1,751,487	334	1,751,821
As at January 1, 2020 (audited)	692,000	105,115	714,507	(33,255)	1,478,367	398	1,478,765
Net loss for the period	-	-	(46,366)	-	(46,366)	(13)	(46,379)
Other comprehensive loss for the period	-	-	-	(1,407)	(1,407)	-	(1,407)
Total comprehensive loss for the period	-	-	(46,366)	(1,407)	(47,773)	(13)	(47,786)
As at March 31, 2020 (unaudited)	692,000	105,115	668,141	(34,662)	1,430,594	385	1,430,979

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ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of cash flows
For the three months period ended March 31, 2021 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three months ended	
		March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
operating activities			
Profit (loss) before Zakat for the period		60,926	(46,015)
Adjustments for:			
Depreciation and amortizations		784	777
Depreciation for right-of-use assets		52	149
Employee defined benefit expenses		91	114
Share in net (profit) loss of equity accounted investees	4	(65,092)	35,630
Working capital adjustments:			
Inventories		78	737
Trade and other receivables		39,480	242
Prepayments and other current assets		(695)	(175)
Trade and other payables		567	(530)
Lease liabilities		-	(193)
Accrued expenses and other current liabilities		(2,152)	(2,036)
Net cash flows provided from (used in) operations		34,039	(11,300)
Employees defined benefits paid		(88)	-
Zakat paid		(147)	(64)
Net cash flows provided from (used in) operating activities		33,804	(11,364)
investing activities			
Addition to property, plant and equipment		(1)	(102)
Addition to intangible assets		-	(75)
Net cash flow used in investing activities		(1)	(177)
financing activities			
Short term loans		-	6,452
Net cash provided from financing activities		-	6,452
Net change in cash and cash equivalents		33,803	(5,089)
Cash and cash equivalents at the beginning of the period		5,479	12,785
Cash and cash equivalents at the end of the period		39,282	7,696

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The accompanying notes (1) to (11) form an integral part of these condensed consolidated interim financial statements.

ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three months period ended 31 March 2021 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information

ALUJAIN HOLDING CORPORATION ("the Company" or "the Parent Company") is a Saudi Joint Stock Company incorporated and operating in the Kingdom of Saudi Arabia under Ministerial Decision No. 694, dated 15 Jamad Thani 1412H, corresponding to December 23, 1991. The Company obtained its Commercial Registration No. 4030084538 on Rajab 3, 1412H, corresponding to January 7, 1992. The Commercial Register was deleted and replaced with the new Commercial Register No. 1010614417 issued on 8 Jumada Al-Awal 1439H corresponding to 25 January 2018. The Parent Company is listed on the Saudi Stock Exchange.

The name of the company was modified on February 4, 2020, based on the decision of the Extraordinary General Assembly, to become Alujain Holding Corporation (Alujain). On the same date, the objectives of the Parent Company has been modified based on the decision of the extraordinary general assembly whereby company activity represented before was modified to promote and invest in metal and petrochemical industries and other industrial projects and modified to manage its subsidiaries and participate in the management of other contributed companies, provide needed support, invest in stocks and other financial instruments, acquire necessary property and movables to start its activity and provide loans and financing guarantees to its subsidiaries.

The head office of the Parent Company is located in Riyadh.

The Condensed Consolidated Interim financial statements comprise the financial statements of the Company and its following subsidiaries (the "Group") as at March 31, 2021:

Subsidiaries	Country of incorporation	Paid up share capital	Effective ownership	
			2021	2020
Zain Industries Company (i)	Saudi Arabia	40,000	98,75%	98,75%
Alujain Company for Investment (ii)	Saudi Arabia	100	100%	100%
Alujain Industrial Company (iii)	Saudi Arabia	100	100%	100%

- i. Zain Industries Company - a Limited Liability Company ("Zain") is engaged in the business of homecare products (spray starch and air fresheners), insecticides and agricultural pesticides, with manufacturing facility located in Jubail Industrial City. During 2017, the Parent Company increased its ownership interest in Zain from 49.38% to 98.75% by purchasing the interest from existing partners.
- ii. Alujain Company for Investment - a Sole Proprietor Limited Liability Company ("ACJ") was incorporated during the year 2017. ACJ's purpose is to engage in sale and purchase of land and real estate, and provision of commercial and administrative services. However, ACJ has not commenced commercial operations. The Parent Company has transferred 26,008,709 shares held in National Petrochemical Industrial Company NATPET (representing 20% share capital of NATPET) to ACJ under an agreement dated August 17, 2017. Legal formalities to update the share register of NATPET to reflect the new shareholding are under process.
- iii. Alujain Industrial Company - A Sole Proprietor Limited Liability Company ("AIC") was incorporated during the year 2017. AIC's purpose is to engage in providing commercial and administrative services. However, AIC has not commenced commercial operations. The Parent Company transferred 26,008,709 shares held in NATPET (representing 20% share capital of NATPET) to AIC under an agreement dated August 17, 2017. Legal formalities to update the share register of NATPET to reflect the new shareholding are under process.

