

**NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 AND
INDEPENDENT AUDITOR'S REPORT**

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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Independent auditor's report to the shareholders of National Industrialization Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Industrialization Company (the "Company") and its subsidiaries (together the "Group") as at 31 December 2020, 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 the Saudi Organization for Certified Public Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the code of professional conduct and ethics, 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.

Our audit approach

Key audit matters

Our key audit matters comprise the following:

- Valuation of property, plant and equipment, project under progress and investments in equity accounted associates and joint ventures
- Sale of Metal Grade TiCl₄ plant (MGT)

Independent auditor's report to the shareholders of National Industrialization Company (continued)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<i>Valuation of property, plant and equipment, Project under progress and investments in equity accounted associates and joint ventures</i>	
At 31 December 2020, the group had property, plant and equipment of SR 2,976 million, project under progress of SR 1,916 million and investment in equity accounted associates and joint ventures of SR 10,662 million.	We assessed the reasonableness of management's considerations relating to impairment triggers considering our knowledge of internal and external factors.
Management performs a formal assessment at each reporting period-end to consider whether there are any events or circumstances (impairment triggers) that indicate that items of property, plant and equipment, project under progress or equity accounted investments in associates and joint ventures may not be recoverable. Recoverable amount is the higher of value-in-use (VIU) and fair value less cost of disposal (FVLCD).	For the VIU models, with input from our internal valuation experts, we performed the following procedures on management's valuation models, as appropriate:
When such impairment triggers are identified, valuation models are prepared to determine recoverable amounts for the relevant Cash Generating Units (CGUs) or to determine fair value. Based on these calculations, management ensures that assets are not carried at more than their recoverable amounts.	<ul style="list-style-type: none">• Considered the appropriateness of the assets and liabilities allocated to CGUs;• Compared a sample of forecast prices to market data points, where applicable;• Considered the consistency of certain unobservable inputs such as expected product volumes and future operating and development costs with approved business plans;• Evaluated the reasonableness of approved business plans by comparison to historical results;• Assessed the methodology of the approach and inputs used to determine residual value;• Checked the mathematical accuracy of the model;• Evaluated the reasonableness of discount rates by using subject matter experts; and
For property, plant and equipment and equity accounted investment in associates and joint ventures, valuation models were prepared by management representing value-in-use	

Independent auditor's report to the shareholders of National Industrialization Company (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>calculations based on discounted cash flows. The key estimates and assumptions underlying these models included:</p> <ul style="list-style-type: none"> • Forecast prices; • Expected product volumes; • Future operating and development costs; • Residual value; and • Discount rates. <p>The recoverable amounts computed using valuation models, in all cases, except for certain equity accounted investments in associates and joint ventures, were in excess of the carrying values of the related assets for certain equity accounted associates and joint ventures. An impairment charge of SR 693 million was recorded in the consolidated financial statements.</p> <p>The project under progress mainly includes the Slagger plant. Management intends to sell the plant, once it is complete and meets certain operations criteria. Management has estimated the current fair value of this plant based on the price stated in a purchase option agreement with a third party, less expected costs to complete the plant.</p> <p>As a result an impairment of SR 204 million was recorded against this asset in consolidated financial statements.</p> <p>We considered this to be a key audit matter given the judgment involved in identifying impairment triggers and the complexity inherent in estimating the recoverable amount.</p> <p>Refer to note 5.12 to the consolidated financial statements for the accounting policy relating to the impairment of the assets, note 6 (ii) for the disclosure of significant accounting estimates and judgement, note 8 for the property, plant and equipment, note 9 for project under progress and note 12 for the investments in equity accounted investments in associates and joint venture.</p>	<ul style="list-style-type: none"> • Sensitized key assumptions to assess the potential impact on recoverable amounts of a range of possible outcomes. <p>For FVLCD, we have performed the following procedures:</p> <ul style="list-style-type: none"> • Assessed management's conclusion that the option agreement will be exercised; • Compared the fair value used by management to the option agreement with the potential buyer; and • Evaluated management's assumption that minimal future costs are expected to be borne by the company to complete the project, as the responsibilities for completion rests with a third party. <p>We also considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.</p>

Independent auditor's report to the shareholders of National Industrialization Company (continued)

Key audit matter	How our audit addressed the Key audit matter
<i>Sale of Metal Grade TiCl₄ Plant (MGT)</i>	
<p>Metal Grade TiCl₄ Plant (MGT) was previously owned by The National Titanium Dioxide Company Limited (Cristal), a subsidiary of the Group. It manufactures metal grade titanium tetrachloride (TiCl₄) and had a long term supply commitment to sell TiCl₄ to a joint venture of the group, at an agreed price, which is below the market price.</p> <p>In December 2019, a conditional agreement to sell MGT to Tronox Saudi Arabia Industries Limited (TSIC) was signed at a consideration of \$36.1 million (SR 135 million). At the same time, Cristal also assumed an obligation to pay the fixed charges of \$125 to TSIC for each unit of TiCl₄ delivered to the Group's joint venture, upto a limit specified in the sales agreement. The purpose of the charges is to compensate TSIC for the below market price set in the original supply agreement. Thus, the fixed charge obligation of SR 324 million was considered an offset to the sale of MGT.</p> <p>All the conditions of the sales agreement were met during the year and the transaction was completed during December 2020.</p> <p>At 31 December 2019, management considered that the requirements of IFRS 5 were met and MGT asset was classified as held for sale. As the MGT asset was sold to TSIC for effectively a negative consideration, the fair value less cost of disposal is considered equal to zero. Thus, 2019 corresponding information was restated as mentioned in note 44 to the consolidated financial statements.</p> <p>We considered this to be a key audit matter given the complexity of agreements and judgment involved in accounting conclusions reached. The calculation of liability also involved certain subjective assumptions, for example, production forecasts and discount rate.</p>	<p>We have read the MGT sale agreement and all ancillary supply agreements and side letters and assessed the reasonableness of management's conclusions about the related accounting.</p> <p>For the calculation of supplemental charge liability, we performed the following procedures:</p> <ul style="list-style-type: none"> • Compared the limit specified in the sales agreement with the total TiCl₄ volumes used in the calculations; • Compared a supply forecast quantities per year with approved business plan; • Evaluated the reasonableness of approved business plans by comparison with the plant production capacity; • Evaluated the reasonableness of discount rates by cross-checking the underlying assumptions against observable market data; and, • Checked the mathematical accuracy of the calculations. <p>We have evaluated the management's assessment of the recognition of MGT assets as held for sale and measuring its fair value less cost of disposal equals to zero.</p> <p>We also considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.</p>
Refer to note 43 of the financial statements.	

Independent auditor's report to the shareholders of National Industrialization Company (continued)

Other information

Management is responsible for the other information. The other information comprises the Annual Report but does not include the consolidated financial statements and our auditor's report thereon, which 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 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, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 are as a whole 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 International Standards on Auditing, 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.

Independent auditor's report to the shareholders of National Industrialization Company (continued)

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism 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.
- 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 period 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.

PricewaterhouseCoopers



Bader I. Benmohareb
License No. 471

31 March 2021

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)
Consolidated Statement of Financial Position
(All amounts in SR'000 unless otherwise noted)

	Note	31 December 2020	31 December 2019 (Restated Note 43 & 44)	1 January 2019
ASSETS				
Non-current assets				
Property, plant and equipment	8	2,976,364	2,950,517	7,260,547
Projects under progress	9	1,916,318	2,289,178	4,494,904
Right-of-use assets	10	137,414	152,526	435,030
Intangible assets	11	124,534	147,734	1,103,839
Exploration and evaluation costs		-	-	297,389
Investments in equity accounted associates and joint ventures	12	10,662,306	10,544,991	8,631,079
Investment in equity instruments designated as FVOCI	13	805,423	862,146	841,762
Deferred tax assets		-	-	220,173
Other non-current assets	14	526,063	489,525	964,540
Total non-current assets		17,148,422	17,436,617	24,249,263
Current assets				
Inventories	15	579,512	565,958	3,261,154
Accounts receivable	16	1,087,861	1,344,519	2,497,925
Prepayments and other current assets	17	850,222	698,829	994,557
Cash and cash equivalents	18	2,654,849	2,723,226	2,909,045
Total current assets		5,172,444	5,332,532	9,662,681
Total assets		22,320,866	22,769,149	33,911,944
EQUITY AND LIABILITIES				
Equity				
Share capital	19	6,689,142	6,689,142	6,689,142
Statutory reserve	20	1,354,512	1,354,512	1,354,512
Other reserves	21	(662,623)	(552,434)	(667,395)
(Accumulated losses) / Retained earnings		(111,375)	335,372	1,971,373
Equity attributable to the equity holders of parent		7,269,656	7,826,592	9,347,632
Non-controlling interests	22	2,313,357	2,366,030	3,087,241
Total equity		9,583,013	10,192,622	12,434,873
Liabilities				
Non-current liabilities				
Long-term borrowings	23	6,544,745	6,773,849	11,272,425
Employee benefits obligations	24	514,644	460,178	610,680
Lease liabilities	25	119,780	134,415	348,024
Deferred tax liabilities		-	-	223,030
Other non-current liabilities	26	1,917,989	1,526,087	1,690,708
Total non-current liabilities		9,097,158	8,894,529	14,144,867
Current liabilities				
Short-term facilities	27	-	29,000	5,028
Long-term borrowings – current portion	23	645,346	815,141	3,219,069
Lease liabilities – current portion	25	22,705	25,330	87,006
Accounts payable	28	1,388,416	1,347,846	2,149,226
Provisions and other current liabilities	29	1,057,658	1,040,665	1,440,930
Zakat and income tax payable	30	526,570	424,016	430,945
Total current liabilities		3,640,695	3,681,998	7,332,204
Total liabilities		12,737,853	12,576,527	21,477,071
Total equity and liabilities		22,320,866	22,769,149	33,911,944

Chief Financial Officer

Chief Executive Officer

Authorized Board Member

The accompanying notes from (1) to (48) form an integral part of these consolidated financial statements.

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)
Consolidated Statement of Profit or Loss
For the year ended 31 December 2020
(All amounts in SR'000 unless otherwise noted)

	Note	2020	2019 (Restated Note 43 & 44)
Continuing Operations			
Revenue	31	2,271,835	2,978,533
Cost of revenue	32	(1,941,999)	(2,577,277)
Gross profit		329,836	401,256
Selling and distribution expenses	33	(162,686)	(162,552)
General and administrative expenses	34	(504,039)	(487,729)
Impairment / write-off of non-financial assets	8,9	(204,198)	(612,733)
Impairment of financial assets	16	(15,907)	(423,450)
Loss on disposal of assets	43	(321,894)	(78,058)
Share of net profit / (loss) from associates and joint ventures, net	12	869,133	1,085,047
Operating loss		(9,755)	(278,219)
Other expenses	35	(132,818)	(72,452)
Other income		111,438	51,366
Finance costs	36	(222,705)	(536,677)
Loss before zakat and income tax from continuing operations		(253,840)	(835,982)
Zakat and income tax	30	(194,460)	(122,816)
Loss for the year from continuing operations		(448,300)	(958,798)
Discontinued operations			
Loss for the year from discontinued operations	43	-	(998,264)
Loss for the year		(448,300)	(1,957,062)
Attributable to:			
Equity holders of Parent		(446,747)	(1,676,315)
Non-controlling interests		(1,553)	(280,747)
		(448,300)	(1,957,062)
Basic and diluted earnings per share (SR)	37		
From continuing and discontinued operations			
From loss attributable to equity holders of Parent		(0.67)	(2.51)
From continuing operations			
From operating loss		(0.01)	(0.42)
From loss attributable to equity holders of Parent		(0.67)	(1.33)



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

The accompanying notes from (1) to (48) form an integral part of these consolidated financial statements.

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020
(All amounts in SR'000 unless otherwise noted)

	2020	2019 (Restated Note 43 & 44)
Loss for the year	(448,300)	(1,957,062)
Continuing operations		
Other comprehensive (loss) / income		
Items that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedge reserve	4,840	9,707
Share of other comprehensive income / (loss) of associates and joint ventures, net	47,142	(20,886)
Total items that may be reclassified to profit or loss in subsequent periods	51,982	(11,179)
Items that will not be reclassified to profit or loss in subsequent periods:		
Re-measurement of defined benefit plans	(36,909)	(12,379)
Loss from investments in equity instruments designated as FVOCI	(50,019)	(19,776)
Share of other comprehensive (loss) / income of associates and joint ventures, net	(86,813)	10,750
Total items that will not be reclassified to profit or loss in subsequent periods	(173,741)	(21,405)
Discontinued operations		
Other comprehensive income from discontinued operations	-	85,694
Total other comprehensive (loss) / income for the year	(121,759)	53,110
Total comprehensive loss for the year	(570,059)	(1,903,952)
Attributable to:		
Equity holders of Parent	(556,936)	(1,626,506)
Non-controlling interests	(13,123)	(277,446)
	(570,059)	(1,903,952)



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

The accompanying notes from (1) to (48) form an integral part of these consolidated financial statements.

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)
Consolidated Statement of Changes in Equity
For the year ended 31 December 2020
(All amounts in SR'000 unless otherwise noted)

	Attributable to the equity holders of parent					Total equity
	Notes	Share capital	Statutory reserve	Other reserves	Retained earnings	Non-controlling interests
		6,689,142	1,354,512	(667,395)	1,959,677	3,452,802
	44	-	-	-	11,696	(365,561)
		6,689,142	1,354,512	(667,395)	1,971,373	3,087,241
As at 1 January 2019, as reported		-	-	-	(1,676,315)	(280,747)
Restatement		-	-	49,809	-	3,301
As at 1 January 2019, as restated		-	-	49,809	-	53,110
Loss for the year		-	-	-	(1,676,315)	(277,446)
Other comprehensive income		-	-	49,809	(1,676,315)	(12,367)
Total comprehensive income / (loss) for the year		-	-	(40,314)	40,314	-
Transferred on disposal of subsidiaries		-	-	-	-	-
Recycled to statement of income on disposal of subsidiaries		-	-	105,466	-	28,036
Dividend paid by subsidiaries to non-controlling interests		-	-	-	-	-
As at 31 December 2019, restated	43, 44	6,689,142	1,354,512	(552,434)	335,372	2,366,030
Loss for the year		-	-	-	(446,747)	(1,553)
Other comprehensive loss		-	-	(110,189)	-	(11,570)
Total comprehensive loss for the year		-	-	(110,189)	(446,747)	(13,123)
Dividend paid by subsidiaries to non-controlling interests		-	-	-	-	(39,550)
As at 31 December 2020		6,689,142	1,354,512	(662,623)	(111,375)	7,269,656
						2,313,357
						9,583,013



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

The accompanying notes from (1) to (48) form an integral part of these consolidated financial statements.

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)
Consolidated Statement of Cash Flows
For the year ended 31 December 2020
(All amounts in SR'000 unless otherwise noted)

		2020	2019 (Restated Note 43\$ 44)
CASH FLOW FROM OPERATING ACTIVITIES	Note		
Loss before zakat and income tax from continuing operation		(253,840)	(835,982)
Loss before zakat and income tax from discontinued operation	43	-	(998,264)
Loss before zakat and income tax		(253,840)	(1,834,246)
Adjustments for:			
Depreciation and amortization		231,953	348,246
Right-of-use assets deprecation		26,706	44,305
Impairment / write-off of non-financial assets		204,198	612,734
Loss on disposal of property, plant and equipment		321,894	78,058
Goodwill written off		2,180	-
Loss on re-measurement of asset held for sale / group disposal as held for sale		-	1,324,744
Share of net loss from equity accounted associates and joint ventures	12	(869,133)	(1,085,047)
Provision for slow moving inventories	15	7,176	2,297
Reversal / write off inventory slow moving provision		(647)	(53,095)
Impairment of financial assets	16	15,907	423,450
Write off account receivables		(15,286)	(4,294)
Employee benefits expenses	24	73,797	85,585
Finance costs		222,705	536,677
Changes in operating assets and liabilities:			
Other non-current assets	14	(36,538)	(439,065)
Inventories	15	(20,083)	(119,995)
Trade receivables	16	256,037	(65,237)
Prepayments and other current assets	17	(151,393)	(177,891)
Other non-current liabilities	26	71,786	334,454
Trade payables	28	40,570	(212,075)
Provisions and other current liabilities		16,993	62,768
Cash generated from / (used in) operations		144,982	(137,627)
Employee benefits paid	24	(56,240)	(26,890)
Zakat and income tax paid	30	(91,906)	(108,065)
Net cash used in operating activities		(3,164)	(272,582)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	8	(61,083)	(143,077)
Disposals of property, plant and equipment	8	13,589	6,065
Additions to projects under progress	9	(44,010)	(68,781)
Disposals of projects under progress		22,733	129,587
Additions to intangible assets	11	(1,224)	(25,381)
Proceeds from disposal of Tio2 business		-	6,282,341
Disposal / (addition) to investment in equity instruments designated as FVOCI		6,704	(40,160)
Dividend received	12	725,446	1,295,024
Net addition in Investments in associates and joint ventures	12	(4,315)	(6,965)
Net cash generated from investing activities		657,840	7,428,653
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term facilities	27	(29,000)	24,021
Repayment of long-term borrowings	23	(425,681)	(6,715,692)
Proceed from long- term borrowings		-	28,643
Finance costs paid		(195,964)	(267,816)
Repayment of lease liabilities	23	(32,858)	(51,611)
Dividend paid by subsidiaries to non-controlling interests	22	(39,550)	(359,435)
Net cash used in financing activities		(723,053)	(7,341,890)
Net decrease in cash and cash equivalents		(68,377)	(185,819)
Cash and cash equivalents at beginning of the year		2,723,226	2,909,045
Cash and cash equivalents at end of the year	18	2,654,849	2,723,226

Chief Financial Officer

Chief Executive Officer

Authorized Board Member

The accompanying notes from (1) to (48) form an integral part of these consolidated financial statements.

