

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2020

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Report on review of interim condensed consolidated financial statements

To the shareholders of National Industrialization Company:
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Industrialization Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September, 2020, the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended and the notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard No. 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial 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 statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

November 3, 2020

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 (Amount in SR'000 unless otherwise stated)

		As at 30 September 2020 (Unaudited)	As at 31 December 2019 (Audited) Restated (Notes 7 & 19)
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,003,255	3,007,465
Projects under progress	6	1,927,056	2,232,230
Right-of-use assets		136,660	152,526
Intangible assets		1,752,738	1,789,784
Investments in equity accounted associates and joint ventures	7	8,999,768	8,991,464
Investment in equity instruments designated as FVOCI		828,504	862,146
Other non-current assets		368,720	306,540
Total non-current assets		17,016,701	17,342,155
Current assets			
Inventories		564,914	565,958
Trade receivables, net		966,493	1,360,602
Prepayments and other current assets		947,275	888,600
Cash and cash equivalents		2,597,055	2,723,226
Total current assets		5,075,737	5,538,386
Assets held-for-sale	5	135,375	138,212
Total assets		22,227,813	23,018,753
EQUITY AND LIABILITIES			
Equity			
Share capital	8	6,689,142	6,689,142
Statutory reserve		1,354,512	1,354,512
Other reserves	9	(711,156)	(552,434)
Retained earnings		164,164	478,690
Equity attributable to the equity holders of parent		7,496,662	7,969,910
Non-controlling interests		2,706,277	2,764,091
Total equity		10,202,939	10,734,001
LIABILITIES			
Non-current liabilities			
Long-term borrowings	10	6,428,916	6,739,832
Employee benefits		479,103	460,178
Lease liabilities		122,471	134,415
Other non-current liabilities		1,296,454	1,075,342
Total non-current liabilities		8,326,944	8,409,767
Current liabilities			
Short-term facilities	11	16,000	29,000
Long-term borrowings – current portion	10	964,236	815,141
Lease liabilities – current portion		35,917	25,330
Trade payables		1,168,365	1,370,715
Provisions and other current liabilities		1,031,340	1,210,783
Zakat and income tax payable	12	482,072	424,016
Total current liabilities		3,697,930	3,874,985
Total liabilities		12,024,874	12,284,752
Total equity and liabilities		22,227,813	23,018,753


 Chief Financial Officer


 Chief Executive Officer


 Authorized Board Member

The accompanying notes from (1) to (23) form an integral part of these interim condensed consolidated financial statements.

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
 (Amount in SR'000 unless otherwise stated)

	Note	For the three-months period ended 30 September		For the nine-months period ended 30 September	
		2019		2019	
		2020	Restated (Notes 7 & 19)	2020	Restated (Notes 7 & 19)
Continuing Operations					
Revenue		555,321	799,585	1,701,071	2,289,916
Cost of revenue		(483,679)	(708,780)	(1,458,997)	(1,972,503)
Gross profit		71,642	90,805	242,074	297,413
Selling and distribution expenses		(42,108)	(35,412)	(125,361)	(118,750)
General and administrative expenses		(187,203)	(127,986)	(524,571)	(420,938)
Impairment of assets		-	(19,622)	(204,198)	(215,332)
Share of net profit from associates and joint ventures, net		225,981	280,452	549,130	862,356
Operating profit / (loss)		68,312	188,237	(62,926)	404,749
Other income, net		30,217	24,914	91,313	68,760
Financial charges		(61,587)	(103,560)	(204,744)	(445,816)
Income / (loss) before zakat and income tax from continuing operations		36,942	109,591	(176,357)	27,693
Zakat and income tax		(71,303)	(33,769)	(129,693)	(119,749)
(Loss) / Profit for the period from continuing operations		(34,361)	75,822	(306,050)	(92,056)
Discontinued operations					
Loss for the period from discontinued operations	19	-	-	-	(998,264)
(Loss) / profit for the period		(34,361)	75,822	(306,050)	(1,090,320)
Attributable to:					
Equity holders of Parent		(49,220)	22,416	(314,526)	(1,054,735)
Non-controlling interests		14,859	53,406	8,476	(35,585)
		(34,361)	75,822	(306,050)	(1,090,320)
Basic and diluted earnings / (loss) per share (SR)					
From continuing and discontinued operations					
From (loss) / profit for equity holders of Parent	13	(0.07)	0.03	(0.47)	(1.58)
From continuing operations					
From operating (loss) / profit		0.10	0.28	(0.09)	0.61
From loss for equity holders of Parent		(0.07)	0.03	(0.47)	(0.40)


 Chief Financial Officer


 Chief Executive Officer


 Authorized Board Member

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NATIONAL INDUSTRIALIZATION COMPANY
 (A Saudi Joint Stock Company)
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 (UNAUDITED)
 (Amount in SR'000 unless otherwise stated)