2 Basis of preparation

2-1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") and other standards and pronouncements, as endorsed by Saudi Organization for Certified Public Accountants ("SOCPA") in the Kingdom of Saudi Arabia ("KSA").

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended December 31, 2020.

a.) Basis of measurement

The condensed consolidated interim financial information has been prepared on a historical cost basis using the accrual basis of accounting and the going concern concept except for:

- Derivative financial instruments measured at fair value.
- Employees defined benefits determined using actuarial present value calculations based on project unit credit method.
- Investments measured at fair value through Other Comprehensive Income (OCI).

In addition, results for the interim period ended March 31, 2021 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2021.

The accounting policies adopted are consistent with those of the previous financial year ended December 31, 2020.

b.) Functional and presentation currency

The interim condensed financial statements are presented in Saudi Riyals which is also the Group's functional currency and all values are rounded to the nearest thousand Saudi Riyals, except when otherwise indicated.

2-2 Basis for consolidation

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 return

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year / period are included in the Condensed Consolidated Interim financial information from the date the Group gains control until the date the Group ceases to control the subsidiary.

Income and each component of other comprehensive income are attributed to the equity holders of the part of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the information of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in Condensed Consolidated Interim statement of income. Any investment retained is recognised at fair value.

2 Basis of preparation (continued)

2-2 Basis for consolidation (continued)

Business combinations and goodwill

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 administration expenses.

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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the Condensed Consolidated Interim statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in Condensed Consolidated Interim profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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 in its financial information, provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the Group also recognises additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Group receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period does not exceed one year from the acquisition date.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Investments accounted for using equity method

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

2 Basis of preparation (continued)

Investments accounted for using equity method (continued)

The condensed consolidated interim statement of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in statement of other comprehensive income of those investees is presented as part of the Group's Condensed Consolidated Interim statement of other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the interim statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the Condensed Consolidated Interim statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial information of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the Condensed Consolidated Interim statement of profit or loss.

Fair value measurement

The Group measures financial instruments, such as, derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the financial information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The policies and procedures for both recurring fair value measurement and for non-recurring measurement are evaluated periodically.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2 Basis of preparation (continued)

Cash dividend to equity holders

The Group recognises a liability to make cash distribution to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the companies regulations of Saudi Arabia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Inter-group loans

The Group recognises any loans obtained from the shareholder of subsidiaries as a financial liability and classifies it under the current liabilities. Such loans are repayable at the request and the Group does not have an unconditional right to avoid settlement of such obligation.

2.3 Using judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in annual consolidated financial statements.

However, as explained in Note (1) above, the Group has reviewed the key sources of estimation uncertainties disclosed in the last annual consolidated financial statements against the backdrop of Covid-19 pandemic. Management believes that other than the expected credit losses arising on the financial assets, all other sources of estimation uncertainty remain similar to those disclosed in the annual consolidated financial statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

3 Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except new standards, amendment to standards and interpretations as described below:

New Standards, Amendment to Standards and Interpretations

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2021 and has been explained in Group annual consolidated financial statements, but they do not have a material effect on the Group's condensed consolidated interim financial statements.

4 Investment accounted for using equity method

Investment in equity accounted investees consists of the following investment in private entities:

	Place of Business / country for incorporation	% Ownership		Nature of relationship	31 March, 2021	December 31, 2020
		2021	2020			
NATPET	Saudi Arabia	57,4%	57,4%	Associate (i)	1,690,976	1,625,464
					<u>1,690,976</u>	<u>1,625,464</u>

1, NATPET

The movement in investment is as follows:

	31 March, 2021 (Unaudited)	December 31, 2020 (Audited)
Beginning of the period / year	1,625,464	1,445,513
Share in net profit for the period / year	65,092	236,212
Share in other comprehensive income for the period / year	420	1,772
The share in the profits realized from the investment of NATPET in the shares of Alujain Holding Corporation	-	3,384
Dividends	-	(61,417)
End of the period / year	<u>1,690,976</u>	<u>1,625,464</u>

NATPET is a Saudi Closed Joint Stock Company, incorporated and operating in the Kingdom of Saudi Arabia. The objective of NATPET is to produce polypropylene as per Industrial Ministry License No. 2339 dated Rajab 23,1438H, corresponding to April 20, 2017. NATPET's Polypropylene (PP) complex in Yanbu Industrial City commenced commercial production on August 6, 2010.