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(All amounts in SR'000 unless otherwise noted)

1. STATUS AND NATURE OF ACTIVITIES

National Industrialization Company (the "Company" or "Tasnee") is a Saudi Joint Stock Company registered in Riyadh under Commercial Registration no. 1010059693 dated 7 Shawwal 1405H (corresponding to 25 June 1985G). The Company was formed pursuant to the Ministerial Resolution no. 601 dated 24 Dhul Hijja 1404H (corresponding to 19 September 1984G).

The principal activities of the Company and its subsidiaries (collectively referred to as "the Group") comprises of industrial investment, transfer of advanced industrial technology to the Kingdom of Saudi Arabia, and to the Arab region in general, in the areas of manufacturing and transforming petrochemical and chemical, engineering and mechanical industries, management and ownership of petrochemical and chemical projects and marketing their products. The activities also comprise rendering technical industrial services and manufacturing of steel and non-steel castings, producing towed steel wires, spring wires, and steel wires for cables, twisted reinforcement wires to carry electrical conductors, twisted re-enforcement wires for concrete and welding wires. It also includes production and marketing of liquid batteries for vehicles and for industrial usage and the production and marketing of lead and sodium sulfate. It also includes conducting technical tests on industrial facilities, chemical, petrochemical and metal plants, and water desalination and electricity generating plants; setting up all types of plastic industries and production and marketing of acrylic boards; the production and marketing of titanium dioxide and the production of ethylene, polyethylene, propylene and polypropylene, owning mines and specialized operations for the production of Al-Rutayl which is the raw material for producing the titanium dioxide.

The registered office address of:
National Industrialization Company
P. O. Box 26707
Riyadh 11496, Kingdom of Saudi Arabia

The existence of continuing novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across the globe causing business and economic disruption including the Kingdom of Saudi Arabia and the declaration of this pandemic by the World Health Organization necessitated the Group's management to revisit its significant judgments in applying the Group's accounting policies and the methods of computation and the key sources of estimation applied to the annual consolidated financial statements as of and for the year ended 31 December 2020.

Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Group's management carried out an impact assessment on the Group's overall operations and business aspects including factors like supply chain, travel restrictions, oil prices, product demand, etc. and concluded that, as of the issuance date of these consolidated financial statements, the Group has sufficient liquidity to meet its financial obligations for the foreseeable future. However, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. Management believe that in order to respond to a severe downside scenario, optimise the Group's cash flow and preserve liquidity, management has the ability to take the following mitigating actions to reduce costs:

- reducing non-essential capital expenditure and deferring or cancelling discretionary spend;
- freezing non-essential recruitment; and
- reducing marketing spend.

Based on these factors, management has a reasonable expectation that the Group has adequate resources to meet challenges.

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1. STATUS AND NATURE OF ACTIVITIES (continued)

1.1 Subsidiaries

The following are the subsidiaries included in these consolidated financial statements and the combined direct and indirect ownership percentages:

Company Name	Legal Form	Shareholding (%)	
		2020	2019
Rowad National Plastic Company ("Rowad") and its subsidiaries (1)	Limited liability	100.00	100.00
National Lead Smelting Company Ltd. ("Rassas") and its subsidiaries (2)	Limited liability	100.00	100.00
National Marketing and Industrial Services Company ("Khadamat II") (3)	Limited liability	100.00	100.00
Taldeem Plastic Solution Company Ltd. ("Taldeem") (4)	Limited liability	100.00	100.00
Al Khadra Environment Company for Industrials Waste Management ("Khadra") (5)	Limited liability	100.00	100.00
National Industrialization Petrochemical Marketing Company (6)	Limited liability	100.00	100.00
National Petrochemical Industrialization Company (7)	Limited liability	100.00	100.00
National Worldwide Industrial Advancement Company Ltd. (7)	Limited liability	100.00	100.00
NIPRAS National Technical Company Ltd. (7)	Limited liability	100.00	100.00
National Gulf Company for Petrochemical Technology (7)	Limited liability	100.00	100.00
National Industrialization Company for Industrial Investments (7)	Limited liability	100.00	100.00
National Operation and Industrial Services Company ("Khadamat") - under liquidation (8)	Limited liability	96.67	96.67
Advanced Metal Industries Cluster Company Ltd. ("AMIC") (9)	Limited liability	89.50	89.50
The National Titanium Dioxide Company Ltd. ("Cristal") and its subsidiaries (10)	Limited liability	79.00	79.00
National Inspection and Technical Testing Company Ltd. ("Fahss") (11)	Limited liability	73.42	73.42
TUV - Middle East WLL ("TUV") (12)	Limited liability	73.42	73.42
Tasnee and Sahara Olefins Company and its subsidiaries (13)	Closed joint stock	60.45	60.45

1. Rowad National Plastic Company and its subsidiaries ("Rowad")

Rowad National Plastic Company is a Saudi Limited Liability Company with its head office based in Riyadh, Saudi Arabia. The company is engaged in the manufacturing of all types of plastic production and managing and operating the industrial plants.

Rowad National Plastic Company owns 97% and 62.5% of equity interests in Rowad International Geosynthetics Company Ltd. and Rowad Global Packing Company Ltd., respectively, Saudi Limited Liability Companies registered in Dammam, Saudi Arabia.

2. National Lead Smelting Company and its subsidiary ("Rassas")

National Lead Smelting Company is a Saudi Limited Liability Company with its head office based in Riyadh, Saudi Arabia. The company is engaged in the manufacturing of lead as well as polypropylene and sodium sulfate.

National Lead Smelting Company Limited owns 100% of Technical Tetravalent Lead Smelting Company Limited ("TTLSP"), a Saudi Limited Liability Company, which is registered in Jeddah, Saudi Arabia.

National Lead Smelting Company Limited also owns 90% of equity interest in National Batteries Company ("Battariat"), a Saudi Limited Liability Company, which is registered in Riyadh, Saudi Arabia.

3. National Marketing and Industrial Services Company ("Khadamat II")

National Marketing and Industrial Services Company is a Saudi Limited Liability Company based in Riyadh, Saudi Arabia. The company is engaged in marketing, sale and distribution of industrial products, including car batteries, plastic sheets, imports and exports, trading agencies for industrial products and investment in industrial services fields.

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1. STATUS AND NATURE OF ACTIVITIES (continued)

1.1 Subsidiaries (continued)

4. Taldeen Plastic Solution Company limited ("Taldeen")

Taldeen Plastic Solutions Company Ltd. is a Saudi Limited Liability Company based in Hail, Saudi Arabia. The Company has four plants and engaged in producing plastic pallets, plastic pipes, agri-film and waste-water treatment units.

5. Al Khadra Environment Company for Industrials Waste Management ("Khadra")

Al Khadra Environment Company for Industrials Waste Management ("Khadra") is a Saudi Limited Liability Company based in Jeddah, Saudi Arabia. The Company is engaged in sale, gathering and recycling of used and damaged batteries, lead, plastics, industrial materials and environmental waste.

6. National Industrialization Petrochemical Marketing Company

National Industrialization Petrochemical Marketing Company is a Saudi Limited Liability Company based in Riyadh, Saudi Arabia. The company is engaged in the marketing services of chemical, petrochemical and plastic items including polypropylene and polyethylene.

7. Other subsidiaries

These are direct subsidiaries and are incorporated in the Kingdom of Saudi Arabia. These subsidiaries are mainly holding companies for the Group's investments.

8. National Operation and Industrial Services Company ("Khadamat") - under liquidation

National Operating and Industrial Services Company is a Saudi Limited Liability Company based in Riyadh, Saudi Arabia. The company is engaged in marketing, sale and distribution of industrial products, including car batteries, plastic sheets, imports and exports, trading agencies for industrial products and investment in industrial services fields. The Company is currently under liquidation and the procedures for liquidation are ongoing as at the date of these consolidated financial statements

9. Advanced Metal Industries Cluster Company Ltd. ("AMIC")

Advanced Metal Industries Cluster Company Ltd. ("AMIC") was established with direct ownership percentage of 50% each by Tasnee and Cristal. AMIC is a Saudi Limited Liability Company and registered in Jeddah, Saudi Arabia. The company is engaged in setting up industrial projects related to Titanium metals of various type and other related substances including Titanium ore, Iron ore and manufacturing of Titanium dioxide through high pressure oxidation. (also refer note 44).

10. The National Titanium Dioxide Limited Company ("Cristal")

The National Titanium Dioxide Limited Company is a Saudi Limited Liability Company with its head office based in Jeddah, Saudi Arabia.

Cristal owns 100% equity interest in Cristal International Holdings B.V., a limited liability company registered in The Netherlands and Sinclair Insurance Co. Ltd, incorporated in Bermuda.

During 2019, Cristal sold its domestic and international titanium dioxide (TiO₂) business (including but not limited to the sale of (a) substantially all international subsidiaries of Cristal, (b) assets (including the Yanbu plant of Cristal) and liabilities relevant to such business; and (c) contracts, intellectual property and goodwill in respect of such business (the "Cristal Assets")) to Tronox Ltd. Up to the date of sale the subsidiaries were engaged in production and marketing of Titanium Dioxide and Sulphuric Acid, manufacturing of Titanium Metal Powder and mineral exploration and mining (also refer note 43).

During 2020, Cristal sold its 100% shares in Sinclair Insurance Company Ltd., a subsidiary company incorporated and registered in Bermuda. (also refer note 43).

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1. STATUS AND NATURE OF ACTIVITIES (continued)

1.1 Subsidiaries (continued)

11. National Inspection and Technical Testing Company Ltd. ("Fahss")

National Inspection and Technical Testing Company Ltd. is a Saudi Limited Liability Company based in Dammam, Saudi Arabia. The company is engaged in providing technical services in inspection, testing, calibration, maintenance and quality management and environment systems (ISO).

12. TUV – Middle East WLL

TUV - Middle East WLL is a Limited Liability Company incorporated in Kingdom of Bahrain. The Company is engaged in inspection of mechanical equipment and industrial instruments, quality management and environment systems (ISO), academic trainings, information technology consultancy and laboratory testing services for various products within GCC countries. TUV - Middle East WLL owns 100% beneficial ownership of a subsidiary, German Safety and Quality Inspection Company LLC, a limited liability company, which is registered in Doha, Qatar.

13. Tasnee and Sahara Olefins Company ("TSOC")

Tasnee and Sahara Olefins Company is a Saudi Closed Joint Stock Company with its head office based in Riyadh, Saudi Arabia. The main objectives of the company are the production and marketing of petrochemical and chemical materials.

Tasnee and Sahara Olefins Company owns 65% of Saudi Acrylic Acid Company ("SAAC"), a Saudi Limited Liability Company, which is registered in Riyadh, Saudi Arabia.

1.2 Associates and Joint Arrangements

The following are the list of the Group's associated companies and joint arrangements included in these consolidated financial statements and effective ownership percentages:

Company Name	Relationship	Legal Form	Shareholding (%)	
			2020	2019
Saudi Polyolefins Company ("SPC")	Joint Venture	Limited liability	75.00	75.00
Advanced Metal Industries Ltd. Company and Toho for Titanium Metal Ltd. Company ("ATTM")	Joint Venture	Limited liability	58.18	58.18
Saudi Ethylene and Polyethylene Company (SEPC)	Joint Venture	Limited liability	45.34	45.34
Clariant Masterbatches (Saudi Arabia) Ltd.	Associate	Limited liability	40.00	40.00
Saudi Acrylic Monomers Company (SAMCO)	Joint Venture	Limited liability	39.22	39.22
Saudi Acrylic Polymers Company (SAPCO)	Joint Venture	Limited liability	39.22	39.22
National Metal Manufacturing and Casting Company ("Maadaniyah")	Associate	Saudi joint stock company	35.45	35.45
Evonik Tasnee Marketing Company (ETM)	Associate	Limited liability	25.00	25.00
Tronox Holdings plc ("Tronox") (refer note 43)	Associate	Listed in NYSE	20.68	20.92
Saudi Butanol Company ("SABUCO")	Joint Operations	Limited liability	17.43	17.43

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2. BASIS OF PREPARATION

(i) Statement of Compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants ("SOCPA").

(ii) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities (including derivative instruments) that are measured at fair value.

(iii) Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals, which is the Parent Company's functional currency. All amounts have been rounded to the nearest thousand (SR in '000), unless otherwise indicated.

3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December except for joint operations which are consolidated based on the Group's relative share in the arrangement.

Subsidiaries are all entities over which the Group has 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. 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 returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent 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 financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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3. BASIS OF CONSOLIDATION (continued)

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. When Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in the profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

4. CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019 except for the adoption of these amendments to existing standards that had no significant financial impact on these consolidated financial statements of the Group:

(i) Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs.

(ii) Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and / or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

(iii) Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The above amendments had no material impact on these consolidated financial statements of the Group.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Group in preparing these consolidated financial statements are applied consistently and are described below:

5.1. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of fair value of the consideration transferred, which is measured at the 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 interest 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 administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

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. All contingent consideration (except that which is classified as equity) is measured at fair value with the changes in fair value in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

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, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. 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 profit or loss.

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 consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which generally does not exceed one year from the date of acquisition, 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. Any additional assets or liabilities are also recognized during the measurement period if new information is obtained about facts and circumstances that existed as of the acquisition date.

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 (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof. A CGU is identified consistently from period to period for the same asset or types of assets, unless a change is justified.

Where goodwill has been allocated to a 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 of the operation.

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.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.2. Investments in associates, joint arrangements and equity accounting

(i) Associates

Associates are all entities over which the Group has significant influence but no control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. This is generally the case where the Group holds between 20% and 50% of the voting rights. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. Investments in associates are accounted for using the equity method, after initially being recognized at cost.

(ii) Joint arrangements

Under IFRS 11 Joint Arrangements, 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 whether joint control exists or not are similar to those necessary to determine control over subsidiaries.

Investments in joint arrangements are classified as either joint ventures or joint operations. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has both joint ventures and joint operations. (Refer note 1.2 for the details)

Joint ventures:

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.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

Joint operations:

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and liabilities of the joint operation.

The Group recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the consolidated financial statements under the appropriate headings.

Equity method

Under the equity method of accounting, the investments are initially recognized at cost. Appropriate adjustments are made in order to account for the Group's share in the fair value of associate's or joint venture's net assets at the date of the acquisition. Excess of the Group's share in the fair value of associate's net assets over the cost is recognised in the consolidated statement of profit or loss. The carrying amount of the investment is subsequently adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Adjustments are made to account for the Group's share of the associate's or joint venture's profit or loss after acquisition in order to account, for example, for depreciation of the depreciable assets based on their fair values at the acquisition date. Similarly, appropriate adjustments to the Group's share of the associate's or joint venture's profit or loss after acquisition are made for impairment losses such as for goodwill or property, plant and equipment.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.2. Investments in associates, joint arrangements and equity accounting (continued)

Adjustments are made to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Where the carrying value of the investment is reduced to zero, a liability is recognised only to the extent that there is an obligation to fund the investee's operations or any payments have been made on behalf of the investee. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. 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 profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in the other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. 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 consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate and joint venture are eliminated to the extent of the interest in the associate or joint venture. The financial statements 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 of the associate or joint venture 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. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, 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 recognises the loss as 'Share of profit of an associate and a joint venture' in the consolidated statement of profit or loss.