Note	For the three-months period ended 30 September 2019		For the nine-months period ended 30 September 2019	
	2020	Restated (Notes 7 & 19)	2020	Restated (Notes 7 & 19)
(Loss) / profit for the period	(34,361)	75,822	(306,050)	(1,090,320)
Continuing operations				
Other comprehensive income / (loss)				
Items that may be reclassified to profit or loss in subsequent periods:				
Cash flow hedge reserve	1,297	(6,972)	4,485	(16,045)
Share of other comprehensive income / (loss) from associates and joint ventures, net	67,705	(1,323)	(161,614)	(7,226)
Total items that may be reclassified to profit or loss in subsequent periods	69,002	(8,295)	(157,129)	(23,271)
Items that will not be reclassified to profit or loss in subsequent periods:				
Share of other comprehensive loss from associates and joint ventures, net	-	(222,338)	-	(85,103)
Losses from investments in equity instruments designated as FVOCI	(1,788)	(36,230)	(33,642)	(23,287)
Total items that will not be reclassified to profit or loss in subsequent periods	(1,788)	(258,568)	(33,642)	(108,390)
Other comprehensive income from discontinued operations	-	-	-	85,694
	19			
	67,214	(266,863)	(190,771)	(45,967)
Total comprehensive income / (loss) for the period	32,853	(191,041)	(496,821)	(1,136,287)
Attributable to:				
Equity holders of Parent	3,775	(203,336)	(473,248)	(1,103,631)
Non-controlling interests	29,078	12,295	(23,573)	(32,656)
	32,853	(191,041)	(496,821)	(1,136,287)



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

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NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020
 (Amount in SR'000 unless otherwise stated)

	Attributable to the equity holders of parent						
	Share capital	Statutory reserve	Other reserves	Retained earnings	Equity attributable to the equity holders of parent	Non-controlling interests	Total equity
As at 1 January 2019 (Audited)	6,689,142	1,354,512	(667,395)	1,959,677	9,335,936	3,452,802	12,788,738
Loss for the period	-	-	-	(1,054,735)	(1,054,735)	(35,585)	(1,090,320)
Other comprehensive income/(loss)	-	-	(48,896)	-	(48,896)	2,929	(45,967)
Total comprehensive loss for the period	-	-	(48,896)	(1,054,735)	(1,103,631)	(32,656)	(1,136,287)
Transfer to statutory reserve	-	49,747	-	(49,747)	-	-	-
Recycled to statement of income on disposal of subsidiaries	-	-	(40,314)	40,314	-	(10,717)	(10,717)
Net movement during the period	-	-	105,467	-	105,467	28,036	133,503
	-	-	-	-	-	(333,895)	(333,895)
As at 30 September 2019 - Restated (Notes 7 & 19) (Unaudited)	6,689,142	1,404,259	(651,138)	895,509	8,337,772	3,103,570	11,441,342
As at 1 January 2020 - Restated (Notes 7 & 19) (Audited)	6,689,142	1,354,512	(552,434)	478,690	7,969,910	2,764,091	10,734,001
Loss for the period	-	-	-	(314,526)	(314,526)	8,476	(306,050)
Other comprehensive loss	-	-	(158,722)	-	(158,722)	(32,049)	(190,771)
Total comprehensive loss for the period	-	-	(158,722)	(314,526)	(473,248)	(23,573)	(496,821)
Net movement during the period	-	-	-	-	-	(34,241)	(34,241)
As at 30 September 2020 (Unaudited)	6,689,142	1,354,512	(711,156)	164,164	7,496,662	2,706,277	10,202,939


 Chief Financial Officer


 Chief Executive Officer


 Authorized Board Member

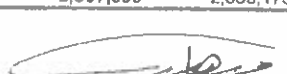
The accompanying notes from (1) to (23) form an integral part of these interim condensed consolidated financial statements.

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020
(Amount in SR'000 unless otherwise stated)

	Note	2020	2019 Restated (Notes 7 & 19)
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before zakat and income tax from continuing operations		(176,357)	27,693
Loss before zakat and income tax from discontinued operations		-	(998,264)
Loss before zakat and income tax		(176,357)	(970,571)
Adjustments for:			
Depreciation and amortization		168,911	339,611
Right-of-use assets depreciation		20,269	37,795
Loss on re-measurement of a disposal group as held for sale, net	19	-	1,833,923
Gain on sale of investment	19	-	(663,289)
Impairment of non-current assets		204,198	215,332
Write off of non-current assets		18,235	-
Impairment of assets held for sale	5	20,600	-
Share of net profit from equity accounted associates and joint ventures, net		(549,130)	(862,356)
Employee benefits, net		18,925	56,234
Financial charges		204,744	445,816
Associates loan interest income		(682)	-
Changes in operating assets and liabilities:			
Other non-current assets		(62,180)	94,977
Inventories		1,044	(65,989)
Trade receivables		394,109	28,260
Prepayments and other current assets		19,632	89,491
Other non-current liabilities		221,112	828,108
Trade payables		(202,360)	(701,388)
Provisions and other current liabilities		(186,759)	(208,797)
Cash from / (used in) operations		114,321	497,157
Zakat and income tax paid		(64,321)	(142,402)
Net cash flows from / (used in) operating activities		50,000	354,755
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	5	(55,089)	(240,446)
Disposals / adjustments of property, plant and equipment, net	5	15,225	577
Proceeds from investment disposal		-	6,282,341
Projects under progress, net		(5,801)	(19,698)
Intangible assets, net		751	62,580
Assets held for sale, net	5	(17,763)	-
Investments in associates and joint ventures, net		304,480	664,714
Net cash flows from investing activities		241,803	6,750,068
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term facilities, net		(13,000)	24,021
Long-term borrowings, net		(161,821)	(6,826,846)
Finance costs paid		(203,152)	(374,838)
Repayment of lease liabilities		(5,760)	(34,475)
Non-controlling interests		(34,241)	(168,555)
Net cash flows used in financing activities		(417,974)	(7,380,693)
Net change in cash and cash equivalents		(126,171)	(275,870)
Cash and cash equivalents at beginning of the period		2,723,226	2,909,045
Cash and cash equivalents at end of the period		2,597,055	2,633,175