4 Investment accounted for using equity method (continued)

1, NATPET (continued)

On January 1, 2016 (the date of Group's adoption of IFRS), investment in NATPET, which was previously recognised as a subsidiary in all the financial statements prepared and published up to and for the year ended December 31, 2016, was re-measured as an equity accounted investee. Consequently, the financial results of NATPET were de-consolidated and re-measured as an equity accounted investee from the date of Group's adoption of IFRS.

On October 2, 2018, a fire occurred at the plant of NATPET in Yanbu. As a result, the complex is currently not in operation. the NATPET Company has since lodged the claim with the insurance company. Under the insurance policy, the insurance company is responsible to reinstate the plant to its working condition and also compensate the NATPET Company for business interruption.

In subsequent to the accident, NATPET estimated the cost of plant and equipment destroyed in the fire, and the items of plant and equipment that were damaged beyond repair in the fire accident were written off. The net book value of plant and equipment amounted to 31.1 million, has been presented as property and equipment written off in the statement of profit or loss and comprehensive income in NATPET for the year ended December 31, 2018. no further write-offs of property, plant, and equipment during the year ended 31 December 2020 and December 31, 2019, and during the first quarter of 2020, construction works related to the facilities affected by the resulting fire were completed and work began during 2020.

In April 2020, NATPET finalized its final claim with the insurance company related to fire incident compensation where total payments received from insurance company amounting to SR 1,230 million and the remaining amount of this settlement was received, amounting to SR 330 million, which was recognized in the profit or loss in the second quarter of the financial year 2020.

In November 2019, NATPET established 4 companies ("the four companies") with effective shareholding ranging between 99% and 100% and with share capital of SR 500,000 each (total of SR 2 million). The details of those subsidiaries are as follows:

Company Name	Legal entity	CR No,	Ownership
	Single Partner Limited		
Mena Company	Liability Company	4030369566	100%
Developed Fawasel Chemical Company	Limited liability Company	4030369672	99%
Abraj Altaj Plastic Industrial Company	Limited liability Company	4030369570	99%
Professional Afaq Company	Limited liability Company	4030369905	99%

On January 1, 2020, interest-free long-term loan contracts were signed between NATPET and the four companies with a combined value of SR 559 million so that the four companies can purchase shares in Alujain Holding Corporation and repay the loan on December 31, 2025. The four companies pledged to use at least 95% of the value of the loan for the purpose of buying shares in Alujain Holding Corporation owned by NATPET or directly from the financial market in a private deal or in coordination with NATPET, and that these shares are not to be disposed unless there is a written consent from NATPET. Further, in order to secure and guarantee the payment of the loan amount and all obligations arising as a result of this agreement or any other contracts concluded between the parties and any actions that result in NATPET giving the four companies a loan that is the subject to this contract; the four companies acknowledge to pledge to NATPET all of Alujain Holding Corporation's shares owned for the duration of this agreement. NATPET's current management was unable to verify whether or not the pledging of Alujain Holding Corporation shares held by the four companies was performed as stipulated in the agreement. In exchange for mortgaging shares owned by the four companies and accepting NATPET's directives regarding the shares subject to the agreement, NATPET is obliged to pay the expenses of the four companies amounting to SR 20,000 per company per month; and in addition to that, each party will bear any expenses incurred to perform its obligations under the agreement.

Accordingly, SR 559 million were paid to the four companies through bank transfers during the first quarter of 2020, distributed as follows:

Company Name	Loan Value
Mena Company	SR 5 Million
Developed Fawasel Chemical Company	SR 358,5 Million
Abraj Altaj Plastic Industrial Company	SR 108,5 Million
Professional Afaq Company	SR 87 Million

4 Investment in equity accounted investees (continued)

1, NATPET (continued)

The loan contracts stipulated that these four companies shall have the right to repay these loans early or at the maturity date through their cash resources or through the sale of shares purchased through these loans, and in this case, if the value of the sale of shares is higher than the value of the loan, then it is added to This is an annual commission of 3%, but if the sale value of the shares owned is less than the value of the imposition, the principal amount of the loan is paid in cash. The four companies must pay 75% of the proceeds of any dividend from shares owned by the lender.

