ALUJAIN CORPORATION
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018
AND REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

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Report on review of Interim Financial Information

To the shareholders of Alujain Corporation, A Saudi Joint Stock Company

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Alujain Corporation and its subsidiaries (the "Group") as of March 31, 2018 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2018 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 2 to the condensed consolidated interim financial information, which describes that the Group prepared its first annual consolidated financial statements for the year ended December 31, 2017 in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA"). The Group prepared and published its first general purpose condensed consolidated interim financial information for the three-month period ended March 31, 2017 in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia, which included consolidation of National Petrochemical Industrial Company ("Natpet") in which the Group holds 57.4% equity interest and the Group's previous auditors issued an un-modified conclusion in their review report, dated May 9, 2017, on such interim financial information. The Group then prepared and published its condensed consolidated interim financial information including consolidation of Natpet for the three-month and six-month periods ended June 30, 2017 on which the Group's previous auditors issued a disclaimer of conclusion in their review report, dated September 19, 2017, indicating that they had requested but not received from management a complete basis for conclusion of the Group's control over Natpet and, therefore, they were unable to conclude appropriately on the Group's basis of consolidation of Natpet.

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Report on review of Interim Financial Information (continued)

During the three-month period ended September 30, 2017, and whilst the Group continued to be in the initial period of IFRS adoption, the Group reassessed control over Natpet as per the requirements of IFRS 10 "consolidated financial statements" and concluded that control over Natpet could not be demonstrated on adoption of IFRS that are endorsed in the Kingdom of Saudi Arabia. Accordingly, the investment in Natpet was de-consolidated and consequently accounted for on an equity basis as per the requirements of International Accounting Standard 28 ("IAS 28") "investment in associates and joint ventures" in the condensed consolidated interim financial information for the three-month and nine-month periods ended September 30, 2017 and the annual consolidated financial statements for the year ended December 31, 2017.

PricewaterhouseCoopers

Mufaddal A. Ali
License Number 447

May 7, 2018

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محاسبون قانونيون
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ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position
(All amounts in Saudi Riyals thousands unless otherwise stated)

Assets	**Note**	**March 31, 2018 (Unaudited)**	**December 31, 2017 (Audited)**
Non-current assets			
Property, plant and equipment		**31,489**	31,966
Intangible asset		**224**	224
Investment accounted for using equity method	4	**1,214,618**	1,144,445
Total non-current assets		**1,246,331**	1,176,635
Current assets			
Inventories		**4,764**	4,616
Trade and other receivables		**3,375**	4,009
Prepayments and other current assets		**31,400**	31,265
Cash and cash equivalents		**14,735**	20,897
Total current assets		**54,274**	60,787
Total assets		**1,300,605**	1,237,422
Equity and liabilities			
Equity			
Share capital	5	**692,000**	692,000
Statutory reserve	6	**81,770**	75,524
Retained earnings		**511,964**	455,753
Cash flow hedge reserve		**(697)**	(995)
Available-for-sale investment reserve		**-**	(5,381)
Fair value through Other Comprehensive Income (FVTOCI) reserve		**(5,381)**	-
Equity attributable to the shareholders of Alujain Corporation (Parent Company)		**1,279,656**	1,216,901
Non-controlling interests		**386**	413
Total equity		**1,280,042**	1,217,314
Non-current liability			
Employees defined benefits		**4,682**	4,628
Total non-current liability		**4,682**	4,628
Current liabilities			
Trade and other payables		**11,033**	10,750
Accrued and other current liabilities		**2,656**	2,973
Zakat payable		**2,192**	1,757
Total current liabilities		**15,881**	15,480
Total liabilities		**20,563**	20,108
Total equity and liabilities		**1,300,605**	1,237,422
Contingency	13		

The condensed consolidated interim financial information including notes and other explanatory information was approved and authorised for issue by the Board of Directors (BoD) on May 7, 2018 and was signed on their behalf by

The accompanying notes 1 to 13 form an integral part of these condensed consolidated interim financial information.