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 retaining investment and proceeds from disposal is recognised in profit or loss.

5.3. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group).

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.3. Non-current assets held for sale and discontinued operations (continued)

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after zakat and income tax from discontinued operations in the consolidated statement of profit or loss.

Additional disclosures are provided in note 43. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

5.4. Revenue recognition

The Group manufactures and sells a wide range of products including chemicals, polymers and plastics. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied. This generally occurs at the time when performance obligations are fulfilled and control transfers to the customer. In most instances, control transfers upon the transfer of risk of loss and title to the customer, which usually occurs when we ship products to the customer from our facilities. Where applicable, the transaction price is allocated to the individual performance obligations of a contract based on their relative stand-alone selling prices.

Some of the joint venture companies market their products through subsidiaries of the Group (referred hereto as "the Marketers"). For all such arrangements, the Group reviews whether it acts as a principal or agent. Based on this review, the Group when acts as principal, record sale on gross basis, while net accounting is followed where it acts as an agent.

Some of the subsidiaries provide services related to inspection of electrical, mechanical and industrial equipment, ISO Certification, academic training, information technology consultancy and laboratory testing under fixed-price and variable price contracts. Contract service revenues are recognised based on the value of work rendered to the customer in accordance with the terms and rates as specified in the service contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labor hours spent relative to the total expected labor hours. Services rendered but not invoiced as of period end are reflected as accrued income.

5.5. Cost of revenue, selling, distribution and general and administrative expenses

Operating cost are recognized on a historical cost basis. Production costs which includes consumption of inventory, direct labor and attributable overhead costs are classified as cost of revenue.

Selling and distribution expenses principally comprise costs incurred in marketing and sale of the subsidiaries' products. Other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically attributable to cost of revenue.

Allocations between general and administrative expenses and cost of revenue, when required, are made on a consistent basis.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.6. Foreign currency translation

The Group's consolidated financial statements are presented in Saudi Riyals, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction.

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date and their statement of profit or loss are translated at exchange rate prevailing at the date of the transactions or the average rate for the period. The exchange differences arising on the translation are recognised in consolidated statement of other comprehensive income. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

5.7. Zakat, income and deferred taxes

Saudi and other Gulf Cooperation Council country shareholders in the Company and its subsidiaries in the Kingdom of Saudi Arabia are subject to zakat and income tax which is then included in the consolidated statement of profit or loss.

(i) Zakat

Zakat is provided on an accruals basis and computed at the higher of adjusted net income for zakat purposes for the year or zakat base calculated per the General Authority of Zakat and Tax ("GAZT") regulations. Any difference in the previously recorded estimate is recognized when the final assessment is approved by GAZT.

(ii) Current income tax

Foreign shareholders in the Company's subsidiaries in the Kingdom of Saudi Arabia are subject to income tax. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.7. Zakat, income and deferred taxes (continued)

(iii) Deferred taxes

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Un-recognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5.8. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment in value, except for land and assets under construction which are stated at cost and are not depreciated. Projects under progress represent costs relating directly to the new projects in progress and cost of expansion of existing facilities and are capitalized as property, plant and equipment when the project is completed. Depreciation on such assets under construction commences when the asset becomes available for use.

Cost includes all expenditure directly attributable to the construction or purchase of the item of property, plant and equipment. Such costs include the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, costs of major maintenance and repairs incurred as part of substantial overhauls or turnarounds of major units at the Group's manufacturing facilities are capitalized and generally depreciated using the straight-line method over the period until the next planned turnaround, the cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit or loss as incurred. Any subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and cost can be measured reliably.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.8. Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows;

Asset class	Useful lives (in years)
Buildings	20 - 33
Leasehold improvements	Shorter of the lease term or useful life
Plant, machinery and equipment	3 – 25
Tools and capital spares	2 – 20
Furniture, fixtures and equipment	3 - 10
Motor vehicles	4 - 5
Computers	3 – 5
Catalyst	2 - 5

Property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Stores and spares having a useful life of more than one year are depreciated over their estimated useful lives.

An item of property, plant and equipment is derecognized 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 profit or loss when the asset is derecognized.

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.

5.9. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.10. Leases

The Group assesses 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.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.10. Leases (continued)

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 discount rate used is the entity's incremental borrowing rate, being the rate that the entity would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. 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 of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

5.11. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognised in the consolidated statement of profit or loss when it is incurred.

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

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually or at each reporting date when there is an indicator of impairment, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 profit or loss when the asset is derecognized.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.11. Intangible assets (continued)

(i) Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortized but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(ii) Software technologies

Computer software implementation and licenses costs are amortized using the straight-line method over a period of 5 to 10 years from the date of commencement of operation.

An intangible asset with an indefinite life is not being amortized but instead is measured for impairment at least annually, or when events indicate that impairment exists.

Research and development costs are charged to the consolidated statement of profit or loss during the period incurred, except for the clear and specified projects, in which development costs can be recovered through the commercial activities generated by these projects. In this case, the development costs are considered intangible assets and are amortized using the straight-line method over a period of seven to fifteen years.

5.12. Impairment of non-financial assets

Goodwill and assets with indefinite life are tested for impairment annually.

For other 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 units ("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 group 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.

Impairment calculation is based on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. Long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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 consolidated statement of profit or loss.

Impairment recognized previously on goodwill is not reversed.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.13. Inventories

The cost of raw materials, consumables, spare parts and finished goods is determined on a weighted average cost basis. The cost of work in progress and finished goods includes cost of material, labor and an appropriate allocation of indirect overheads. Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

5.14. Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits and murabaha with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

5.15. Employee benefits obligations

(i) Short-term obligations

Liabilities for wages and salaries and any other short-term benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the 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.

(ii) Post-employment obligations

Defined contribution plan

A defined contribution plan is employee benefit plan under which the Group pays fixed contributions. The Group offers a saving plan to eligible employees to encourage them to make savings in a manner that will warrant an increase in their income and contribute to securing their future according to the established plan. The saving contributions from the participants are deposited in a separate bank account other than the Group's normal operating bank accounts (but not in any separate legal entity).

Defined benefit plans

The Group primarily has end of service benefits which qualify as defined benefit (unfunded) plan.

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method, with actuarial valuation being carried out at regular interval. Re-measurements, comprising actuarial gains and losses, are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to other reserves through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The present value of the defined benefit obligation for the Group has been determined by discounting the estimated future cash outflows by reference to US bond yields (as the Saudi Riyal is pegged to the US dollar) adjusted for an additional risk premium reflecting the possibility of the linkage being broken.

Past service costs are recognised in the consolidated statement of profit or loss on the earlier of the date of the plan amendment or curtailment and the date on which the Group recognises related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the changes in the net defined benefit obligation under 'cost of revenue', 'general and administrative expenses' and 'selling and distribution expenses' in the consolidated statement of profit or loss.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.15. Employee benefits obligations (continued)

(iii) Employees House Ownership Program (HOP) and Employees Housing Loans (HLP)

Certain companies within the Group have established employees HOP where eligible employees after paying a series of payments over a particular number of years can purchase houses constructed by these companies. Costs which are not directly related to residential units are absorbed by the Group. Ownership of these houses is transferred to the employees at the completion of full payment. Under the program, the amounts paid by the employees towards the houses are repayable back to the employees after certain adjustments in case of discontinued employment and the house is returned to the Group.

The Group also provides interest free home loan to its eligible employees for purposes related to purchase or building of a house or apartment. The loan is repaid in monthly instalment by deduction of employee's pay. HLP is recognised as a non-current financial asset at fair value and measured at amortised cost using the effective interest rate (EIR) method. The difference between the fair value and the actual amount of cash given to the employee is recognised as a 'prepaid employee benefit' and is amortised as an expense equally over the period of service. The same amount is also amortised as finance income against the receivable from employees.

5.16. Provisions and contingent liabilities

(i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

(ii) Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

5.17. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method less impairment. For impairment of financial assets, (refer to note 5.19 (iv)).

5.18. Trade payables

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

5.19. Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Group determines the classification of its financial assets at initial recognition. Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the Group commits to purchase or sell the asset. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.19. Financial instruments (continued)

i. Classification

The financial assets are classified in the following measurement categories:

- a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- b) Those to be measured at amortized cost.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of profit or loss or the consolidated statement of other comprehensive income. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

ii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss as incurred.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies debt instruments at amortised cost based on the below:

- a) The asset is held within a business model with the objective of collecting the contractual cash flows; and
- b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Employees' loans and shareholders' loans to joint venture entities are carried at amortized cost.

Equity instruments

If the Group elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in the consolidated statement of profit or loss as other income when the Groups' right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other income / (expenses) in the consolidated statement of profit or loss as applicable.

iii. De-recognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interests in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.19. Financial instruments (continued)

iv. Impairment of financial assets

The Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure that are debt instruments and are measured at amortized cost e.g., loans, deposits, bank balances, employee receivables and trade receivables.

Expected Credit Losses are the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the company expects to receive. The expected credit losses consider the amount and timing of payments and hence, a credit loss arises even if the Group expects to receive the payment in full but later than when contractually due. The expected credit loss method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognising allowance for expected credit losses in the consolidated statement of profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. '12 month expected credit losses' represent the expected credit losses resulting from default events that are possible within 12 months after the reporting date. 'Lifetime expected credit losses' represent the expected credit losses that result from all possible default events over the expected life of the financial asset.

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime expected credit losses does not differ from that measured as 12 month expected credit losses. The Group uses the simplified approach to calculate ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group uses historical loss experience for each category of customer and derived loss rates based on the past 3 years and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forward-looking information macroeconomic data like GDP growth rate and inflation. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognize in FVOCI category are strategic investments and the Group considers this classification to be more relevant. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the counterparty. The Group categorizes a financial asset for write off when a debtor fails to make contractual payments and no reasonable expectation of recovering the contractual cash flows. Where a financial asset has been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in consolidated statement of profit or loss.

v. Income recognition

Murabaha income

For all financial instruments measured at amortized cost and interest bearing financial assets, Murabaha income is recognised using the effective interest rate (EIR), which is the rate that discounts the estimated future cash financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.19. Financial instruments (continued)

v. Income recognition (continued)

Dividend income

Dividends receivable from financial instruments are recognised in the consolidated statement of profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

Financial liabilities

The Group determines the classification of its financial liabilities at initial recognition.

i. Classification

The financial liabilities are classified in the following measurement categories:

- a) Those to be measured as financial liabilities at fair value through profit or loss; and
- b) Those to be measured at amortized cost.

ii. Measurement

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortized cost like borrowings are accounted at the fair value determined based on the effective interest rate method (EIR) after considering the directly attributable transaction costs.

The Group classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

EIR method calculates the amortized cost of a debt instrument by allocating interest charge over the relevant effective interest rate period. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category generally applies to borrowings, trade payables, etc.

The Group's financial liabilities include trade and other payables, borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments. The Group measures financial liabilities (except derivatives) at amortised cost.

iii. Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.20. Derivative financial instruments and hedge accounting

The Group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. Derivatives are used for economic hedge purposes and not as speculative investments.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; and classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Derivatives that are not designated as hedges

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss, within other income / (losses).

(ii) Derivatives that are designated as cash flow hedges

The effective portion of changes in the fair value of derivatives such as forward contracts and interest rate swaps that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other income / (losses).

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss, within other income / (losses).

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.21. Current versus non-current classification

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 the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within 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 the normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

5.22. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

5.23. Statutory reserve

In accordance with the Saudi companies' law, the Company transfers 10% of the annual net income to the statutory reserve until it reaches 30% of the share capital. This reserve is not available for distribution.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IFRS and other standards and pronouncements that are issued by SOCPA, as endorsed in the Kingdom of Saudi Arabia, requires the Group's management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying accounting disclosures, and the disclosures of contingent liabilities at the reporting date of the consolidated financial statements.

Estimates and assumptions are continually evaluated and are based on management's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

However, as explained in Note 1, Management has proactively assessed the potential of the Covid-19 pandemic for any further regulatory and government restrictions both locally and in the market in which the Group operates that could adversely affect our supply chain and our production capabilities, demand of our products, as well as our sales distribution network that could cause a negative impact on our financial performance. Management has concluded that our critical accounting judgements, estimates and assumptions remain appropriate under the current circumstances.

The areas requiring the most significant judgments, estimates and assumptions in the preparation of the consolidated financial statements are: accounting for interests in subsidiaries, joint arrangements and associates, determining whether the Group is acting as agent or principle, recoverability of non-financial assets carrying amounts, post-retirement obligations and provision for zakat and taxation and are set out in the individual accounting policies below.

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6. SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS (continued)

(i) 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 has the option, under some of its leases to lease the assets for additional renewable periods. 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).

(ii) Recoverability of non-financial asset's carrying value

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, projects under progress, intangible assets and investments in joint ventures and associates to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Impairment tests are undertaken on the basis of the smallest identifiable group of assets (cash-generating unit), or individual assets, for which there are largely independent cash inflows. The key assumptions used to determine the different cash-generating units involves significant judgment from management.

For the purposes of determining whether impairment of assets has occurred, and the extent of any impairment or its reversal, a recoverable amount is calculated. Recoverable amount is the higher of fair value less costs of disposal ("FVLCD") or value-in-use ("VIU"). In assessing VIU, 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 for which estimates of future cash flows have not been adjusted. The key assumptions management uses in estimating future cash flows for its VIU calculations are growth in earnings before interest, tax, depreciation and amortization (EBITDA), timing and quantum of future capital expenditure, long term growth rate, selection of discount rates to reflect the risks involved. There is an inherent uncertainty over forecasted information and assumptions. Changes in these assumptions and forecasts could impact the recoverable amounts of assets and any calculated impairment and reversals thereof.

(iii) Post-employment obligations

The costs of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions, which are periodically reviewed. Key assumptions include discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty.

(iv) Provision for zakat and income tax

The Group's Zakat and tax charge on ordinary activities is the sum of the total zakat and current and deferred income taxes charges. The calculation of the Group's zakat and income taxes charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

The final resolution of some of these items may give rise to material profits / (losses) and/or cash flows. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

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6. SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS (continued)

(v) Estimation of useful life and residual value

The useful life used to amortize or depreciate intangible assets or property, plant and equipment respectively relates to the expected future performance of the assets acquired and management's judgement based on technical evaluation of the period over which economic benefit will be derived from the asset. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. An asset's expected life and residual value have a direct effect on the depreciation charged in the consolidated statement of profit or loss.

The useful lives and residual values of Group's assets are determined by management based on technical evaluation at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

7. NEW STANDARD AND AMENDMENTS TO EXISTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following standard and amendments to existing standards are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements:

(i) IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17 – Insurance Contracts, which is effective for annual periods beginning on or after 1 January 2021. The standard introduces a new measurement model for insurance contracts. Early adoption is permitted if IFRS 9 and 15 have been applied as on the application date for this standard.

(ii) Amendments to IAS 1- Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

(iii) Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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7. NEW STANDARD AND AMENDMENTS TO EXISTING STANDARDS ISSUED BUT NOT YET EFFECTIVE
(continued)

(iv) Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

(v) Amendments to IFRS 3 - Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

(vi) Amendments to IAS 37 - Onerous Contracts-Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

(vii) Annual Improvements to IFRS Standards 2018-2020 Cycle

The below annual Improvements are effective on or after 1 January 2021:

- **IFRS 9 Financial Instruments-** The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.
- **IFRS 16 Leases-** The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

The Group will apply the above standard and amendment from their effective dates. The Group has not yet undertaken an assessment to determine potential impacts on the amounts reported and disclosures to be made under the applicable new standards or amendments to existing standards.

