ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
TOGATHER WITH INDEPENDENT AUDITOR'S REPORT

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

ALUJAIN HOLDING CORPORATION
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **ALUJAIN HOLDING CORPORATION (the "Company") and its subsidiary (collectively the "Group"),** which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualfiied Opinion paraghraph in our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Qualified Opinion

As explained in Note (30) of the accompanying consolidated financial statements, on January 1, 2020, interest-free long-term loan contracts were signed between National Petrochemical Industrial Company ("NATPET") and one of Mena Company, Developed Fawasel Chemical Company, Abraj Altaj Plastic Industrial Company and Professional Afaq Company ("the four companies") with a combined value of SR 559 million so that the four companies can purchase shares in Alujain Holding Corporation and pay off the loan on December 31, 2025. The four companies pledged to use at least 95% of the value of the loan for the purpose of buying shares in Alujain Holding Corporation and that these shares will not be disposed of except with a written consent of NATPET. We could not verify that the four companies complied with the terms of the contracts agreed with NATPET which stipulate to mortgage Alujain Corporation shares owned by the four companies in exchange for the interest-free long-term loans granted by NATPET, and therefore, we are unable to determine whether any adjustments are necessary to the notes to the consolidated financial statements of the Group.

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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INDEPENDENT AUDITOR'S REPORT ***(Continued)***
ALUJAIN HOLDING CORPORATION
A Saudi Joint Stock Company

Emphasis of Matters
We draw attention to the following:

As explained in Note (9) and Note (30) to the accompanying consolidated financial statements which describes that In November 2019, NATPET established 4 companies ("the four companies") with effective shareholding ranging between 99% and 100% and with share capital of SR 500,000 each (total of SR 2 million). During the first quarter of 2020, NATPET has relinquished all ownership in the four companies, and NATPET no longer owns any share in any of these companies. The current management of NATPET has not been able to ascertain whether the assignment of the ownership in the four companies were made to related parties of NATPET or not. Our opinion is not further modified in respect of this matter.

As explained in Note (9) and Note (30) to the accompanying consolidated financial statements which describes that NATPET invested in Alujain Holding Corporation shares and the fair value of those shares as of December 31, 2019 amounted to about SR 223 million (7.435 million shares). At the beginning of March 2020, Natpet sold all these shares. On March 10, 2020, a court ruling was issued against NATPET and any of its susidiaries, whether owned directly or indirectly, restricting the rights of shares owned by NATPET Company in the Alujain Holding Corporation until ownership is corrected and moving properly through activating the regular role of the General Assembly of NATPET, according to the Regulations for Companies. Management, after consulting with legal counsel, believes that this ruling includes restricting the rights of these shares transferred by NATPET to others as long as the transfer of shares is in a fictitious and unrealistic manner. Our opinion is not further modified in respect of this matter.

As explained in Note (9) to the accompanying consolidated financial statements which describes that a court ruling was issued at the end of 2019 revoking the NATPET General Assembly's decision regarding dividends amounting SR 107 milllion related to year ended December 31, 2018. The General Assembly of NATPET was held on May 31, 2020, and approved a dividend of SR 107 million for the year ended December 31, 2019. Our opinion is not further modified in respect of this matter.

As explained in Note (9) to the accompanying consolidated financial statements which describes that as of the date of this report, the audited consolidated financial statements of NATPET has not been issued. NATPET 's management is in the process of issuing these financial. Our opinion is not further modified in respect of this matter.

Key Audit Matters *(Continued)*

Implementation of IFRS 16 "Leases"	
Key audit matter	**How the matter was addressed in our audit**
The Group has adopted IFRS 16 "Leases" with effect from 1 January 2019 and this new standard supersedes the requirements of IAS 17 "Leases". Management performed a detailed analysis of each leases contract to identify difference between the requirements of the two standards identify the changes required to be made to existing accounting policies, and determine the transition adjustments and consequential changes to processes and control required particularly in connection with identification of whether an arrangement meets the definition of a lease. IFRS 16 principally modifies the accounting treatment of operating leases at inception, with the recognition of a right of use assets and a corresponding liability for the discounted amount of lease payments over the term of lease contract. The Group has chosen to apply IFRS 16 "Leases" under the modified retrospective approach of the initial implementation on 1 January 2019. Accordingly, this resulted in recognition of right of use assets amounted to SAR 2.636 million as at 1 January 2019 and lease liabilities of SAR 2.386 million as of that date. Management also assessed the disclosure requirements of the new standard to be made in the consolidated financial statements. We considered this as a key audit matter because the calculations of amount underlying the right of use assets and the corresponding lease liabilities involve new processes for collecting data, complex rules and the application of significant management judgement relating to the terms contracts.	Our procedures included the following: • Reviewed management's assessment of the impact of IFRS 16 in terms of the classification and measurements of it right of use assets and leases liabilities, and understood the approach taken towards implementation; • Assessed the accuracy of the lease data by testing, on a sample basis, the lease data captured by management through the inspection of lease documents; • Tested lease schedules, on a sample basis, by recalculating the amounts underlying the right of use assets and lease liabilities, based on the terms of the lease contract. We also tested the arithmetical accuracy of those individual lease schedules and how these accumulated into the overall adjustment totals applied in the consolidated financial statement as 1 January 2019; and • Assessed the appropriateness of the discount rates used in computation of lease liabilities obligations. We also reviewed the adequacy of the Group's disclosures included in the consolidated financial statements.
With reference to not (5-1) related to the new New standards, interpretations applied by the Group.	

Key Audit Matters *(Continued)*

NATPET's Financial Statements	
Key audit matter	**How the matter was addressed in our audit**
The share of Alujian Holding Corporation in NATPET's financial results were recognized using the equity method without obtaining the audited consolidated financial statements from Natpet's auditor as the appointed auditor issued his report for the year ended December 31, 2019 on March 24, 2020 and withdrew the same on April 28, 2020. The auditor of NATPET has not reissued his report until the date of issuance this report.`	Our procedures regarding the recognition of Alujain Holding Corporation' share in NATPET's financial results using the equity method included the following: • We reviewed, examined and evaluated NATPET's operations for the year ended December 31, 2019, by reference to all relevant, appropriate and available documents, as well as legal matters, court orders and Alujain Holding Corporation's correspondence. We also reviewed the adequacy of the Group's disclosures included in the consolidated financial statements.
With reference to note (9-3) related to investment in equity accounted investees.	