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of income
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three-month period ended March 31, 2018 (Unaudited)	2017 (Unaudited)
Revenues		**5,067**	6,416
Cost of sales		**(5,180)**	(4,780)
Gross (loss) profit		**(113)**	1,636
Share in net income of an equity accounted investment	4	**69,875**	32,284
Selling and marketing expenses		**(844)**	(858)
General and administration expenses		**(6,138)**	(3,894)
Operating profit		**62,780**	29,168
Finance income – murabaha deposits		**85**	103
Profit before zakat		**62,865**	29,271
Zakat expense	7	**(435)**	(418)
Profit for the period		**62,430**	28,853
Attributable to:			
Shareholders of the Parent Company		**62,457**	28,853
Non-controlling interests		**(27)**	-
Profit for the period		**62,430**	28,853
Earnings per share			
Weighted average number of ordinary shares ('000)		**69,200**	69,200
Basic and diluted earnings per share attributable to ordinary equity holders of the Parent Company (Saudi Riyals)	8	**0.90**	0.42

The accompanying notes 1 to 13 form an integral part of these condensed consolidated interim financial information.

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of comprehensive income
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three-month period ended March 31	
		2018 (Unaudited)	**2017 (Unaudited)**
Profit for the period		**62,430**	28,853
Other comprehensive income (loss)			
Items that may be reclassified to statement of income:			
Share in other comprehensive income (loss) of equity accounted investees	4	**298**	(462)
Total comprehensive income for the period		**62,728**	28,391
Attributable to:			
Shareholders of the Parent Company		**62,755**	28,391
Non-controlling interests		**(27)**	-
		62,728	28,391

The accompanying notes 1 to 13 form an integral part of these condensed consolidated interim financial information.

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in equity
(All amounts in Saudi Riyals thousands unless otherwise stated)

		Attributable to the shareholders of Alujain Corporation								
		Share capital	Statutory reserve	Retained earnings	Cash flow hedge reserve	Available-for-sale investment reserve	FVTOCI reserve	Total	Non-controlling interest	Total
	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
As at January 1, 2018 (audited)		**692,000**	**75,524**	**455,753**	**(995)**	**(5,381)**	**-**	**1,216,901**	**413**	**1,217,314**
Reclassification	2.3	**-**	**-**	**-**		**5,381**	**(5,381)**	**-**	**-**	**-**
Net profit (loss) for the period		**-**	**-**	**62,457**	**-**	**-**	**-**	**62,457**	**(27)**	**62,430**
Other comprehensive income for the period		**-**	**-**	**-**	**298**	**-**	**-**	**298**	**-**	**298**
Total comprehensive income (loss) for the period		**-**		**62,457**	**298**	**-**	**-**	**62,755**	**(27)**	**62,728**
Transfer to statutory reserve		**-**	**6,246**	**(6,246)**	**-**	**-**	**-**	**-**	**-**	**-**
As at March 31, 2018 (unaudited)		**692,000**	**81,770**	**511,964**	**(697)**	**-**	**(5,381)**	**1,279,656**	**386**	**1,280,042**
As at January 1, 2017 (audited)		692,000	61,904	404,915	509	-	-	1,159,328	-	1,159,328
Net profit for the period		-	-	28,853	-	-	-	28,853	-	28,853
Other comprehensive loss for the period		-	-	-	(462)	-	-	(462)	-	(462)
Total comprehensive income (loss) for the period		-	-	28,853	(462)	-	-	28,391	-	28,391
Transfer to statutory reserve			2,885	(2,885)	-	-	-	-	-	-
Non-controlling interest acquired		-	-	-	-	-	-	-	229	229
As at March 31, 2017 (unaudited)		692,000	64,789	430,883	47	-	-	1,187,719	229 -	1,187,948

The accompanying notes 1 to 13 form an integral part of these condensed consolidated interim financial information.

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three-month period ended March 31, 2018 (Unaudited)	2017 (Unaudited)
Cash flow from operating activities			
Profit before zakat		**62,865**	29,271
Adjustments for:			
Depreciation		**787**	651
Employee defined benefit expenses		**269**	238
Share in net income of equity accounted investees	4	**(69,875)**	(32,284)
Working capital adjustments:			
Inventories		**(148)**	(80)
Trade and other receivables		**634**	(9,522)
Prepayments and other current assets		**(135)**	7,886
Trade and other payables		**283**	4,542
Accrued and other current liabilities		**(317)**	(3,733)
Net cash outflows from operations		**(5,637)**	(3,031)
Employees defined benefits paid		**(215)**	(20)
Zakat paid	7	**-**	(10)
Net cash outflows from operating activities		**(5,852)**	(3,061)
Cash flow from investing activities			
Addition to property, plant and equipment		**(310)**	(345)
Cash acquired on acquisition of a subsidiary		**-**	14,136
Net cash (outflow) inflows from investing activities		**(310)**	13,791
Net change in cash and cash equivalents		**(6,162)**	10,730
Cash and cash equivalents at the beginning of the period		**20,897**	12,687
Cash and cash equivalents at the end of the period		**14,735**	23,417
Major non-cash transactions	12		

The accompanying notes 1 to 13 form an integral part of these condensed consolidated interim financial information.