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8. PROPERTY, PLANT AND EQUIPMENT

<i>Cost</i>	Land, buildings and lease hold improvements	Plant, machinery and equipment	Tools and capital spares	Furniture, fixtures and equipment	Motor vehicles	Computers	Mines development	Catalyst	Total
Balance as at 1 January 2019	2,879,304	10,470,238	77,599	36,804	27,100	24,821	829,177	28,466	14,373,509
Additions	35,000	91,427	7,215	325	1,379	567	42	7,122	143,077
Disposals	(393)	(16,624)	(144)	(2,994)	(5,063)	(7,574)	-	-	(32,792)
Transfers	29,667	271,772	563	(1,003)	-	305	-	-	301,304
Impairment of assets	-	(19,622)	-	-	-	-	-	-	(19,622)
Foreign currency translation adjustments	6,070	20,498	-	(106)	-	-	4,987	-	31,449
Disposal of Tio2 business (note 43.1)	(1,707,013)	(7,912,715)	(13,560)	(6,630)	-	-	(834,206)	-	(10,474,124)
Balance as at 31 December 2019	1,242,635	2,904,974	71,673	26,396	23,416	18,119	-	35,588	4,322,801
Additions	5,840	51,738	2,481	588	51	270	-	115	61,083
Disposals	(634)	(21,326)	(6,276)	(1,249)	(2,529)	(2,812)	-	-	(34,826)
Transfers	1,265	177,075	132	3,978	-	764	-	4,351	187,565
Balance as at 31 December 2020	1,249,106	3,112,461	68,010	29,713	20,938	16,341	-	40,054	4,536,623
Accumulated depreciation									
Balance as at 1 January 2019	961,587	5,370,731	51,735	25,846	24,053	15,238	640,379	23,393	7,112,962
Charge for the year	68,531	220,717	5,185	1,829	1,408	2,344	24,415	3,556	327,985
Disposals	(391)	(15,618)	(143)	(2,609)	(5,015)	(2,951)	-	-	(26,727)
Transfers	-	441	563	(1,004)	-	-	-	-	-
Foreign currency translation adjustments	1,890	11,805	-	(74)	-	-	4,149	-	17,770
Disposal of Tio2 business (refer note 43)	(713,955)	(4,670,541)	(5,075)	(1,192)	-	-	(668,943)	-	(6,059,706)
Balance as at 31 December 2019	317,662	917,535	52,265	22,796	20,446	14,631	-	26,949	1,372,284
Charge for the year	50,365	141,416	7,048	1,957	1,279	1,464	-	3,806	207,335
Disposals	(598)	(12,012)	(213)	(1,200)	(2,528)	(2,809)	-	-	(19,360)
Transfers	-	(1,616)	-	794	-	-	-	822	-
Balance as at 31 December 2020	367,429	1,045,323	59,100	24,347	19,197	13,286	-	31,577	1,560,259
Net carrying value									
As at 31 December 2020	881,677	2,067,138	8,910	5,366	1,741	3,055	-	8,477	2,976,364
As at 31 December 2019	924,973	1,987,439	19,408	3,600	2,970	3,488	-	8,639	2,950,517

8.1 Certain lands on which certain facilities of some the subsidiaries are situated are leased from the government at nominal rents, for periods up to 30 years, and renewable for further periods.

8.2 As further detailed in note 43, the Group has sold its Titanium Dioxide business to Tronox on April 10, 2019.

8.3 During the year, the Group carried out a review of recoverable amount of certain of its assets owned by subsidiaries by comparing the carrying value with value in use which led to a recognition of impairment loss amounting to Nil (2019: SR 19.62 million) For the purposes of determining whether impairment of property, plant and equipment has occurred, and the extent of any impairment or its reversal, the key assumptions management uses in estimating future cash flows for its VIU calculations are forecasted prices, expected production volumes, future operating and development costs to the discount rate used for the discounted cash flow model. There is an inherent uncertainty over forecasted information and assumptions changes in these assumptions and forecasts could impact the recoverable amounts of assets and any calculated impairment and reversals thereof.

8.4 At 31 December 2020 property, plant and equipment carried at SR 2,624 million (2019: SR 2,644 million) have been pledged as collateral for borrowings (also refer to note 23.1).

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9. PROJECTS UNDER PROGRESS

	2020	2019 (Restated Note 43& 44)
At 1 January	2,289,178	4,494,904
Additions	44,010	68,781
Disposal	(22,733)	(129,587)
Transfer to property, plant and equipment/ Intangible assets	(189,939)	(318,883)
Transfer to asset held for sale	-	(138,212)
Foreign currency translation adjustment	-	1,672
Disposal of Tio2 business (note 43.1)	-	(1,252,287)
Impairment loss / written off	(204,198)	(437,210)
	1,916,318	2,289,178
At 31 December	1,916,318	2,289,178

At 31 December 2020, the balance include costs of establishing a project relating to Titanium metals of various types and other related substances including Titanium ore, Iron ore and manufacturing of Titanium dioxide through high pressure oxidation at Jizan by a subsidiary and certain costs of expansion of facilities of production lines, safety and environment improvement costs.

Transfer represents MGT assets, which is classified as held for sale. These assets were re-measured at fair value, less cost of disposal and a loss on remeasurement loss of SR 138.2 million was recorded in consolidated statement of profit and loss (also refer note 43).

During 2020, the impairment loss of SR 204.2 million (2019: SR 242 million) recognized in consolidated statement of profit or loss represented the written down of the project to the recoverable amount to match carrying amount with anticipated fair value (refer note 43). During 2019, write off amounting to SR 195 million was recognized in the consolidated statement of profit or loss, attributable to lesser than anticipated benefits from certain other projects under progress.

During the year, Power Project and Taldeen project were completed, and its cost of SR 165.5 million (2019: SR 178.4 million) was transferred to the property plant and equipment.

10. RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land and buildings	Equipment	Motor vehicles	Total
At 1 January 2019	247,943	170,290	16,797	435,030
Additions	3,749	241	3,267	7,257
Depreciation expense	(24,598)	(11,313)	(8,394)	(44,305)
Disposals	(6,891)	-	-	(6,891)
Disposal of Tio2 (see note 43)	(79,980)	(160,604)	-	(240,584)
Foreign currency translation	633	1,386	-	2,019
At 31 December 2019	140,856	-	11,670	152,526
Additions	11,102	-	2,095	13,197
Depreciation expense	(19,210)	-	(7,496)	(26,706)
Disposals	-	-	(1,603)	(1,603)
At 31 December 2020	132,748	-	4,666	137,414

Set out below, are the amounts recognised in consolidated statement of profit or loss:

	2020	2019
Depreciation expense of right-of-use assets	26,706	44,305
Interest expense on lease liabilities	2,401	9,653
Rent expense - short-term leases	1,301	2,682
Rent expense - leases of low-value assets	-	2,767
Total amounts recognised in consolidated statement of profit or loss	30,408	59,407

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11. INTANGIBLE ASSETS

	Goodwill	Software technologies	Other intangible assets	Total
Cost				
Balance as at 1 January 2019, as reported	2,399,229	780,136	3,358	3,182,723
Restatement (refer note 44)	(1,624,360)	-	-	(1,624,360)
Balance as at 1 January 2019, as restated	774,869	780,136	3,358	1,558,363
Additions	-	25,381	-	25,381
Disposal	(112,683)	(1,864)	-	(114,547)
Disposal of Tio2 business (refer note 43)	(638,315)	(624,636)	-	(1,262,951)
Transfer from project under progress	-	17,579	-	17,579
Balance as at 31 December 2019 as restated (refer note 44)	23,871	196,596	3,358	223,825
Additions	-	8,364	-	8,364
Disposal	-	(7,856)	-	(7,856)
Written off	(2,180)	-	-	(2,180)
Transfer from project under progress	-	2,374	-	2,374
Balance as at 31 December 2020	21,691	199,478	3,358	224,527
Amortization				
Balance as at 1 January 2019, as reported	-	451,166	3,358	454,524
Charge for the year	-	20,261	-	20,261
Disposal	-	(903)	-	(903)
Disposal of Tio2 business (refer note 43)	-	(397,791)	-	(397,791)
Balance as at 31 December 2019, as restated	-	72,733	3,358	76,091
Charge for the year	-	24,618	-	24,618
Disposal	-	(716)	-	(716)
Balance as at 31 December 2020	-	96,635	3,358	99,993
Net carrying value				
As at 31 December 2020	21,691	102,843	-	124,534
As at 31 December 2019 - restated	23,871	123,863	-	147,734

The group tests whether goodwill has suffered any impairment on an annual basis. For the 2020 and 2019 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used are the growth rate of 3% (2019: 2%) to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts and the discount rates of 9.29 % (2019: 8.98%) applied to the cash flow projections, based on the weighted average cost of capital. Management believes that the estimated growth rates used do not exceed the average growth rates over the long term on the company's activities. Further, there are certain balances in goodwill, which are reclassified. (Also refer note 44).

Sensitivity Analysis

If the discount rate applied to the cash flow projections of this CGU had been increased to 34.1% compare to management estimate of 9.29%, the Group would have to recognise an impairment against Goodwill. In the prior year, there were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment write-down in the lead smelting CGU.

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12. INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES AND JOINT VENTURES

	2020	2019 (Restated Note 43& 44)
Investments in associates (refer note 12.1)	2,212,112	2,101,963
Investments in joint ventures (refer note 12.2)	8,450,194	8,443,028
	<u>10,662,306</u>	<u>10,544,991</u>

12.1 Investments in associates

	2020	2019 (Restated Note 43& 44)
Investments in Tronox Holding plc (refer note 12.1.1)	2,066,375	1,943,851
Investment in Maadaniyah (refer 12.1.2)	95,555	109,399
Investments in other associates (refer note 12.1.3)	50,182	48,713
	<u>2,212,112</u>	<u>2,101,963</u>

12.1.1 Tronox Holdings plc

Tronox Holdings plc ("Tronox") a public limited company incorporated under the laws of England and Wales is one of the world's leading producers of high-quality titanium products, including titanium dioxide pigment, specialty-grade titanium dioxide products and high-purity titanium chemicals and zircon. Tronox also mines titanium-bearing mineral sands and operate upgrading facilities that produce high-grade titanium feedstock materials, pig iron and other minerals.

As detailed in note 43, the Group acquired 23.01% of the ordinary shares in Tronox as part of the consideration for the disposal of the Cristal business on 10 April 2019. The Group has assessed that it has significant influence on Tronox and accordingly, the equity investment in Tronox has been recorded as investment in associate and equity accounted in accordance with IAS 28 "Investments in Associates and Joint Ventures".

The Group has completed its purchase price allocation exercise during the year ended 31 December 2020 with the assistance of independent experts. Based on the concluded purchase price allocation, the Group has reassessed its share in the fair value of net assets acquired in Tronox as at 10 April 2019 to be SR 2,127 million, which has resulted in a gain on sale of TiO2 Business of SR 663 million compared to SR 509 million reported in the consolidated financial statements of the Group for the year ended 31 December 2019.

In addition, share buy-backs by Tronox in 2019 and other changes in the number of shares outstanding resulted in an increase in the equity ownership of the Group from 23.01% at closing of the transaction on 10 April 2019 to 26.18% at 31 December 2020 (31 December 2019: 26.48%). As a result of the completed purchase price allocation exercise a gain of Nil (2019: SR 29 million) on increase in the equity ownership in Tronox has also been recorded.

The changes resulting from the completion of purchase price allocation exercise have adjusted retrospectively in these consolidated financial statements as required by the relevant accounting standards. (Also, refer note 43 and 44).

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12. INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES AND JOINT VENTURES (continued)

12.1 Investments in associates (continued)

12.1.1 Tronox Holdings plc (continued)

Movement in the carrying amount of investment in Tronox using the equity method of accounting is as follows:

	2020	2019 (Restated Note 43 and 44)
Balance as at January 1	1,943,851	-
Additions	-	2,127,060
Gain on increase in interest	-	28,917
Share of profit / (loss)	250,667	(87,536)
Share of other comprehensive (loss) / income	(39,108)	3,634
Share of profit/(losses) due to fair value adjustments from PPA	(49,573)	(109,200)
Dividend income	(39,462)	(19,024)
Balance as at 31 December	2,066,375	1,943,851

The Group's share of profit during the year is SR 250 million, which includes an adjustment from the accounting of a deferred tax asset amounting to SR 885 million. This share of profit is net of an impairment charge of SR 693 million to ensure that the carrying value of investment in Tronox is maintained at a recoverable amount using value in use method. The share of other comprehensive (loss) / income mainly represents the Group's net share in the foreign exchange translation differences, cash flow hedging reserve, and re-measurement of defined benefit plan as reported by Tronox and adjustments in relation to step up in the carrying values as a result of purchase price allocation exercise on the date of acquisition. The summarised financial information of Tronox are as follows:

	2020	2019
Current assets	9,581,000	7,793,000
Non-current assets	16,643,000	13,424,000
Current liabilities	3,019,000	2,625,000
Non-current liabilities	15,536,364	14,227,000
Equity	7,668,636	4,365,000
Group's share of equity	2,007,649	1,142,757
Goodwill and other adjustments	58,726	801,094
Carrying value	2,066,375	1,943,851
Cash and cash equivalents	2,430,000	1,158,000
Financial liabilities – Non-current	12,236,000	11,205,000
Financial liabilities – Current (except trade and other payables)	218,000	142,500

	2020	For the period from April 10, 2019 till 31 December 2019
Revenue	10,343,000	8,445,000
Profit / (loss) from continuing operations	962,000	(324,000)
Post tax profit from discontinued operation	-	19,000
Group's share of profit / (loss) (adjusted)	201,094	(196,736)
Group share of other comprehensive (loss) / income	(39,108)	3,634
Interest expense	(728,000)	(6,000)
Income tax expense	3,382,000	(52,000)

Tronox is listed on the New York Stock Exchange and its shares are publicly traded. The value of the Group's investment in Tronox based on the closing price as at 31 December 2020 was SR 2,060 million (2019: SR 1,609 million).

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12. INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES AND JOINT VENTURES (continued)

12.1 Investments in associates (continued)

12.1.2 Investment in Maadaniyah

National Metal Manufacturing and Casting Company

National Metal Manufacturing and Casting Company ("Maadaniyah") is a Saudi Joint Stock Company and is listed on the Saudi stock exchange. Its head office and principal place of business is in Jubail, Saudi Arabia. As at 31 December 2020, the Group owns 35.45% of the issued share capital. The main objectives of the company are manufacturing and marketing of drawn wire and related products, various sizes of axles and spare parts for trailers and dumping trucks, steel and non-steel casting, and trading in related products.

12.1.3 Investments in other associates

Following are the major other associates of the Group:

Clariant Masterbatches (Saudi Arabia) Ltd. Company

Clariant Masterbatches (Saudi Arabia) Ltd. Company ("Clariant") is a Saudi Limited Liability Company with its head office based in Riyadh, Saudi Arabia. A subsidiary of the Group, Rowad own 40% of the issued share capital of SR 50 million. Clariant is engaged in manufacturing and sale of pigments master batch.

Evonik Tasnee Marketing Company ("ETM")

Evonik Tasnee Marketing Company ("ETM") is a mixed limited liability Company, registered in Saudi Arabia with its head office in Riyadh, Saudi Arabia. A subsidiary of the Group, NPIMC own 25% of the issued share capital of SR 26.67 million. The principal activities of ETM are in wholesale of livestock feed for pharmaceutical feed additives, wholesale of non-pharmaceutical feed and feed additives, wholesale of chemical fertilizers and retail of livestock feed.

The movements in investments in other associates are as follows:

	2020	2019
Opening balance	48,713	52,709
Group's share of profit / (loss)	1,751	2,699
Share of other comprehensive loss	-	(6,695)
Disposals	(282)	
Closing balance	50,182	48,713

12.2 Investments in joint ventures

	2020	2019 (Restated Note 43 and 44)
Investment in SEPC	4,495,230	4,360,105
Investment in SPC	3,345,721	3,230,387
Investment in SAMCO	609,243	587,153
Investment in others	-	265,383
	8,450,194	8,443,028

Saudi Polyolefins Company

Saudi Polyolefins Company ("SPC") is a Saudi Limited Liability Company with its head office and principal place of business based in Jubail, Saudi Arabia. The authorized and issued capital of SPC is SR 600 million. The Company is 75% owned by Tasnee and 25% of share capital is owned by Basell Holding Middle East GMBH. The main objectives of SPC are producing propylene and polypropylene.

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12. INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES AND JOINT VENTURES (continued)

12.2 Investments in joint ventures (continued)

Saudi Ethylene and Polyethylene Company

Saudi Ethylene and Polyethylene Company ("SEPC") is a Saudi Limited Liability Company with its head office and principal place of business based in Jubail, Saudi Arabia. The authorized and issued capital of SEPC is SR 2,737.5 million. The Company is 75% owned by TSOC and 25% of share capital is owned by Basell Moven Orient Investments SAS. The main objectives of SEPC are producing ethylene, propylene and polyethylene.

Saudi Acrylic Monomers Company

Saudi Acrylic Monomers Company ("SAMCO") is a Saudi Limited Liability Company with its head office and principal place of business based in Jubail, Saudi Arabia. The authorized and issued capital of SAMCO is SR 1,084.5 million. The Company is 75% owned by Saudi Acrylic Acids and 25% of share capital is owned by Rohm & Haas Nederland B.V. The main objectives of SAMCO are producing Crude Acrylic Acid, Glacial Acrylic Acid, Butyl Acrylate and Ethylhexyl Acrylate.