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report and conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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INDEPENDENT AUDITOR'S REPORT ***(Continued)***
ALUJAIN HOLDING CORPORATION
A Saudi Joint Stock Company

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Regulations for Companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT ***(Continued)***
ALUJAIN HOLDING CORPORATION
A Saudi Joint Stock Company

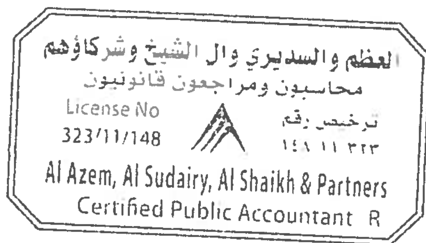
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements ***(Continued)***

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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

Salman B. AlSudairy
License No. 283

11 Dhu al-Qi'dah 1441H (July 2, 2020)
Riyadh, Kingdom of Saudi Arabia

ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

Consolidated Statement of Financial Position
As at December 31, 2019
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As at 31 December 31 2019	2018
Assets			
Non-current assets			
Property, plant and equipment	6	27,146	30,040
Right of use assets	7	2,039	-
Intangible assets	8	44	180
Investment accounted for using equity method	9	1,445,513	1,247,341
Total non-current assets		1,474,742	1,277,561
Current assets			
Trade and other receivables, net	10	3,264	4,108
Prepayments and other current assets	11	1,554	30,062
Inventories	12	4,377	4,125
Cash and cash equivalents	13	12,785	9,374
Total current assets		21,980	47,669
Total assets		1,496,722	1,325,230
Equity and liabilities			
Equity			
Share capital	14	692,000	692,000
Statutory reserve	15	105,115	85,999
Retained earnings		714,507	545,633
Other reserves		(33,255)	(19,454)
Equity attributable to the shareholders of ALUJAIN HOLDING CORPORATION (Parent Company)		1,478,367	1,304,178
Non-controlling interests	9-2	398	388
Total equity		1,478,765	1,304,566
Non-current liabilites			
Non-current portion of lease liabilities	7	1,187	-
Employees defined benefits liabilities	16	3,231	4,370
Total non-current liabilities		4,418	4,370
Current liabilities			
Short term facilities	17	4,506	-
Trade and other payables	18	3,912	10,448
Current portion of lease liabilities	7	650	-
Accrued and other current liabilities	19	3,384	4,122
Zakat payable	20	1,087	1,724
Total current liabilities		13,539	16,294
Total liabilities		17,957	20,664
Total equity and liabilities		1,496,722	1,325,230

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

The accompanying notes (1) to (33) form an integral part of these consolidated financial statements.

ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

Consolidated Statement of Profit or Loss
For the year ended December 31, 2019
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended December 31, 2019	2018
Revenues		23,730	25,871
Cost of revenues	21	(18,029)	(21,235)
Gross profit		5,701	4,636
Share of net income from an investment accounted for using equity method	9-3	216,454	121,144
Selling and marketing expenses	22	(3,053)	(3,465)
General and administration expenses	23	(14,362)	(16,439)
Profit from operations		204,740	105,876
Financing cost		(98)	-
Other income		1,432	279
Profit before zakat		206,074	106,155
Zakat expense	20	(14,908)	(1,433)
Net profit for the year		191,166	104,722
Profit (loss) for the year attributable to:			
Shareholders of the Parent Company		191,156	104,750
Non-controlling interests	9-2	10	(28)
		191,166	104,722
Earnings per share attributable to equity holders of the Company:			
Basic and diluted earnings per share for the shareholders in the parent company (Saudi Riyal)	24	2.76	1.51

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

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Consolidated statement of comprehensive income
For the year ended December 31, 2019
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended December 31, 2019	2018
Net profit for the year		**191,166**	104,722
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss:			
Re-measurement of retirement benefit obligation	16	**1,315**	780
Share of other comprehensive loss of an associate	9-3	**(18,282)**	(14,536)
		(16,967)	(13,756)
Total comprehensive income for the year		**174,199**	90,966
Total comprehensive income (loss) for the year attributable to:			
Equity holders of the Parent Company		**174,189**	90,991
Non-controlling interests	9-2	**10**	(25)
		174,199	90,966

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Designated Member and CEO

Saleem Akhtar
CFO

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ALUJAIN HOLDING CORPORATION
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Consolidated statement of changes in equity
For the year ended December 31, 2019
(All amounts in Saudi Riyals thousands unless otherwise stated)

		Attributable to the shareholders of ALUJAIN HOLDING CORPORATION						
	Note	Share capital	Statutory reserve	Retained earnings	Other reserves	Total	Non-controlling interest	Total equity
Balance as at January 1, 2019		692,000	85,999	545,633	(19,454)	1,304,178	388	1,304,566
Net profit for the year		-	-	191,156	-	191,156	10	191,166
Other comprehensive loss for the year		-	-	(3,166)	(13,801)	(16,967)	-	(16,967)
Total comprehensive income for the year		-	-	187,990	(13,801)	174,189	10	174,199
Transfer to statutory reserve	15	-	19,116	(19,116)	-	-	-	-
Balance as at December 31, 2019		692,000	105,115	714,507	(33,255)	1,478,367	398	1,478,765
Balance as at January 1, 2018		692,000	75,524	455,753	(6,376)	1,216,901	413	1,217,314
Net profit for the year		-	-	104,750	-	104,750	(28)	104,722
Other comprehensive loss for the year		-	-	(681)	(13,078)	(13,759)	3	(13,756)
Total comprehensive income for the year		-	-	104,069	(13,078)	90,991	(25)	90,966
IFRS adjustment		-	-	(3,714)	-	(3,714)	-	(3,714)
Transfer to statutory reserve	15	-	10,475	(10,475)	-	-	-	-
Balance as at December 31, 2018		692,000	85,999	545,633	(19,454)	1,304,178	388	1,304,566

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

The accompanying notes (1) to (32) form an integral part of these consolidated financial statements.

ALUJAIN HOLDING CORPORATION
(A Saudi Joint Stock Company)

Consolidated statement of cash flows
For year ended December 31, 2019
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended December 31, 2019	2018
Cash flows from operating activities			
Profit before zakat		**206,074**	106,155
Adjustments for:			
Depreciation and amortization	6&8	**3,118**	3,200
Depreciation of right of use assets	16	**597**	-
Employee defined benefit expenses	9-3	**611**	948
Share in net income of equity accounted investees		**(216,454)**	(121,144)
Loss on disposal of property, plant and equipment		**-**	45
Working capital adjustments:			
Inventories		**(252)**	491
Trade and others receivables		**844**	(99)
Prepayments and other current assets		**28,508**	1,203
Trade and other payables		**(6,536)**	44
Liabilities against right of use assets		**(799)**	-
Accrued and other current liabilities		**(738)**	1,149
Net cash flows provided from / (used in) operations		**14,973**	(8,008)
Employees defined benefits paid	16	**(435)**	(426)
Zakat paid	20	**(15,545)**	(1,466)
Net cash flows used in operating activities		**(1,007)**	(9,900)
Cash flows from investing activities			
Addition to property, plant and equipment		**(88)**	(1,275)
Net cash flows used in investing activities		**(88)**	(1,275)
Cash flows from a financing activity			
Dividends paid to share holders		**-**	(348)
Short term loans		**4,506**	-
Cash flows provided from / (used in) financing activity		**4,506**	(348)
Net change in cash and cash equivalents		**3,411**	(11,523)
Cash and cash equivalents at the beginning of the year		**9,374**	20,897
Cash and cash equivalents at the end of the year		**12,785**	9,374

Khalid Bin Mohammed Aldawood
Designated Member and CEO

Saleem Akhtar
CFO

The accompanying notes (1) to (33) form an integral part of these consolidated financial statements

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. 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 as well as it was before the modification 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 consolidated financial statements comprise the financial statements of the Company and its following subsidiaries (the "Group") as at December 31, 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.

Going concern

The Board of Directors has made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future for a period of at least 12 months from the approval of the consolidated financial statements. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

2 Basis of preparation

a) Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and other standards and pronouncements, as endorsed by Saudi Organization for Certified Public Accountants ("SOCPA") in the Kingdom of Saudi Arabia ("KSA").