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information

Alujain Corporation ("the Company" or "the Parent Company") is a Saudi Joint Stock Company incorporated and operating in the Kingdom of Saudi Arabia under Ministerial Decision No. 694, dated 15 Jamad Thani 1412H, corresponding to December 23, 1991. The Company obtained its Commercial Registration No. 4030084538 on Rajab 3, 1412H, corresponding to January 7, 1992. The Parent Company is listed on the Saudi Stock Exchange.

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

The head office of the Parent Company is located in Jeddah registered under the Parent Company's commercial registration. Also, the Parent Company has a following branch:

Branch location	Commercial registration number
Riyadh	1010614417

The condensed consolidated interim financial information comprise the financial information of the Company and its following subsidiaries (the "Group") as at March 31, 2018:

Subsidiaries	Country of incorporation	Paid up share capital	Effective ownership 2018	Effective ownership 2017
Zain Industries Company (i)	Saudi Arabia	**60,000**	**98.75%**	49.38%
Alujain Company for Investment (ii)	Saudi Arabia	**100**	**100%**	-
Alujain Industrial Company (iii)	Saudi Arabia	**100**	**100%**	-

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

ii. Alujain Company for Investment - a Sole Proprietor Limited Liability Company ("ACJ") was incorporated during the year ended December 31, 2017. ACJ's purpose is to engage in sale and purchase of land and real estate, and provision of commercial and administrative services. However, ACJ has not commenced commercial operations. The Parent Company has transferred 26,008,709 shares held in National Petrochemical Industrial Company Natpet (representing 20% share capital of Natpet) to ACJ under an agreement dated August 17, 2017. Legal formalities to update the share register of Natpet to reflect the new shareholding are under process.

iii. Alujain Industrial Company - A Sole Proprietor Limited Liability Company ("AIC") was incorporated during the year ended December 31, 2017. AIC's purpose is to engage in providing commercial and administrative services. However, AIC has not commenced commercial operations. The Parent Company transferred 26,008,709 shares held in Natpet (representing 20% share capital of Natpet) to AIC under an agreement dated August 17, 2017. Legal formalities to update the share register of Natpet to reflect the new shareholding are under process.

2 Basis of preparation

2.1 Statement of compliance

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

These condensed consolidated interim financial information do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended December 31, 2017.

The Group's date of transition to IFRS that are endorsed by SOCPA in the KSA as well as other standards and pronouncements issued by SOCPA was January 1, 2016. The Group prepared its condensed consolidated interim financial information for all the periods as of and upto year ended December 31, 2016 in accordance with local generally accepted accounting principles as issued by SOCPA ("Previous GAAP").

2 Basis of preparation (continued)

a.) Basis of measurement

The condensed consolidated interim financial information has been prepared on a historical cost basis using the accrual basis of accounting and the going concern concept except for:

- derivative financial instruments measured at fair value.
- employees defined benefits determined using actuarial present value calculations based on project unit credit method.
- investments measured at fair value through Other Comprehensive Income (OCI).

In addition, results for the interim period ended March 31, 2018 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2018.

The accounting policies adopted are consistent with those of the previous financial year ended December 31, 2017 except for and the adoption of new and amended standards as set out in Note 2.4.

b.) Functional and presentation currency

The condensed interim financial information are presented in Saudi Riyals which is also the Group's functional currency and all values are rounded to the nearest thousand Saudi Riyals, except when otherwise indicated.