Saudi Acrylic Polymers Company

Saudi Acrylic Polymers Company ("SAPCO") is a Saudi Limited Liability Company with its head office and principal place of business based in Jubail, Saudi Arabia. The authorized and issued capital of SAPCO is SR 416.4 million. The Company is 75% owned by Saudi Acrylic Acids and 25% of share capital is owned by Stockhausen Nederland B.V. The main objectives of SAPCO are producing Super Absorbent Polymer.

Advances Metal Industries Company Ltd. and Toho for Titanium Metal Company Ltd.

Advanced Metal Industries Company Ltd. and Toho for Titanium Metal Company ("ATTM") Ltd is a Saudi Limited Liability Company with its head office based in Jeddah, Saudi Arabia. The authorized and issued capital of ATTM is SR 1,687.5 million. The company is 65% owned by AMIC and 35% owned by Toho Titanium Company Limited. The principal place of business of ATTM is in Yanbu, Saudi Arabia and the main objectives of ATTM are producing Titanium Sponge and its by-products.

The movements in investments in joint ventures is as follows:

	SEPC	SPC	SAMCO	Others
2020				
Opening balance, as reported	4,360,105	3,230,387	587,153	265,383
Group's share of profit / (loss)	461,125	461,737	22,090	(264,820)
Share of other comprehensive loss	-	-	-	(563)
Adjustment during the year	-	4,597	-	-
Dividends income	(326,000)	(351,000)	-	-
Closing balance	4,495,230	3,345,721	609,243	-
2019				
Opening balance, as reported	4,423,370	1,620,962	561,605	279,507
Reclassification (refer note 44)	210,704	1,350,039	-	-
Opening balance, as restated	4,634,074	2,971,001	561,605	279,507
Group's share of profit / (loss)	924,791	343,842	25,131	(13,293)
Reclassification (refer note 44)	(4,760)	(2,456)	-	-
Share of other comprehensive loss	-	-	(6,548)	(831)
Additions during the year	-	-	6,965	-
Dividends income	(1,194,000)	(82,000)	-	-
Closing balance	4,360,105	3,230,387	587,153	265,383

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12. INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES AND JOINT VENTURES (continued)

12.2 Investments in joint ventures (continued)

The summarized financial information of significant joint ventures is as follows:

	2020			2019		
	SEPC	SPC	SAMCO	SEPC	SPC	SAMCO
Current assets	1,695,012	1,616,618	685,300	1,589,475	1,519,004	620,046
Non-current assets	5,263,145	1,829,627	2,738,034	5,597,611	2,056,528	2,887,398
Current liabilities	1,250,864	806,780	351,609	1,130,469	772,736	462,325
Non-current liabilities	197,278	40,072	2,368,609	727,697	341,588	2,375,661
Net assets	5,510,015	2,599,393	703,116	5,328,920	2,461,208	669,458
Group's share of net assets	4,132,511	1,949,545	527,337	3,996,690	1,845,906	502,093
Goodwill	215,605	1,359,538	-	215,605	1,359,538	-
Other adjustments*	147,114	36,638	81,906	147,810	24,943	85,059
Carrying value	4,495,230	3,345,721	609,243	4,360,105	3,230,387	587,153
Revenues	3,826,215	2,913,030	871,846	4,642,621	3,210,893	1,166,455
Profit for the year	600,106	597,997	30,344	1,172,718	443,040	32,659
Group's share of profit	461,125	461,737	22,090	924,791	341,386	25,131
Interest expense	42,785	16,094	83,047	76,348	35,163	116,886
Depreciation and amortisation	357,448	226,668	159,038	383,129	222,709	161,884
Zakat / income tax expense	87,402	43,963	8,863	87,532	37,673	6,797

* other adjustments added to actualize JV venture retained earnings after absorption of zakat / tax by shareholders.

	Other joint ventures	
	2020	2019
Carrying value	-	265,383
Loss for the year	(413,740)	(20,182)
Group's share of loss	(264,820)	(13,293)

The carrying value of the Group's investment in certain "other joint ventures" is nil. The un-recognised share of profit / (loss) of these joint ventures is SR 108 million for 2020 (2019: SR (351) million). Cumulatively, the un-recognised share of loss of these joint ventures are SR (428) million (2019: SR (536) million). The share of profit / (loss) from such joint ventures is not required to be recognized in Group's profit / (loss), in accordance with applicable standards.

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13. INVESTMENTS IN EQUITY INSTRUMENTS DESIGNATED AS FVOCI

Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.

Equity investments at FVOCI comprise the following individual investments:

	2020	2019
Quoted Securities		
Sahara Petrochemical Co.	80,770	83,755
Yanbu National Petrochemicals Company SJSC	142,305	131,193
Saudi Aramco	62,093	62,536
	<u>285,168</u>	<u>277,484</u>
Unquoted Securities		
Industrialization and services company (Taqa)	390,165	489,072
Al Masane Al Kobra Mining Company (Amaak)	102,390	67,890
Saudi Industries Development Co. (Tatweer)	4,930	4,930
National Environment Preservation Co. (BeeA'h)	21,770	21,770
Marafiq Company	1,000	1,000
	<u>520,255</u>	<u>584,662</u>
	<u>805,423</u>	<u>862,146</u>

During the year, the following gains / (losses) were recognised in other comprehensive income:

	2020	2019
Gains/(losses) recognised in other comprehensive income		
Quoted Securities	14,388	(12,456)
Unquoted Securities	(64,407)	(7,320)
	<u>(50,019)</u>	<u>(19,776)</u>

	2020	2019
Dividends from equity investments held at FVOCI		
Quoted Securities	6,681	14,389
Unquoted Securities	-	8,437
	<u>6,681</u>	<u>22,826</u>

14. OTHER NON-CURRENT ASSETS

	2020	2019 (Restated Note 44)
Employees home loan receivable	167,929	173,288
Prepaid employee benefits	38,659	38,942
Receivable against Housing Ownership Program	237,117	273,303
Loan to a joint venture (refer note 38.4)	78,562	-
Others	3,796	3,992
	<u>526,063</u>	<u>489,525</u>

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15. INVENTORIES

	2020	2019
Raw materials	347,374	315,835
Finished goods	111,245	113,540
Work in progress	35,391	42,383
Consumables and spares	102,012	102,887
	<u>596,022</u>	<u>574,645</u>
Less: provision for slow moving inventories	<u>(16,510)</u>	<u>(8,687)</u>
	579,512	565,958

Movements in the provision for slow moving inventory items are as below:

	2020	2019
Opening balance	8,687	75,806
Charge for the year	7,176	2,297
Reversal results from disposal including TiO2 business sold (see note 43)	-	(16,321)
Write-offs / reversals	<u>647</u>	<u>(53,095)</u>
Closing balance	16,510	8,687

During 2020, a write down of inventory amounting to SR 7.2 million (2019: SR 2.3 million) was recognised as an expense in the consolidated statement of profit or loss to reduce certain inventory items to their net realizable value.

16. ACCOUNTS RECEIVABLES

	2020	2019 (Restated Note 44)
Trade receivables	1,090,197	1,267,492
Due from related parties - trade (note 38.2)	<u>81,659</u>	<u>160,401</u>
	<u>1,171,856</u>	<u>1,427,893</u>
Less: impairment of trade receivables	<u>(83,995)</u>	<u>(83,374)</u>
	1,087,861	1,344,519

The carrying value of the trade and other receivables approximates their fair value. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The Group sells a broad range of industrial and performance chemicals and plastic products to a diverse group of customers to various industries, operating throughout the world. The Group's credit risk management policies are disclosed in note 41.1. Further, the Group has restated certain receivable related to intercompany elimination referred in note 44.

Ageing of receivables that are past due but not impaired are summarised below:

	2020	2019 (Restated Note 44)
Not due	904,650	1,028,095
Between 0 - 90 days	102,389	231,507
Between 91 - 180 days	3,174	59,498
Between 181 - 360 days	24,630	12,803
More than 360 days	<u>53,018</u>	<u>12,616</u>
	1,087,861	1,344,519

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16. ACCOUNTS RECEIVABLES, net (continued)

The impairment in trade receivables is determined based on ECL model and reviewed periodically. As at 31 December 2020, trade receivables with an initial carrying value of SR 84 million (2019: SR 83 million) were impaired and fully provided for.

The movements in the provision for impairment of receivables are as below:

	2020	2019 (Restated Note 44)
Opening balance	83,374	93,980
Charge for the year	15,907	5,450
Reversal results from disposal including TiO2 business sold (see note 43)	-	(11,762)
Write-offs	(15,286)	(4,294)
	<hr/>	<hr/>
Closing balance	83,995	83,374

17. PREPAYMENTS AND OTHER CURRENT ASSETS

	2020	2019 (Restated Note 44)
Due from related parties - non-trade (note 38.2)	515,969	441,694
Employees' receivables	92,149	62,837
Prepaid expenses	192,368	121,945
Advances to suppliers	39,658	60,352
Other receivables	10,078	12,001
	<hr/>	<hr/>
	850,222	698,829

18. CASH AND CASH EQUIVALENTS

	2020	2019
Short-term deposits and murabaha	2,233,008	2,044,553
Bank balances	421,841	678,673
	<hr/>	<hr/>
	2,654,849	2,723,226

Short-term deposits and murabaha represent Murabaha placed in local KSA commercial banks for different periods (varying from one day to three months), based on the cash requirements of the Group and earn a commission at normal commercial rates.

19. SHARE CAPITAL

Share capital amounted to SR 6,689,142 thousand as at 31 December 2020 (2019: SR 6,689,142 thousand) consisting of 668,914 thousand shares (2019: 668,914 thousand shares) of SR 10 each.

20. STATUTORY RESERVE

The Company is required to maintain the statutory reserve by allocating each year 10% from the net profit of the year until the statutory reserve reaches 30% of share capital.

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21. OTHER RESERVES

As at 31 December 2020, other reserves details are as follows:

	Foreign currency translation reserve	Cash flow hedge reserve	Actuarial gains / (losses) reserve	Financial asset at fair value through OCI	Others	Total
Opening balance, 1 January	(22,662)	11,133	40,188	332,249	(913,342)	(552,434)
Net movement during the year	37,242	4,840	(102,252)	(50,019)		(110,189)
Closing balance, 31 December	14,580	15,973	(62,064)	282,230	(913,342)	(662,623)

As at 31 December 2019, other reserves details are as follows:

	Foreign currency translation reserve	Cash flow hedge reserve	Actuarial gains / (losses) reserve	Financial asset at fair value through OCI	Others	Total
Opening balance, 1 January	(129,184)	4,502	(25,465)	355,780	(873,028)	(667,395)
Net movement during the year	4,467	9,707	59,166	(23,531)	-	49,809
Disposal of TiO2 business (see note 43)	102,055	(3,076)	6,487	-	(40,314)	65,152
Closing balance, 31 December - restated	(22,662)	11,133	40,188	332,249	(913,342)	(552,434)

As at 31 December 2020, others mainly consist of reserve relating to the acquisition of non-controlling interests amounting to SR (926) million (2019: SR (926) million).

22. NON-CONTROLLING INTERESTS (NCI)

Summarised financial information in respect of Group's subsidiary Tasnee and Sahara Olefins Company that has material non-controlling interests is set out below:

	2020	2019
Non-controlling interests %	39.55%	39.55%
Current assets	723,813	713,526
Non-current assets	6,743,678	6,635,135
Current liabilities	429,554	412,991
Non-current liabilities	1,530,023	1,726,493
Equity Attributable to owners of the Company	5,443,300	5,160,544
Non-controlling interests	64,614	66,633
Revenue	507,323	638,952
Expenses	(165,053)	(197,799)
Profit for the year	341,220	441,153
Profit attributable to owners of the Company	340,695	583,393
Profit attributable to non-controlling interests	525	(142,240)
Total comprehensive income attributable to owners of the Company	343,539	577,306
Total comprehensive income attributable to the non-controlling interests	1,337	(145,518)
Total comprehensive income for the year	342,202	431,788
Dividend paid to NCI	39,550	359,434
Cash generated from / (used in) operating activities	56,402	(111,278)
Cash generated from investing activities	210,531	1,061,702
Cash used in financing activities	(250,058)	(1,056,945)

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23. LONG-TERM BORROWINGS

		2020	2019 (Restated Note 44)
	Note		
Saudi Industrial Development Fund	23.1	1,324,488	1,426,120
Commercial banks	23.2	5,865,603	6,162,870
Total loans		7,190,091	7,588,990
Less: Long term borrowings – current portion		<u>(645,346)</u>	<u>(815,141)</u>
Total non-current loans		<u>6,544,745</u>	<u>6,773,849</u>

23.1 Saudi Industrial Development Fund (“SIDF”)

The Group has multiple long-term facilities from the Saudi Industrial Development Fund. The total outstanding balance of these loans as at 31 December 2020 amounted to SR 1,324 million (31 December 2019: SR 1,426 million). Up-front and annual administrative fees are charged by SIDF under the loan agreements. These facilities are secured by mortgages on all property, plant, and equipment of the subsidiaries for which the loans were granted and promissory notes, and corporate guarantees from the shareholders. The maturities of the loans based on their respective repayment schedules spread from 2015 through 2025. The loan agreements contain certain covenants which require that pertinent companies maintain specified financial ratios, mainly current ratio and tangible net worth ratio. The Group was in compliance with all the covenants except of certain financial ratios for two subsidiaries, which is not considered as an event of default.

23.2 Loans from commercial banks

The Group has multiple Islamic long-term loan facilities from commercial banks. The outstanding balance of these loans as at 31 December 2020 amounted to SR 5,866 million (31 December 2019: SR 6,163 million). These loans are secured by promissory notes and carry a commission which commensurate with prevailing commercial rates. The maturities of the loans based on their respective repayment schedules spread from 2016 through 2029. The loan agreements contain certain covenants which among others, require that pertinent companies maintain specified financial ratios, mainly current ratio, gearing ratio and interest cover ratio. The covenants are monitored regularly by Management, and in case of breach, actions are taken to ensure compliance. At 31 December 2020, the Group was in compliance of these covenants.

23.3 Repayment schedule

The maturity of long-term borrowings facilities, are as follows:

	2020	2019
Within 1 year	645,346	815,141
1-2 years	699,939	531,244
2-5 years	2,438,326	1,832,307
Above 5 years	3,406,480	4,410,298
	<u>7,190,091</u>	<u>7,588,990</u>

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23. LONG-TERM BORROWINGS (continued)

23.4 Debt reconciliation

Net debt includes borrowings and leases, less cash and cash equivalents.

	Commercial loans	SIDF Loans	Lease Liabilities	Total Net Debt
At 31 December 2019 - restated	6,162,870	1,426,120	159,745	7,748,735
Repayments during the year	(316,685)	(108,996)	(32,858)	(458,539)
Addition during the year	-	-	13,197	13,197
Interest expenses	-	-	2,401	2,401
Deferred charges amortization	19,418	7,364	-	26,782
At 31 December 2020	5,865,603	1,324,488	142,485	7,332,576

	Commercial loans	SIDF Loans	Lease Liabilities	Total Net Debt
At 31 December 2018	13,021,477	1,470,017	-	14,491,494
Adoption of IFRS 16	-	-	435,030	435,030
Repayments during the year	(6,635,462)	(80,230)	(51,611)	(6,767,303)
Addition during the year	-	28,643	7,257	35,900
Interest expenses	-	-	9,653	9,653
Disposal of Tio2 (see note 43)	-	-	(240,584)	(240,584)
Reclassification to non-current related party	(243,142)	-	-	(243,142)
Deferred charges amortization	19,997	7,690	-	27,687
At 31 December 2019	6,162,870	1,426,120	159,745	7,748,735

24. EMPLOYEE BENEFITS OBLIGATIONS

The Group's employees in Kingdom of Saudi Arabia and other GCC countries are entitled for end of service benefits in accordance with the provisions of the local labor law and the Group policy. End of service benefit is based on employees' compensation and accumulated period of service and is payable upon termination, resignation or retirement. The Defined Benefit Obligation ("DBO") in respect of employees' end of service benefits is calculated by estimating the future benefit payment that employees have earned in return for their service. This amount applying an appropriate discount rate is used to determine the present value of the Group's obligation.

