

ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021
AND REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS



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

ALUJAIN HOLDING CORPORATION
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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 subsidiaries (the "Group"), as at 30 September 2021, and the condensed consolidated interim statements of profit or loss and comprehensive income for the three and nine months periods ended 30 September 2021, and the condensed consolidated interim statements of changes in equity and cash flows for the nine 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 condensed consolidated interim 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 Note (4) of the accompanying condensed consolidated interim financial statements, which indicates that in June 2021 National Petrochemical Industrial Company ("NATPET") (Associate Company) completed all procedures related to the transfer of ownership of Menna Company, Fawasel Advanced Petrochemical Company, Al-Taj Towers for Plastic Industries Company, and Afaq Professional Chemical Company ("the four companies") as per the directives of the competent authorities and became a 100% owner of these four companies. Our review opinion has not been modified based on 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.



26 Rabi Alawal 1443H (1 November, 2021)
Riyadh, Kingdom of Saudi Arabia

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



**Salman B. AlSudairy
License No. 283**

ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of financial position
As of September 30, 2021 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	30 September, 2021 (Unaudited)	31 December, 2020 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		22,239	24,278
Right-of-use assets		1,702	1,442
Intangible asset		127	111
Investment accounted for using equity method	4	2,589,350	1,625,464
Total non-current assets		2,613,418	1,651,295
Current assets			
Trade and other receivables		166,407	43,519
Prepayments and other current assets		8,115	1,258
Inventories		3,884	3,502
Cash and cash equivalents		21,568	5,479
Total current assets		199,974	53,758
Total assets		2,813,392	1,705,053
Equity and liabilities			
Equity			
Share capital	5	692,000	692,000
Statutory reserve		146,744	125,844
Retained earnings		1,088,665	900,568
Other reserves		(27,195)	(27,644)
Equity attributable to the shareholders of Alujain Holding Corporation (Parent Company)		1,900,214	1,690,768
Non-controlling interests		317	346
Total equity		1,900,531	1,691,114
Non-current liability			
Long term loan	7	806,669	-
Non-current portion of lease liabilities against right-of-use assets		1,183	1,011
Employees defined benefits obligations		2,140	3,079
Total non-current liability		809,992	4,090
Current liabilities			
Current portion of long term loan	7	89,630	-
Short term loan	7	2,095	-
Trade and other payables		3,218	2,716
Current portion of lease liabilities against right-of-use assets		446	250
Accrued expenses and other current liabilities		6,150	5,258
Zakat payable		1,330	1,625
Total current liabilities		102,869	9,849
Total liabilities		912,861	13,939
Total equity and liabilities		2,813,392	1,705,053

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

The accompanying notes (1) to (13) 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 and nine months period ended September 30, 2021 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	<u>Three months period ended</u>		<u>Nine months period ended</u>	
	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Note</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Sales	6,533	3,260	16,535	10,507
Cost of sales	(5,211)	(2,954)	(13,685)	(9,548)
Gross profit for the period	1,322	306	2,850	959
Share in net income of investments accounted for using equity method	61,224	24,205	228,590	175,832
Selling and marketing expenses	(729)	(525)	(2,356)	(1,613)
General and administration expenses	(2,452)	(7,534)	(15,403)	(21,515)
Profit from operations	59,365	16,452	213,681	153,663
Finance cost	(2,266)	(104)	(2,299)	(217)
Other (expenses) income	18	3	(902)	161
Profit before zakat for the period	57,117	16,351	210,480	153,607
Zakat expense	(385)	(446)	(1,512)	(1,110)
Net profit for the period	56,732	15,905	208,968	152,497
Attributable to:				
Shareholders of the Parent Company	56,735	15,918	208,997	152,534
Non-controlling interests	(3)	(13)	(29)	(37)
Net profit for the period	56,732	15,905	208,968	152,497
Earnings per share				
Weighted average number of ordinary shares ('000)	69,200	69,200	69,200	69,200
Basic and diluted loss per share attributable to ordinary equity holders of the Parent Company (Saudi Riyals)	0,82	0,23	3,02	2,20