 Chief Financial Officer


 Chief Executive Officer


 Authorized Board Member

The accompanying notes from (1) to (23) form an integral part of these interim condensed consolidated financial statements.

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020
(Amount in SR'000 unless otherwise stated)

1. CORPORATE INFORMATION

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 registered office of the Company is P. O. Box 26707, Riyadh 11496, Kingdom of Saudi Arabia.

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 of ethylene, polyethylene, propylene and polypropylene.

1.1 Subsidiaries

The following subsidiaries are included in these interim condensed consolidated financial statements along with the Company's effective ownership percentages:

Company Name	Legal Form	Shareholding (%)	
		30 September 2020	31 December 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")	Limited liability	100.00	100.00
Taldeem Plastic Solution Company Ltd. ("Taldeem")	Limited liability	100.00	100.00
Al Khadra Environment Company for Industrials Waste Management ("Khadra")	Limited liability	100.00	100.00
National Industrialization Petrochemical Marketing Company	Limited liability	100.00	100.00
National Petrochemical Industrialization Company	Limited liability	100.00	100.00
National Worldwide Industrial Advancement Company Ltd.	Limited liability	100.00	100.00
NIPRAS National Technical Company Ltd.	Limited liability	100.00	100.00
National Gulf Company for Petrochemical Technology	Limited liability	100.00	100.00
National Industrialization Company for Industrial Investments	Limited liability	100.00	100.00
National Operation and Industrial Services Company ("Khadamat") - under liquidation	Limited liability	96.67	96.67
Advanced Metal Industries Company Ltd. ("AMIC") (3)	Limited liability	89.50	89.50
The National Titanium Dioxide Company Ltd. ("Cristal") and its subsidiaries (4)	Limited liability	79.00	79.00
National Inspection and Technical Testing Company Ltd. ("Fahss")	Limited liability	73.42	73.42
TUV - Middle East WLL ("TUV")	Limited liability	73.42	73.42
Tasnee and Sahara Olefins Company and its subsidiaries (5)	Closed joint stock	60.45	60.45

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

Rowad 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 products and managing and operating industrial plants.

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

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020
(Amount in SR'000 unless otherwise stated)

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

Rassas 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 equity interest in 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. Advanced Metal Industries Company Limited ("AMIC")

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 20).

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

Cristal 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.

On 9 October 2020, Cristal entered into a 'Share Purchase Agreement' to sell its 100% shares in Sinclair Insurance Company Ltd. for the purchase consideration of US\$ 3.8 mln, net of closing adjustments based on the Net Asset Value in accordance with the closing financial statements. Closing of the transaction is expected to occur by end of 2020 after satisfaction of condition precedents including regulatory approval. (Also, refer note 19).

5. Tasnee and Sahara Olefins Company and its subsidiary ("TSOC")

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

TSOC owns 65% of Saudi Acrylic Acid Company ("SAAC"), a Saudi Limited Liability Company, which is registered in Riyadh, Saudi Arabia. In addition, Tasnee owns 13% direct investments in SAAC.

1.2 Associates and Joint Arrangements

The following is the list of the Group's associated companies and joint arrangements included in these interim condensed consolidated financial statements with their effective ownership percentages:

Company Name	Relationship	Legal Form	Shareholding (%)	
			30 September 2020	31 December 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 Monomer Company (SAMCO)	Joint Venture	Limited liability	39.22	39.22
Saudi Acrylic Polymer Company (SAPCO)	Joint Venture	Limited liability	39.22	39.22
National Metal Manufacturing and Casting Company ("Maadaniyah")	Associate	Joint stock company	35.45	35.45
Tronox Holdings plc ("Tronox")	Associate	Listed on NYSE	20.68	20.92
Saudi Butanol Company ("SABUCO")	Joint Operations	Limited liability	17.43	17.43

The equity stake in Tronox is held by the Group through Cristal International Holdings B.V. ("CIH"), a wholly owned subsidiary of Cristal. The equity stake held by CIH in Tronox as of 30 September 2020 was 26.18% (31 December 2019: 26.48%). Therefore, effective holding of Tasnee as of 30 September 2020 was 20.68% (31 December 2019: 20.92%).

