ALUJAIN CORPORATION
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019
AND REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Crowe

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

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019
AND REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Index **Pages**

Crowe

Al Azem, Al Sudairy, Al Shaikh & Partners
CPA's & Consultants
Member Crowe Global
C.R License No. 323/11/148
P.O. Box 10504 Riyadh 11443
Kingdom of Saudi Arabia
Telephone: +966 11 217 5000
Facsimile : +966 11 217 6000
Email: ch@crowe.sa
www.crowe.com/sa

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

The Shareholders
Alujain Corporation
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **Alujain Corporation (the "Company") and its subsidiaries (the "Group")** as at 30 September 2019, and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three and nine months period ended 30 September 2019, and the related 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 note. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements 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 statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial statements Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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.

Conclusion

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

Emphasis of Matter

We draw attention to note (4) in the condensed consolidated interim financial statements which describes that fire occurred at the plant of National Petrochemical Industries Company "NATPET" (Associate company) on October 2, 2018. Our conclusion is not modified in respect of this matter.

العظم والسديري وال الشيخ وشركاؤهم
محاسبون ومراجعون قانونيون
License No
323/11/148
ترخيص رقم
١٤٨ /١١ /٣٢٣
Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountant R

AlAzem, AlSudairy, AlShaikh & Partners
Certified Public Accountants

Abdullah M. AlAzem
License No. 335

3 Rabi' al-Thani 1441H (November 30, 2019)
Riyadh, Kingdom of Saudi Arabia

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of financial position
As of September 30, 2019 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	30 September, 2019 (Unaudited)	December 31, 2018 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		27,922	30,040
Right-of-use assets		2,177	-
Intangible asset		46	180
Investment accounted for using equity method	4	988,099	1,247,341
Total non-current assets		1,018,244	1,277,561
Current assets			
Inventories		4,124	4,125
Trade and other receivables		4,326	4,108
Prepayments and other current assets		1,326	30,062
Cash and cash equivalents		17,229	9,374
Total current assets		27,005	47,669
Total assets		1,045,249	1,325,230
Equity and liabilities			
Equity			
Share capital	5	692,000	692,000
Statutory reserve	6	85,999	85,999
Retained earnings		287,455	545,633
Cash flow hedge reserve		(1,294)	349
Fair value through Other Comprehensive Income (FVTOCI) reserve		(38,580)	(19,803)
Equity attributable to the shareholders of Alujain Corporation (Parent Company)		1,025,580	1,304,178
Non-controlling interests		388	388
Total equity		1,025,968	1,304,566
Non-current liabilities			
Employees defined benefits		4,136	4,370
Long term lease liabilities		1,730	-
Total non-current liabilities		5,866	4,370
Current liabilities			
Trade and other payables		9,405	10,448
Lease liabilities		259	-
Accrued and other current liabilities		3,013	4,122
Zakat payable	7	738	1,724
Total current liabilities		13,415	16,294
Total liabilities		19,281	20,664
Total equity and liabilities		1,045,249	1,325,230

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 CORPORATION
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of profit or loss
For the three and nine months period ended September 30, 2019(Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Three months period ended 30 September 2019 (Unaudited)	Three months period ended 30 September 2018 (Unaudited)	Nine months period ended 30 September 2019 (Unaudited)	Nine months period ended 30 September 2018 (Unaudited)
Revenue		**6,685**	6,738	**17,996**	18,852
Cost of sales		**(5,079)**	(5,321)	**(13,828)**	(15,786
Gross profit		**1,606**	1,417	**4,168**	3,066
Share in net income / (loss) of an equity accounted investment	4	**(106,744)**	30,165	**(238,822)**	166,543
Selling and marketing expenses		**(796)**	(791)	**(2,304)**	(2,553)
General and administration expenses		**(2,383)**	(2,968)	**(6,855)**	(12,087)
Other income		**-**	115	**70**	115
Operating (loss) profit		**(108,317)**	27,938	**(243,743)**	155,084
Finance Cost		**(8)**	-	**(8)**	-
Finance Income – Murabaha deposits		**119**	79	**125**	219
(Loss) profit before zakat		**(108,206)**	28,017	**(243,626)**	155,303
Zakat expense		**(246)**	(428)	**(14,552)**	(1,290)
(Loss) / profit for the period		**(108,452)**	27,589	**(258,178)**	154,013
Attributable to:					
Shareholders of the Parent Company		**(108,455)**	27,590	**(258,178)**	154,040
Non-controlling interests		**3**	(1)	**-**	(27)
(Loss) / profit for the period		**(108,452)**	27,589	**(258,178)**	154,013
(Loss) / Earnings per share	8				
Weighted average number of ordinary shares ('000)		**69,200**	69,200	**69,200**	69,200
Basic and diluted (loss) earnings per share attributable to ordinary equity holders of the Parent Company (Saudi Riyals)		**(1,57)**	0,40	**(3,73)**	2,23

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.