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ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of comprehensive income
For the three and nine months period ended September 30, 2021 (Unaudited)
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	<u>Three months period ended</u>		<u>Nine months period ended</u>		
	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
<u>Note</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	
Net profit for the period	56,732	15,905	208,968	152,497	
Other comprehensive income					
<u>Items that may be reclassified to statement of profit or loss:</u>					
Share in other comprehensive income (loss) of investments accounted for using equity method	4	6	3,242	449	2,162
Total comprehensive income for the period	56,738	19,147	209,417	154,659	
Attributable to:					
Shareholders of the Parent Company	56,741	19,160	209,446	154,696	
Non-controlling interests	(3)	(13)	(29)	(37)	
	56,738	19,147	209,417	154,659	

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ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

condensed consolidated Interim statement of changes in equity
For the nine months period ended September 30, 2021 (Unaudited)
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Attributable to the shareholders of Alujain Holding Corporation				Non-controlling interest	Total Equity	
	Share capital	Statutory reserve	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	-	-	208,997	-	208,997	(29)	208,968
Other comprehensive income for the period	-	-	-	449	449	-	449
Total comprehensive income for the period	-	-	208,997	449	209,446	(29)	209,417
Transferred to statutory reserve	-	20,900	(20,900)	-	-	-	-
As at September 30, 2021 (unaudited)	692,000	146,744	1,088,665	(27,195)	1,900,214	317	1,900,531
As at January 1, 2020 (audited)	692,000	105,115	714,507	(33,255)	1,478,367	398	1,478,765
Net profit for the period	-	-	152,534	-	152,534	(37)	152,497
Other comprehensive loss for the period	-	-	-	2,162	2,162	-	2,162
Total comprehensive income for the period	-	-	152,534	2,162	154,696	(37)	154,659
Transferred to statutory reserve	-	15,253	(15,253)	-	-	-	-
As at September 30, 2020 (unaudited)	692,000	120,368	851,788	(31,093)	1,633,063	361	1,633,424

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ALUJAIN HOLDING CORPORATION
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Condensed consolidated interim statement of cash flows
For the nine months period ended September 30, 2021 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the nine months ended		
	Note	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
Operating activities			
Profit before Zakat for the period		210,480	153,607
Adjustments for:			
Depreciation and amortizations		2,391	2,403
Depreciation for right-of-use assets		293	448
Employee defined benefit expenses		212	284
Share in net profit of equity accounted investees	4	(228,590)	(175,832)
Working capital adjustments:			
Inventories		(382)	843
Trade and other receivables		37,569	1,205
Prepayments and other current assets		(6,857)	17
Trade and other payables		502	(952)
Lease liabilities		(185)	(310)
Accrued expenses and other current liabilities		892	(701)
Net cash flows provided from (used in) operations		16,325	(18,988)
Employees defined benefits paid		(1,151)	(193)
Zakat paid		(1,807)	(1,457)
Net cash flows provided from (used in) operating activities		13,367	(20,638)
Investing activities			
Addition to investment		(895,304)	-
Addition to property, plant and equipment		(368)	(186)
Addition to intangible assets		-	(75)
Net cash flow used in investing activities		(895,672)	(261)
Financing activities			
loans		898,394	11,960
Net cash provided from financing activities		898,394	11,960
Net change in cash and cash equivalents during the period		16,089	(8,939)
Cash and cash equivalents at the beginning of the period		5,479	12,785
Cash and cash equivalents at the end of the period		21,568	3,846
Supplementary information for non-cash transactions	10		
Dividends accrued from investment in companies accounted for using the equity method		160,457	61,417

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ALUJAIN HOLDING CORPORATION
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Notes to the condensed consolidated interim financial statements
For the nine months period ended 30 September 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 September 30, 2021:

Subsidiaries	Country of incorporation	Paid up share capital		Effective ownership	
		2021	2020	2021	2020
Zain Industries Company (i)	Saudi Arabia	40,000	60,000	98,75%	98,75%
Alujain Company for Investment (ii)	Saudi Arabia	-	100	-	100%
Alujain Industrial Company (iii)	Saudi Arabia	-	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.

During 2020, Zain reduced its capital by 20 million Saudi Riyals in accordance with the decision of the partners on October 6, 2020. The reduction was amended in the articles of association.