The management of NATPET obtained a legal opinion confirming the legitimacy of loan agreements and the rights of NATPET to recover the loan balance on its maturity date. This legal opinion also confirms the aforementioned details contained in the loan agreements, and accordingly the balance of these loans was considered as part of the investment cost in these four companies.

During the first quarter of 2020, multiple changes were made over the ownership of these Entities resulted at the end to lose the whole ownership of those Entities by the Company, and the Company believes that this transfer of the ownership was illegal and they are in the legal process of revoking this disposal and getting back its control and ownership over these Entities. Accordingly, the Company's management believes that the loss of control and ownership over these Entities is temporary and the nature of this investment still considered as subsidiaries, but due to the temporary loss of control as of December 31, 2020 these entities were not consolidated, as IFRS 10 "consolidated Financial Statements" requires to have significant control in order to apply the consolidation method. Subsequently, when the Company get back its ownership and control will then apply the consolidation method.

At the end of the financial year 2019, NATPET invested in Alujain Holding Corporation shares with approximately SR 217 million (7.435 million shares). At the beginning of March 2020, NATPET sold all these shares, for a total consideration of SR 226.8 million and a net profit of SR 3.8 million. On March 10, 2020, a court ruling was issued on Case No. 1438 of 1441 AH, brought by Alujain Holding Corporation against NATPET in the Commercial Court in Jeddah, which resulted in restricting the rights of shares owned in Alujain Holding Corporation by NATPET and any of its subsidiaries, whether owned directly or indirectly, until ownership is corrected and proceeding properly through activating the regular role of the General Assembly of NATPET, according to the Regulations for Companies. Management, after consulting with legal counsel, believes that this ruling includes restricting the rights of these shares transferred by NATPET to others as long as the transfer of shares is in a fictitious and unrealistic manner, which was exercised in the last General Assembly of Alujain Holding Corporation that was held on June 10, 2020 where the assignee was prevented from voting.

The shareholders of NATPET, in its Extraordinary General Assembly held on June 24 2019 approved cash dividends amounting to SR 107 million for the year ended December 31, 2018. These dividends were revoked based on NATPET's Board of Directors recommendation who believed that the possibility of making the dividends would result in damage to banks and insurance companies.

4 Investment in equity accounted investees (continued)

1, NATPET (continued)

All terms and conditions remains same related to the original contracts which were signed on 1 January 2020, the Entities are obliged to repay the loan as follows:

- 1- Cash repayment of the loans on 31 December 2025,
- 2- Paying the loan value from the proceeds by selling the shares owned by the companies that bought the shares for the value of the loan.

The summarised financial results of NATPET are as follows:

Summarized statement of financial position	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Current assets		
Cash and cash equivalents	213,789	246,659
Other current assets	710,367	647,660
Total current assets	924,156	894,319
Non-current assets	2,543,323	2,590,372
Total assets	3,467,479	3,484,691
Current liabilities		
Financial liabilities (excluding trade and other payables and provisions)	33,086	83,811
Other current liabilities	337,719	417,470
Total current liabilities	370,805	501,281
Non-current liabilities		
Financial liabilities	51,511	51,387
Other non-current liabilities	100,918	101,911
Total non-current liabilities	152,429	153,298
Total liabilities	523,234	654,579
Net assets	2,944,245	2,830,112

A reconciliation to the carrying amount to the net assets of NATPET is as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Opening net assets	2,830,112	2,522,501
Profit for the period / year	113,402	411,523
Other Comprehensive profit for the period / year	731	3,088
Dividans	-	(107,000)
	2,944,245	2,830,112
Group's share in % (rounded to one decimal)	57,4%	57,4%
Group's share in net assets (computed on absolute share)	1,689,981	1,624,469
Inter-group adjustment	995	995
	1,690,976	1,625,464

The following is a summary of the condensed consolidated interim profit or loss and the condensed consolidated interim comprehensive income:

	For the three months period ended March 31	
	2021 (Unaudited)	2020 (Unaudited)
Revenues	429,404	112,319
Operating profit (loss)	157,800	(17,075)
Profit (loss) before Zakat	117,402	(58,454)
Profit (loss) for the period	113,402	(62,074)
Other comprehensive loss	731	1,387
Total comprehensive income (comprehensive loss) for the period	114,133	(60,687)

5 Share capital

The Parent Company's authorized, issued and fully paid share capital is Saudi Riyals 692 million which is divided into 69.2 million shares of Saudi Riyals 10 par value each.