2.2 Change in accounting treatment of previously recognised subsidiary from previously published consolidated financial statements on adoption of IFRS 1 'First-time Adoption of International Financial Reporting Standards ("IFRS 1")

The Parent Company owns 57.4% equity interest in National Petrochemical Industrial Company ("Natpet"). For all the periods upto and including the year ended December 31, 2016, the Group assessed its ability to control Natpet in accordance with the requirements of the previous GAAP. Based on such assessment, Natpet was consolidated in all the financial statements of the Group prepared in accordance with previous GAAP. The Group continued to consolidate Natpet in the condensed consolidated interim financial information prepared and published for the periods ended March 31, 2017 and June 30, 2017 after adoption of IFRS that are endorsed in the KSA.

Due to certain circumstances and events that occurred in June 2017 and whilst the Group was in the IFRS transition period, the Group performed a re-assessment of the Group's power to exercise control over the relevant activities of Natpet, as per the guidance given in IFRS 10 "consolidated financial statements". The Group concluded that it never had control over Natpet under IFRS that are endorsed in the KSA. Consequently, the Group adopted to account for its investment in Natpet under equity method on the basis that it possesses significant influence but not control over Natpet.

The Group de-consolidated Natpet's results with effect from the IFRS transition date (January 1, 2016) in the condensed consolidated interim financial information for the nine-month period ended September 30, 2017 and consolidated financial statements for the year ended December 31, 2017, and recognized the investee using the equity method following the requirements of IFRS 1 and International Accounting Standard 28 ("IAS 28") "investment in associates and joint ventures". Under the equity method, investment in Natpet has been recognized at initial cost thereafter adjusted to recognize Group's share of results and other comprehensive income of the investee upto IFRS transition date.

In preparing these condensed consolidated interim financial information the Group has presented the corresponding information for the three-month period ended March 31, 2017 accounting Natpet as an equity accounted investee. Consequently, the Group has re-measured the said corresponding period from previously prepared and published condensed consolidated interim financial information for the three-month period ended March 31, 2017.

Reconciliations between the corresponding information presented in these condensed consolidated interim financial information and previously published condensed consolidated interim financial information for the three-month period ended March 31, 2017 are as follows:

(All amounts in Saudi Riyals thousands unless otherwise stated)

Reconciliation of equity from previously prepared and published condensed consolidated interim financial information for the period ended March 31, 2017

	Previously published condensed consolidated interim statement of financial position	De-consolidation of Natpet	Recognition of investment in Natpet as an associate	Re-measured condensed consolidated interim statement of financial position
Assets				
Non-current assets				
Property, plant and equipment	2,112,412	(2,096,517)	-	15,895
Intangible assets	36,543	(36,319)	-	224
Investment accounted for using equity method	65,487	(65,487)	1,133,101	1,133,101
Investment in				
Available-for-sale investments	56,250	(56,250)	-	-
Derivative financial instruments	80	(80)	-	-
Total non-current assets	2,270,772	(2,254,653)	1,133,101	1,149,220
Current assets				
Inventories	213,560	(211,697)	-	1,863
Trade and other receivables	325,488	(316,128)	-	9,360
Prepayments and other current assets	68,052	(37,271)	-	30,781
Cash and cash equivalents	458,297	(434,880)	-	23,417
Total current assets	1,065,397	(999,976)	-	65,421
Total assets	3,336,169	(3,254,629)	1,133,101	1,214,641
Equity and liabilities				
Equity				
Share capital	692,000	-	-	692,000
Statutory reserve	64,789	-	-	64,789
Retained earnings	430,883	-	-	430,883
Cash flow hedge reserve	47	-	-	47
Equity attributable to the shareholders of the Parent Company	1,187,719	-	-	1,187,719
Non-controlling interests	841,930	(841,701)	-	229
Total equity	2,029,649	(841,701)	-	1,187,948
Non-current liabilities				
Long term borrowings	713,434	(713,434)	-	-
Employees defined benefits	35,983	(29,280)	-	6,703
Provisions	9,836	(9,836)	-	-
Total non-current liabilities	759,253	(752,550)	-	6,703
Current liabilities				
Current portion of long-term borrowings	233,531	(233,531)	-	-
Trade and other payables	96,440	(80,646)	-	15,794
Accrued and other current liabilities	196,567	(195,145)	-	1,422
Zakat payable	20,729	(17,955)	-	2,774
Total current liabilities	547,267	(527,277)	-	19,990
Total liabilities	1,306,520	(1,279,827)	-	26,693
Total equity and liabilities	3,336,169	(2,121,528)	-	1,214,641