24.1 Movements in defined benefit obligation

Movements in the present value of defined benefit obligations are as follows:

	2020	2019
Defined benefit obligation		
Opening defined benefit obligation, 1 January	460,178	610,680
Service cost	56,191	62,785
Interest cost	17,606	22,800
Benefits paid	(56,240)	(26,890)
Transfer from Tronox	-	12,545
Changes in assumptions	28,576	(246)
Changes on account of experience adjustments	8,333	(12,133)
Disposal of Tio2 business (refer note 43)	-	(209,363)
Closing defined benefit obligation, 31 December	514,644	460,178

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24. EMPLOYEE BENEFITS OBLIGATIONS (continued)

24.2 Amount of benefits recognized as an expense

The amount recognized in consolidated statement of profit or loss in respect of these defined benefit plans are as follows:

	2020	2019
Service cost	56,191	62,785
Interest cost	17,606	22,800
Net annual benefits expense	73,797	85,585

24.3 Significant assumptions

The significant assumptions used in determining existing defined benefit obligations are as follows:

	2020	2019
Discount rate	3.25%	4.75%
Future salary increases	3.00%	4.00%

24.4 Sensitivity analysis:

The sensitivity analyses have 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 period. It is based on a change in a significant assumption, keeping all other assumptions constant and 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 same method has been applied for the sensitivity analysis as when calculating the recognised pension liability.

	2020	2019
Discount rate		
Discount rate is 1% basis points higher, the DBO would decrease by	(66,637)	(49,552)
Discount rate is 1% basis points lower, the DBO would increase by	55,524	52,441
Future salary increases		
Future salary growth increase by 1%, the DBO would increase by	66,111	52,295
Future salary growth decrease by 1%, the DBO would decrease by	(56,145)	(50,272)

24.5 Disposal of Titanium Dioxide Business:

As further detailed in note 43, the Group has sold its Titanium Dioxide business to Tronox on April 10, 2019. Accordingly, all employees' related liabilities are derecognized as of that date.

25. LEASE LIABILITIES

The lease liabilities are presented in the consolidated statement of financial position as follows:

	2020	2019
Current portion	22,705	25,330
Non-current portion	119,780	134,415
	142,485	159,745

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26. OTHER NON-CURRENT LIABILITIES

	2020	2019 (Restated Note 44)
Due to related parties – non-trade (refer note 38.2)	1,233,104	1,112,303
Financial support to joint venture (refer note 29.1)	357,000	400,000
Derivative financial instruments (refer note 26.1)	7,868	13,784
Deferred consideration on sale of MGT (refer note 43)	187,907	-
Payable to joint venture (refer note 43)	132,110	-
	1,917,989	1,526,087

26.1 Derivative financial instruments

	2020	2019
Derivatives designated as hedges:		
• Interest rate swaps (refer note 41)	-	1,076
• Interest rate caps (refer note 41)	7,868	12,708
	7,868	13,784

The Group is exposed to fluctuations in variable interest rates on its short-term and long-term borrowings. The Group maintains an interest rate risk management strategy that uses derivatives instruments to economically convert a portion of its variable rate borrowings to fixed rate borrowings. The Group has entered into interest rate swap contracts and interest rate caps with certain local banks. The fair value amounts of such contracts outstanding as at 31 December 2020 was SR 7.9 million (2019: SR 13.8 million).

27. SHORT-TERM FACILITIES

The Group has several Islamic short-term credit facilities to fund its working capital requirements and short-term funding needs. The outstanding balance of these facilities as at 31 December 2020 amounted to Nil (2019: SR 29 million). These facilities are secured by promissory notes and carry a commission that is commensurate with prevailing commercial rates.

28. ACCOUNTS PAYABLES

	2020	2019 (Restated Note 44)
Due to related parties - trade (refer note 38.2)	1,078,518	971,706
Trade payables	309,898	376,140
	1,388,416	1,347,846

29. PROVISIONS AND OTHER CURRENT LIABILITIES

	2020	2019 (Restated Note 44)
Financial support to joint venture (refer note 29.1)	62,479	119,250
Accrued expenses	232,316	214,894
Accrued employee benefits	137,713	133,982
Dividends payable	113,592	108,098
Advance from customers	69,382	62,412
Other deferred income relating to research and development	442,176	402,029
	1,057,658	1,040,665

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29. PROVISIONS AND OTHER CURRENT LIABILITIES (continued)

29.1 Movement in financial support to guarantee is as follows:

	2020	2019
Opening balance	119,250	198,891
Charge for the year	1,479	3,609
Transfer from non-current liabilities	43,000	18,000
Payments during the year	(101,250)	(101,250)
	62,479	119,250

This pertains to corporate guarantee issued by the Group to Saudi Industrial Development Fund ("SIDF") for its joint venture, against the loan obtained by joint venture from SIDF.

30. ZAKAT AND INCOME TAX PAYABLE

30.1 Zakat and income tax

Movement in the zakat and income tax provision are as follows:

	2020	2019
At the beginning of the year	424,016	430,945
Paid during the year	(91,906)	(108,065)
Reversal results from disposals including TiO2 business sold (see note 43)	-	(21,680)
Provision during the year for continued operations	194,460	122,816
At the end of the year	526,570	424,016

30.2 Zakat

Movement in zakat provision is as follows:

	2020	2019
At the beginning of the year	421,678	408,915
Paid during the year	(71,656)	(108,598)
Provision during the year	176,168	121,361
At the end of the year	526,190	421,678

30.3 Income Tax

Movement in income tax provision is as follows:

	2020	2019
At the beginning of the year	2,338	22,030
Paid during the year	(20,250)	533
Reversal results from disposals including TiO2 business sold (see note 43)		(21,680)
Provision during the year	18,292	1,455
At the end of the year	380	2,338

30.4 Status of zakat and income tax returns and assessments

The Company

During 2015, the Company received an approval from GAZT in the Kingdom of Saudi Arabia to file consolidated zakat returns of the Company and its 100% owned Saudi subsidiaries since 2008. The Company has filed consolidated zakat returns while non-wholly subsidiaries have filed their zakat and income tax returns with GAZT up to the year ended 31 December 2019. The Company has finalized its Zakat and income tax status with GAZT up to 2007, and received initial assessments for the years up to 2018 resulting in additional liability of SR 246 million, which are still under review. The management believes that sufficient provisions are recorded and no additional material liability is likely to arise from open assessments, once finalized.

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30. ZAKAT AND INCOME TAX PAYABLE (continued)

Subsidiaries

Non-wholly owned subsidiaries in KSA file their Zakat and income tax returns individually. Some of these subsidiaries have received initial assessments for several years from the GAZT, resulting in additional liability amounting to SR 226 million. The subsidiaries have submitted appeal against these assessments which are still under review. The management believes sufficient provisions are recorded by the Group wherever necessary and no material additional liability is likely to arise from open assessments, once finalized. Any additional zakat and income tax liabilities or adjustments are recorded when known and finalized.

31. REVENUE

	2020	2019 (Restated Note 44)
Sale of goods	2,134,888	2,782,578
Rendering of services	122,496	181,006
Other	14,451	14,949
	<u>2,271,835</u>	<u>2,978,533</u>

Revenue from contracts with customers is measured at a transaction price agreed under the contract and the payment is due within 90 days from the invoice date depending on specific terms of the contract.

Transaction prices are not adjusted for the time value of money as Tasnee does not have any contracts where the period between the transfer of product to the customer and payment by the customer exceeds one year. Further, the Group has restated certain revenues related to intercompany eliminations referred in note 44.

32. COST OF REVENUE

	2020	2019 (Restated Note 44)
Raw materials, consumables and spare parts	1,314,543	1,754,935
Salaries, wages and benefits	198,692	396,020
Depreciation and amortization	198,088	181,168
Utilities	160,268	175,284
Other overheads	70,408	69,870
	<u>1,941,999</u>	<u>2,577,277</u>

The Group has restated certain cost of revenues related to intercompany eliminations referred in note 44.

33. SELLING AND DISTRIBUTION EXPENSES

	2020	2019
Freight and transportation	62,342	66,864
Salaries, wages and benefits	44,089	43,167
Distributors' incentives	41,634	38,401
Depreciation and amortization	1,875	1,049
Others	12,746	13,071
	<u>162,686</u>	<u>162,552</u>

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34. GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019 (Restated Note 44)
Salaries, wages and benefits	239,351	221,314
Subsidy to affiliates	112,549	80,967
Consulting and professional fees	65,286	76,735
Depreciation and amortization	50,674	35,484
Travel	3,008	21,342
Rent	9,254	10,461
Others	23,917	41,426
	504,039	487,729

35. OTHER EXPENSES

	2020	2019
Research and development	76,568	70,226
Post closure charges for Tio2 transaction	56,250	-
Foreign exchange losses	-	2,226
	132,818	72,452

36. FINANCE COSTS, net

	2020	2019 (Restated Note 44)
Finance charges	212,216	515,898
Amortization of deferred charges	26,585	27,687
Interest on shareholders loans	13,636	24,202
Interest on lease liabilities	2,401	9,653
Proceeds from murabaha and other deposits	(32,133)	(40,764)
	222,705	536,677

37. EARNINGS PER SHARE

Earnings used in the calculation of basic earnings per share:

	2020	2019 Restated
Loss from continuing and discontinuing operation to equity holders of the parent	(446,747)	(1,676,315)
Operating profit / (loss) from continuing operations	(9,755)	(278,219)
Loss from continuing operations attributable to equity holders of parent	(446,747)	(887,686)

Basic and diluted earnings per share are calculated by dividing operating profit / (loss) and profit / (loss) attributable to equity holder of parent by the weighted average number of ordinary shares issued, that is 668,914 thousand shares as at 31 December 2020 (2019: 668,914 thousand shares).

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38. RELATED PARTIES TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Group transacts business with related parties, based on mutually agreed terms and conditions. Balances and transactions between the Company and its subsidiaries are eliminated. For the year ended 31 December 2020 and 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates. A summary of such transactions and balances with the related parties are as follows:

38.1 Trading transactions

The following are the significant related party transactions:

	Sale of goods and services		Purchase of goods and services		Other income/expenses*	
	2020	2019	2020	2019	2020	2019
Associates	-	-	-	-	-	-
Joint ventures	699,551	938,780	426,937	701,259	241,791	215,986

Sale of goods include the provision of utilities and administrative services of SR 153 million (2019: SR 329 million) to its affiliates at cost plus basis and marketing services charge by National Petrochemical Industrialization Marketing Company from its affiliates of SR 129 million (2019: SR 140 million).

Purchases of goods include purchase of petrochemical products from affiliates at agreed prices.

Other income / expenses include subsidy to affiliates amounting to SR 112.5 million (2019 SR 75.9 million) and commission income as of 31 December 2020 is SR 129.2 million (2019: SR 140.1 million).

38.2 Amounts due from / to related parties

The following balances are outstanding at the end of reporting year:

	Due from related parties		Due to related parties	
	2020	2019	2020	2019
Associates				
Trade	-	-	49,324	25,328
Other non-trade	11,296	22,225	187,907	-
Loans	-	-	491,532	347,295

Other non-trade payable is the deferred consideration on the sale of MGT asset (refer note 43).

Loans payable mainly includes interest bearing loan provided by Tronox to a subsidiary at market rates.

	Due from related parties		Due to related parties	
	2020	2019	2020	2019
Joint ventures				
Trade	81,659	160,401	1,029,194	946,378
Other non-trade	265,177	211,401	132,110	-
Loans	318,058	208,068	422,760	454,588

Other non-trade receivable mainly related to the provision of services to the Group's joint ventures.

Loans receivable mainly includes loan receivable from ATTM at market interest rate (refer note 38.4), the loan is a prepayment under the forward sale agreement as disclosed in note 14. Loans payable mainly includes loan provided by SEPC and SPC. In case where these loans are interest free, they are fair valued at market interest rate.

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38. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

The following balances are outstanding at the end of reporting year:

	Due from related parties		Due to related parties	
	2020	2019	2020	2019
Loans from minority shareholders	-	-	318,813	309,420

These are interest bearing loans at market interest rates.

38.3 Compensation of key management personnel

Key managerial personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, includes senior management and board of directors (executive or otherwise).

The remuneration of key management personnel during the year are as follows:

	2020	2019
Short-term benefits (salaries and allowances)	29,304	40,184
Post-employment benefits	2,245	1,665

38.4 Forward sale agreement

On 15 July 2020, a subsidiary AMIC entered into 'Forward sale agreement' with a joint venture ATTM, according to which it is agreed that ATTM shall sell to AMIC 3,000 tons of its product for an aggregate purchase price of USD 20.7 million with a delivery date three years from the date of the agreement. Additionally, AMIC has 'Put Option' available at its discretion, requiring ATTM to repurchase the inventory at an exercise price of USD 23.286 million within 30 days from the agreed delivery date.

39. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has three reportable segments, Chemicals, Petrochemicals and Downstream & Others described as follows:

Segment	Description of activities
Chemicals	Includes the Group's investment in TiO2 business, production of Titanium sponge and its by-products, project under progress for production of Titanium metals of various types and related substances including Titanium and Iron ore.
Petrochemicals	Includes basic chemicals and polymers.
Downstream & Others	Includes the production of liquid batteries for cars, production of lead and sodium sulfate, all kinds of plastic productions and the production of acrylic panels. Also, includes the operations of the head office, and technical centers, innovations and investment activities.

The Board of Directors (BoD), who has been identified as the Chief Operating Decision Maker (CODM) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Transactions between the operating segments are on terms approved by the management. Inter segment revenue are eliminated upon consolidation and reflected in adjustments and eliminations column. All other eliminations are part of detailed reconciliation for continuing operation as stated below.

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39. SEGMENT INFORMATION (continued)

The Group's total revenue, expenses items for the year then ended from continuing operations, by operating segments, are as follows:

	Chemicals	Petro-chemicals	Downstream & others/	Eliminations / adjustments	Total
2020					
Sale of goods	-	1,057,758	1,079,560	(2,430)	2,134,888
Rendering of services	-	-	122,496	-	122,496
Others	-	1,278	13,173	-	14,451
Total Segment revenue	-	1,059,036	1,215,229	(2,430)	2,271,835
Segment expenses	607,145	1,110,806	888,343	2,430	2,608,724
Share of profit (loss) from associates and joint ventures, net	(61,605)	939,861	(9,123)	-	869,133
Depreciation and amortization	5,086	104,123	149,450	-	258,659
Segment EBITDA	(518,201)	567,449	178,276	-	227,524
2019 (Restated)					
Sale of goods	-	1,767,220	1,016,719	(1,361)	2,782,578
Rendering of services	-	-	181,006	-	181,006
Others	-	1,488	13,461	-	14,949
Total Segment revenue	-	1,768,708	1,211,186	(1,361)	2,978,533
Segment expenses	275,419	1,557,689	1,393,089	1,361	3,227,558
Share of profit (loss) from associates and joint ventures, net	(181,110)	1,283,102	(16,945)	-	1,085,047
Depreciation and amortization	167,107	84,059	141,385	-	392,551
Segment EBITDA	(1,117,704)	773,747	437,203	-	93,246

The Group's total assets and liabilities as at 31 December 2020 and 2019 by operating segments are as follows:

	Chemicals	Petro-chemicals	Downstream & others	Eliminations / adjustments	Total
2020					
Segment assets	5,093,140	8,585,532	16,582,358	(7,940,164)	22,320,866
Segment liabilities	2,772,202	2,731,294	7,503,295	(268,938)	12,737,853
Investments in equity accounted associates and joint ventures	2,066,375	8,458,905	137,026	-	10,662,306
2019 (Restated)					
Segment assets	5,570,146	8,514,218	16,450,418	(7,765,633)	22,769,149
Segment liabilities	1,933,964	2,804,409	7,950,364	(112,210)	12,576,527
Investments in equity accounted associates and joint ventures	2,209,859	8,292,464	42,668	-	10,544,991

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39. SEGMENT INFORMATION (continued)

The geographical distribution of revenue is as follows:

	Chemicals	Petro-chemicals	Downstream & others	Eliminations / adjustments	Total
2020					
KSA	-	455,098	748,007	(2,430)	1,200,675
Middle East and Asia	-	547,059	276,786	-	823,845
Europe	-	12,334	25,905	-	38,239
Africa	-	44,433	152,452	-	196,885
Others	-	112	12,079	-	12,191
Total		1,059,036	1,215,229	(2,430)	2,271,835
2019 (Restated)					
KSA	-	767,982	763,691	(1,361)	1,530,312
Middle East and Asia	-	911,240	219,825	-	1,131,065
Europe	-	74,598	40,622	-	115,220
Africa	-	11,228	159,089	-	170,317
Others	-	3,660	27,959	-	31,619
Total	-	1,768,708	1,211,186	(1,361)	2,978,533

40. FAIR VALUATION AND FINANCIAL INSTRUMENTS

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the assets or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All financial assets and liabilities have been accounted at amortized cost except for the investments in equity instruments designated at FVOCI and derivative instruments which have been carried at fair value either through the consolidated statement of profit or loss or other comprehensive income depending on whether hedge accounting is followed or not.