NATIONAL INDUSTRIALIZATION COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020
(Amount in SR'000 unless otherwise stated)

2. BASIS OF PREPARATION

(i) Statement of Compliance

These interim condensed consolidated financial statements are prepared in accordance with the International Accounting Standard No. 34 – “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants (“SOCPA”).

These interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

The interim results may not be an indicator of the annual results of the Group.

(ii) Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim condensed 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 the following amendments to existing standards that had no significant financial impact on these interim condensed consolidated financial statements.

(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.

4. USE OF CRITICAL ESTIMATES AND JUDGMENTS

In preparing these interim condensed consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual result may differ from these estimates. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

NATIONAL INDUSTRIALIZATION COMPANY
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FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020
(Amount in SR'000 unless otherwise stated)

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual consolidated financial statements for the year ended 31 December 2019. However, the existence of 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 financial statements for the year ended 31 December 2019.

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 interim condensed consolidated financial statements, the Group has no material financial impact on the Group's reported interim condensed consolidated financial statements and the Group has sufficient liquidity to meet its financial obligations for the foreseeable future and no significant changes are required to the judgements and key estimates. 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 will continue to assess the impact based on prospective developments.

5. PROPERTY, PLANT AND EQUIPMENT

During the nine-months period ended 30 September 2020, the Group added property, plant and equipment with a cost of SR 55.1million (nine-months period ended 30 September 2019: SR 240 million). Property, plant and equipment with a net book value of SR 15.2 million were disposed of by the Group during the nine-months period ended 30 September 2020 (nine-months period ended 30 September 2019: SR 0.6 million).

On 29 December 2019, Cristal entered into an agreement with Tronox Saudi Industries Company ("TSIC"), a wholly owned subsidiary of Tronox Limited, for the sale of certain assets included in assets under construction which produce metal grade TiCl₄ and are located within the TiO₂ complex of TSIC at the Yanbu industrial site for a USD 36.1 (SR 135.4) million. These assets were not included in the Cristal Transaction referred in note 19. The metal grade TiCl₄ produce by these assets will be purchased by Advanced Metal Industries Cluster and Toho Titanium Metal Co. Ltd ("ATTM"), a joint venture between Toho Titanium Company Ltd and a subsidiary, AMIC. The transaction is subject to regulatory approval and is expected to close during 2020. These assets have met the requirements of IFRS 5: Non-current Assets Held-for-Sale and Discontinued Operations and therefore have been classified as held-for-sale.

The Group recorded additions to these assets held for sale of SR 17.73 million and an impairment charge of SR 20.6 million for the write-down of these assets to the lower of their carrying amount and fair value less cost to disposal has been also recorded during the period and included in these interim condensed consolidated financial statements.

6. PROJECTS UNDER PROGRESS

This mainly represents 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. During the nine months period ended 30 September 2020, an amount of SR 5.6 million (nine months period ended 30 September 2019: SR 4.8 million) has been capitalized. Further, during the nine months period ended 30 September 2020, an impairment loss / write off amounting to SR 204 million (nine months period ended 30 September 2019: SR 215 million) is recognized in the interim condensed consolidated statement of profit or loss which is attributable to lesser than anticipated benefits from certain projects under progress.

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7. INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES AND JOINT VENTURES

The movement in the Group's investments in equity accounted associates and joint ventures is as follows:

	30 September 2020 (Unaudited)	31 December 2019 (Audited) Restated (Note 19)
Opening balance	8,991,464	7,070,336
Additions, net	-	2,120,263
Gain due to increase in equity interests	-	28,917
Share in profit, net	549,130	1,063,337
Share of other comprehensive (loss) / income	(161,229)	3,634
Dividends	(379,597)	(1,295,023)
	<hr/>	<hr/>
Closing balance	8,999,768	8,991,464

7.1 Investment in Tronox

As stated in note 19, the Group acquired 23.01% of the ordinary shares in Tronox 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 an investment in associate and equity accounted in accordance with IAS 28 "Investments in Associates and Joint Ventures".

The Group completed its purchase price allocation exercise during the nine-months ended 30 September 2020 with the assistance of independent experts. Based on the concluded 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, 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 date of the transaction on 10 April 2019 to 26.18% at 30 September 2020 (31 December 2019: 26.48%). As a result of the completed purchase price allocation exercise, a gain of SR 29 million on increase in the equity ownership in Tronox has also been recorded.

These changes resulting from purchase price allocation exercise were adjusted retrospectively in these interim condensed consolidated financial statements as required by the relevant accounting standards (Also, refer note 19).

As reported by Tronox during the third quarter ended 30 September 2020, the Group has reported its share in the "share of results of associates and joint ventures" which includes an adjustment from the accounting of a deferred tax asset amounting to SR 870 million. As a result of recording the deferred tax adjustment, the Group has reduced its share of earnings from Tronox and the carrying value of its investment in Tronox by SR 693 million to ensure that the carrying value of investment in Tronox is maintained at the higher of fair value less cost of disposal and value in use approach.

8. SHARE CAPITAL

Share capital amounted to SR 6,689,142 thousand as at 30 September 2020 and 31 December 2019 consisting of 668,914 thousand shares of SR 10 each.