(All amounts in Saudi Riyals thousands unless otherwise stated)

Reconciliation of condensed consolidated interim statement of income from previously prepared and published condensed consolidated interim financial information for the three-month period ended March 31, 2017

	Previously published condensed consolidated interim statement of income	De-consolidation of Natpet	Recognition of investment in Natpet as an associate	Re-measured condensed consolidated interim statement of income
Revenues	397,798	(391,382)	-	6,416
Cost of sales	(299,001)	294,221	-	(4,780)
Gross profit	98,797	(97,161)	-	1,636
Share in net income of equity accounted investees	-	-	32,284	32,284
Selling and marketing expenses	(11,446)	10,588	-	(858)
General and administration expenses	(15,376)	11,482	-	(3,894)
Other operating expenses	(2,802)	2,802	-	-
Other income	478	(478)	-	-
Operating profit	69,651	(72,767)	32,284	29,168
Finance income – murabaha deposits	103	-	-	103
Financial charges	(10,718)	10,718	-	-
Share in net loss of joint ventures accounted for using equity method	(2,004)	2,004	-	-
Profit before zakat	57,032	(60,045)	32,284	29,271
Zakat expense	(4,218)	3,800	-	(418)
Profit for the period	52,814	(56,245)	32,284	28,853
Attributable to:				
Shareholders of the Parent Company	28,853	(32,284)	32,284	28,853
Non-controlling interests	23,961	(23,961)	-	-
	52,814	(56,245)	32,284	28,853

(All amounts in Saudi Riyals thousands unless otherwise stated)

Reconciliation of condensed consolidated interim statement of comprehensive income from previously prepared and published condensed consolidated interim financial information for the three-month period ended March 31, 2017

	Previously published condensed consolidated interim statement of comprehensive income	De-consolidation of Natpet	Recognition of investment in Natpet as an associate	Re-measured condensed consolidated interim statement of comprehensive income
Profit for the period	52,814	(56,245)	32,284	28,853
Items that may be reclassified to statement of income:				
Share in other comprehensive loss of equity accounted investees	(805)	805	(462)	(462)
Total comprehensive income for the period	52,009	(55,440)	31,822	28,391
Attributable to:				
Shareholders of the Parent Company	28,391	(31,822)	31,822	28,391
Non-controlling interests	23,618	(23,618)	-	-
	52,009	(55,440)	31,822	28,391

Reconciliation of condensed consolidated interim statement of cash flows from previously prepared and published condensed consolidated interim financial information for the three-month period ended March 31, 2018

	Previously published condensed consolidated interim statement of cash flows	De-consolidation of Natpet	Reclassification	Re-measured condensed consolidated interim statement of cash flows
Net cash flows from operating activities	64,838	(67,899)	-	(3,061)
Net cash flows from investing activities	(14,803)	14,458	14,136	13,791
Net cash flows from financing activities	14,136	-	(14,136)	-
Net change in cash and cash equivalents	64,171	(53,441)	-	10,730
Cash and cash equivalents, beginning of the period	394,126	(381,439)	-	12,687
Cash and cash equivalents, end of the period	458,297	(434,880)	-	23,417

(All amounts in Saudi Riyals thousands unless otherwise stated)

2.3 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's condensed consolidated interim financial information are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group is currently assessing the implications of the below mentioned standards and amendments on its condensed consolidated interim financial information and the related timing of adoption.

Standard/ Interpretation	***Description***	***Effective from periods beginning on or after the following date***
IFRS 16 'Leases'	This standard replaces the current guidance in International Accounting Standards (IAS) 17 and is a far-reaching change in accounting by lessees in particular.	January 1, 2019, earlier application permitted if IFRS 15, is also applied
Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation	This amendment relates to the modification of a financial liability measured at amortized cost.	January 1, 2019
Annual improvements 2015–2017	These amendments include minor changes to: • IFRS 3, 'Business combinations' • IFRS 11, 'Joint arrangements' • IAS 12, 'Income taxes' • IAS 23, 'Borrowing costs'	January 1, 2019
Amendments to IAS 28 'Investments in associates', on long term interests in associates and joint ventures	These amendments clarify that companies account for long-term interests in an associate or joint venture to which the equity method is not applied using IFRS 9.	January 1, 2019
Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'	These amendments relates to the use of assumptions by an entity to determine the amounts recognized in the statement of income.	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments	This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments.	January 1, 2019

There are no other relevant IFRS or IFRS interpretations that are not yet effective that would be expected to have a material impact on the Group's condensed consolidated interim financial information.