- 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. During the period, the parent company liquidated Alujain Company for Investment and the commercial registration was canceled on July 13, 2021.
- 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. During the period, the parent company liquidated Alujain Industrial Company and the commercial registration was canceled on July 12, 2021.

ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the nine months period ended 30 September 2021 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

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 Chartered and Professional 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 September 30, 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 condensed consolidated interim 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)

The Group controls an entity when the Group is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its influence over the investee. Specifically, the Group controls an investee only if the Group meets the following conditions:

- To have influence over the investee company (ie, the existence of existing rights that give the group the current ability to direct the relevant activities of the investee company)
- To be exposed, or have rights, to variable returns as a result of its participation with the investee company
- To have the ability to use its influence on the investee company to affect its returns

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

- Contractual arrangements with other voting rights holders in the investee company
- Rights arising from other contractual arrangements
- Group voting rights and potential voting rights

The Group reassesses whether or not it controls a subsidiary when facts and circumstances indicate that there are changes to one or more of the three elements of the control assessment. Consolidation of the listings 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 interim condensed consolidated financial information from the date on which the Group acquires control of the subsidiary until the date on which the Group ceases to control it

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

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

If the Group loses control of a subsidiary, it derecognises the assets (including goodwill), liabilities, related non-controlling interests and other components of equity, while any resulting gain or loss is recognized in the condensed consolidated interim statement of income. Any remaining investment is carried at fair value

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.

2 Basis of preparation (continued)

Business combinations and goodwill (continued)

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.

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.

2 Basis of preparation (continued)

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.

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.

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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	30 September,	31 December,
		2021	2020		2021	2020
					(Unaudited)	(Audited)
National Petrochemical Industrial Company (NATPET)	Saudi Arabia	74,98%	57,4%	Associate (1)	2,589,350	1,625,464
					2,589,350	1,625,464

1. NATPET

The movement in investment is as follows:

	30 September, 2021 (Unaudited)	31 December, 2020 (Audited)
Beginning of the period / year	1,625,464	1,445,513
Addition for the period / year	554,836	-
Share in net profit for the period / year	228,590	236,212
Share in other comprehensive income for the period / year	449	1,772
The share in the profits realized from the investment of NATPET in the shares of Alujain Holding Corporation	-	3,384
Dividends	(160,457)	(61,417)
Goodwill	220,189	-
The group's share of NATPET's investment in the shares of Alujain Holding Corp.	121,274	-
Inter-group adjustment for the period / year	(995)	-
End of the period / year	2,589,350	1,625,464

National Petrochemical Industrial Company ("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.

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.

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4 Investment accounted for using equity method (continued)

1 NATPET (continued)

The parent group owned 57.4% of equity shares in NATPET. In prior periods, the Group has assessed its ability to control NATPET in accordance with the requirements of previous accounting principles. Based on this assessment, NATPET has been consolidated in all the group's financial statements that were prepared in accordance with previously accepted accounting principles.

Due to certain circumstances and events that occurred in 2017, the Group reassessed its ability to control the related activities of NATPET in accordance with the guidance provided in IFRS 10 Consolidated Financial Statements. The Group concluded that it had no control over NATPET in accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia. As a result, the Group has adopted the equity method for calculating the investment in NATPET on the basis that it has significant influence over NATPET but not control over it.

Significant events related to NATPET are consistent with those disclosed in the group's annual consolidated financial statements for the year ended December 31, 2020.

Some of the events that occurred during the nine-month period ending on September 30, 2021 are as follows:

