

**ALUJAIN HOLDING CORPORATION  
(A Saudi Joint Stock Company)**

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



**Crowe**

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

**ALUJAIN HOLDING CORPORATION**  
**(A Saudi Joint Stock Company)**

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**AND REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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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 June 2021, and the condensed consolidated interim statements of profit or loss and comprehensive income for the three and six months periods ended 30 June 2021, and the condensed consolidated interim statements of changes in equity and cash flows for the six 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") 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 six months period ended 30 June 2021, and our review opinion has not been modified based on this matter.

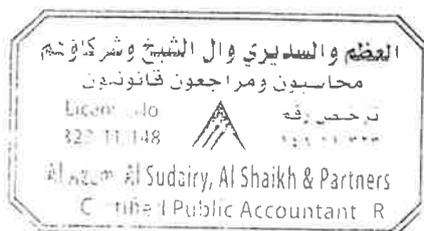
**Conclusion**

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.

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



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



11 Muharram 1443H (August 19, 2021)  
Riyadh, Kingdom of Saudi Arabia

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**ALUJAIN HOLDING CORPORATION**  
**(A Saudi Joint Stock Company)**

Condensed consolidated interim statement of financial position

As of June 30, 2021 (Unaudited)

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	30 June, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		23,045	24,278
Right-of-use assets		1,799	1,442
Intangible asset		132	111
Investment accounted for using equity method	4	1,800,245	1,625,464
<b>Total non-current assets</b>		<b>1,825,221</b>	<b>1,651,295</b>
<b>Current assets</b>			
Trade and other receivables		5,530	43,519
Prepayments and other current assets		1,047	1,258
Inventories		3,854	3,502
Cash and cash equivalents		20,812	5,479
<b>Total current assets</b>		<b>31,243</b>	<b>53,758</b>
<b>Total assets</b>		<b>1,856,464</b>	<b>1,705,053</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	5	692,000	692,000
Statutory reserve		141,070	125,844
Retained earnings		1,037,604	900,568
Other reserves		(27,201)	(27,644)
<b>Equity attributable to the shareholders of Alujain Holding Corporation (Parent Company)</b>		<b>1,843,473</b>	<b>1,690,768</b>
Non-controlling interests		320	346
<b>Total equity</b>		<b>1,843,793</b>	<b>1,691,114</b>
<b>Non-current liability</b>			
Non-current portion of lease liabilities against right- of -use assets		1,270	1,011
Employees defined benefits obligations		2,268	3,079
<b>Total non-current liability</b>		<b>3,538</b>	<b>4,090</b>
<b>Current liabilities</b>			
Trade and other payables		4,113	2,716
Current portion of lease liabilities against right- of -use assets		446	250
Accrued expenses and other current liabilities		3,570	5,258
Zakat payable		1,004	1,625
<b>Total current liabilities</b>		<b>9,133</b>	<b>9,849</b>
<b>Total liabilities</b>		<b>12,671</b>	<b>13,939</b>
<b>Total equity and liabilities</b>		<b>1,856,464</b>	<b>1,705,053</b>

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 and six months period ended June 30, 2021 (Unaudited)  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	<u>Three months period ended</u>		<u>Six months period ended</u>		
	<u>30 June 2021</u>	<u>30 June 2020</u>	<u>30 June 2021</u>	<u>30 June 2020</u>	
	Note	(Unaudited)	(Unaudited)	(Unaudited)	
Sales		5,245	2,614	10,002	7,247
Cost of sales		(4,459)	(2,576)	(8,474)	(6,594)
<b>Gross profit for the period</b>		<b>786</b>	<b>38</b>	<b>1,528</b>	<b>653</b>
Share in net income of investments accounted for using equity method	4	102,274	187,257	167,366	151,627
Selling and marketing expenses		(823)	(392)	(1,627)	(1,088)
General and administration expenses		(8,861)	(3,653)	(12,951)	(13,981)
<b>Profit from operations</b>		<b>93,376</b>	<b>183,250</b>	<b>154,316</b>	<b>137,211</b>
Finance cost		(17)	(51)	(33)	(113)
Other (expases) income		(922)	72	(920)	158
<b>Profit before zakat for the period</b>		<b>92,437</b>	<b>183,271</b>	<b>153,363</b>	<b>137,256</b>
Zakat expense		(488)	(300)	(1,127)	(664)
<b>Net profit for the period</b>		<b>91,949</b>	<b>182,971</b>	<b>152,236</b>	<b>136,592</b>
Attributable to:					
Shareholders of the Parent Company		91,963	182,982	152,262	136,616
Non-controlling interests		(14)	(11)	(26)	(24)
<b>Net profit for the period</b>		<b>91,949</b>	<b>182,971</b>	<b>152,236</b>	<b>136,592</b>
Earnings per share	6				
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)		1,33	2,64	2,2	1,97