Condensed consolidated interim statement of comprehensive income
For the three and nine months period ended September 30, 2019 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

		Three months period ended		Nine months period ended	
	Note	**30 September 2019 (Unaudited)**	30 September 2018 (Unaudited)	**30 September 2019 (Unaudited)**	30 September 2018 (Unaudited)
(Loss) / profit for the period		**(108,452)**	27,589	**(258,178)**	154,013
Other comprehensive (loss) income					
Items that may be reclassified to statement of profit or loss:					
Share in other comprehensive (loss) income of equity accounted investees	4	**-**	247	**(18,777)**	1,822
Fair value changes in cash flow hedging	4	**(217)**	-	**(1,643)**	-
Total comprehensive (loss) income for the period		**(108,669)**	27,836	**(278,598)**	155,835
Attributable to:					
Shareholders of the Parent Company		**(108,672)**	27,837	**(278,598)**	155,862
Non-controlling interests		**3**	(1)	**-**	(27)
		(108,669)	27,836	**(278,598)**	155,835

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 CORPORATION
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of changes in equity
For the nine months period ended September 30, 2019 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Attributable to the shareholders of Alujain Corporation								
	Share capital	Statutory reserve	Retained Earnings	Cash flow hedge reserve	Available-for-sale investment reserve	FVTOCI reserve	Total	Non-controlling interest	Total
As at January 1, 2019 (audited)	**692,000**	**85,999**	**545,633**	**349**	**-**	**(19,803)**	**1,304,178**	**388**	**1,304,566**
Net loss for the period	-	-	(258,178)	-	-	-	(258,178)	-	(258,178)
Other comprehensive loss for the period	-	-	-	(1,643)	-	(18,777)	(20,420)	-	(20,420)
Total comprehensive loss for the period	-	-	(258,178)	(1,643)	-	(18,777)	(278,598)	-	(278,598)
As at September 30, 2019 (unaudited)	**692,000**	**85,999**	**287,455**	**(1,294)**	**-**	**(38,580)**	**1,025,580**	**388**	**1,025,968**
As at January 1, 2018 (audited)	692,000	75,524	455,753	(995)	(5,381)	-	1,216,901	413	1,217,314
Reclassification	-	-	-	-	5,381	(5,381)	-	-	-
Net profit for the period	-	-	154,040	-	-	-	154,040	(27)	154,013
Other comprehensive income for the period	-	-	-	1,822	-	-	1,822	-	1,822
Total comprehensive income for the period	-	-	154,040	1,822	-	-	155,862	(27)	155,835
IFRS adjustments	-	-	(1,349)	-	-	-	(1,349)	-	(1,349
Transfer to statutory reserve	-	15,404	(15,404)	-	-	-	-	-	-
As at September 30, 2018 (unaudited)	692,000	90,928	593,040	827	-	(5,381)	1,371,414	386	1,371,800

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 CORPORATION
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows
For the nine months period ended September 30, 2019 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the nine months ended September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
Cash flow from operating activities			
(loss) Profit before zakat		**(243,626)**	155,303
Adjustments for:			
Depreciation and amortization		**2,332**	2,370
Depreciation for right-of-use assets		**452**	-
Employee defined benefit expenses		**122**	1,010
Share in net loss (income) of equity accounted investees	4	**238,822**	(166,543)
Working capital adjustments:			
Inventories		**1**	(109)
Trade and other receivables		**(218)**	550
Prepayments and other current assets		**28,736**	861
Trade and other payables		**(1,043)**	(173)
Lease liabilities		**(640)**	-
Accrued and other current liabilities		**(1,109)**	(615)
Net cash from (outflows) operations		**23,829**	(7,346)
Employees defined benefits paid		**(356)**	(1,043)
Zakat paid		**(15,538)**	(1,466)
Net cash from (outflows) operating activities		**7,935**	(9,855)
Cash flow from investing activities			
Addition to property, plant and equipment		**(80)**	(1,036)
Net cash outflow from investing activities		**(80)**	(1,036)
Cash flows from financing activities			
Dividend paid to shareholders		**-**	(43)
Net Cash used in financing activities		**-**	(43)
Net change in cash and cash equivalents		**7,855**	(10,934)
Cash and cash equivalents at the beginning of the period		**9,374**	20,897
Cash and cash equivalents at the end of the period		**17,229**	9,963
Supplementary information for non-cash transactions			
Impact of adopted IFRS 16		**2,636**	-