The management assessed that other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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40. FAIR VALUATION AND FINANCIAL INSTRUMENTS (continued)

40.1 Fair valuation techniques

For financial reporting purposes, the Group has used the fair value hierarchy categorized in level 1, 2 and 3 based on the degree to which the inputs to the fair value measurement are observable and significance of the inputs to the fair value measurement in its entirety, and describe as follows:

- **Level 1** - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date.
- **Level 2** - inputs other than quoted prices included in 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).

The valuation of each publicly traded investment is based upon the closing market price of that stock as of the valuation date, less a discount if the security is restricted.

Fair values of investments in unquoted equity shares classified in Level 3 are determined based on the EBITDA Multiple and Value in Use model based on the information of the said company as at the date of consolidated statement of financial position.

Interest rate swaps and caps are classified as Level 2. The Group relies on the counterparty for the valuation of these derivatives. The valuation techniques applied by the counterparties include the use of forward pricing standard models using present value calculations and mid-market valuations.

Details of financial instruments carried at fair value are as below:

Nature of financial instrument	Carrying value	Level 1	Level 2	Level 3
2020				
Investments in quoted equity shares	285,168	285,168	-	-
Investments in unquoted equity shares	520,255	-	42,178	478,077
Interest rate swaps	-	-	-	-
Interest rate caps	7,868	-	7,868	-
December 2019				
Investments in quoted equity shares	277,484	277,484	-	-
Investments in unquoted equity shares	584,662	-	95,590	489,072
Interest rate swaps	1,076	-	1,076	-
Interest rate caps	12,708	-	12,708	-

Apart from the above financial instruments, other financial instruments have been carried at amortized cost. At the respective reporting dates, the fair value for these instruments approximates the amortized cost considered for financial reporting and disclosed in the respective schedules.

40.2 Transfers between Levels 1 and Level 2

There have been no transfers between Level 1 and Level 2 during the reporting periods.

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40. FAIR VALUATION AND FINANCIAL INSTRUMENTS (continued)

40.3 Sensitivity analysis

For the fair values of unquoted investments, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects:

	Increase 5%	Decrease 5%
2020		
Significant observable inputs		
Equity securities in unquoted investments measured through OCI		
EBITDA Multiple	18,552	(18,552)
Discount rate	(7,188)	7,188
Growth rate	1,106	(1,106)
2019		
Significant observable inputs		
Equity securities in unquoted investments measured through OCI		
Discount rate	(5,833)	5,833
Growth rate	638	(638)

40.4 Movements in investments in FVOCI equity instruments

	2020		2019	
	Quoted equity shares	Unquoted equity shares	Quoted equity shares	Unquoted equity shares
As at January 1,	277,484	584,662	233,170	608,592
Additions / disposals	(6,704)		56,770	(16,610)
Fair value gains recognised in OCI	14,388	(64,407)	(12,456)	(7,320)
As at 31 December,	285,168	520,255	277,484	584,662

During the year, the disposal pertains to disposal of certain shares of quoted securities.

41. FINANCIAL RISK MANAGEMENT

Financial risk is inherent in the Group's activities are managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability. The Group's activities are exposed to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Group seeks to minimize the effects of these financial risks by various methods, including derivative financial instruments where appropriate, to hedge risk exposures. The use of financial derivatives is governed by the Group's policies which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

41.1 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has established procedures to manage credit exposure including evaluation of customer credit worthiness, formal credit approvals, assigning credit limits, monitoring the outstanding receivable, maintaining receivable ageing details and ensuring the close follow up.

Trade receivables

Customer credit risk is managed by each business unit in accordance with the Group's established credit policy and procedures. The Group has a policy of only dealing with creditworthy counterparties. Credit rating information of customers are obtained from independent rating agencies where available, and if not available, the Group uses publicly available information and its own trading records to rate its major customers. The Credit limits are established for all customers based on internal rating criteria. Trade receivables are non-interest bearing and generally have a credit period at par with industry norms. Collateral is generally not required, but may be used under certain circumstances as well as letters of credit insurance, post-dated cheques, cash in advance and bank guarantees in certain markets, particularly in lesser developed markets. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

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41. FINANCIAL RISK MANAGEMENT (continued)

41.1 Credit risk (continued)

The Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. Further, an impairment analysis is also performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the receivables are categorized into portfolios based comprising of homogeneous receivables. Each portfolio is then assessed for impairment using ECL model as per the provisions of IFRS 9. The calculation is based provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Receivables from group companies and secured receivables are excluded for the purposes of this analysis since no credit risk is perceived on them. The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Group's view of economic conditions over the expected lives of the receivables. There have been no significant changes in the quality of collaterals held against financial assets during the reporting period.

On that basis, the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows for trade receivable

31 December 2020	Neither past due not impaired	Less than 90 days	90 - 180 days	181- 270 days	271-365 days	More than 1 year	Total
Expected loss rate	1.2%	2.6%	11.1%	20.3%	48.7%	67.2%	7.2%
Gross carrying amount - trade receivable	915,340	124,193	17,206	17,783	8,887	88,447	1,171,856
Loss allowance	11,424	3,288	1,913	3,605	4,329	59,436	83,995

31 December 2019	Neither past due not impaired	Less than 90 days	90 - 180 days	181- 270 days	271-365 days	More than 1 year	Total
Expected loss rate	0.3%	2.5%	12.4%	31.7%	61.2%	72.9%	5.8%
Gross carrying amount - trade receivable	1,149,392	145,005	25,112	11,101	8,196	88,787	1,427,893
Loss allowance	3,364	3,653	3,111	3,514	5,019	64,713	83,374

Other financial assets

This comprises mainly of deposits with banks, investments in unquoted equity shares, receivables from equity accounted investees and joint ventures, employee home loan receivable and derivative assets. Credit risk arising from these financial assets is limited and there is no collateral held against these except for employee home loan receivable, because the counterparties are equity accounted investees, banks and recognized financial institutions. Banks and recognized financial institutions have high credit ratings ranging from A- to BBB+ assigned by the international credit rating agencies. In case of employee home loan receivable, the loan is secured against the charge on the property purchased. Receivables from related parties have low credit risk and the impact of applying ECL is immaterial.

41.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Group's objective is to; at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including syndicated and bilateral term loans, overdraft facilities, and working capital facilities, from both domestic and international banks.

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41. FINANCIAL RISK MANAGEMENT (continued)

The table below analyses non-derivative financial liabilities of the Group by relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed under the ageing buckets are the contractual undiscounted cash flows and includes contractual future commission payments.

	Payable on demand	Within 1 year	1 to 5 years	Greater than 5 years	Total
2020					
Long-term borrowings	-	903,373	4,034,168	3,502,934	8,440,475
Accounts payables	-	309,898	-	-	309,898
Lease liabilities	-	22,705	122,194	15,826	160,725
Payable to related parties-current and non-current	-	1,078,518	1,060,578	-	2,139,096
Other current liabilities	-	364,868	-	-	364,868
Other non-current liabilities	-	-	1,164,290	-	1,164,290
Financial Guarantee	2,020,000	-	-	-	2,020,000
	2,020,000	2,679,362	6,381,230	3,518,760	14,599,352
2019					
Short term facilitates	-	29,000	-	-	29,000
Long-term borrowings	-	1,088,354	3,268,522	4,630,855	8,987,731
Accounts payables	-	376,142	-	-	376,142
Lease liabilities	-	25,330	124,013	30,296	179,639
Payable to related parties-current and non-current	-	971,706	921,712	-	1,893,418
Other current liabilities	-	638,635	-	-	638,635
Other non-current liabilities	-	-	413,784	-	413,784
Financial Guarantees	1,851,000	-	-	-	1,851,000
	1,851,000	3,129,167	4,728,031	4,661,151	14,369,349

41.3 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 comprises three types of risk, commission rate risk, currency risk, and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, investments, trade and other receivables and accounts payable.

41.4 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 the risk of fluctuations in foreign exchange rates through its normal course of business. The Group monitors the fluctuations in currency exchange rates and charge the effects on the consolidated financial statements accordingly. The Group covers the foreign currency risks by using derivative financial instruments, where appropriate and as per the Group's policies.

The Group exposure to currency risk primarily arises from transactions denominated in USD, GBP and EUR. For transactions denominated in USD, there is minimal currency risk since the SR to USD exchange rate is pegged and hence not considered.

The Group has the following significant financial asset / (liability) exposures, denominated in foreign currencies:

	2020	2019
GBP	(0.11)	(0.97)
EUR	(0.05)	(0.10)

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41. FINANCIAL RISK MANAGEMENT (continued)

Potential impact of a 5% appreciation as well as depreciation of exchange rate of Saudi Riyal with foreign currencies has been summarized below:

Currency	Change in exchange rate	2020	2019
GBP	+5%	(0.005)	(0.05)
	-5%	0.005	0.05
EURO	+5%	(26)	(0.005)
	-5%	26	0.005

41.5 Commission rate risk

Commission rate risk is the risk that the value of financial instruments or their associated cash flows will fluctuate due to changes in market commission rates. The Group has no significant commission-bearing assets but has commission bearing liabilities as at 31 December 2020 and 2019.

The Group manages its borrowings made at floating rates by using floating-to-fixed interest rate swaps or interest rate caps where appropriate and as per the Group policies. Such commission rate swaps and commission rate caps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with the counterparty to exchange the difference between fixed and variable rate contracts at specified intervals. Under the interest rate caps the Group agrees with the counterparty to receive payments on the specified dates when market commission rate exceeds the agreed strike price.

The following table demonstrates the sensitivity to a reasonably possible change in commission rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Currency	Change in exchange rate	Gain / (loss) through the consolidated statement of profit or loss	
		2020	2019
6 Months SAIBOR	+100 basis points	(52,475)	(70,024)
	-100 basis points	52,475	74,865

The Group does not account for any financial liabilities at fair value through profit or loss. Further, the Group does not have any material variable rate financial assets. Therefore, a change in special commission rate of fixed rate financial assets at the reporting date would not affect profit for the year.

41.6 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group objectives when managing capital are to safeguard the Group ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or increase or decrease borrowings. The amount of capital (Total equity + total debt) that the Group managed as of 31 December 2020 was SR 16,773 million (2019: SR 17,811 million).

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net external debt divided by total equity (as shown in the consolidated statement of financial position, including non-controlling interests). During 2020, the Group strategy, which was unchanged from 2019, was to maintain the gearing ratio below 3:1. The Group is not subject to any externally imposed capital requirements throughout 2020 and 2019.

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42. COMMITMENTS AND CONTINGENCIES

42.1 Capital and purchase commitments:

The Group's capital and purchase commitments as of reporting date are as follows:

	2020	2019
Capital commitments for projects under progress and purchase of property, plant and equipment	29,103	32,210

42.2 Contingencies:

	2020	2019
Letters of guarantee	314,623	543,324
Letters of credit	913	32,249
	315,536	575,573

Additionally, the Group has issued corporate guarantees to commercial banks and Saudi Industrial Development Fund by its share owned in share capital of some joint ventures against the loans, which have been obtained by these joint ventures from such parties. As at 31 December 2020 such guarantees amounted to SR 2,020 million (2019: SR 1,851 million).

Pursuant to the Transaction Agreement with Tronox referred to in note 43, the Group bears the obligation for pre-closing tax and zakat liabilities resulting from any final assessments determined by relevant tax authorities. The ultimate outcome of any such final assessments and their timeline are not presently known, however, the management based on its best estimates has provided for such potential obligations in the consolidated financial statements.

The Group is involved in legal litigation claims in the ordinary course of business, which are being defended; there are also some claims under the process of final settlement. The ultimate results of these claims cannot be determined with certainty as of the date of preparing the consolidated financial statements; the Group's management does not expect that these claims will have a material adverse effect on the Group's consolidated financial statements.

43. DISPOSAL OF ASSETS AND SUBSIDIARIES

43.1 Disposal of titanium dioxide business

On 21 February 2017, a subsidiary of the Group, Cristal entered into a conditional transaction agreement to sell its TiO2 Business to Tronox in return for USD 1.673 billion (SR 6.274 billion) cash and 37,580,000 of newly issued Class A shares in Tronox. The transaction included the sale of:

- substantially all international subsidiaries of Cristal;
- assets (including the Yanbu plant of Cristal) and liabilities relevant to such business; and
- contracts, intellectual property and goodwill in respect of such business (the "Cristal Assets")

The closing of the transaction was subject to the satisfaction of certain condition precedents including amongst other things; Tronox shareholders' approval, governmental and regulatory approvals in the relevant jurisdictions and the conclusion of Cristal reorganization. One of the required regulatory clearance was from the U.S. Federal Trade Commission ("FTC").

On 5 December 2017, the FTC announced that it would not approve the proposed transaction and filed an administrative action to prevent the parties from consummating the transaction, alleging that the transaction would violate section 7 of the Clayton Antitrust Act and section 5 of the FTC Act. The administrative complaint sought, among other things, a permanent injunction to prevent the transaction from being completed.

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43. DISPOSAL OF ASSETS AND SUBSIDIARIES (continued)

43.1 Disposal of titanium dioxide business (continued)

On 9 December 2018, the Administrative Law Judge (the "ALJ") issued an initial decision enjoining Tronox from consummating the proposed transaction. An appeal was filed against the administrative law judge's initial decision on 4 February 2019 to seek to narrow the geographic scope of the proposed order included in the initial decision. In addition, following the issuance of a preliminary injunction by the US District Court, settlement discussions with FTC were commenced. Tronox proposed that subsequent to the transaction, it will divest all of the North American operations of TiO2 Business to a purchaser and under terms and conditions acceptable to FTC in order to secure the approval of FTC to consummate the transaction.

On 11 February 2019, in recognition of the progress made in settling the dispute, a joint motion, along with the staff of FTC was filed with the FTC Commissioners requesting a delay in the deadline for FTC to respond to the appeal against ALJ's initial decision, on the basis that the proposed restructuring of the transaction may substantially lessen the competition.

On 18 March 2019, an announcement was made by Tronox that the proposed acquisition of the TiO2 Business will be presented to the FTC for its consideration. The FTC staff joined Tronox and Cristal in moving to withdraw the case from adjudication and asked the commission to consider the transaction with the proposed remedy. In addition to the motion, the submission to the FTC consisted of the proposed orders necessary to authorize the transaction including an Agreement Containing Consent Orders, a Decision and Order, and an Order to Maintain Assets, together with a definitive agreement for the sale for Cristal America TiO2 business to INEOS. On 22 March 2019, the FTC withdrew the Company's proposed acquisition of the TiO2 business of Cristal from adjudication for the purpose of considering the related proposed consent agreement.

On 10 April 2019, the FTC approved the transaction by issuing an Order and Decision allowing the transaction to proceed in accordance with the Consent agreement pursuant to which the transaction was consummated on the same day. As a result of the transaction, Cristal acquired 23.01% of the ordinary shares in Tronox. The management has concluded that it has significant influence over Tronox and consequently classified its investment in Tronox as investment in an associate.

The transaction with Tronox closed on 10 April 2019 and as such the Parent Company no longer controls Cristal Assets from that date. Accordingly, the Group recorded its investment acquired in Tronox amounting to SR 1,973 million on 10 April 2019 representing the Group's share in the fair value of net assets acquired on a provisional basis and reported the gain on sale of TiO2 Business on the date of transaction amounting to SR 509 million in its consolidated financial statements for the year ended 31 December 2019.

As stated in note 12.1.1 that during 2020, the Group has completed purchase price allocation exercise, with the assistance of independent experts. Based on this purchase price allocation exercise, the Group has reassessed its share in the fair value of net assets acquired in Tronox as at 10 April 2019 to be SR 2,127 million. This has resulted in a gain on sale of TiO2 Business of SR 663 million compared to SR 509 million reported in the consolidated financial statements of the Group for the year ended 31 December 2019.