9. OTHER RESERVES

As at 30 September 2020, other reserves mainly consist of gain from equity investments through FVOCI amounting to SR 302 million (31 December 2019: SR 336 million), foreign exchange translation reserve amounting to SR (108) million (31 December 2019: SR 11 million), cash flow hedge reserve amounting to SR (26) million (31 December 2019: SR 7 million), actuarial (gain)/loss reserve amounting to SR 46 million (31 December 2019: SR 20 million) and a reserve relating to the acquisition of non-controlling interests amounting to SR (926) million as at 30 September 2020 (31 December 2019: SR (926) million).

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10. LONG-TERM BORROWINGS

The Group's long-term borrowings are as follows:

	Note	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Saudi Industrial Development Fund	10.1	1,467,282	1,426,120
Commercial banks	10.2	5,925,870	6,128,853
Total borrowings		7,393,152	7,554,973
Less: Long term borrowings – current portion		(964,236)	(815,141)
Total non-current borrowings		6,428,916	6,739,832

10.1 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 30 September 2020 amounted to SR 1,467 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 among others, require that pertinent companies maintain specified financial ratios.

10.2 Commercial banks

The Group has multiple long-term loan facilities from commercial banks. The outstanding balance of these loans as at 30 September 2020 amounted to SR 5,926 million (31 December 2019: SR 6,129 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.

11 SHORT-TERM FACILITIES

The Group has several short-term credit facilities to fund its working capital requirements and short-term funding needs. The outstanding balance of these facilities as at 30 September 2020 amounted to SR 16 million (31 December 2019: SR 29 million). These facilities are secured by promissory notes and carry a commission which commensurate with prevailing commercial rates.

12 ZAKAT AND INCOME TAX PAYABLE

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.

As of 30 September 2020 the Company has finalized its Zakat and income tax status with GAZT up to 2007, while Zakat declarations for the years from 2008 to 2019 are still under review.

Subsidiaries

Non-wholly owned subsidiaries in KSA file their Zakat and income tax returns individually. One of the subsidiaries has received initial assessments from the GAZT for several years, resulting in additional liability amounting to SR 210 million. The subsidiary has submitted an appeal against these assessments which is under review by GAZT. The management believes that no material liability is likely to arise once finalized. Any additional zakat and income tax liabilities or adjustments are recorded when known and finalized.

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13 EARNINGS PER SHARE

Earnings used in the calculation of basic and diluted earnings per share are as follows:

	For the three-months period ended		For the nine-months period ended	
	30 September 2020 (Unaudited)	30 September 2019 Restated (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 Restated (Unaudited)
(Loss) / profit from continuing and discontinued operations to equity holders of the parent	(49,220)	22,416	(314,526)	(1,054,735)
Operating profit / (loss) from continuing operations	68,312	188,237	(62,926)	404,749
(Loss) / profit from continuing operations to equity holders of the parent	(49,220)	22,416	(314,526)	(266,106)

Basic and diluted earnings per share are calculated by dividing operating profit and net profit for equity holder of parent by the weighted average number of ordinary shares issued, that is 668,914 thousand shares as at 30 September 2020 and at 30 September 2019.

14 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

In the ordinary course of its activities, the Group transacts business with related parties. Balances and transactions between the Company and its subsidiaries are eliminated. A summary of such transactions and balances with the related parties are as follows:

14.1 Transactions and balances:

	Sales		Purchases	
	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Associates	-	234	-	2,202
Joint ventures	-	381	632,793	761,301
	Due from related parties		Due to related parties	
	30 September 2020 (Unaudited)	31 December 2019 (Audited)	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Associates	2,722	395	31,236	344,737
Joint ventures	244,434	187,994	1,175,455	975,158

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 20.7M 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 M within 30 days from the agreed delivery date.

14.2 Compensation of key management personnel

Key managerial personnel are individuals having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Such individuals include senior management (executive or otherwise) and board of directors. The remuneration of key management personnel during the period is as follows:

	30 September 2020 (Unaudited)	30 September 2019 (Unaudited)
Short-term benefits (salaries and allowances)	22,167	35,949

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15 SEGMENT INFORMATION

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

Segment	Description of activities
Chemicals	Includes the production of titanium dioxide and sulphuric acid, production and marketing of Titanium Dioxide and, manufacturing of Titanium Metal Powder and Mineral exploration and Mining, projects of Titanium ore, Iron ore, and manufacturing of Titanium dioxide through high pressure oxidation and production of Titanium sponge and its by-products
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 elimination column. The basis of segmentation remained unchanged for all period presented. All other eliminations are part of detailed reconciliation for continuing operation as stated below. The Group's total revenue, expenses items for the nine-months then ended from continuing operations, by operating segments, are as follows:

	Chemicals	Petrochemicals	Downstream & others	Eliminations/ adjustments	Total
For the nine-months period ended 30 September 2020 (Unaudited)					
Segment revenues	-	825,899	876,796	(1,624)	1,701,071
Segment expenses	200,533	846,765	1,060,007	1,624	2,108,929
Depreciation and amortization	3,563	77,837	107,780	-	189,180
Segment EBITDA	(249,974)	359,510	108,031	-	217,567