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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information

Alujain 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. The Parent Company is listed on the Saudi Stock Exchange.

The objectives of the Parent Company are to promote and invest in metal and petrochemical industries and other industrial projects.

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, 2019:

Subsidiaries	**Country of incorporation**	**Paid up share capital**	**Effective ownership 2019**	**Effective ownership 2018**
Zain Industries Company (i)	Saudi Arabia	**60,000**	**98.75%**	98.75%
Alujain Company for Investment (ii)	Saudi Arabia	**100**	**100%**	100%
Alujain Industrial Company (iii)	Saudi Arabia	**100**	**100%**	100%

i. Zain Industries Company - a Limited Liability Company ("Zain") is engaged in the business of homecare products (spray starch and air fresheners), insecticides and agricultural pesticides, with manufacturing facility located in Jubail Industrial City. During 2017, the Parent Company increased its ownership interest in Zain from 49.38% to 98.75% by purchasing the interest from existing partners.

ii. Alujain Company for Investment - a Sole Proprietor Limited Liability Company ("ACJ") was incorporated during the year 2017. ACJ's purpose is to engage in sale and purchase of land and real estate, and provision of commercial and administrative services. However, ACJ has not commenced commercial operations. The Parent Company has transferred 26,008,709 shares held in National Petrochemical Industrial Company Natpet (representing 20% share capital of Natpet) to ACJ under an agreement dated August 17, 2017. Legal formalities to update the share register of Natpet to reflect the new shareholding are under process.

iii. Alujain Industrial Company - A Sole Proprietor Limited Liability Company ("AIC") was incorporated during the year 2017. AIC's purpose is to engage in providing commercial and administrative services. However, AIC has not commenced commercial operations. The Parent Company transferred 26,008,709 shares held in Natpet (representing 20% share capital of Natpet) to AIC under an agreement dated August 17, 2017. Legal formalities to update the share register of Natpet to reflect the new shareholding are under process.

2 Basis of preparation

2.1 Statement of compliance

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

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended December 31, 2018.

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, 2019 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2019.

The accounting policies adopted are consistent with those of the previous financial year ended December 31, 2018 except for and the adoption of new and amended standards as set out in Note 3.

b.) Functional and presentation currency

The condensed 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 off 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)

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 income.

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 statement of income.

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

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

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

Investment accounted for using equity method

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

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

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

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

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

2 Basis of preparation (continued)

Investment accounted for using equity method (continued)

The condensed consolidated interim statement of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in statement of other comprehensive income of those investees is presented as part of the Group's condensed consolidated interim statement of other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the 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 income 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 income.

Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

2 Basis of preparation (continued)

Cash dividend to equity holders

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

Inter-group loans

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

3 New and amended standards adopted by the Group

The Company has adopted IFRS (16) "Leases" from 1 January 2019, the effect of application of these standards have been fully explained in below. There are no other new standards issued, however, there are number of amendments to standards which are effective from 1 January 2020, but they do not have a material effect on the Company's Condensed Interim Financial Statements.

3.1 Annual Improvements to IFRSs 2015–2017 Cycle

- Improvement to IFRS (11) "Joint Arrangements" related to Previously Held Interests in a Joint Operation.
- Improvement to IAS (12) "Income Taxes" related to Income Tax Consequences of Payments on Financial Instruments Classified as Equity.
- Improvement to IAS (23) "Borrowing Costs" related to Borrowing Costs Eligible for Capitalization.

3.2. Changes in significant accounting policies

Except as described below, the accounting policies applied in these Condensed Consolidated Interim Financial Statements are the same as those applied in the last annual Consolidated Financial Statements for the year ended 31 December 2018. The changes in accounting policies are also expected to be reflected in the annual Consolidated Financial Statements for the year ending 31 December 2019.