The Capital Market Authority (CMA) announced on October 16, 2016 that it obligates the listed entities to apply the cost model to measure the property, plant and equipment, investment properties and intangible assets upon adopting the IFRS for three years period starting from the IFRS adoption date. On December 31 2019, it was extended up the financial years starting from 1 January 2022. The Company obligated to the requirments described in the accompanying consolidated financial statements.

b) Basis of measurement

These Consolidated Financial Statements have been prepared on a historical cost basis except for the following:

- Available for Sale ("AFS") investment, financial assets and liabilities that have been measured at fair value
- Employees defined benefit liabilities, determined using actuarial present value calculations based on project unit credit method.

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 5.

c) Functional and presentation currency

The consolidated 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.

d) Income and cash flow statements

The Group has elected to present consolidated statements of income and other comprehensive income separately and presents its expenses by function.

The Group reports consolidated cash flows from operating activities using the indirect method.

3 Significant accounting estimates, assumptions and judgments

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future period.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur

3 Significant accounting estimates, assumptions and judgments (continued)

3.1 Key sources of estimation uncertainty (continued)

3.1.1 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

3.1.2 Fair value of assets and liabilities acquired in a business combination

The Group makes judgements and estimates in relation to the fair value determination of the assets and liabilities acquired in a business combination. In making such judgements, the Group applied the replacement cost model in determining the fair value of the non-financial assets as permitted by IFRS 13 "Fair value measurement" ("IFRS 13").

The accounting of business combination requires recognizing the excess of purchase consideration over the fair value of the identifiable assets and liabilities of the acquired entity on the date of acquisition. Where the purchase consideration exceeds such fair value, it is recognised as goodwill and if such fair value exceeds the purchase consideration, it is recognised as gain on acquisition in the consolidated statement of income.

3.2 Critical judgments in applying accounting standards

The Group measures its investments as subsidiaries where the Group exercises control. 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. Generally, holding majority equity instruments that give the Group proportionate voting rights, such as an ordinary share in an investee, in the absence of other factors, establishes controls over the investee. As mentioned in Note 9.3, although the Group holds 57.4% equity interest in NATPET, the Group is unable to demonstrate power to control relevant activities of NATPET as per the requirements of IFRS 10. Consequently, the Group accounts for the investment in NATPET under the equity method on the basis that it possesses significant influence but not control over NATPET. The Group performs continuous assessment at the end of each reporting period to determine whether the criteria of control is met.

4 Summary of significant accounting polices

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 consolidated 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 consolidated statement of income. Any investment retained is recognised 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 consolidated 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 consolidated 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.

4 Summary of significant accounting polices (continued)

Business combinations and goodwill (continued)

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

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

Investments in equity accounted investees

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 consolidated 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 consolidated 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 consolidated 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 consolidated statement of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

4 Summary of significant accounting polices (continued)

Foreign currency transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the consolation statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in the consolidated statement of other comprehensive income or consolidated statement of income, respectively).

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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.

4 Summary of significant accounting polices (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 regulations for companies of Saudi Arabia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All repair and maintenance costs are recognised in the consolidated statement of income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
• Leasehold improvements	10
• Buildings	30
• Plant and equipment	30
• Furniture and fixtures	10
• Office equipment	10
• Vehicles	4

Assets under construction which are not ready for its intended use are not depreciated.

When a major inspection (turnaround/shutdown, planned or unplanned) is performed, its directly met attributable cost is recognised in the carrying amount of the plant and equipment if the recognition criteria are met. This is recorded as a separate component with a useful life generally equal to the time period up to the next scheduled major inspection (turnaround). If the next turnaround occurs prior to the planned date, any existing book value of the previous turnaround is recognized in the consolidation statement of income immediately.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

Research costs are expensed as incurred.

Group's intangible is being amortised over a period of 5 years.

The Group does not possess any indefinite intangible assets

4 Summary of significant accounting polices (continued)

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right of use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the consolidated statement of income on a straight-line basis over the lease term.

The Group has not entered into any agreement for finance lease.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: weighted average method
- Packaging and label: weighted average method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Consumables spare parts

Consumables are ancillary materials which are consumed in the production of semi-finished and finished products. Consumables may include engineering materials, one-time packaging materials and certain catalysts.

Spare parts are the interchangeable parts of plant and equipment which are considered to be essential to support routine maintenance, repair and overhaul of plant and equipment or to be used in emergency situations for repairs. The Group maintains the following different types of spare parts:

- Stand-by equipment items acquired together with the plant/production line or purchased subsequently but related to a particular plant or production line and will rarely be required are critical to plant operation and must be available at stand-by at all times. These are capitalised as part of property, plant and equipment and depreciated from purchase date over a period which is shorter of the component's useful life or the remaining useful life of the plant in which it is to be utilised. These do not form part of inventory provided capitalization criteria under property, plant and equipment is met.

- Repairable items that are plant/production line specific with long lead times and will be replaced and refurbished frequently (mostly during turnarounds). These are capitalised as part of property, plant and equipment where the capitalization criteria are met. Depreciation is started from day of installation of these items in the plant, and the depreciation period is the shorter of the useful life of the component and the remaining useful life of the plant and equipment in which it is installed. These do not form part of inventory.

- General capital spares and other consumables items which are not of a critical nature and are of a general nature, i.e., not plant specific and which may be required at any time for facilitating plant operations. They are generally classified as 'consumables and spare parts' under inventory. Items recorded under inventory are subject to assessment for obsolescence provision and are charged to the statement of income upon their installation or use. Where such items meet criteria for capitalization, their depreciation method is similar to repairable items as noted above.

4 Summary of significant accounting polices (continued)

Financial instruments

Classification of financial assets

The Group classifies its financial assets under the following categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI); and
- Amortized cost.

These classifications are on the basis of business model of the Group for managing the financial assets, and contractual cash flow characteristics.

The Group measures financial asset at amortized cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Initial measurement

At initial recognition, financial assets or financial liabilities are measured at their fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. In the case of financial assets or financial liabilities not at fair value through profit or loss, its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount. Trade receivables are measured at transaction price.

Classification of financial liabilities

The Group designates a financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency or where a group of financial liabilities is managed and its performance is evaluated on a fair value basis.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within 12 months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

All other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset so that the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Reclassifications

Financial assets are reclassified when the Group changes its business model for managing financial assets. For example, when there is a change in management's intention to hold the asset for a short term or long term. Financial liabilities are not reclassified.

Subsequent measurement

Subsequent measurement of financial assets is as follows:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

4 Summary of significant accounting polices (continued)

Financial instruments (continued)

Subsequent measurement (Continued)

FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

De-recognition

The Group derecognizes a financial asset when, and only when the contractual rights to the cash flows from financial asset expire, or it transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognized when the obligations specified in the contract is discharged, cancelled or expires. A substantial change in the terms of a debt instrument is considered as an extinguishment of the original liability and the recognition of a new financial liability.

Impairment

Financial assets
The Group recognizes a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortized cost or at FVOCI, lease receivables, trade receivables.

No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses reflects changes in credit risk since initial recognition of the respective financial instrument.

The Group applies the simplified approach to calculate impairment on trade receivables and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rare based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group applies the general approach to calculate impairment. Lifetime ECL is recognized when there has been a significant increase in credit risk since initial recognition and 12 month ECL is recognized the credit risk on the financial instrument has not increased significantly since initial recognition. The assessment of whether credit risk of the financial instrument has increased significantly since initial recognition is made through considering the change in risk of default occurring over the remaining life of the financial instrument.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Exposure at default for off balance sheet items is arrived at by applying a credit conversion factor to the undrawn portion of the exposure.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

4 Summary of significant accounting polices (continued)

Financial instruments (continued)

Measurement and recognition of expected credit losses (Continued)

The Group recognizes an impairment gain or loss in the consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations.