2.4 New and amended standards adopted by the Group

The below listed new standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

- IFRS 9 *Financial Instruments ("IFRS 9"),* and
- IFRS 15 *Revenue from Contracts with Customers ("IFRS 15").*

(All amounts in Saudi Riyals thousands unless otherwise stated)

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

Initial adoption of IFRS 9

Recognition, classification and measurement of financial assets and financial liabilities

IFRS 9 'Financial Instruments' replaces the provisions of IAS 39 'Financial Instruments' that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from January 1, 2018 resulted in changes in accounting policies (See Note 3) and adjustment to the amounts recognized in the financial statements. In accordance with the transitional provisions in IFRS 9 and, corresponding figures have not been restated.

On January 1, 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. The reclassifications had no impact on the measurement category.

Reclassification resulting in the change in presentation of the reserves on the face of condensed consolidated interim statement of financial position:

Reverse	Statement of financial position			Retained earnings
	December 31, 2017	IFRS 9 adjustment	January 1, 2018	January 1, 2018
Available-for-sale investment reserve	(5,381)	5,381	-	-
Fair Value through Other Comprehensive Income ("FVTOCI") reserve		(5,381)	(5,381)	-
	(5,381)	-	(5,381)	-

The Group has elected to present in Other Comprehensive Income (OCI) changes in respect of the share of the fair value of equity investments made by an associate previously classified as available-for-sale investment, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, share of changes in the fair value of such investments amounting to Saudi Riyals 5.4 million were reclassified from the available-for-sale investment reserve to the FVTOCI reserve on January 1, 2018.

Reclassification of financial assets and financial liabilities that did not result in the change in presentation on the face of condensed interim statement of financial position:

	IAS 39		IFRS 9	
	Classification	December 31, 2017	Classification	December 31, 2017
Financial assets				
Cash at bank and short terms murabaha deposits (included within cash and cash equivalents)	Loans and receivables	20,659	At amortized cost	20,659
Trade and other receivables	Loans and receivables	4,009	At amortized cost	4,009
Employee advances to employees, deposits and bank guarantees (Included within prepayments and other receivables)	Loans and receivables	29,120	At amortized cost	29,120
Financial liabilities				
Trade and other payables	Other financial liabilities at amortized cost	10,750	At amortized cost	10,750

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

The Group has recorded cumulative share of the fair value adjustment to interest rate swaps derivatives designated as hedging instruments placed by its associate as at December 31, 2017. Such interest rate swaps derivatives continued to be qualified as cash flow hedges under IFRS 9. The associate's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and these relationships are therefore treated as continuing hedges. Therefore, the Group will continue to record the fair value adjustment in the consolidated statement of changes in equity.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model with a forward-looking 'expected credit loss' (ECL) model. Cash at bank, short term murabaha deposits and bank guarantees are placed with banks with sound credit ratings. Employees advances are considered to have low credit risk therefore 12 months expected loss model was used for impairment assessment. Based on management impairment assessment there is no provision required in respect of these balances for all the period presented.

For trade receivables, the Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Further, the expected credit losses also incorporates forward looking information.

The adoption of IFRS 9 did not result in significant change in the recognition, measurement and presentation of amounts recognised in the condensed consolidated interim statement of income and the condensed consolidated interim statement of financial position. Therefore, early adoption of this new standard did not result in significant impact on the Group's financial statements.

Initial adoption of IFRS 15

IFRS 15 replaces IAS 18 'Revenue' ("IAS 18"). Under IFRS 15, revenue is recognised when control of the goods or services is transferred to the customer rather than when the significant risk and rewards are transferred. IFRS 15 is to be applied retrospectively using either the retrospective or cumulative effect method. The Group has decided to apply the cumulative effect method. Under the method, the Group is required to recognise the cumulative effect of initially applying the revenue standard as an adjustment to the opening balance of retained earnings on January 1, 2018. Comparative prior periods are not required to be adjusted.

The adoption of IFRS 15 did not result in significant change in the recognition, measurement and presentation of amounts recognised in the condensed consolidated interim statement of income and the condensed consolidated interim statement of financial position.