6 Profit / (loss) per share

Basic earnings per share (EPS) is calculated by dividing the net profit / (loss) for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted profit / (loss) is calculated by dividing the net profit / (loss) (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

There has been no item of dilution affecting the weighted average number of shares during the period (31 March 2021: Nil).

7 Segment reporting

A reporting segment is a group of assets and operations engaged in revenue producing activities, results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment, and financial statements for which is separately available.

The Group's President and Board of Directors monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the chief operating decision makers (CODM) for the Group.

CODM now reviews the operations principally in the following two operating segments:

- i. Investment made by the Group in the Company engaged in the manufacturing of Petrochemical products; and
- ii. Manufacturing of Home-care products.

Selected financial statements summarized by the above operating segments, is as follows:

	Investments	Manufacturing of home-care products	Unallocated	Total
March 31, 2021 - unaudited				
Revenues	-	4,757	-	4,757
Cost of sales excluding depreciation	-	(3,184)	-	(3,184)
Depreciation and amortization	-	(831)	(5)	(836)
Share in net income of an equity accounted investee	65,092	-	-	65,092
Selling and marketing expenses	-	(804)	-	(804)
General and administration expenses excluding depreciation	-	(721)	(3,364)	(4,085)
Finance charge	-	(16)	-	(16)
Other income	-	-	2	2
Segment results profit (loss) before Zakat	<u>65,092</u>	<u>(799)</u>	<u>(3,367)</u>	<u>60,926</u>
March 31, 2020 – unaudited				
Revenues	-	4,633	-	4,633
Cost of sales excluding depreciation	-	(3,242)	-	(3,242)
Depreciation and amortization	-	(819)	(107)	(926)
Share in net loss of investment accounted for using equity method	(35,630)	-	-	(35,630)
Selling and marketing expenses	-	(696)	-	(696)
General and administration expenses excluding depreciation	-	(879)	(9,299)	(10,178)
Finance charge	-	(51)	(11)	(62)
Other income	-	52	34	86
Segment results (loss) before Zakat	<u>(35,630)</u>	<u>(1,002)</u>	<u>(9,383)</u>	<u>(46,015)</u>
Total assets and liabilities as at March 31, 2021 - unaudited				
Total assets	<u>1,690,976</u>	<u>34,565</u>	<u>39,129</u>	<u>1,764,670</u>
Total liabilities	<u>-</u>	<u>7,826</u>	<u>5,023</u>	<u>12,849</u>
Total assets and liabilities as at December 31, 2020 - audited				
Total assets	<u>1,625,464</u>	<u>33,323</u>	<u>46,266</u>	<u>1,705,053</u>
Total liabilities	<u>-</u>	<u>5,597</u>	<u>8,342</u>	<u>13,939</u>

7 Segment reporting (continued)

The Group's local and export sales during the period is as follows:

	For the three month ended 31 March	
	2021 (Unaudited)	2020 (Unaudited)
Geographic information		
Local sales	4,757	4,633
Total	4,757	4,633

The revenue information above is based on the locations of the customers, The non-current assets of the Group are based in the Kingdom of Saudi Arabia.

8 Related party transactions and balances

Key management compensation

	For the three month ended 31 March	
	2021 (Unaudited)	2020 (Unaudited)
Short-term employee benefits	227	307
Termination benefits	17	40
	244	347

	For the three month ended 31 March	
	2021 (Unaudited)	2020 (Unaudited)
Board of directors rewards	1,074	4,359

Related party balances

Related party	Relationship	31 March,	December 31,
		2021 (Unaudited)	2020 (Audited)
a) Amounts due from related parties			
Natpet	Associate	86	86
		86	86

Terms and conditions of transactions with related parties

Transaction with the related parties are undertaken at mutually agreed prices and are approved by the management. Outstanding balance as at March 31, 2021 are unsecured, interest free and settled in cash. For the period ended March 31, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

9 Subsequent event

No events occurred after 31 March 2021 and before the date of signing the auditor's report have a significant effect on the condensed consolidated financial statements.

10 Lawsuits

On 9 March 2020 (corresponding to 14 Rajab 1441), the management of Alujain Holding Corporation filed a liability lawsuit against the members of former Board of Directors, who were removed on 14 June 2017, at the competent judicial authorities in the Commercial Court in Jeddah.

11 Approval of condensed consolidated interim financial statements

The condensed consolidated interim financial statements including notes and other explanatory information was approved and authorized for issue by the Board of Directors (BoD) on 17 Ramadan 1442 H (corresponding to 29 April 2021).