- During the period, Alujain Holding Corp. increased its ownership stake in NATPET in stages from 57.40% to 74.98% by purchasing 18,811,272 shares at a cost of SR 896 million at an average price of SR 47.66 per share, and the average book value per share was SR 35.95 per share. The purchases were as follows:
 - In May 2021, the group purchased 13,335 shares at SR 45 per share.
 - In June 2021, the group purchased 163,699 shares at SR 45 per share.
 - In August 2021, the group purchased 16,975,417 shares at SR 47.5 per share.
 - In September 2021, the group purchased 1,658,821 shares at SR 49.43 per share.
- In June 2021, NATPET completed all procedures related to the transfer of ownership of Menna Company, Fawasel Advanced Petrochemical Company, Al-Taj Towers for Plastic Industries Company, and Afaq Professional Chemical Company ("the four companies") as per the directives of the competent authorities and became a 100% owner of these four companies. Accordingly, the investment in the four companies has been consolidated in the condensed consolidated interim financial statements of NATPET for the nine months period ended 30 June 2021.
- The total shares of Alujain Holding Corporation owned by the four companies amounted to 19,859,948 shares at a purchase cost of approximately SR 627 million and a market value as of September 30, 2021 amounted to approximately SR 1,343 million. The fair value gains amounte to approximately occurred SR 715 million during the period were excluded in the group's records as a result of the reciprocal interests relationship between the two parties. According to the Saudi Companies Law, the subsidiary company may not own shares in the holding company, so the management of NATPET is working to rectify the situation.
- The Board of Directors of NATPET, held on September 30, 2021, approved the distribution of dividends of SR 214 million for the year ended December 31, 2020.

The summarised financial results of NATPET are as follows:

Summarized statement of financial position	30 September, 2021 (Unaudited)	31 December, 2020 (Audited)
Current assets		
Cash and cash equivalents	288,226	246,659
Other current assets	875,556	647,660
Total current assets	1,163,782	894,319
Non-current assets	3,254,862	2,590,372
Total assets	4,418,644	3,484,691
Current liabilities		
Financial liabilities (excluding trade and other payables and provisions)	22,409	83,811
Other current liabilities	540,302	417,470
Total current liabilities	562,711	501,281
Non-current liabilities		
Financial liabilities	40,836	51,387
Other non-current liabilities	101,727	101,911
Total non-current liabilities	142,563	153,298
Total liabilities	705,274	654,579
Net assets	3,713,370	2,830,112

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4 Investment accounted for using equity method (continued)

1, NATPET (continued)

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

	30 September, 2021 (Unaudited)	31 December, 2020 (Audited)
Opening net assets	2,830,112	2,522,501
Profit for the period / year	381,088	411,523
Other Comprehensive profit for the period / year	716,170	3,088
Dividans	(214,000)	(107,000)
	<u>3,713,370</u>	<u>2,830,112</u>
Eliminate the unrealized gains from NATPET's investment in Alujain Holding Corporation	(715,391)	-
Net assets	<u>2,997,979</u>	<u>2,830,112</u>
Group's share in % (rounded to one decimal)	74,98%	57,4%
Group's share in net assets (computed on absolute share)	2,247,887	1,624,469
Goodwill	220,189	-
The group's share of NATPET's investment in the shares of Alujain Holding Corp	121,274	-
Inter-group adjustment	-	995
	<u>2,589,350</u>	<u>1,625,464</u>

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

	For the nine months period ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)
Revenues	1,398,055	773,782
Operating profit (loss) for the period	400,516	(2,130)
Profit before Zakat for the period	391,719	313,625
Profit for the period	381,088	306,352
Other comprehensive income	716,170	7,584
Total comprehensive income for the period	<u>1,097,258</u>	<u>313,936</u>

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 per share

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

Diluted profit is calculated by dividing the net profit (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 (30 September 2021: Nil).

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7 Loan/Facilities

The Group obtained long and short term Islamic facilities from local commercial banks as of September 30, 2021 amounting to SAR 1,020 million (September 30, 2020: SAR 30 million) for the purpose of purchasing additional shares in NATPET and financing working capital and operating expenses.

1. The outstanding short-term facilities as on September 30, 2021 amounted to SAR 2.1 million (September 30, 2020: SAR 16.47 million). The Group as of September 30, 2021 has unused bank facilities amounting to SR 17.9 million (September 30: SR 13.53 million). The Group provided guarantees against the facilities in the form of retained cash.
2. The outstanding long-term facilities as of September 30, 2021 amounted to SAR 896.3 million (September 30, 2020: Nil). The Group as of September 30, 2021 has unused bank facilities amounting to SR 103.7 million (September 30: nil). It is repaid over 8 years. Shares owned by Alujain Holding Corporation have been pledged as collateral in exchange for financing.