2.5 Significant accounting estimates and judgments

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

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods. The estimates and assumptions applied in the preparation of the condensed consolidated interim financial information are consistent with those applied in the previous financial year ended December 31, 2017.

3 Changes in the accounting policies from the latest annual consolidated financial statements for the year ended December 31, 2017

The accounting policies adopted by the Group for the preparation of this condensed consolidated interim financial information are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended December 31, 2017, except for the following:

3.1 Financial instruments

Classification of financial assets

The Group classifies its financial assets under the following categories:

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

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

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

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

Initial measurement

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

Classification of financial liabilities

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

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

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

Offsetting financial assets and liabilities

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

Reclassifications

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

Subsequent measurement

Subsequent measurement of financial assets is as follows:

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

3.1 Financial instruments (continued)

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

De-recognition

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

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

3.2 Impairment

Financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 2.4 details how the Group determines impairment methodology for other receivables.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Non-financial assets

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

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

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

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

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

3.3 Revenue from contracts with customers

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

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

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

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

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

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

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

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

3. The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

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

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

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

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

4 Investment in equity accounted investees

Investment in equity accounted investees consists of the following:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Investment in Natpet – associate	**1,214,618**	1,144,445
	1,214,618	1,144,445

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Investment in equity accounted investees (continued)

The movement in investment is as follows:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Beginning of the period / year	**1,144,445**	1,102,273
Share in net income for the period / year	**69,875**	133,326
Share in other comprehensive income (loss) for the period / year	**298**	(8,958)
Dividends received	**-**	(82,196)
End of the period / year	**1,214,618**	1,144,445

Natpet is a Saudi Closed Joint Stock Company, incorporated and operating in the Kingdom of Saudi Arabia. The objective of Natpet is to produce polypropylene as per Industrial Ministry License No. 2339 dated Rajab 23,1438H, corresponding to April 20, 2017. Natpet's Polypropylene (PP) complex in Yanbu Industrial City commenced commercial production on August 6, 2010.

The aggregated assets and liabilities of Natpet are as follows:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Total assets	**3,239,494**	3,126,260
Total liabilities	**(1,125,145)**	(1,134,166)
Net assets	**2,114,349**	1,992,094

A reconciliation of equity is as follows:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Opening net assets	**1,992,094**	1,918,623
Profit for the period / year	**121,735**	232,278
Comprehensive income (loss) for the period / year	**520**	(15,607)
Dividend	**-**	(143,200)
	2,114,349	1,992,094
Group's share in % (rounded to one decimal)	**57.4%**	57.4%
Group's share in net assets (computed on absolute share)	**1,213,623**	1,143,450
Inter-group adjustment	**995**	995
	1,214,618	1,144,445

Summary of statements of income and comprehensive income is as follows:

	For the three-month period ended March 31	
	2018 (Unaudited)	2017 (Unaudited)
Revenues	**537,049**	391,382
Operating profit	**139,151**	72,767
Profit before zakat	**125,785**	60,045
Profit for the period	**121,735**	56,245
Total comprehensive income for the period	**122,255**	55,440

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Share capital

The Parent Company's authorized, issued and fully paid share capital is Saudi Riyals 692 million which is divided into 69.2 million shares of Saudi Riyals 10 par value each.

6 Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Parent Company is required to transfer 10% of the net income for the year to a statutory reserve until it equals to 30% of its share capital.

7 Zakat

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

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
At beginning of the period / year	**1,757**	1,783
Acquisition of a subsidiary	**-**	583
Provided during the period / year	**435**	1,323
Adjustment - prior year	**-**	8
Paid during the period / year	**-**	(1,940)
At the end of the period / year	**2,192**	1,757

Status of assessments

There has been no major change in the status of assessments as compared to the year ended December 31, 2017. Management believes that the current provision is adequate to cover any impact on finalization of the open assessments.

8 Earnings per share

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

Diluted EPS is calculated by dividing the net profit (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

There has been no item of dilution affecting the weighted average number of shares during the period (2017: Nil).

9 Segment reporting

A reporting segment is a group of assets and operations engaged in revenue producing activities, results of its operations are continuously analysed by management in order to make decisions related to resource allocation and performance assessment, and financial information for which is separately available.

The Group's Chief Executive Officer (CEO) and Board of Directors monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the chief operating decision makers (CODM) for the Group.