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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 and six months period ended June 30, 2021 (Unaudited)  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	<u>Three months period ended</u>		<u>Six months period ended</u>		
	<u>30 June 2021</u>	<u>30 June 2020</u>	<u>30 June 2021</u>	<u>30 June 2020</u>	
	<u>Note</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	
Net profit for the period		91,949	182,971	152,236	136,592
<b>Other comprehensive income</b>					
<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	23	327	443	(1,080)
<b>Total comprehensive income for the period</b>		<b>91,972</b>	<b>183,298</b>	<b>152,679</b>	<b>135,512</b>
<b>Attributable to:</b>					
Shareholders of the Parent Company		91,986	183,309	152,705	135,536
Non-controlling interests		(14)	(11)	(26)	(24)
		<b>91,972</b>	<b>183,298</b>	<b>152,679</b>	<b>135,512</b>

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**ALUJAIN HOLDING CORPORATION**  
(A Saudi Joint Stock Company)

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

**Attributable to the shareholders of Alujain Holding Corporation**

	Share capital	Statutory reserve	Retained earnings	Other reserves	Total	Non-controlling interest	Total Equity
<b>As at January 1, 2021 (audited)</b>	692,000	125,844	900,568	(27,644)	1,690,768	346	1,691,114
Net profit for the period	-	-	152,262	-	152,262	(26)	152,236
Other comprehensive income for the period	-	-	-	443	443	-	443
Total comprehensive income for the period	-	-	152,262	443	152,705	(26)	152,679
Transferred to statutory reserve	-	15,226	(15,226)	-	-	-	-
<b>As at June 30, 2021 (unaudited)</b>	<b>692,000</b>	<b>141,070</b>	<b>1,037,604</b>	<b>(27,201)</b>	<b>1,843,473</b>	<b>320</b>	<b>1,843,793</b>
<b>As at January 1, 2020 (audited)</b>	692,000	105,115	714,507	(33,255)	1,478,367	398	1,478,765
Net profit for the period	-	-	136,616	-	136,616	(24)	136,592
Other comprehensive loss for the period	-	-	-	(1,080)	(1,080)	-	(1,080)
Total comprehensive income for the period	-	-	136,616	(1,080)	135,536	(24)	135,512
Transferred to statutory reserve	-	13,662	(13,662)	-	-	-	-
<b>As at June 30, 2020 (unaudited)</b>	<b>692,000</b>	<b>118,777</b>	<b>837,461</b>	<b>(34,335)</b>	<b>1,613,903</b>	<b>374</b>	<b>1,614,277</b>

