YANBU CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019

Yanbu Cement Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF
YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Yanbu Cement Company (a Saudi Joint Stock Company) ("the Company" or "the Parent Company") and its subsidiary (collectively referred to as "the Group") as at 30 September 2019, and the related interim condensed consolidated statement of comprehensive income, for the three-month and nine-month periods ended 30 September 2019, and the interim condensed consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia("KSA"). Our responsibility is to express a conclusion on these interim condensed consolidated 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 KSA. A review of interim financial statements consists of making inquiries, primarily to the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in KSA 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in KSA.

for Ernst & Young

Ahmed I. Reda
Certified Public Accountant
License No. 356

29 October 2019
1 Rabi' I 1441H

Jeddah

ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS
PROFESSIONAL LICENCE No. 45

20/20/AIR

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2019

	Note	***For the three-month period ended 30 September 2019***	*For the three-month period ended 30 September 2018*	***For the nine-month period ended 30 September 2019***	*For the nine-month period ended 30 September 2018*
		SR	*SR*	***SR***	*SR*
		Unaudited	*Unaudited*	***Unaudited***	*Unaudited*
Revenue from contracts with customers	3	**227,967,801**	152,810,714	**697,342,451**	565,701,837
Cost of revenue		**(152,492,621)**	(129,042,304)	**(466,033,739)**	(480,184,402)
GROSS PROFIT		**75,475,180**	23,768,410	**231,308,712**	85,517,435
Selling and distribution expenses		**(2,525,693)**	(2,704,245)	**(11,986,722)**	(8,488,355)
General and administrative expenses		**(7,240,117)**	(8,656,308)	**(31,996,334)**	(26,881,027)
INCOME FROM MAIN OPERATIONS		**65,709,370**	12,407,857	**187,325,656**	50,148,053
(Loss) / gain on derivative instruments at fair value through income statement		**(18,469)**	735,496	**(935,404)**	3,531,482
Finance costs		**(1,943,161)**	(2,530,931)	**(5,806,616)**	(7,011,743)
Other income, net	5	**660,386**	4,643,504	**3,549,002**	17,704,243
INCOME BEFORE ZAKAT		**64,408,126**	15,255,926	**184,132,638**	64,372,035
Zakat	6	**(3,062,524)**	(1,700,000)	**(9,762,524)**	(5,950,000)
NET INCOME FOR THE PERIOD		**61,345,602**	13,555,926	**174,370,114**	58,422,035
OTHER COMPREHENSIVE LOSS					
Items not to be reclassified to the consolidated statement of income in subsequent periods:					
Re-measurement loss on defined benefit liabilities		**-**	-	**(2,589,503)**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2	**61,345,602**	13,555,926	**171,780,611**	58,422,035
Net income/(loss) for the period:					
Attributable to:					
Shareholders of the Parent Company		**61,937,022**	13,282,471	**174,898,399**	56,945,962
Non-controlling interests		**(591,420)**	273,455	**(528,285)**	1,476,073
		61,345,602	13,555,926	**174,370,114**	58,422,035
EARNINGS PER SHARE					
Basic and diluted earnings per share attributable to shareholders of the Parent Company	13	**0.39**	0.08	**1.11**	0.36
Total comprehensive income / (loss) for the Period:					
Attributable to:					
Shareholders of the Parent Company		**61,937,022**	13,282,471	**172,308,896**	56,945,962
Non-controlling interests		**(591,420)**	273,455	**(528,285)**	1,476,073
		61,345,602	13,555,926	**171,780,611**	58,422,035

The attached notes 1 to 16 form an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2019