Impairment losses are recognized in the consolidated statement of profit or loss. An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Revenue from contracts with customers

The Group recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1. Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation.

4 **Summary of significant accounting polices (continued)**

Revenue from contracts with customers (continued)

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations, where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount billed to the customer exceeds the amount of revenue recognized, this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Revenue is recognized in the consolidated statement of profit or loss to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods
The Group manufactures and sales home care products to retailers and wholesalers. Revenue from such sale of goods is recognized at the point when the Group sells a product to the customer. Payment of the transaction price is due as per the credit term when the customer purchases the goods.

Revenue is measured at the fair value of the consideration received or receivable net of discounts and taxes. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, can be measured reliably.

Interest income
Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Trade receivables

Trade receivables are amounts due from customers for products sold and services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using EIR, less provision for impairment. Subsequent recoveries of amount previously written-off are credited to the consolidated statement of income against "General and administrative expenses".

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances, short-term deposits, demand deposits and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

4 Summary of significant accounting polices (continued)

Employee benefits (continued)

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The net liability recognised in the consolidated statement of financial position in respect of defined benefit post-employment plans is the present value of the projected defined benefit obligation (DBO) at the reporting date. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur as other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of income as past service costs.

Valuations of the obligations under these plans are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognised immediately in the consolidated statement of income while unwinding of the liability at discount rates used are recorded as financial cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the consolidated statement of other comprehensive income.

The actuarial valuation process takes into account the provisions of the Saudi Arabian Labor and Workmen law as well as Group policy. The end of service payments is based on employees' final services and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortised cost using EIR.

Earnings per share

Basic earnings per share is calculated by dividing:

- the income attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- by the weighted average number of ordinary shares outstanding during the financial year, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

4 Summary of significant accounting polices (continued)

Expenses

Cost of sales

Production costs and direct manufacturing expenses are classified as cost of sales. This includes raw material, direct labor and other attributable overhead costs.

Selling and marketing expenses

These include any costs incurred to carry out or facilitate selling activities of the Group.

General and administration expenses

These pertain to operational expenses which are not directly related to the production of any goods or services.

Allocation of overheads between cost of sales, selling and marketing expenses, and general and administration expenses, where required, is made on a consistent basis.

Zakat and income taxes

The Group is subject to zakat and income tax in accordance with the regulations of the General Authority of Zakat and Tax (the "GAZT"). Zakat, is calculated based on higher of approximate zakat base and adjusted profit and charged to the consolidated statement of profit or loss. Additional amounts, if any, are accounted for when determined to be required for payment.

Statutory reserve

In accordance with the Parent Company's By-laws, the Parent Company must set aside 10% of its annual net income as a statutory reserve until it reaches 30% of the share capital. The reserve is not available for distribution.

Segment reporting

An operating segment is a group of assets, operations or entities:

(i) Engaged in business activities from which it may earn revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components;
(ii) The results of its operations are continuously analyzed by chief operating decision maker (CODM) in order to make decisions related to resource allocation and performance assessment; and
(iii) For which financial information is discretely available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5 New standards, interpretations, and amendments adopted by the Group

The Group applies, for the first time, IFRS 16 Rent Contracts starting 1 January 2019. The nature and effect of these changes are disclosed below.

5.1 IFRS 16 Rent Contracts

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.

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

5 New standards, interpretations, and amendments adopted by the Group (Continued)

5.1 IFRS 16 Rent Contracts (Continued)

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').

Nature of the effect of adoption of IFRS 16

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 capitalized and the lease payments were recognized 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 recognized 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 recognized lease liabilities to make lease payments and right-of-use assets representing the right of 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 recognized in the statement of financial position as at 31 December 2018. Accordingly, the comparative information is not restated.

5 New standards, interpretations, and amendments adopted by the Group (Continued)

5.1 IFRS 16 Rent Contracts (Continued)

Impact on the consolidated financial statements

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

Consolidated statement of profit or loss for the year ended 31 December 2019

	Balances without adoption of IFRS 16	Adjustments	As reported
Revenue	23,730	-	23,730
Cost of revenue	(18,259)	230	(18,029)
Gross Profit	5,471	230	5,701
Share of net income from an investment accounted for using equity method	216,454	-	216,454
Selling and marketing expenses	(3,053)	-	(3,053)
General and administrative expenses	(14,326)	(36)	(14,362)
Profit from operating Income	204,546	194	204,740
Financing cost	-	(98)	(98)
Other income	1,432	-	1,432
Profit before zakat	205,978	96	206,074
Zakat expense	(14,908)	-	(14,908)
Net Profit For The Year	191,070	96	191,166
Re-measure of defined employees' benefit	1,315	-	1,315
Share in other comprehensive loss of equity accounted investees	(18,282)	-	(18,282)
Total Comprehensive Income For The Year	174,103	96	174,199

5 New standards, interpretations, and amendments adopted by the Group (Continued)

5.1 IFRS 16 Rent Contracts (Continued)

Impact on the consolidated financial statements (Continued)

Consolidated statement of financial position as at 31 December 2019

	Balances without adoption of IFRS16	Adjustments	As reported
Assets			
Non-current assets			
Property, plant and equipment	27,146	-	27,146
Right of use assets	-	2,039	2,039
Intangible assets	44	-	44
Investment accounted for using equity method	1,445,513	-	1,445,513
Total non-current assets	1,472,703	2,039	1,474,742
Current assets			
Trade and other receivables, net	3,264	-	3,264
Prepayments and other current assets	1,660	(106)	1,554
Inventories	4,377	-	4,377
Cash and cash equivalents	12,785	-	12,785
Total current assets	22,086	(106)	21,980
Total assets	1,494,789	1,933	1,496,722
Equity and liabilities			
Equity			
Share capital	692,000	-	692,000
Statutory reserve	105,115	-	105,115
Retained earnings	714,411	96	714,507
Other reserves	(33,255)	-	(33,255)
Equity attributable to the shareholders of ALUJAIN HOLDING CORPORATION (Parent Company)	1,478,271	96	1,478,367
Non-controlling interests	398	-	398
Total equity	1,478,669	96	1,478,765
Non-current liability			
Non-current portion of lease liabilities	-	1,187	1,187
Employees defined benefits liabilities	3,231	-	3,231
Total non-current liability	3,231	1,187	4,418
Current liabilities			
Short term facilities	4,506	-	4,506
Trade and other payables	3,912	-	3,912
Current portion of lease liabilities	-	650	650
Accrued and other current liabilities	3,384	-	3,384
Zakat payable	1,087	-	1,087
Total current liabilities	12,889	650	13,539
Total liabilities	16,120	1,837	17,957
Total equity and liabilities	1,494,789	1,933	1,496,722

5 New standards, interpretations, and amendments adopted by the Group (Continued)

5.1 IFRS 16 Rent Contracts (Continued)

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 SAR 2,636 were recognized and presented separately in the statement of financial position.
- Lease liabilities of SAR 2,368 were recognized 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 year ended 31 December 2019:

- Depreciation expense increased by SAR 597 relating to the depreciation of right of use assets recognized.
- Rent expense decreased by SAR 791 relating to previous operating leases.
- Finance charges increased by SAR 98 relating to the interest expense on additional lease liabilities recognized.