IFRS 16 - Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

In the current period, the Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019.

The Group elected to use the practical expedient available on transition to IFRS 16 not to reassess whether a contract contains a lease or not, allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Group also adopted the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases that are expiring during 2019.
- Excluded initial direct cost from measuring the right-of-use asset at the date of initial application.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

(All amounts in Saudi Riyals thousands unless otherwise stated)

3 New and amended standards adopted by the Group (continued)

A)Prior to adoption of IFRS 16:

Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease based on the substance of the arrangement at the inception date.

A lease was classified as a finance lease that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as operating expense in the consolidated statement of profit or loss on a straight-line basis over the lease term. Any prepaid and accrued amounts were recognised under prepayments and other payables, respectively.

B)After adoption of IFRS 16:

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Group applied IFRS 16 at the date of initial application. Under modified retrospective approach right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. Accordingly, the comparative information is not restated.

C)Impact on the condensed consolidated interim financial statements

The following tables summarizes impacts of adopting IFRS 16 on the Group's condensed consolidated interim financial statements:

Condensed consolidated interim statement of financial position as at 30 September 2019

	Balances without adoption of IFRS 16	Adjustments	As reported
Assets			
Property, plant and equipment	27,922	-	**27,922**
Right-of-use Asset	-	2,177	**2,177**
Intangible asset	46	-	**46**
Investment accounted for using equity method	988,099		**988,099**
Total non-current assets	1,016,067	2,177	**1,018,244**
Inventories	4,124	-	**4,124**
Trade and other receivables	4,326	-	**4,326**
Prepayments and other current assets	1,459	(133)	**1,326**
Cash and cash equivalents	17,229		**17,229**
Total current assets	27,138	(133)	**27,005**
Total assets	1,043,205	2,044	**1,045,249**
Equity and liabilities			
Share capital	692,000	-	**692,000**
Statutory reserve	85,999	-	**85,999**
Retained earnings	287,400	55	**287,455**
Cash flow hedge reserve	(1,294)	-	**(1,294)**
Fair value through Other Comprehensive Income (FVTOCI) reserve	(38,580)	-	**(38,580)**
Equity attributable to the shareholders of Alujain Corporation (Parent Company)	1,025,525	55	**1,025,580**
Non-controlling interests	388	-	**388**
Total equity	1,025,913	55	**1,025,968**
Employees defined benefits	4,136	-	**4,136**
Long term lease liabilities	-	1,730	**1,730**
Total non-current liabilities	4,136	1,730	**5,866**
Current liabilities			
Trade and other payables	9,405	-	**9,405**
Lease liabilities	-	259	**259**
Accrued and other current liabilities	3,013	-	**3,013**
Zakat payable	738	-	**738**
Total current liabilities	13,156	259	**13,415**
Total liabilities	17,292	1,989	**19,281**
Total equity and liabilities	1,043,205	2,044	**1,045,249**

(All amounts in Saudi Riyals thousands unless otherwise stated)

3 New and amended standards adopted by the Group (continued)

Condensed consolidated interim statement of profit or loss and comprehensive income for the period ended 30 September 2019

	Balances without adoption of IFRS 16	Adjustments	As reported
Revenue	17,996	-	17,996
Cost of sales	(13,938)	110	(13,828)
Gross profit	4,058	110	4,168
Share in net loss of an equity accounted investment	(238,822)	-	(238,822)
Selling and marketing expenses	(2,304)	-	(2,304)
General and Administrative expenses	(6,808)	(47)	(6,855)
Other revenue	70	-	70
Operating Loss	(243,806)	63	(243,743)
Finance cost	-	(8)	(8)
	125	-	125
Net loss before zakat	(243,681)	55	(243,626)
Zakat expense	(14,552)	-	(14,552)
Net loss for the period	(258,233)	55	(258,178)
Share in other comprehensive (loss) of equity accounted investees	(18,777)	-	(18,777)
Fair value changes of cash flow hedge	(1,643)	-	(1,643)
Total comprehensive loss for the period	(278,653)	55	(278,598)

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 January 2019:

- Right-of-use assets of 2,636 were recognized and presented separately in the statement of financial position.
- Lease liabilities of SAR 2,386 and presented separately in the statement of financial position.
- Prepayments of SAR 250 related to previous operating leases were reclassified to the right of use assets.