	Note	*30 September 2019 Unaudited SR*	*31 December 2018 Audited SR*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	**2,775,650,284**	2,883,581,009
Intangible assets		**3,601,633**	4,802,178
TOTAL NON-CURRENT ASSETS		**2,779,251,917**	2,888,383,187
CURRENT ASSETS			
Inventories	9	**576,867,217**	608,376,885
Trade receivables	8	**169,882,809**	164,830,376
Prepayments, advances and other receivables		**20,243,690**	21,288,837
Cash and cash equivalents		**164,972,811**	51,453,074
TOTAL CURRENT ASSETS		**931,966,527**	845,949,172
TOTAL ASSETS		**3,711,218,444**	3,734,332,359
EQUITY AND LIABILITIES			
EQUITY			
Share capital		**1,575,000,000**	1,575,000,000
Statutory reserve	11	**787,500,000**	787,500,000
Retained earnings		**821,813,989**	846,380,093
TOTAL EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		**3,184,313,989**	3,208,880,093
Non-controlling interests		**29,528,933**	32,057,218
TOTAL EQUITY		**3,213,842,922**	3,240,937,311
NON-CURRENT LIABILITIESS			
Term loans	10	**77,833,333**	116,750,000
Employee benefits' liabilities		**67,748,719**	66,638,403
Other non-current liability	2.3	**6,396,244**	-
TOTAL NON-CURRENT LIABILITIES		**151,978,296**	183,388,403
CURRENT LIABILITIES			
Trade payables		**26,263,972**	31,338,481
Financial derivatives		**2,626,219**	1,690,815
Current portion of term loans	10	**51,888,889**	51,888,889
Short term borrowings		-	57,533,847
Dividends payable		**194,229,136**	76,764,203
Accrued expenses and other current liabilities		**61,418,398**	81,875,989
Zakat payable	6	**8,970,612**	8,914,421
TOTAL CURRENT LIABILITIES		**345,397,226**	310,006,645
TOTAL LIABILITIES		**497,375,522**	493,395,048
TOTAL EQUITY AND LIABILITIES		**3,711,218,444**	3,734,332,359

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the nine-month period ended 30 September 2019

	Attributable to equity holders of the parent					
	Share capital SR	*Statutory reserve* SR	*Retained earnings* SR	*Total* SR	*Non-controlling interests* SR	*Total equity* SR
As at 1 January 2019	1,575,000,000	787,500,000	846,380,093	3,208,880,093	32,057,218	3,240,937,311
Net income for the period	-	-	174,898,399	174,898,399	(528,285)	174,370,114
Other comprehensive loss for the period	-	-	(2,589,503)	(2,589,503)	-	(2,589,503)
Total comprehensive income for the period	-	-	172,308,896	172,308,896	(528,285)	171,780,611
Dividends (note 12)	-	-	(196,875,000)	(196,875,000)	-	(196,875,000)
Dividends to non-controlling interests	-	-	-	-	(2,000,000)	(2,000,000)
Balance at 30 September 2019 (Unaudited)	**1,575,000,000**	**787,500,000**	**821,813,989**	**3,184,313,989**	**29,528,933**	**3,213,842,922**

	Attributable to equity holders of the parent					
	Share capital SR	*Statutory reserve* SR	*Retained Earnings* SR	*Total* SR	*Non-controlling interests* SR	*Total equity* SR
As at 1 January 2018	1,575,000,000	787,500,000	1,029,724,113	3,392,224,113	31,770,177	3,423,994,290
Net income for the period	-	-	56,945,962	56,945,962	1,476,073	58,422,035
Other comprehensive loss for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	56,945,962	56,945,962	1,476,073	58,422,035
Dividends (note 12)	-	-	(275,625,000)	(275,625,000)	-	(275,625,000)
Dividends to non-controlling interests	-	-	-	-	(1,770,000)	(1,770,000)
Balance at 30 September 2018 (Unaudited)	**1,575,000,000**	**787,500,000**	**811,045,075**	**3,173,545,075**	**31,476,250**	**3,205,021,325**

The attached notes 1 to 16 form an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine-month period ended 30 September 2019