Impact on the consolidated statement of profit or loss (increase / (decrease)) for the year ended 31 December 2019:

	31 December 2019
Depreciation expense (included in cost of revenue and general and administrative expenses)	(597)
Rent expense (included in cost of revenue and general and administrative expenses)	791
Operating profit	194
Financing cost	(98)
Profit for the year	96

Amounts recognized in the consolidated statement of financial position

As at 31 December 2019, the cost of right of use assets is SAR 2,636 and accumulated depreciation is SAR 597.
For the year ended 31 December 2019, the group has recognized finance charges of SAR 98 on lease liability and total cash flow for leases is SAR 799.

5 New standards, interpretations, and amendments adopted by the Group (Continued)

5.1 IFRS 16 Rent Contracts (Continued)

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 recognizes 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 recognized, 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 recognized 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 recognizes 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 recognized 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 (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 recognized as expense on a straight-line basis over the lease term.

Significant judgment 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 judgment 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).

5.2 Annual Improvements to IFRSs 2015–2017 Cycle

These improvements are effective on or after 1 January 2019.

- **IFRS 3, 'Business combinations'**, - a Group remeasures its previously held interest in a joint operation when it obtains control of the business.
- **IFRS 11, 'Joint arrangements'**, - a Group does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- **IAS 12, 'Income taxes'** – a Group accounts for all income tax consequences of dividend payments in the same way.
- **IAS 23, ' Borrowing costs'** - a Group treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

5 New standards, interpretations, and amendments adopted by the Group (Continued)

5.3 Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted them in preparing these Consolidated Financial Statements.

5.3.1 Amendments to IFRS 3 – definition of a business

This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

5.3.2 Amendments to IAS 1 and IAS 8 on the definition of material

These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:
1) Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
2) Clarify the explanation of the definition of material; and
3) Incorporate some of the guidance in IAS 1 about immaterial information.

5.3.3 Amendments to IFRS 9 and IFRS 7 – Interest rate benchmark reform

These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally, cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the consolidated statement of profit or loss.

6 Property, plant and equipment

	Leasehold improvements	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Cost							
At January 1, 2019	227	14,340	21,387	515	353	476	37,298
Additions for the year	-	-	80	-	8	-	88
Write-offs for the year	-	-	-	(168)	(21)	(373)	(562)
At December 31, 2019	**227**	**14,340**	**21,467**	**347**	**340**	**103**	**36,824**
Accumnlated depreciation							
At January 1, 2019	18	2,167	3,798	515	284	476	7,258
Depreciation charge for the year	23	1,134	1,895	-	60	-	3,112
Write-offs for the year	-	-	-	(168)	(21)	(373)	(562)
Reclassified to intangible assets	-	-	-	-	(130)	-	(130)
At December 31, 2019	**41**	**3,301**	**5,693**	**347**	**193**	**103**	**9,678**
Net book value							
At December 31, 2019	**186**	**11,039**	**15,774**	**-**	**147**	**-**	**27,146**
At December 31, 2018	209	12,173	17,589	-	69	-	30,040

7 Right of use Assets and lease liabilities

The right of use assets is in the leased buildings. The following table shows the rights to use the assets in addition to the depreciated consumption:

	December 31, 2019
Cost	
At January 1	-
Effect of applying IFRS 19	2,636
At December 31	2,636
Accumulated depreciation	
At January 1	-
Charge of the year	597
At December 31	597
Net book value	2,039

The lease liabilities as at the end of the year are as follows:

	December 31, 2019
Current portion of lease liabilities	650
Non-current portion lease liabilities	1,187
Total lease liabilities	1,837

The Group recognized the financing cost expense of SAR 98 on rental contract liabilities during the year ended December 31, 2019 (December 31, 2018: nil).

8 Intangibles assets

Software under development	December 31, 2019	December 31, 2018
At January 1	180	224
Amortization during the year	(6)	(44)
Reclassified from property, plant and equipment	(130)	-
At December 31	44	180

During prior years, the Group designed an internal management reporting program.

9 Investments

9.1 Investment in subsidiaries

The Group's principal subsidiaries at December 31, 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also its principal place of business.

Subsidiaries	Note	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") in which the Company owned 49.38% ownership interest as at December 31, 2016. During the year 2017, the Company increased its ownership interest in Zain from 49.38% to 98.75%. Consequent upon transfer of ownership interest, Zain has been. consolidated in the accompanying financial statements with effect from January 1, 2017 (the acquisition date as per the shareholders' agreement). 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, Saudi Arabia.

ii. Alujain Company for Investment - a Single Partner 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 Single Partner 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.

9.2 Non-controlling interest

Non-controlling interest recognized in the consolidated financial statements constitute of the out of Group holding in Zain. The Board of Directors do not view the non-controlling interest as material to the Group.

9. Investments (continued)

9.3 Investment in equity accounted investees

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

	Place of Business / country for incorporation	% Ownership 2019	% Ownership 2018	Nature of relationship	December 31, 2019	December 31, 2018
NATPET	Saudi Arabia	57.4%	57.4%	Associate (i)	1,445,513	1,247,341
					1,445,513	1,247,341

i. NATPET

The movement in the investment is as follows:

	December 31, 2019	December 31, 2018
January 1	1,247,341	1,144,445
Share of Profit for the year	216,454	121,144
Share of other comprehensive loss	(18,282)	(14,536)
IFRS adjustment	-	(3,712)
December 31	1,445,513	1,247,341

The National Petrochemical Industrial Co. "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.

In September 2013, the NATPET shares owned by Alujain 57.4% of NATPET total shares are pledged against NATPET loans from local banks.

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

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

During the year ended at December 31, 2019 the following were carried out:

NATPET entered into a contract for the engineering, procurement and construction of the parts of the plant destroyed by fire.
NATPET received payments from the insurance company amounting SR 900 million (out of which SR 59,59 million were received subsequent to year end) representing payments allocated by NATPET for property damage SR 206,25 million and SR 693,75 million for business interruption.

NATPET expects to complete construction and trial operation during the year 2020.

Following the incident, NATPET 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. There were no further write-offs of property, plant, and equipment during the year ended 31 December 2019.

9. Investments (continued)

9.3 Investment in equity accounted investees (continued)

Following are details of significant events related to NATPET :

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

At the end of the financial year, a court ruling was issued on Case No. 7750 of Year 1440 Hijri revoking the General Assembly's decision regarding dividends to the shareholders.

Non-issuance of the audited consolidated financial statements of NATPET for 2019
On March 24, 2020, the Auditor of NATPET issued his report on the consolidated financial statements of NATPET for the year ended December 31, 2019. The auditor subsequently, on April 28, 2020, informed NATPET management of the withdrawal of his report. NATPET did not reissue its consolidated financial statements until the date of approving these consolidated financial statements. NATPET's management is in the process of issuing the consolidated financial statements of NATPET for the year ended December 31, 2019.

Purchasing Alujain Holding Corporation shares and selling them later in the subsequent period
At the end of the financial year, NATPET invested in Alujain Holding Corporation shares and the fair value of those shares as of December 31, 2019 amounted to about SR 223 million (7.435 million shares), or SR 30 per share.

At the beginning of March 2020, NATPET sold all these shares, for a total consideration of SR 226.8 million and a net profit of SR 3.8 million. (Note 30).

NATPET Establishment of new subsidiaries
In November 2019, NATPET established 4 companies ("the four companies") with effective shareholding ranging between 99% and 100% and with share capital of SR 500,000 each (total of SR 2 million). (Note 30).

Election of a new board of directors in NATPET
On May 31, 2020, the Ordinary General Assembly was held in NATPET and a new Board of Directors was elected at NATPET for a new session that started on June 1, 2020. (Note 30).