Impact on the consolidated statement of financial position (increase / (decrease)) as at 1 January 2019:

	1 January 2019
Assets	
Right-of-use assets	2,636
Prepayments	(250)
	2,386
Liabilities	
Lease liabilities	2,386
	2,386

For the nine months ended 30 September 2019:

- Depreciation expense increased by SAR 452 relating to the depreciation of right of use assets recognized.
- Rent expense decreased by SAR 515 relating to previous operating leases.

(All amounts in Saudi Riyals thousands unless otherwise stated)

3 **New and amended standards adopted by the Group (continued)**

Impact on the consolidated statement of profit or loss (increase / (decrease)) for the nine months ended 30 September 2019:

	30 September 2019
Depreciation expense (included in cost of revenue and administrative expenses)	(452)
Rent expense (included in cost of revenue and administrative expenses)	515
Operating profit	**63**
Finance costs	(8)
Profit for the period	**55**

Amounts recognised in the statement of financial position

As at 30 September 2019, the cost of right of use assets is SAR 2,636 and accumulated depreciation is SAR 452.
For the quarter ended 30 September 2019, the group has recognised interest expense of SAR 8 on lease liability and total cash flow for leases is SAR 640.

Below are the new accounting policies of the Group after adoption of IFRS 16:

Leases

The Group assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Group recognize right of use assets and lease liabilities except for the short term leases and leases of low value assets as follows:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(All amounts in Saudi Riyals thousands unless otherwise stated)

3 New and amended standards adopted by the Group (continued)

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

4 Investment accounted for using equity method

Investment accounted for using equity method consists of the following:

	30 September, 2019 (Unaudited)	December 31, 2018 (Audited)
Investment in Natpet – associate	**988,099**	1,247,341
	988,099	1,247,341

The movement in investment is as follows:

	30 September, 2019 (Unaudited)	December 31, 2018 (Audited)
Beginning of the period / year	**1,247,341**	1,144,445
Share in net (loss) profit for the period / year	**(238,822)**	121,144
Share in other comprehensive loss for the period / year	**(20,420)**	(18,248)
End of the period / year	**988,099**	1,247,341

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 September 2013, the Natpet shares owned by Alujain 57.4% of Natpet total shares are pledged against Natpet loans from commercial bank.

On October 2, 2018, a fire occurred at the plant Natpet (Associate company) in Yanbu. As a result, the complex is currently not in operation. the Natpet Company has since lodged the claim with the insurance company. Under the insurance policy, the insurance company is responsible to reinstate the plant to its working condition and also compensate the Natpet Company for business interruption. Further, subsequent to the year-end, the Natpet Company also received interim payments from the insurance company of SR 489.5 million representing an unallocated amount towards the Company's property damage and business interruption insurance cover. Natpet management recorded these amounts as a liability until the insurance company finish of its invistigations. The Natpet Company expects that the construction work shall be completed and the trial run shall commence during January 2020.

Following the incident, the Company estimated the cost of plant and equipment destroyed in fire and wrote off items of plant and equipment which were damaged beyond repair in the fire incident. The net book value of SR 31.1 million has been presented as property and equipment written off in the statement of profit or loss and comprehensive income in Natpet company for the year ended December 31, 2018.

The aggregated assets and liabilities of Natpet are as follows:

	30 September, 2019 (Unaudited)	December 31, 2018 (Audited)
Total assets	**2,934,184**	2,891,785
Total liabilities	**(1,214,473)**	(720,430)
Net assets	**1,719,711**	2,171,355

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Investment accounted for using equity method (continued)

A reconciliation of equity is as follows:

	30 September, 2019 (Unaudited)	December 31, 2018 (Audited)
Opening net assets	**2,171,355**	1,992,094
(loss) Profit for the period / year	**(416,069)**	211,054
Comprehensive (loss) for the period / year	**(35,575)**	(25,322)
IFRS adjustments	**-**	(6,471)
	1,719,711	2,171,355
Group's share in % (rounded to one decimal)	**57.4%**	57.4%
Group's share in net assets (computed on absolute share)	**987,104**	1,246,346
Inter-group adjustment	**995**	995
	988,099	1,247,341

Summary of statements of profit or loss and comprehensive income is as follows:

	For the nine month ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
Revenues	**83,235**	1,334,931
Operating (loss) / profit	**(413,528)**	343,964
(Loss) / profit before zakat	**(405,055)**	302,798
(Loss) / profit for the period	**(416,069)**	290,148
Total comprehensive (loss) / income for the period	**(451,644)**	293,321

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 Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Parent Company is required to transfer 10% of the net income for the year to a statutory reserve. The resrve is currently not distributable to the shareholder.