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ALUJAIN HOLDING CORPORATION  
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of cash flows  
For the six months period ended June 30, 2021 (Unaudited)  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three months ended	
		June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
<b>operating activities</b>			
Profit before Zakat for the period		153,363	137,256
<b>Adjustments for:</b>			
Depreciation and amortizations		1,577	1,627
Depreciation for right-of-use assets		196	299
Employee defined benefit expenses		151	190
Share in net profit of equity accounted investees, net	4	(166,371)	(151,627)
<b>Working capital adjustments:</b>			
Inventories		(352)	1,396
Trade and other receivables		37,989	881
Prepayments and other current assets		211	(33)
Trade and other payables		1,397	(1,467)
Lease liabilities		(98)	(193)
Accrued expenses and other current liabilities		(1,688)	(1,847)
<b>Net cash flows provided from (used in) operations</b>		<b>26,375</b>	<b>(13,518)</b>
Employees defined benefits paid		(962)	-
Zakat paid		(1,748)	(64)
<b>Net cash flows provided from (used in) operating activities</b>		<b>23,665</b>	<b>(13,582)</b>
<b>investing activities</b>			
Addition to investment		(7,967)	-
Addition to property, plant and equipment		(365)	(178)
Addition to intangible assets		-	(75)
<b>Net cash flow used in investing activities</b>		<b>(8,332)</b>	<b>(253)</b>
<b>financing activities</b>			
Short term loans		-	9,807
<b>Net cash provided from financing activities</b>		<b>-</b>	<b>9,807</b>
<b>Net change in cash and cash equivalents during the period</b>		<b>15,333</b>	<b>(4,028)</b>
Cash and cash equivalents at the beginning of the period		5,479	12,785
<b>Cash and cash equivalents at the end of the period</b>		<b>20,812</b>	<b>8,757</b>

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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)**

**Notes to the condensed consolidated interim financial statements**  
**For the six months period ended 30 June 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 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 June 30, 2021:

<b>Subsidiaries</b>	<b>Country of incorporation</b>	<b>Paid up share capital</b>	<b>Effective ownership</b>	
			<b>2021</b>	<b>2020</b>
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. Later, the Parent Company took the procedures of liquidating 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. Later, the Parent Company took the procedures of liquidating Alujain Industrial Company and the commercial registration was canceled on July 12, 2021.

## 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 June 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 June,	December
		2021	2020		2021	31, 2020
					(Unaudited)	(Audited)
National Petrochemical Industrial Company (NATPET)	Saudi Arabia	57,56%	57,4%	Associate (i)	1,800,245	1,625,464
					<u>1,800,245</u>	<u>1,625,464</u>

1, NATPET

The movement in investment is as follows:

	30 June, 2021 (Unaudited)	December 31, 2020 (Audited)
Beginning of the period / year	1,625,464	1,445,513
Addition for the period / year	4,872	-
Share in net profit for the period / year	167,366	236,212
Share in other comprehensive income for the period / year	443	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)
Goodwill	3,095	-
Inter-group adjustment for the period / year	(995)	-
End of the period / year	<u>1,800,245</u>	<u>1,625,464</u>

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.

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**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.

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 six-month period ending on June 30, 2021 are as follows:

- During the second quarter of 2021, Alujain Holding Company increased its ownership stake in NATPET from 57,40% to 57.56% by purchasing 177,034 shares from existing shareholders. The ownership share of Alujain Company in NATPET Company was also increased in the subsequent period, note No 9.
- 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 six months period ended 30 June 2021.
- The total shares of Alujain Holding Company 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 June 30, 2021 amounted to approximately SR 1,118 million. The fair value gains amounte to approximately occurred SR 491 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 summarised financial results of NATPET are as follows:

<b>Summarized statement of financial position</b>	<b>June 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
<b>Current assets</b>		
Cash and cash equivalents	205,812	246,659
Other current assets	930,214	647,660
<b>Total current assets</b>	<b>1,136,026</b>	<b>894,319</b>
<b>Non-current assets</b>	<b>3,070,672</b>	<b>2,590,372</b>
<b>Total assets</b>	<b>4,206,698</b>	<b>3,484,691</b>
<b>Current liabilities</b>		
Financial liabilities (excluding trade and other payables and provisions)	22,368	83,811
Other current liabilities	336,482	417,470
<b>Total current liabilities</b>	<b>358,850</b>	<b>501,281</b>
<b>Non-current liabilities</b>		
Financial liabilities	133,817	51,387
Other non-current liabilities	101,103	101,911
<b>Total non-current liabilities</b>	<b>234,920</b>	<b>153,298</b>
<b>Total liabilities</b>	<b>593,770</b>	<b>654,579</b>
<b>Net assets</b>	<b>3,612,928</b>	<b>2,830,112</b>