9. Investments (continued)

9.3 Investment in equity accounted investees (continued)

The summarised financial results of NATPET are as follows:

Summarized statement of financial position	**December 31, 2019**	December 31, 2018
Current assets		
Cash and cash equivalents	439,494	545,775
Other current assets	479,891	400,016
Total current assets	919,385	945,791
Non-current assets	2,322,111	1,945,994
Total assets	3,241,496	2,891,785
Current liabilities		
Financial liabilities (excluding trade and other payables and provisions)	316,175	307,009
Other current liabilities	179,566	149,982
Total current liabilities	495,741	456,991
Non-current liabilities		
Financial liabilities	130,074	208,658
Other non-current liabilities	93,180	54,781
Total non-current liabilities	223,254	263,439
Total liabilities	718,995	720,430
Net assets	2,522,501	2,171,355

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

	December 31, 2019	December 31, 2018
Opening net assets	2,171,355	1,992,094
Profit for the year	377,100	211,054
Other Comprehensive loss for the year	(25,954)	(25,322)
IFRS adjustments	-	(6,471)
	2,522,501	2,171,355
Eliminate the unrealized gains from NATPET's investment in Alujain Holding Corporation	(5,896)	-
	2,516,605	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)	1,444,518	1,246,346
Inter-group adjustment	995	995
	1,445,513	1,247,341

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

	For the year ended December 31,	
	2019	2018
Revenues	109,237	1,530,029
Depreciation and amortization	(173,148)	(209,381)
Financial charges	(27,608)	(34,174)
Zakat	(16,514)	(16,228)
Profit for continuing operations	377,100	211,054
Other Comprehensive Loss	(25,954)	(25,322)
Eliminate the unrealized gains from NATPET's investment in Alujain Holding Corporation Note (9)	(5,896)	-
Total comprehensive income for the year	345,250	185,732

10 Trade and other receivables, net

	December 31, 2019	December 31, 2018
Trade receivable	3,688	4,421
Due from related parties (Note 27)	86	86
Other receivables	-	111
	3,774	4,618
Less: provision for doubtful debts	(510)	(510)
	3,264	4,108

Due to the short-term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value.

Other receivables generally arise from transactions outside the usual operating activities of the Group.

The individually impaired receivables are more than one year past due and mainly relate to one trade customer. A provision is recognized for amounts not expected to be recovered (also see Note 29).

Movement in provision for doubtful debts is as follows:

	December 31, 2019	December 31, 2018
Balance as at January 1	510	510
Additions	-	-
Balance as at December 31	510	510

11 Prepayments and other current assets

	December 31, 2019	December 31, 2018
Prepayments	107	530
Deposits	8	8
Advances to employees	575	403
Advances to suppliers and contractors	864	636
Deposit against bank guarantee	-	28,485
	1,554	30,062

12 Inventories

	December 31, 2019	December 31, 2018
Raw materials	1,711	1,534
Packaging and labels	1,769	1,767
Finished Goods	809	758
Consumable spares	165	163
Material in progress	23	3
Less: provision for inventory obsolescence	(100)	(100)
	4,377	4,125

The movement in provision for inventory obsolesce is as follows:

	2019	2018
Balance as at January 1	100	-
Additions during the year	-	100
Balance as at December 31	100	100

During 2018, SAR 15 million were recognized as an expense in the cost of sales (including SAR 100,000 recognized to bring the inventory at net realizable value).

13 Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash in hand	34	43
Cash at banks	5,751	8,331
Short term deposits - murabaha deposits	7,000	1,000
	12,785	9,374

Cash at banks and short-term deposits are placed with commercial banks. Short term deposits yield financial income at variable commercial rates and have a maturity of less than 3 months from the date of deposit placement.

14 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.

15 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 until it equals to 30% of its share capital.

16 Employees defined benefit liabilities

16.1 General description of the plan

The Group's obligation under employee end of service benefit plan is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurements of the defined benefit liability, which comprise actuarial gains and losses are recognized immediately in the consolidated statement of comprehensive income. The Group determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognized in personnel expenses in the consolidated statement of income.

	December 31, 2019	December 31, 2018
Defined benefits obligation	3,231	4,370

The following table summarizes the components of the net benefit expense recognized in the statement of comprehensive income and amounts recognized in the consolidated statement of financial position.

Changes in the present value of defined benefit obligation are as follows:

	2019	2018
As at January 1	4,370	4,628
Current service cost	418	722
Financial charges	193	226
Benefits paid	(435)	(426)
Actuarial gain on the obligation		
Gain of changes in financial assumptions	(640)	(346)
Effect of experience adjustments	(675)	(434)
As at December 31	3,231	4,370

16 Employees defined benefit liabilities (Continued)

16.1 General description of the plan (Continued)

Net benefit expense (recognized in the consolidated statement of income statement) is as shown below:

	For the year ened December 31, 2019	2018
Current service cost	418	722
Financial charges	193	226
Benefit expense	611	948

Net actuarial loss on the obligation for the year is as follows:

	For the year ened December 31, 2019	2018
Loss on changes in financial assumptions	(640)	(346)
Experience adjustment	(675)	(434)
Actuarial loss gain on the obligation	(1,315)	(780)

The expected maturity analysis of undiscounted employee benefits obligations is as follows:

	December 31, 2019	December 31, 2018
1 - 5 years	1,977	1,277
Over 5 years	806	2,578

16.2 Actuarial assumptions

Principal assumptions used in determining defined benefit obligation for the Group is as shown below:

	December 31, 2019	December 31, 2018
Discount rate	3.5% - 3.6%	5.2% - 5.25%
Future salary growth	5%	5% - 10%
Employee turnover*	2% - 20%	2% - 10%
Duration of the defined benefit plan obligation	13.2 - 14.2	15.8 - 16.2

* Based on attrition rate assumption for each age band.

A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation is shown below:

Discount rate:

	December 31, 2019	December 31, 2018
1% increase in discount rate	(308)	(322)
1% decrease in discount rate	368	(285)

Future salary growth:

	December 31, 2019	December 31, 2018
1% increase in salary escalation rate	359	430
1% decrease in salary escalation rate	(307)	(644)

Mortality rate:

	December 31, 2019	December 31, 2018
Mortality Rate: Increase by 20%	(2)	(162)
Mortality Rate: Decrease by 20%	3	(149)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

17- Short term facilities

The Group has obtained short term facilities from a local commercial bank amounting to SR 30 million for the purpose of financing working capital and operating expenses. The outstanding short term facilities as of December 31, 2019, amounted to SR 4,5 million (31 December 2018: nil). As of December 2019, the Group has unutilized facilities amounting to SR 25,5 million (31 December 2018: nil). The Group provided guarantees against the facilities which are the assignments of the Group's share of the annual profits returns to NATPET as well as to provide a promissory note amounting to SR 33 million.

18 Trade and other payables

	December 31, 2019	December 31, 2018
Trade payables	2,307	3,343
Dividend payable	692	692
Other payable	913	6,413
	3,912	10,448

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

19 Accrued and other current liabilities

	December 31, 2019	December 31, 2018
Accrued expenses	639	597
Accrued professional fees	1,343	1,495
Issues provision	-	1,000
Accrued employee related cost	1,282	962
VAT payable	120	68
	3,384	4,122

20 Zakat

20.1 Components of zakat base

The Company and its subsidiaries file separate zakat declarations which are filed on unconsolidated basis. The significant components of the zakat base of each company under zakat and income tax regulation are principally comprised of shareholders' equity, provisions at the beginning of year, adjusted income, less deductions for the adjusted net book value of property and equipment, and investments.