7 Zakat payable

The movement in the Group's zakat payable balance is as follows:

	30 September, 2019 (Unaudited)	December 31, 2018 (Audited)
At beginning of the period / year	**1,724**	1,757
Provided during the period / year	**14,552**	1,433
Paid during the period / year	**(15,538)**	(1,466)
At the end of the period / year	**738**	1,724

Status of assessments

During the year an agreement signed between the Group and GAZT to settle its Zakat assessments differences of SR 32.58 million for the years 2003 through 2016 issued by GAZT. According to the agreement, the Zakat assessment is to be settled against SAR 14.5 million as a onetime payment . As of 30 September 2019, bank gurantee amounting to SAR 28,485 million was released so that the settlement of SAR 14.5 million be deducted.

(All amounts in Saudi Riyals thousands unless otherwise stated)

8 Earnings 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 EPS 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 (2018: Nil).

9 Segment reporting

A reporting segment is a group of assets and operations engaged in revenue producing activities, results of its operations are continuously analysed 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, 2019 - unaudited				
Revenues	-	17,996	-	17,996
Cost of sales excluding depreciation	-	(11,537)	-	(11,537)
Depreciation and amortizations	-	(2,291)	(41)	(2,332)
Share in net loss of an equity accounted investee	(238,822)	-	-	(238,822)
Selling and marketing expenses	-	(2,304)	-	(2,304)
General and administration expenses	-	(1,811)	(5,003)	(6,814)
Other income	-	19	51	70
Finance cost	-	-	(8)	(8)
Finance income	-	28	97	125
Segment results (loss before zakat)	(238,822)	100	(4,904)	(243,626)
September 30, 2018 – unaudited				
Revenues	-	18,852	-	18,852
Cost of sales excluding depreciation	-	(13,475)	-	(13,475)
Depreciation and amortizations	-	(2,311)	(59)	(2,370)
Share in net profit of an equity accounted investee*	166,543			166,543
Selling and marketing expenses	-	(2,553)	-	(2,553)
General and administration expenses	-	(2,567)	(9,461)	(12,028)
	-	115	-	115
Finance income	-	66	153	219
Segment results (profit before zakat)	166,543	(1,873)	(9,367)	155,303
Total assets and liabilities as at September 30, 2019 - unaudited				
Total assets	**988,099**	**42,982**	14,168	1,045,249
Total liabilities		**11,939**	7,343	19,281
Total assets and liabilities as at December 31, 2018 - audited				
Total assets	1,247,341	42,773	35,116	1,325,230
Total liabilities	-	11,754	8,910	20,664

(All amounts in Saudi Riyals thousands unless otherwise stated)

9 Segment reporting (continued)

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

	For the nine month ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
Geographic information		
Revenue from external customers		
Local sales	**17,996**	18,473
Export sales	**-**	379
Total	**17,996**	18,852

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.

10 Fair value measurement of financial instruments

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

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at Septemper 30, 2019.

11 Related party transactions and balances

Key management compensation

	For the nine month ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
Short-term benefits	**616**	742
Termination benefits	**53**	48
	669	790

	For the nine month ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
Board of directors and committees	**1,053**	2,696

Related party balances

Related party	**Relationship**	**30 September, 2019 (Unaudited)**	December 31, 2018 (Audited)
a) Amounts due from related parties			
Natpet	Associate	**86**	86
		86	86

Terms and conditions of transactions with related parties

Transaction with the related parties are undertaken at mutually agreed prices and are approved by the management. Outstanding balance as at September 30, 2019 are unsecured, interest free and settled in cash. For the period ended September 30, 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

12 Contingency

The Parent Company has submitted bank guarantees against the open zakat assessments the remaining amount as of 30 September 2019 is SAR 11.6 million (September 30, 2018: Saudi Riyals 28.485 million).

13 Approval of condensed consolidated interim financial statements

The condensed consolidated interim financial statements including notes and other explanatory information was approved and authorised for issue by the Board of Directors (BoD) on 3 Rabi' al-Thani (30 November,2019).