CODM now reviews the operations principally in the following two operating segments:

i. Investment made by the Group in the Company engaged in the manufacturing of Petrochemical products; and
ii. Manufacturing of Home-care products.

(All amounts in Saudi Riyals thousands unless otherwise stated)

9 Segment reporting (continued)

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

	Investments	Manufacturing of home-care products	Unallocated	Total
March 31, 2018 - unaudited				
Revenues	-	5,067	-	5,067
Cost of sales excluding depreciation	-	(4,417)	-	(4,417)
Depreciation	-	(763)	(24)	(787)
Share in net income of an equity accounted investee	69,875	-	-	69,875
Selling and marketing expenses	-	(844)	-	(844)
General and administration expenses	-	(1,107)	(5,007)	(6,114)
Finance income	-	33	52	85
Segment results (profit before zakat)	69,875	(2,031)	(4,979)	62,865
March 31, 2017 - unaudited				
Revenues	-	6,416	-	6,416
Cost of sales excluding depreciation	-	(4,173)	-	(4,173)
Depreciation	-	(607)	(44)	(651)
Share in net profit of an equity accounted investee*	32,284	-	-	32,284
Selling and marketing expenses	-	(858)	-	(858)
General and administration expenses	-	(759)	(3,091)	(3,850)
Finance income	-	37	66	103
Segment results (profit before zakat)	32,284	56	(3,069)	29,271

	Investments	Manufacturing of Home-care products	Unallocated	Total
Total assets and liabilities as at March 31, 2018 - unaudited				
Total assets	**1,214,618**	**48,287**	**37,700**	**1,300,605**
Total liabilities	**-**	**12,104**	**8,459**	**20,563**
Total assets and liabilities as at December 31, 2017 - audited				
Total assets	1,144,445	49,968	43,009	1,237,422
Total liabilities	-	11,764	8,344	20,108

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

	For the three-month period ended March 31, 2018 (Unaudited)	2017 (Unaudited)
Geographic information		
Revenue from external customers		
Local sales	**5,067**	6,000
Export sales	**-**	416
Total	**5,067**	6,416

The revenue information above is based on the locations of the customers. The non-current assets of the Group are based in the Kingdom of Saudi Arabia.

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 Fair value measurement of financial instruments

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

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at March 31, 2018.

11 Related party transactions and balances

Key management compensation

	For the three-month period ended March 31	
	2018	**2017**
	(Unaudited)	(Unaudited)
Short-term benefits	**346**	**852**
Termination benefits	**16**	**40**
	362	**892**

Directors and other committees' remuneration and related expenses

	For the three-month period ended March 31	
	2018	**2017**
	(Unaudited)	(Unaudited)
Board of directors and committees	**1,553**	**203**

Transactions with related parties

Related party	Relationship	For the three-month period ended March 31	
		2018	**2017**
		(Unaudited)	(Unaudited)
Natpet	Associate	**-**	307
Xenel Industries Limited ("Xenel")*	Significant influence through common directorship	**-**	481

* Xenel was related to the Group till December 21, 2017. All the transactions incurred with Xenel during the three-month period ended March 31, 2017 have been disclosed as related party transactions. Balance with the party at March 31, 2018 and December 31, 2017 are not disclosed under 'related party balances'.

Related party balances

	Related party	Relationship	March 31, 2018	December 31, 2017
			(Unaudited)	**(Audited)**
a)	Amounts due from related parties			
	Natpet	Associate	**86**	86

Terms and conditions of transactions with related parties

Transaction with the related parties are undertaken at mutually agreed prices and are approved by the management. Outstanding balance as at March 31, 2018 are unsecured, interest free and settled in cash. For the period ended March 31, 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

(All amounts in Saudi Riyals thousands unless otherwise stated)

12 Major non-cash transactions

Details of major non-cash transactions are as follows:

	Note	For the three-month period ended March 31, 2018 (Unaudited)	2017 (Unaudited)
De-recognition of carrying value of equity accounted investee	1	-	(9,055)
Consideration towards acquisition of subsidiary adjusted against 'due from related party'	1	-	(9,052)

13 Contingency

The Parent Company has submitted bank guarantees against the open zakat assessments amounting to Saudi Riyals 28.49 million (December 31, 2017: Saudi Riyals 28.49 million).