For the nine-months period ended 30 September 2019 – Un audited and restated					
Segment revenues	-	1,372,583	898,406	(1,073)	2,269,916
Segment expenses	369,504	1,305,851	835,763	1,073	2,512,191
Depreciation and amortization	179,621	62,814	134,971	-	377,406
Segment EBITDA	(504,925)	974,486	381,354	-	850,915

The Group's total assets and liabilities as at 30 September 2020 and 31 December 2019 by operating segments are as follows:

	Chemicals	Petrochemicals	Downstream & others	Eliminations/ adjustments	Total
As at 30 September 2020 (Unaudited)					
Segment assets	5,042,563	8,351,307	16,977,131	(8,143,188)	22,227,813
Segment liabilities	2,270,355	2,500,462	7,423,002	(168,945)	12,024,874
Investments in equity accounted associates and joint ventures	1,971,472	6,885,616	142,680	-	8,999,768
As at 31 December 2019 - Audited and restated					
Segment assets	5,619,362	8,535,835	16,629,189	(7,765,633)	23,018,753
Segment liabilities	1,933,964	2,804,409	7,658,590	(112,214)	12,284,752
Investments in equity accounted associates and joint ventures	2,209,860	6,738,937	42,667	-	8,991,464

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16 FAIR VALUE MEASUREMENT OF 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 interim condensed consolidated statement of profit or loss or interim condensed consolidated statement of comprehensive income depending on whether hedge accounting is followed or not.

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

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 fair value of each publicly traded investment is classified as Level 1 and 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 investees' latest reported net asset values as at the date of interim condensed consolidated statement of financial position. Interest rate swaps and caps are classified as Level 2.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Nature of financial instrument	Carrying value	Level 1	Level 2	Level 3
As at 30 September 2020 (Unaudited)				
Financial assets				
Investments in quoted equity shares	271,454	271,454	-	-
Investments in unquoted equity shares	557,050	-	102,294	454,756
Financial liabilities				
Interest rate swaps and caps	7,759	-	7,759	-
As at 31 December 2019 (Audited)				
Financial assets				
Investments in quoted equity shares	270,780	270,780	-	-
Investments in unquoted equity shares	591,366	-	102,294	489,072
Financial liabilities				
Interest rate swaps and caps	13,784	-	13,784	-

Apart from the above financial instruments, all other financial instruments are carried at amortized cost.

There have been no transfers between the levels of fair value hierarchy during the nine-months ended 30 September 2020. There were also no changes made to any of the valuation techniques applied as of 31 December 2019.

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17 DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Derivatives designated as hedges		
Interest rate swaps and caps	<u>7,759</u>	<u>13,784</u>

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 30 September 2020 was SR 7.8 million (31 December 2019: SR 13.8 million).

18 COMMITMENTS AND CONTINGENCIES

18.1 Capital commitments:

The Group's capital commitments are as follows:

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Capital commitments for projects under progress and property, plant and equipment	<u>29,103</u>	<u>32,210</u>

18.2 Contingencies

The Group's contingencies were as follows:

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Letters of guarantee	321,450	543,324
Letters of credit	-	32,249
	<u>321,450</u>	<u>575,573</u>

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 these lenders. As at 30 September 2020, such guarantees amounted to SR 2,020 million (31 December 2019: SR 1,851 million). Pursuant to the Transaction Agreement with Tronox referred to in note 19, 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 interim condensed consolidated financial statements.

The Group is involved in litigation claims in the ordinary course of business, which are being pursued. The ultimate results of these matters cannot be determined with certainty as of the date of preparing the interim condensed consolidated financial statements. The management does not expect that such litigation matters shall have a material impact on the Group's interim condensed consolidated financial statements.

19 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")

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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.

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. 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 details of the transaction and that the financial impact were included in the condensed interim consolidated financial statements for the nine months period ending 30 September 2019 issued on 27 October 2019 and disclosed that the Cristal transaction with Tronox closed on 10 April 2019 and as such the parent Company no longer controls Cristal Assets from that date. It was also disclosed that the TiO2 business of Cristal sold to Tronox was previously not classified as held-for-sale or as a discontinued operation, however, the comparative interim condensed consolidated statements of profit or loss and comprehensive income has been re-presented to show the discontinued operation separately from continuing operations. It was also disclosed that that the closing statement with adjustment related to working capital and other debt items and resulting adjustment were expected to be finalized by January 2020.

Subsequently, as a result of the reassessment on 31 December 2019, it was assessed that the FTC staff's decision to withdraw from the adjudication for considering the proposed Consent Agreement and the consequent order on 22 March 2019 implied an imminent clearance from the FTC on the Transaction rendering the remaining activities towards the approval as procedural and administrative. Accordingly, it was assessed that the "high probability" criteria under IFRS 5 was met on 22 March 2019 and the TiO2 Business should have been classified as "disposal group held for sale" in the interim condensed consolidated financial statements of the Group for the three months period ended 31 March 2019, and remeasured at the lower of carrying value and fair value resulting in a "loss on remeasurement of disposal group held for sale" amounting to SR 1,833 million.