20.2 Provision for zakat

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

	December 31, 2019	December 31, 2018
January 1	1,724	1,757
Provided during the year	840	1,433
Adjustment - prior year	14,068	-
Paid during the year	(15,545)	(1,466)
December 31	1,087	1,724

20.3 Status of assessments

The Parent Company – ALUJAIN HOLDING CORPORATION (a Saudi Joint Stock Company)

During the year, an agreement between the parent Company and the General Authority of Zakat and Income Tax (GAZT) was signed to settle zakat assessments differences of SAR 32.58 million for the year 2003 to 2016. The agreement provides for the settlement of differences of zakat assessments by paying SAR 14.5 million during the year as a settlement to close the claims from the year 2003 to 2016 and SAR 14.5 million was paid during the year after the bank guarantee amounting SR 28.485 million got released during the year. The parent Company has submitted its zakat declaration for the year ended Dec 31, 2018 and finalized its assessments up to the year 2018 after paying the zakat assessment completely.

Zain Industries Company

Zain industries company has submitted its zakat returns up to the year ended 31 December 2018, settled Zakat as per the return and obtained the required certificates and officials receipts. industries company finalized its assessments up to the year 2012. The final assessments for 2013 to 2017 are currently under review by GAZT.

21 Cost of revenues

	2019	2018
Cost of materials	12,881	15,227
Depreciation	3,061	3,081
Employee cost	1,160	1,341
Rent and utilities	251	595
Repairs and maintenance	218	565
Other overheads	458	426
	18,029	21,235

22 Selling and marketing expenses

	2019	2018
Employee cost	1,584	1,879
Distribution and freight	1,350	1,169
Rent	50	107
Utilities and services	47	58
Other	22	252
	3,053	3,465

23 General and administrative expenses

	2019	2018
Employee cost and other compensation	10,844	10,977
Legal and professional fees	1,577	1,330
Legal cases provision	-	1,000
Public relation and publicity	658	877
Rents	80	492
Depreciation	51	75
Right of use assets depreciation	597	-
Meetings, seminars and conferences	135	258
Travel and accommodation	93	392
Utilities and services	87	114
Subscriptions and office supplies	31	59
Information technology	61	113
Repairs and maintenance	37	59
Other	111	693
	14,362	16,439

24 Earnings per share

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

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 year (December 31, 2018: Nil).

	2019	2018
Income for the year attributable to ordinary equity holders	191,156	104,750
Weighted average number of ordinary shares ('000)	69,200	69,200
Basic and diluted earnings per share attributable to ordinary equity holders of the Parent Company	2.76	1.51

25 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 information 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.

In 2017, the Group acquired controlling interest in Zain which is engaged in the manufacturing of home care products. Subsequent to such acquisition, 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.

Certain expense related to the Parent Company which are not directly attributable to the segments are not allocated by the CODM.

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

	Investments	Manufacturing home-care products	Unallocated	Total
31 December 2019				
Revenues	-	23,730	-	23,730
Cost of sales excluding depreciation	-	(14,762)	-	(14,762)
Depreciation	-	(3,267)	(442)	(3,709)
Share in net profit of an equity accounted investee*	216,454	-	-	216,454
Selling and marketing expenses	-	(3,053)	-	(3,053)
General and administration expenses	-	(2,787)	(11,133)	(13,920)
Finance cost	-	(83)	(15)	(98)
Other income	-	1,283	149	1,432
Segment results (profit before zakat)	216,454	1,061	(11,441)	206,074

Notes to the consolidated financial statements
For The Year Ended 31 December 2019
(All amounts in Saudi Riyals thousands unless otherwise stated)

25 Segment reporting (Continued)

	Investments	Manufacturing home-care products	Unallocated	Total
31 December 2018				
Revenues	-	25,871	-	**25,871**
Cost of sales excluding depreciation	-	(18,154)	-	**(18,154)**
Depreciation	-	(3,081)	(75)	**(3,156)**
Share in net profit of an equity accounted investee*	121,144	-	-	**121,144**
Selling and marketing expenses	-	(3,465)	-	**(3,465)**
General and administration expenses	-	(3,447)	(12,917)	**(16,364)**
Other income	-	112	167	**279**
Segment results (profit before zakat)	121,144	(2,164)	(12,825)	**106,155**

* Also see Note 9 for financial results of equity accounted investees.

Total assets and liabilities as at December 31, 2019	Investments	Manufacturing home-care products	Unallocated	Total
Total assets	**1,445,513**	**31,461**	**19,748**	**1,496,722**
Total liabilities	**-**	**6,745**	**11,212**	**17,957**

Total assets and liabilities as at December 31, 2018	Investments	Manufacturing home-care products	Unallocated	Total
Total assets	1,247,341	42,773	35,116	1,325,230
Total liabilities	-	11,754	8,910	20,664

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

	2019	2018
Geographic information		
Revenue from external customers		
Local sales	**23,730**	25,871
Export sales – Middle East	**-**	(379)
Total	**23,730**	25,492

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.

26 Operating leases

The Group has various operating leases for its office and vehicles. Rental expenses for the year ended December 31, 2019 were SAR 0,67 million (2018: SAR 0,67 million).

The Group has entered into certain auto-renewal rental contracts in respect of office premises. Non-cancellable portion of such contracts is considered to be one year.

27 Related party transactions and balances

Related party transactions

Parent entities

Key management compensation

	2019	2018
Short-term employee benefits	909	955
Termination benefits	69	65
	978	1,020

Directors and other committees' remuneration and related expenses

	Year ended December 31, 2019	2018
Compensation of the executive directors	919	1,928
Board of directors' remuneration	2,450	841
Board of Directors' and related committees' attendance fees and expenses	1,547	560
	4,916	3,329

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 balances as at December 31, 2019 are unsecured, interest free and settled in cash. For the year ended December 31, 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

Related party balances

	Related party	Relationship	2019	2018
	Included within "trade and other receivables"			
i)	Amounts due from related party			
	NATPET	Affiliate	86	86
			86	86
	Included within "accrued and other current liabilities"			
ii)	Amounts due to related party			
	Board of directors	Board of directors	279	104
			279	104

28 Fair value estimation

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value, of a liability reflects its non-performance risk.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2019 and December 31, 2018, all of the Group's financial assets are currently classified as loans and receivables and measured at amortized cost. Further, all of Group's financial labilities are currently classified as payables and their fair values are estimated to approximate their carrying values.

Consolidated financial statements do not include any financial instruments at December 31, 2019 and December 31, 2018. The Group has an AFS investment which is fully impaired at December 31, 2019 and December 31, 2018.

29 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by senior management under policies approved by the board of directors. The most important types of risk are currency risk, fair value and cash flow interest rate risk, price risk, credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is represented by: interest rate risk, currency risk and other price risk.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated - for example, changes in interest rate and changes in foreign currency rates.

i. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. During the year, the Group did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars and accordingly the Group does not have material exposure to other foreign currencies at the year ended December 31, 2019. Further, since the Saudi Riyal is pegged to the US dollar, the Group is not exposed to significant foreign currency risk.

ii. Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest bearing financial instruments.

At the reporting date, there were no interest bearing financial liabilities. Interest bearing financial assets at balance sheet date comprise of short term deposits which are at fixed interest rates; therefore, has no exposure to cash flow interest rate risk and fair value interest rate risk.