8 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
September 30, 2021 - unaudited				
Sales	-	16,535	-	16,535
Cost of sales excluding depreciation	-	(11,161)	-	(11,161)
Depreciation and amortization	-	(2,524)	(160)	(2,684)
Share in net income of an equity accounted investee	228,590	-	-	228,590
Selling and marketing expenses	-	(2,356)	-	(2,356)
General and administration expenses excluding depreciation	-	(2,271)	(12,972)	(15,243)
Finance cost	-	(67)	(2,232)	(2,299)
Other income	-	1	(903)	(902)
Segment results profit (loss) before Zakat	228,590	(1,843)	(16,267)	210,480
September 30, 2020 – unaudited				
Sales	-	10,507	-	10,507
Cost of sales excluding depreciation	-	(7,143)	-	(7,143)
Depreciation and amortization	-	(2,531)	(320)	(2,851)
Share in net loss of investment accounted for using equity method	175,832	-	-	175,832
Selling and marketing expenses	-	(1,613)	-	(1,613)
General and administration expenses excluding depreciation	-	(1,912)	(19,157)	(21,069)
Finance cost	-	(75)	(142)	(217)
Other income	-	107	54	161
Segment results (loss) before Zakat	175,832	(2,660)	(19,565)	153,607
Total assets and liabilities as at September 30, 2021 - unaudited				
Total assets	2,589,350	36,073	187,969	2,813,392
Total liabilities	-	10,652	902,209	912,861
Total assets and liabilities as at December 31, 2020 - audited				
Total assets	1,625,464	33,323	46,266	1,705,053
Total liabilities	-	5,597	8,342	13,939

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8 Segment reporting (continued)

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

	For the nine month ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)
Geographic information		
Local sales	16,009	10,507
Export sales – middle east	526	-
Total	16,535	10,507

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.

9 Related party transactions and balances

Key management compensation

	For the nine month ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)
Short-term employee benefits	380	560
Termination benefits	23	74
	403	634

	For the nine month ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)
Board of directors rewards	6,428	6,350

Related party balances

Related party	Relationship	30 September,	31 December,
		2021 (Unaudited)	2020 (Audited)
a) Amounts due from related parties			
NATPET	Associate	160,544	41,504
		160,544	41,504

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 September 30, 2021 are unsecured, interest free and settled in cash. For the period ended September 30, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

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10 Non-Cash Transactions

The details for non – cash transactions is as follows:

	Note	30 September 2021	30 September 2020
Dividends accrued from investment in companies accounted for using the equity method	4	160,457	61,417

The impact of these non-cash transactions on the statement of cash flows for the period ending on September 30, 2021 is as follows:

	Note	2021
Trade and other receivables as of 1 January		43,519
Trade and other receivables as of 30 September		(166,407)
Change in trade and other receivables before excluding the effect of non – cash transactions		<u>(122,888)</u>
<u>Excluding the impact of non – cash transactions:</u>		
Dividends accrued from investment in companies accounted for using the equity method	4	<u>160,457</u>
Change in trade and other receivables after excluding the effect of non – cash transactions		<u>37,569</u>

11 Subsequent event

Dividend distribution for the year 2021

At the general assembly meeting held on May 27, 2021, the shareholders agreed to authorize the Board of Directors to distribute interim dividends for the 2021 fiscal year. On October 31, 2021, the group announced the board of directors' decision to distribute cash dividends to shareholders at the rate of (1) Saudi Riyals per share for the fiscal year 2021, which represents 10% of the total paid-in capital of 69.2 million Saudi Riyals. The eligibility for dividends will be for the shareholders owning the shares at the end of trading on November 4, 2021 (the maturity date), and the dividend will be distributed on November 18, 2021.

Dividend distribution policy for the years 2022 and 2023

The Group announced on October 31, 2021 that the company's board of directors, in its meeting on October 28, 2021, approved a dividend distribution policy for the years 2022 and 2023. The policy states that "Alujain Holding Company aims to distribute dividends to the company's shareholders with a minimum of (1) Saudi Riyals, equivalent to 10% of the paid-in capital for each year for the years 2022 and 2023. Paid for each year for the years 2022 and 2023. It will be presented at the next General Assembly meeting for approval.

12 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.

13 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 26 Rabi Alawal 1443 H (corresponding to 1 Novmeber 2021).