	Note	*For the nine-month period ended 30 September 2019 Unaudited SR*	*For the nine-month period ended 30 September 2018 Unaudited SR*
OPERATING ACTIVITIES			
Income before zakat		**184,132,638**	64,372,035
Adjustment to reconcile operating income to net cash flows:			
Depreciation of property, plant and equipment	7	**144,481,685**	144,383,065
Amortization for intangible assets		**1,200,545**	1,200,545
Gain on disposal of property, plant and equipment	5	**-**	(10,771,905)
Finance costs		**5,806,616**	7,011,743
Loss / (gain) on derivative instruments at fair value through income Statement		**935,404**	(3,531,482)
Provision for employee benefits' liabilities		**6,758,071**	8,314,522
Allowance for expected credit losses (ECL)		**3,642,938**	-
		346,957,897	210,978,523
Working capital changes:			
Trade receivables		**(8,695,371)**	(8,355,149)
Inventories		**31,509,668**	(4,653,776)
Prepayments, advances and other receivables		**1,045,147**	(13,530,198)
Trade payables		**(6,083,036)**	15,094,113
Accrued expenses and other current liabilities		**(21,457,591)**	(11,104,125)
		343,276,714	188,429,388
Zakat paid	6	**(9,706,333)**	(10,823,965)
Employee benefits' liabilities paid		**(8,237,258)**	(4,671,315)
Finance cost paid		**(5,555,498)**	(6,836,160)
Net cash from operating activities		**319,777,625**	166,097,948
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	**(29,397,307)**	(12,630,810)
Proceeds on disposal of property, plant and equipment		**-**	10,771,905
Net cash used in investing activities		**(29,397,307)**	(1,858,905)
FINANCING ACTIVITIES			
Repayment of term loans		**(38,916,667)**	(73,916,667)
Net movement of short term borrowings		**(57,533,847)**	13,118,672
Dividends paid to equity holders of the parent		**(79,410,067)**	(194,457,480)
Dividends paid to non-controlling interests		**(1,000,000)**	(1,770,000)
Net cash used in financing activities		**(176,860,581)**	(257,025,475)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**113,519,737**	(92,786,432)
Cash and cash equivalents at the beginning of the period		**51,453,074**	97,900,131
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**164,972,811**	5,113,699
MAJOR NON-CASH TRANSACTION			
Right-of-use asset and lease liabilities	2.3	**7,153,653**	-
Dividend payable to non-controlling interests		**1,000,000**	-
Re-measurement loss on employee benefits' liabilities		**2,589,503**	-

The attached notes 1 to 16 form an integral part of these unaudited interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Yanbu Cement Company ("the Company" or "the Parent Company") - a Saudi Joint Stock Company – established in accordance with Company's regulations in the Kingdom of Saudi Arabia by the Royal Decree No. M/10 dated on 4 Rabi' I 1397H (corresponding to 22 February 1977) and it is registered in Yanbu city under commercial registration No. 4700000233 dated on 21 Dhul-Qi'dah 1398H (corresponding to 24 October 1978). The Company's shares are listed in the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia.

The Company's capital is SR 1,575 million which is divided into 157,500,000 shares of SR 10 per share as at 30 September 2019 and 31 December 2018.

The Company is mainly engaged in manufacturing, producing and trading in cement and its related products as per industrial license No. 2239 issued on 10 Sha'ban 1439H (corresponding to 26 April 2018) which ends on 10 Sha'ban 1442H (corresponding to 23 March 2021).

The registered address of the Company is Yanbu Cement building located at Al Baghdadiyah Al Gharbiyah District, P. O. Box 5530, Jeddah 21422, Kingdom of Saudi Arabia.

The interim condensed consolidated financial statements consist of interim financial statements of the Parent Company and Yanbu Saudi Kuwaiti Paper Products ("Subsidiary") – A Limited Liability Company – owned to the Parent Company by 60% (collectively referred to as the "Group"). The subsidiary is engaged in producing paper sack bags as per industrial license No. 1210 issued on 22 Sha'ban 1425H (corresponding 7 October 2004) which ends on 26 Jumada I 1442H (corresponding 10 January 2021).

These interim condensed consolidated financial statements for the Group for the three-month and nine-month periods ended 30 September 2019, were approved by the Board of Directors on 29 October 2019 (corresponding to 1 Rabi' I 1441H).

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" "IAS 34" as endorsed in the Kingdom of Saudi Arabia.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and therefore should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018. In addition, results for the interim period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for financial derivatives that have been measured at fair value and for employee benefits' liabilities, where actuarial present value calculations are used. The interim condensed consolidated financial statements are presented in Saudi Riyals ("SR"), which is the functional and presentational currency of the Group.

2.2 Significant accounting judgments, estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosure of contingent liabilities at the date of preparing the financial statements. Uncertainty about these assumptions and estimates could result in making material adjustments to the carrying amount of asset or liabilities affected in future years.

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

The accounting estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2018, except for the changes in the accounting estimates as a result of adoption of IFRS 16 (as explained in note 2.3 below).

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICES (continued)

2.3 Impact of changes in accounting policies due to adoption of new standards

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The Group applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below.