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.

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Further, as stated in note 7.1, the Group has completed purchase price allocation exercise, with the assistance of independent experts, during the nine-months ended 30 September 2020. Based on the completed 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 reassessments and adjustments due to purchase price allocation referred in note 7.1 and restatements of certain balances due to adjustments in accounting for discontinued operations had the following effects on the interim condensed consolidated statement of profit and loss of the Group for three-months and nine-months period ended 30 September 2019 and the consolidated statement of profit and loss of the Group for the year ended 31 December 2019:

	For the three-months period ended 30 September 2019 (Unaudited)		For the nine-months period ended 30 September 2019 (Unaudited)		For the year ended 31 December 2019 (Audited)				
	As reported	Adjustment Restated	As reported	Adjustment Restated	As reported	Adjustment Restated			
Revenue	799,585	-	799,585	2,269,916	-	2,269,916	3,018,949	-	3,018,949
Cost of revenue	(708,780)	-	(708,780)	(1,972,503)	-	(1,972,503)	(2,617,693)	-	(2,617,693)
Gross profit	90,805	-	90,805	297,413	-	297,413	401,256	-	401,256
Operating and other expenses	42,610	(23,824)	18,786	(55,284)	(214,436)	(269,720)	(969,322)	(80,402)	(1,049,724)
Profit / (loss) before zakat and income tax	133,415	(23,824)	109,591	242,129	(214,436)	27,693	(568,066)	(80,402)	(648,468)
Zakat and income tax	(33,769)	-	(33,769)	(119,749)	-	(119,749)	(122,816)	-	(122,816)
Profit / (loss) from continuing operations	99,646	(23,824)	75,822	122,380	(214,436)	(92,056)	(690,882)	(80,402)	(771,284)
Profit / (loss) from discontinued operations	-	-	-	752,097	(1,750,361)	(998,264)	(1,152,374)	154,110	(998,264)
Profit / (loss) for the period / year	99,646	(23,824)	75,822	874,477	(1,964,797)	(1,090,320)	(1,843,256)	73,708	(1,769,548)
Profit / (loss) attributable to non-controlling interest	(58,409)	5,003	(53,406)	(377,004)	412,589	35,585	263,726	(15,479)	248,247
Profit / (loss) attributable to equity holders of the Parent	41,237	(18,821)	22,416	497,473	(1,552,208)	(1,054,735)	(1,579,530)	58,229	(1,521,301)

The interim condensed consolidated statement of profit and loss of the Group for three and nine-months period ended 30 September 2019 primarily includes following adjustments:

- SR 23.824 million increase in operating and other expenses, comprising of increase in share of loss from investment in Tronox amounting to SR 23.824 million, primarily due to incremental depreciation relating to purchase price allocation and gain on increase in shareholding in Tronox.
- SR 214.4 million in share of profit, operating and other expenses, net comprising of increase in share of loss from investment in Tronox amounting to SR 93 million, primarily due to incremental depreciation relating to purchase price allocation and gain on increase in shareholding in Tronox and certain other adjustments.
- SR 1,750 million in profit / (loss) from discontinued operations primarily comprises of loss on measurement of assets held for sale amounting to SR 1,833 million for the nine months ended 30 September 2019, as explained above.

The adjustments in the consolidated statement of profit and loss of the Group for the year ended 31 December 2019 include:

- SR 80.402 million in operating and other expenses, due to increase in share of loss from investment in Tronox due to incremental depreciation relating to purchase price allocation.
- The adjustment amounting to SR 154.110 million in profit / (loss) from discontinued operations, pertains to purchase price allocation of investment acquired in Tronox.

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Also, the comparative other comprehensive income in the interim condensed consolidated statement of comprehensive income of the Group for the nine-months period ended 30 September 2019 and the consolidated statement of comprehensive income of the Group for the year ended 31 December 2019 have been restated to reflect the adjustments in accounting for the discontinued operation. The restatements had the following effects:

	For the three-months period ended 30 September 2019 (Unaudited)			For the nine-months period ended 30 September 2019 (Unaudited)			For the year ended 31 December 2019 (Audited)		
	As reported	Adjustment	Restated	As reported	Adjustment	Restated	As reported	Adjustment	Restated
Profit / (loss) for the period / year	89,646	(23,824)	75,822	874,477	(1,964,797)	(1,090,320)	(1,843,256)	73,708	(1,769,548)
Other comprehensive income / (loss) from continuing operations	(33,515)	(233,348)	(266,863)	(37,567)	(94,094)	(131,661)	4,960	(37,544)	(32,584)
Other comprehensive income / (loss) from discontinued operations	-	-	-	219,196	(133,502)	85,694	42,604	43,090	85,694
Total other comprehensive income / (loss)	(33,515)	(233,348)	(266,863)	181,629	(227,596)	(45,967)	47,564	5,546	53,110
Total comprehensive income / (loss) for the period	66,131	(257,172)	(191,041)	1,056,106	(2,192,393)	(1,136,287)	(1,795,692)	79,254	(1,716,438)
Total comprehensive income / (loss) for the period attributable to non-controlling interest	(57,835)	45,540	(12,295)	(419,262)	451,918	32,656	261,589	(16,643)	244,946
Total comprehensive income / (loss) for the period attributable to the Parent	8,296	(211,632)	(203,336)	636,844	(1,740,475)	(1,103,631)	(1,534,103)	62,611	(1,471,492)

The adjustment amounting to SR 133.5 million in other comprehensive income / (loss) from discontinued operations for the nine -months period ended 30 September 2019 pertains to recycling of the components of equity on the sale of titanium dioxide business.