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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:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Opening net assets	2,830,112	2,522,501
Profit for the period / year	291,070	411,523
Other Comprehensive profit for the period / year	491,746	3,088
Dividans	-	(107,000)
	<u>3,612,928</u>	<u>2,830,112</u>
Eliminate the unrealized gains from NATPET's investment in Alujain Holding Corporation	<u>(490,974)</u>	-
Net assets	<u>3,121,954</u>	<u>2,830,112</u>
Group's share in % (rounded to one decimal)	57,56%	57,4%
Group's share in net assets (computed on absolute share)	1,797,150	1,624,469
Goodwill	3,095	-
Inter-group adjustment	-	995
	<u>1,800,245</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:

	<u>For the six months period ended June 30</u>	
	2021 (Unaudited)	2020 (Unaudited)
Revenues	976,512	386,574
Operating profit	309,591	288,833
Profit before Zakat	297,702	271,363
Profit for the period	291,070	264,163
Other comprehensive loss	491,746	1,956
Total comprehensive income for the period	<u>782,816</u>	<u>266,119</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 June 2021: Nil).

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**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
<b>June 30, 2021 - unaudited</b>				
Sales	-	10,002	-	10,002
Cost of sales excluding depreciation	-	(7,359)	-	(7,359)
Depreciation and amortization	-	(1,115)	(105)	(1,220)
Share in net income of an equity accounted investee	167,366	-	-	167,366
Selling and marketing expenses	-	(1,627)	-	(1,627)
General and administration expenses excluding depreciation	-	(1,540)	(11,306)	(12,846)
Finance cost	-	(33)	-	(33)
Other income	-	-	(920)	(920)
Segment results profit (loss) before Zakat	<u>167,366</u>	<u>(1,672)</u>	<u>(12,331)</u>	<u>153,363</u>
<b>June 30, 2020 – unaudited</b>				
Sales	-	7,247	-	7,247
Cost of sales excluding depreciation	-	(4,920)	-	(4,920)
Depreciation and amortization	-	(1,716)	(214)	(1,930)
Share in net loss of investment accounted for using equity method	151,627	-	-	151,627
Selling and marketing expenses	-	(1,088)	-	(1,088)
General and administration expenses excluding depreciation	-	(1,345)	(12,380)	(13,725)
Finance cost	-	103	55	158
Other income	-	(103)	(10)	(113)
Segment results (loss) before Zakat	<u>151,627</u>	<u>(1,822)</u>	<u>(12,549)</u>	<u>137,256</u>
<b>Total assets and liabilities as at June 30, 2021 - unaudited</b>				
Total assets	<u>1,800,245</u>	<u>35,128</u>	<u>21,091</u>	<u>1,856,464</u>
Total liabilities	<u>-</u>	<u>9,452</u>	<u>3,219</u>	<u>12,671</u>
<b>Total assets and liabilities as at December 31, 2020 - audited</b>				
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 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Geographic information		
Local sales	9,771	7,247
Export sales – middle east	231	-
<b>Total</b>	<b>10,002</b>	<b>7,247</b>

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 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Short-term employee benefits	303	438
Termination benefits	20	57
	<b>323</b>	<b>495</b>

	For the three month ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Board of directors rewards	5,290	4,621

**Related party balances**

Related party	Relationship	30 June, 2021	December 31, 2020
		(Unaudited)	(Audited)
a) Amounts due from related parties			
Natpet	Associate	86	41,504
		<b>86</b>	<b>41,504</b>

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

**9 Subsequent event**

**Purchase of shares of a group of NATPET shareholders**

On August 17, 2021, the group announced that it had signed an agreement to purchase shares allocated to a group of NATPET shareholders amounting to (17,152,451) shares, representing 16% of the total shares of NATPET. The value of the deal is financed through Islamic Murabaha facilities from Alinma Bank, amounting to 814.6 million Saudi riyals, in order to support the company's strategic plans to increase its investments

**Obtaining Islamic Murabaha facilities**

On August 17, 2021, the group announced that it had signed an Islamic Murabaha facility agreement with a total amount of one billion Saudi riyals to be repaid over 8 years. Shares owned by Alujain Holding Company were pledged as collateral in exchange for the financing.

**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 11 Muharram 1443 H (corresponding to 19 August 2021).