Trade and other receivables, other current assets and trade and other current liabilities are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets.

Short-term deposits yield market rate of interest.

iii. Price risk

The Groups assets and liabilities are not exposed to any significant price risk.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentration of credit risk except for trade receivables.

To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored.

29 Financial risk management (continued)

The Group's maximum exposure to credit risk at the reporting date is as follows;

	2019	2018
Financial assets		
Trade and other receivables	3,688	4,421
Cash and cash equivalents	12,751	9,331
	16,439	13,752

Trade receivables are due from customers who have been assessed for credit worthiness prior to the execution of relevant contracts. Cash at bank and short term deposits are placed with local banks having sound credit rating. There was no past due or impaired receivables from related parties.

The fair value of cash and cash equivalents at December 31, 2019 and 2018 approximates the carrying value.

Analysis by credit quality of financial assets is as follows:

	2019	2018
Neither past due not impaired:	2,088	2,964
	2,088	2,964
Past due but not impaired:		
- Less than 180 days overdue	780	685
- 180 to 360 days overdue	820	772
Total past due but not impaired	1,600	1,457
Individually determined to be impaired (gross)		
- 180 to 360 days overdue	-	-
- More than 360 days	510	510
Total individually determined to be impaired	510	510
Less: provision for doubtful debts	(510)	(510)
Total trade receivables, net of provision for impairment	3,688	4,421

Cash at bank and short-term deposits, neither past due nor impaired (Fitch's ratings of respective counterparties):

	2019	2018
A-	5,751	7,281
BBB+	7,000	2,050
Total cash at bank and short-term deposits	12,751	9,331

Credit risk with respect to cash at bank and short-term deposits is not significant as such balances are kept with multiple reputable local and international banks which reduces the concentration of such risk.

c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. For instance, concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets.

A summary table with maturity of financial assets and liabilities presented below is used by key management personnel to manage liquidity risks.

29 Financial risk management (continued)

The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at December 31, 2019.

	Demand less than 1 month	From 1 month to 3 months	From 3 to 12 months	From 1 year to 2 years	From 2 to 3 years	Total
2019						
Accounts payable	794	1,496	17	-	-	2,307
Accrued and other current liabilities	494	526	1,921	-	443	3,384
	1,288	2,022	1,938	-	443	5,691
2018						
Accounts payable	1,041	1,018	31	26	1,227	3,343
Accrued and other current liabilities	581	-	2,391	-	1,150	4,122
	1,622	1,018	2,422	26	2,377	7,465

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

d) Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group considers share capital, retained earnings and statutory reserve as Group's capital. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

30 Subsequent events

The Company amended its by-laws, based on the decision of the Extraordinary General Assembly held on February 4, 2020, about changing the name of the company from ALUJAIN CORPORATION to ALUJAIN HOLDING CORPORATION.

- The management believe that the event of the spread of novel coronavirus (COVID-19) in early 2020 and its spread across multiple geographies around the world, causing disruptions of businesses and economic activity considered an event occurred in the subsequent period and doesn't require amendments. It is not practicable to provide a quantitative estimate of the potential impact at this stage. The Group does not foresee major impact on its operations, if the situation is normalized within a reasonable time period. The management and those charged with governance will continue to monitor the situation across all geographies and accordingly update stockholders as per the regulatory requirements. Any changes in circumstances may require enhanced disclosures or recognition of adjustments in the condensed interim consolidated financial statements of the Group for the subsequent periods during the financial year 2020.
- The General Assembly of the NATPET held on May 31, 2020, approved a dividend of SAR 107 million for the year ended December 31, 2019.
- Purchasing Alujain Holding Corporation shares and selling them later in the subsequent period.
  At the end of the financial year, NATPET invested in Alujain Holding Corporation shares and the fair value of those shares as of December 31, 2019 amounted to about SR 223 million (7.435 million shares), or SR 30 per share.

30 Subsequent event (continued)

At the beginning of March 2020, NATPET sold all these shares, for total consideration of SR 226.8 million and a net profit of SR 3.8 million.

On March 10, 2020, a court ruling was issued on Case No. 1438 of 1441 AH, brought by Alujain Holding Corporation against NATPET in the Commercial Court in Jeddah, which resulted in restricting the rights of shares owned in Alujain Holding Corporation by NATPET and any of its subsdiaries, whether owned directly or indirectly, until ownership is corrected and moving properly through activating the regular role of the General Assembly of NATPET, according to the Regulations for Companies. Management, after consulting with legal counsel, believes that this ruling includes restricting the rights of these shares transferred by NATPET to others as long as the transfer of shares is in a fictitious and unrealistic manner, which was exercised in the last General Assembly of Alujain Holding Corporation that was held on June 10, 2020 where the assignee was prevented from voting.

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

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

On January 1, 2020, interest-free long-term loan contracts were signed between NATPET and the four companies with a combined value of SR 559 million so that the four companies can purchase shares in Alujain Holding Corporation and pay off the loan on December 31, 2025. The four companies pledged to use at least 95% of the value of the loan for the purpose of buying shares in Alujain Holding Corporation owned by NATPET or directly from the financial market in a privet deal or in coordination with NATPET, and that these shares are not to be disposed of except with a written consent of NATPET. Further, in order to secure and guarantee the payment of the loan amount and all obligations arising as a result of this agreement or any other contracts concluded between the parties and any actions that result in NATPET giving the four companies a loan that is the subject to this contract; the four companies acknowledge to pledge to NATPET all of Alujain Holding Corporation's shares owned for the duration of this agreement. NATPET's current management was unable to verify whether or not the pledging of Alujain Holding Corporation shares held by the four companies was duely performed as stipulated in the agreement.

In exchange for mortgaging shares owned by the four companies and accepting NATPET's directives regarding the shares subject to the agreement, NATPET is obliged to pay the expenses of the four companies amounting to SR 20,000 per company per month; and in addition to that, each party will bear any expenses incurred to perform its obligations under the agreement.

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

Company Name	Loan Value
Mena Company	SR 5 Million
Developed Fawasel Chemical Company	SR 358.5 Million
Abraj Altaj Plastic Industrial Company	SR 108.5 Million
Professional Afaq Company	SR 87 Million

During the first quarter of 2020, NATPET relinquished all ownership in the four companies, and NATPET no longer owns any shares in any of these companies. The current management of NATPET has not been able to ascertain whether the assignment of the ownership in the four companies were made to related parties of NATPET or not as required by IFRS.

- Election of a new board of directors in NATPET
On May 31, 2020, the Ordinary General Assembly was held in NATPET and a new Board of Directors were elected in NATPET for a new session which started on June 1, 2020 for a period of 3 years. The representatives of Alujain Holding Corporation were elected to three seats, the representatives of the General Organization for Social Insurance were elected to two seats, and the rest of the shareholders' representatives were elected to the remaining four seats.

31 Contingencies and commitments

The company has no contingent liabilities as of December 31, 2019. (December 31, 2018: SAR 28,485 million).

32 lawsuits

As of December 31, 2019, and as per the group's lawyer opinion date 25 June 2020 (corresponding to 4 Dhu al-Qi'dah 1441 AH) there are no cases brought against the group that might cause material potential obligations.

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

33 Approval of consolidated financial statements

The consolidated financial statements including notes and other explanatory information was approved and authorised for issue by the Board of Directors on 1 July 2020 (corresponding to 10 Dhu al-Qi'dah 1441H).