The adjustment amounting to SR 43.090 million in other comprehensive income / (loss) from discontinued operations for the year ended 31 December 2019 pertains to recycling of components of equity and representation of income from discontinued operations as mentioned in the table below.

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

	30 September 2020 (Unaudited)	30 September and 31 December 2019 Restated (Unaudited)
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

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The adjustments related to reassessments and purchase price allocation referred in note 7.1 had the following effects on the interim condensed consolidated statement of financial position of the Group as at 30 September 2019, and the consolidated statement of financial position of the Group as at 31 December 2019:

	As at 30 September 2019 (Unaudited)			As at 31 December 2019 (Audited)		
	As reported	Adjustment	Restated	As reported	Adjustment	Restated
Investments in equity accounted associates and joint ventures	11,400,967	(2,086,625)	9,314,342	8,912,210	79,254	8,991,464
Total other non-current assets	8,773,075	-	8,773,075	8,350,691	-	8,350,691
Total non-current assets	20,174,042	(2,086,625)	18,087,417	17,262,901	79,254	17,342,155
Assets held-for-sale	-	-	-	138,212	-	138,212
Total current assets	5,190,373	(37,498)	5,152,875	5,538,386	-	5,538,386
Total current assets and assets held-for sale	5,190,373	(37,498)	5,152,875	5,676,598	-	5,676,598
TOTAL ASSETS	25,364,415	(2,124,123)	23,240,292	22,939,499	79,254	23,018,753
Share capital	6,689,142	-	6,689,142	6,689,142	-	6,689,142
Statutory reserve	1,404,259	-	1,404,259	1,354,512	-	1,354,512
Other reserves	273,932	(925,070)	(651,138)	(556,816)	4,382	(552,434)
Retained earnings	1,605,447	(709,938)	895,509	420,461	58,229	478,690
Total equity attributable to shareholders of the Parent	9,972,780	(1,635,008)	8,337,772	7,907,299	62,611	7,969,910
Non-controlling interest	3,538,169	(434,599)	3,103,570	2,747,448	16,643	2,764,091
TOTAL EQUITY	13,510,949	(2,069,607)	11,441,342	10,654,747	79,254	10,734,001
Total non-current liabilities	8,310,054	-	8,310,054	8,409,767	-	8,409,767
Total current liabilities	3,543,412	(54,516)	3,488,896	3,874,985	-	3,874,985
Total current liabilities	3,543,412	(54,516)	3,488,896	3,874,985	-	3,874,985
TOTAL LIABILITIES	11,853,466	(54,516)	11,798,950	12,284,752	-	12,284,752
TOTAL EQUITY AND LIABILITIES	25,364,415	(2,124,123)	23,240,292	22,939,499	79,254	23,018,753

The adjustment amounting to SR 2,087 million to investments in equity accounted associates and joint ventures in the interim condensed consolidated statement of financial position of the Group as at 30 September 2019 primarily comprises of decrease in investment in Tronox. The cost of investment of associate was recorded at SR 4,015 million on 30 September 2019 which was then reduced to SAR 2,127 million on 31 December 2019 as a result of the reassessed share in the fair value of net assets acquired in Tronox as at 10 April 2019 (referred in note 7.1) and finalization of the purchase price allocation exercise as mentioned above. Corresponding adjustments have been made to retained earnings, non-controlling interests and other reserves.

The adjustments in the consolidated statement of financial position of the Group as at 31 December 2019 comprises of net adjustments amounting to SR 79.254 million in investments in Tronox as a result of additional share of losses in Tronox due to incremental depreciation on the fair value of net assets acquired and gain on sale of titanium dioxide business. Corresponding adjustments have been made to retained earnings, non-controlling interests and other reserves.

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The comparative interim condensed 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:

	30 September 2020 (Unaudited)	30 September 2019 Restated (Unaudited)
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)

In addition, the comparative interim condensed 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:

	30 September 2019 Restated (Unaudited)
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)

20 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).

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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 interim condensed 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 uncertainty with respect to the conditions for the exercise of call or put Option, and consequently no reclassification has been made in these interim condensed consolidated financial statements.

21 EVENTS AFTER THE REPORTING DATE

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

22 COMPARATIVE FIGURES

Certain prior period amounts have been reclassified to conform to the presentation in the current period interim condensed consolidated financial statements. (Also, refer note 19)

23 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors on 3 November 2020G (corresponding to 17 Rabi I 1442H).