The comparative consolidated statement of profit or loss has been re-presented to show the discontinued operations separately from continuing operations. The details of the results of discontinued operations are as follows:

	2020	2019
Revenue	-	1,832,363
Cost of revenue	-	(1,377,278)
Gross profit	-	455,085
Operating and other expenses	-	(264,207)
Profit before zakat and income tax from discontinued operations	-	190,878
Zakat and income tax	-	(18,508)
Profit after zakat and income tax from discontinued operations	-	172,370
Loss on re-measurement of TiO2 disposal group held for sale, net	-	(1,170,634)
Loss from discontinued operations	-	(998,264)
Earnings per share (SR):		
Basic and diluted loss for the period per share from discontinued operations	-	(1.49)

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43. DISPOSAL OF ASSETS AND SUBSIDIARIES (continued)

43.1 Disposal of titanium dioxide business (continued)

The details of the other comprehensive income from discontinued operations is as follows:

	2020	2019
Foreign currency translation differences	-	21,897
Cash flow hedge reserve	-	206
Gain from investments in equity instruments designated as FVOCI	-	2,118
Re-measurement of defined benefit plans	-	61,473
Other comprehensive income from discontinued operations	-	85,694

In addition, the comparative consolidated statement of cash flows has been restated to reflect applicable adjustments as well as required re-presentations related to discontinued operations. Net cash flows from operating activities as well as used in investing and financing activities remained unchanged.

The details of the cash flows of discontinued operations have been presented below:

	2019
The net cash flows incurred are as follows:	
Operating	120,032
Investing	(96,196)
Financing	(76,474)
Net cash outflow from discontinued operations	(52,638)

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43. DISPOSAL OF ASSETS AND SUBSIDIARIES (continued)

43.2 Disposal of MGT assets

On 29 December 2019, Cristal, a subsidiary, entered into "Assets Sale and Purchase Agreement" (ASPA) with Tronox Saudi Industries Company ("TSIC"), a wholly owned subsidiary of Tronox Limited, for the sale of Metal Grade TiCl₄ Plant ("MGT asset"), subject to certain regulatory approvals, for a consideration of USD 36.1 million (SR 135.375 million). In the same agreement, the Cristal also assumed an obligation to pay the fixed charges of \$125/mt to TSIC for each mt of TiCl₄ delivered to ATTM- till ASPA is terminated or supply reaches threshold specified in the ASPA. The purpose of the charges is to secure a long-term supply of TiCl₄ from TSIC to ATTM at below market price. Thus, the fixed charge obligation of SR 323.8 million was considered as part of MGT sales transaction.

On 17 December 2020, upon completion of regulatory approvals, the transaction was closed and the Group ceased to have control on MGT assets from that date and a loss on disposal of MGT assets of SR 189 million was recorded during the year 2020. These assets and transfer of supply commitments were not included in the Cristal Transaction referred in note 43.1

The amount receivable of USD 36.1 million (SR 135 million) from TSIC is subject to interest at SAIBOR plus a premium for the period the receivable balance remains outstanding. This balance is offset against the obligation to TSIC of SR 323 million over the period from actual supply of TiCl₄ by Tronox to ATTM (mentioned above).

Further as part of similar arrangement, the Group has signed a side letter with its joint venture ATTM, to rebase the price of TiCl₄ which Tronox Limited will supply to ATTM. This price differential will then be adjusted annually in accordance with the terms of the supply agreement of TiCl₄ delivered by TSIC to ATTM and reimbursed by the Group to ATTM to compensate for the increase in base unit price resulting from the sale of the MGT Assets to TSIC. At 31 December 2020, the price differential is USD 51/mt and liability of SR 132 million is recognised in the consolidated financial statement. This is a financial liability based on management's best estimate of the future price differential and will be evaluated at every period close and the difference is charged to consolidated profit and loss account.

43.3 Disposal of Sinclair Insurance Limited

On 9 October 2020, Cristal entered into a 'Share Purchase Agreement' to sell its 100% shares in Sinclair Insurance Company Ltd., a subsidiary company incorporated and registered in Bermuda to Fleming Reinsurance Ltd, a company incorporated in Bermuda, in return for the purchase consideration of approx. US\$ 3.695 million based on the Net Asset Value amounting to US\$ 4.143 million in accordance with the closing financial statements, resulting in a loss on disposal of SR 1.822 million.

The transaction was subject to regulatory approval, which was received and accordingly, the transaction was closed on 31 December 2020 and as such Cristal no longer controls Sinclair Insurance Company from that date. From the total purchase consideration, an amount of US\$ 1.795 million, paid subsequent to consolidated statement of financial position date, while remaining approx. US\$1.9 million is deferred and will be paid after one year from the closing date of the transaction.

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44. RESTATEMENT OF PRIOR YEAR FIGURES

Certain of the prior year amounts have been restated as explained below:

- a- As stated in note 12.1.1 and 43.1, the Group acquired 23.01% of the ordinary shares in Tronox as part of the consideration for the disposal of the Cristal business on 10 April 2019. During 2020, the Group completed the purchase price allocation (PPA) exercise for this acquisition. Based on this, the Group has reassessed its share in the fair value of net assets acquired in Tronox as at 10 April 2019. The PPA exercise resulted in a decrease in the loss from discontinued operations amounting to SR 154.11 million and at the same time an increase in the Group's share of loss from investment in Tronox due to PPA-related incremental depreciation amounting to SR 80.40 million. These fair value adjustments have been applied retrospectively and resulted in a restatement of the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of profit or loss and consolidated statement of comprehensive income for the year then ended.
- b- In 2019, the Group's investment in MGT asset was classified as held for sale and recorded at the fair value of SR 138.2 million under IFRS 5. As stated in note 43.2, the Group reassessed the sale transaction of MGT asset during the year and determined the net consideration for the sale of MGT as negative. Consequently, the comparative information has been restated to record the MGT asset held for sale at the fair value equal to zero and to recognise the resulting loss of SR 138.2 million on remeasurement of fair value of MGT asset held for sale.
- c- The Group had previously recognized a goodwill of SR 1,575 million relating to investments in joint ventures, as part of intangible assets. During the year, management reassessed this disclosure and reclassified this goodwill as part of investments in equity accounted associates and joint ventures, as per the requirements of IAS 28. Additionally, goodwill of SR 49.22 million has been reversed on account of correction of prior period posting with corresponding impact on non-controlling interest. These balances have been adjusted retrospectively in the consolidated statement of financial position as at 31 December 2019 and 1 January 2019.
- d- Certain assets and liabilities of a subsidiary were transferred to a related party at their carrying values in 2019. However, goodwill recognised in the respect of this subsidiary amounting to SR 17 million was not derecognised in 2019. The comparative information has been restated to record this goodwill written off.
- e- At 31 December 2019, the interest free employees home loan receivables of SR 221.1 million (31 December 2018: SR 193.5 million) were classified as current assets and were recorded at their notional value. During the year, management has remeasured these employee receivables at their fair value using the effective interest rates and reclassified the non-current portion of these employee receivables to other non-current assets. The difference between the notional and fair value of these receivables has been recognised as prepaid employee benefits. Also, the Group has certain interest free long-term loans from its equity accounted joint ventures, which were recorded at cost. These loans have been fair valued at market interest rates and the difference is charged to the retained earnings, with the corresponding impact of these loans through share of profit in equity accounted associates and joint ventures. These adjustments have been made retrospectively in the consolidated financial information for the year ended 31 December 2019 and as at 1 January 2019.
- f- The Group has adjusted unamortized deferred costs amounting to SR 34 million and certain revenues and cost of revenue related to intercompany eliminations amounting to SR 40.4 million.
- g- The Group has reclassified expected credit losses on financial guarantees from other expenses to the impairment of financial assets, income on murabaha based deposits from other income to finance cost, loss on disposal of assets from general and administrative expenses to the consolidated statement of profit or loss and reclassified certain other balance on income statement line items, in the statement of profit and loss in 2019.
- h- The Group has reclassified an amount of SR 309.4 million from non-controlling interest to other non-current liabilities on account of prior period consolidation adjustments. These adjustments have been made retrospectively in the consolidated financial information for the year ended 31 December 2019 and as at 1 January 2019.
- i- The Group has reclassified the balance of capital work in progress, included in property, plant and equipment to Project under progress. These adjustments have been made retrospectively in the consolidated financial information for the year ended 31 December 2019 and as at 1 January 2019.
- j- Right-of-use assets were presented in the statement of financial position at 1 January 2019 as the Group adopted IFRS 16 at that date.

The above changes have resulted in a restatement of the consolidated statement of financial position, consolidated statements of profit and loss and consolidated statement of cash flows as reflected below.

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44. RESTATEMENT OF PRIOR YEAR FIGURES (continued)

Consolidated statement of financial position (extract)

	Note	As reported	Restatement	Restated
1 January 2019				
Property, plant and equipment	i	8,914,200	(1,653,653)	7,260,547
Project under progress	i	2,841,251	1,653,653	4,494,904
Right-of-use assets	j	-	435,030	435,030
Intangible assets	c	2,728,199	(1,624,360)	1,103,839
Investments in equity accounted associates and joint ventures	c, e	7,070,336	1,560,743	8,631,079
Other non-current assets	e	812,249	152,291	964,540
Total non-current assets		23,725,559	523,704	24,249,263
Accounts receivables	f	2,515,051	(17,126)	2,497,925
Prepayment and other current assets	e	1,155,032	(160,475)	994,557
Total current assets		9,840,282	(177,601)	9,662,681
Total assets		33,565,841	346,103	33,911,944
Retained earnings	e	1,959,677	11,696	1,971,373
Non-controlling interests	c,h	3,452,802	(365,561)	3,087,241
Total equity		12,788,738	(353,865)	12,434,873
Lease liabilities	j,	-	348,024	348,024
Other non-current liabilities	e,h	927,584	763,124	1,690,708
Total non-current liabilities		13,033,719	1,111,148	14,144,867
Lease liabilities - current	j	-	87,006	87,006
Accounts payable	f	2,174,536	(25,310)	2,149,226
Provisions and other current liabilities	e	1,913,806	(472,876)	1,440,930
Total current liabilities		7,743,384	(411,180)	7,332,204
Total liabilities		20,777,103	699,968	21,477,071
Total equity and liabilities		33,565,841	346,103	33,911,944

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44. RESTATEMENT OF PRIOR YEAR FIGURES (continued)

	Note	As reported	Restatement	Restated
31 December 2019				
Property, plant and equipment	i	3,007,465	(56,948)	2,950,517
Project under progress	i	2,232,230	56,948	2,289,178
Intangible assets	c,d	1,789,784	(1,642,050)	147,734
Investments in equity accounted associates and joint ventures	a, c, e	8,912,210	1,632,781	10,544,991
Other non-current assets	e	306,540	182,985	489,525
Total Non Current Assets		17,262,901	173,716	17,436,617
Accounts receivables	f	1,360,602	(16,083)	1,344,519
Prepayment and other current assets	e	888,600	(189,771)	698,829
Total Current Assets		5,538,386	(205,854)	5,332,532
Assets held for sale	b	138,212	(138,212)	-
Total Assets		22,939,499	(170,350)	22,769,149
Other reserves	a	(556,816)	4,382	(552,434)
Retained Earnings	a, d, e	420,461	(85,089)	335,372
Non-controlling interests	a, c, h	2,747,448	(381,418)	2,366,030
Total Equity		10,654,747	(462,125)	10,192,622
Long term borrowings	f	6,739,832	34,017	6,773,849
Other non-current liabilities	e,h	1,075,342	450,745	1,526,087
Total non current liabilities		8,409,767	484,762	8,894,529
Accounts Payable	e	1,370,713	(22,867)	1,347,846
Provisions and other current liabilities	e	1,210,783	(170,118)	1,040,665
Total current liabilities		3,874,985	(192,987)	3,681,998
Total liabilities		12,284,752	291,775	12,576,527
Total equity and liabilities		22,939,499	(170,350)	22,769,149

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44. RESTATEMENT OF PRIOR YEAR FIGURES (continued)

Consolidated statement of profit or loss (extract)

31 December 2019	Note	As reported	Restatement	Restated
Revenue	f	3,018,949	(40,416)	2,978,533
Cost of revenue	f	(2,617,693)	40,416	(2,577,277)
General and administrative expenses	g	(641,463)	153,734	(487,729)
Impairment/write-off of non-financial assets	b, d	(456,831)	(155,902)	(612,733)
Impairment of financial assets	g	-	(423,450)	(423,450)
Loss on disposal of assets	l	-	(78,058)	(78,058)
Share of net profit / (loss) from associates and joint ventures, net	a, e	1,172,665	(87,618)	1,085,047
Operating profit / (loss)		313,075	(591,294)	(278,219)
Other (expenses) / income, net	g, i	(328,096)	328,096	-
Other expenses	g	-	(72,452)	(72,452)
Other income	g	-	51,366	(51,366)
Finance costs	g, f	(553,045)	16,368	(536,677)
Loss before zakat and income tax from continuing operations		(568,066)	(267,916)	(835,982)
Loss for the year from continuing operations		(690,882)	(267,916)	(958,798)
Loss for the year from discontinued operations		(1,152,374)	154,110	(998,264)
Net impact on loss for the year		(1,843,256)	(113,806)	(1,957,062)
Attributable to:				
Equity holders of the parent		(1,579,530)	(96,785)	(1,676,315)
Non-controlling interests		(263,726)	(17,021)	(280,747)
Impact on basic and diluted earnings per share		(2.36)	(0.15)	(2.51)

Consolidated statement of cash flows (extract)

31 December 2019	As reported	Restatement	Restated
Net cash flows from operating activities	115,856	(388,438)	(272,582)
Net cash flows from investing activities	7,281,488	147,165	7,428,653
Net cash flows from financing activities	(7,583,163)	241,273	(7,341,890)
Net decrease in cash and cash equivalents	(185,819)	-	(185,819)

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45. PURCHASE OPTION AGREEMENT FOR SLAGGER ASSET IN ADVANCED METAL INDUSTRIES CLUSTER COMPANY LIMITED ("AMIC")

On 10 May 2018, AMIC entered into an Option Agreement with Tronox Limited ("Tronox Limited"), a public limited company incorporated in the United Kingdom. Under a supplemental deed dated 13 May 2020, Tronox Holdings Plc ("Tronox") became the main contracting party in place of Tronox Limited. Under the Option Agreement:

(1) AMIC shall (a) incorporate a wholly owned Special Purpose Vehicle ("SPV") in the Kingdom of Saudi Arabia and (b) subject to certain exceptions as set out in the Option Agreement, transfer (or procure the transfer of) the assets, liabilities and contracts used for its Jazan-based titanium slag smelting Slagger Business (as defined in the Option Agreement) to the SPV;

(2) subject to the satisfaction of certain conditions precedent set out in the Option Agreement including reaching the Sustainable Operations (as defined in the Option Agreement), AMIC shall have an option to require Tronox to purchase, and Tronox shall have an option to require AMIC to sell, 90% of AMIC's ownership in the SPV.

(3) the grant to Tronox of a second call option over the SPV which can be exercised within 90 days of 31 December 2021, if Sustainable Operations has not been achieved. This date may be extended or brought forward in certain circumstances, in accordance with the terms of the Option Agreement. The second option price includes AMIC's 10% retained equity interest in the SPV (which shall be a carried equity interest).

As part of the Option Agreement, Tronox also agreed to lend AMIC and/or the SPV up to USD 125 million for capital expenditures and operational expenses (as detailed in the Option Agreement).

The execution of Option Agreement followed a Technical Services Agreement (the "TSA") between AMIC and Tronox executed on 15 March 2018, whereby Tronox provided certain technical assistance to AMIC to facilitate start-up of the Slagger. The TSA was amended and novated on 13 May 2020 to provide for Tronox to become the main contracting party in place of Tronox Limited. Tronox is required to manage the rebuild and recommissioning of Furnace 1 to achieve Sustainable Operations, subject to certain limits on Tronox's authority and under supervision of a Steering Committee. The TSA will expire on 31 December 2021 unless terminated earlier in accordance with its terms.

At the consolidated statement of financial position date, the Group's management is of the view that the high probability test of transaction completion as required by IFRS 5: "Non-current Assets Held-for-Sale and Discontinued Operations" before assets and liabilities are reclassified as "held for sale" had not been met due to the conditions precedent for the exercise of call or put option, and consequently no reclassification has been made in these consolidated financial statements.

46. NON CASH INVESTING AND FINANCING ACTIVITIES

Investing activities during the year include the transfer of SR 189.9 million (2019: 318.88 million) from Projects under progress to Property, plant and equipment, additions to right-of-use assets of SR 13.19 million (2019: SR 7.26 million).

47. EVENTS AFTER THE REPORTING DATE

No material events have occurred subsequent to the reporting date and before the issuance of these consolidated financial statements which require adjustment to, or disclosure, in these consolidated financial statements.

48. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved from the Board of Directors on 30 March 2021 (corresponding to 17 Shaban 1442H).