IFRS 16 Leases

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

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

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 as at 1 January 2019 (increase)/(decrease) is as follows:

	SR
Assets	
Property, plant and equipment	7,153,653
Liabilities	
Other non-current liability	6,835,688
Accrued expenses and other current liabilities	317,965
Total liabilities	7,153,653

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various leased properties. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of comprehensive income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under "Prepayments, advances and other receivables" and accrued expenses and other current liabilities", respectively. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICES (continued)

2.3 Impact of changes in accounting policies due to adoption of new standards (continued)

IFRS 16 Leases (continued)
Nature of the effect of adoption of IFRS 16 (continued)

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the foregoing, as at 1 January 2019:

- Right-of -use assets of SR 7,153,653 were recognised and presented within property, plant and equipment in the statement of financial position (see note 7).
- Lease liability of SR 7,153,653 were recognized and classified into current and non-current portions in "accrued expenses and other current liabilities" and other non-current liability, respectively.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	SR
Operating leases as of 31 December 2018	**10,130,000**
Weighted average incremental borrowing rate as at 1 January 2019	**4.75%**
Discounted operating lease commitments at 1 January 2019	**7,153,653**
Lease liabilities as at 1 January 2019	**7,153,653**

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

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

Lease liabilities

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICES (continued)

2.3 Impact of changes in accounting policies due to adoption of new standards (continued)

IFRS 16 Leases (continued)

Summary of new accounting policies (continued)

Short-term leases and leases of low-value assets

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

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

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

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

Amounts recognised in the interim condensed consolidated statements of financial position and comprehensive income

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Interim condensed consolidated statement of financial position	
	Right-of-use asset (Building and construction) *SR*	*Lease liabilities* *SR*
As at 1 January 2019 (note 7(a))	**7,153,653**	**7,153,653**
Depreciation expense (note 7 and (a) below)	**(341,269)**	-
Interest expense (note (a) below)	-	**251,118**
Payments made	-	**(650,000)**
As at 30 September 2019	**6,812,384**	**6,754,771**

a) The Group recognised depreciation expense relating to right-of-use asset and interest expense relating to lease liabilities for the nine-month period ended 30 September 2019 under cost of revenue and finance cost, respectively.

b) As at 30 September 2019, right-of-use asset is recorded as part of property, plant and equipment (note 7) amounting to SR 6,812,384 while lease liability has been classified under "other non-current liability" amounting to SR 6,396,244 and current lease liability under "accrued expenses and other current liabilities" amounting to SR 358,527.

c) The Group does not have any short-term leases or lease contract for low-value assets as at date of initial application and during the period ended 30 September 2019.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's revenue from contracts with customers is described below:

	For the three-month period ended 30 September		*For the nine-month period ended 30 September*	
	2019	*2018*	***2019***	*2018*
	SR	*SR*	***SR***	*SR*
	Unaudited	*Unaudited*	***Unaudited***	*Unaudited*
Bulk cement	**105,621,152**	51,690,086	**311,796,148**	232,756,084
Packed cement	**62,585,234**	54,432,454	**180,259,968**	204,072,967
Cement bags	**18,150,337**	16,878,991	**38,967,834**	54,839,546
Raw cement (clinker)	**41,611,078**	29,809,183	**166,318,501**	74,033,240
Total revenue from contracts with customers	**227,967,801**	152,810,714	**697,342,451**	565,701,837
Total revenue from contracts with customers inside the Kingdom of Saudi Arabia	**181,494,213**	120,261,738	**506,267,997**	482,248,782
Total revenue from contracts with customers outside the Kingdom of Saudi Arabia	**46,473,588**	32,548,976	**191,074,454**	83,453,055
Total revenue from contracts with customers	**227,967,801**	152,810,714	**697,342,451**	565,701,837

4 SEGMENT INFORMATION

The Group is engaged in one operating segment engaged in manufacturing cement and operates completely within the Kingdom of Saudi Arabia. Accordingly, the financial information was not divided into different geographic or business segments. The financial information of the subsidiary is not significant to Group's interim condensed consolidated financial statements for the purpose of segment information.

5 OTHER INCOME, NET

	For the three-month period ended 30 September		*For the nine-month period ended 30 September*	
	2019	*2018*	***2019***	*2018*
	SR	*SR*	***SR***	*SR*
	Unaudited	*Unaudited*	***Unaudited***	*Unaudited*
Gain on disposal of property, plant and equipment, net (see note (a) below)	-	-	-	10,771,905
Customs fees (note (b))	-	3,950,294	**387,952**	4,398,737
Foreign exchange differences	**20,132**	529,093	**20,132**	529,093
Other	**640,254**	164,117	**3,140,918**	2,004,508
	660,386	4,643,504	**3,549,002**	17,704,243

a) During the period ended 30 September 2018, the Group sold the property, plant and equipment for the first, second and third production lines which resulted in a gain amounting to SR 10,771,905 (note 7).

b) This represents refund of customs fee, paid in prior years, through letter of guarantees in favor of the custom authority during the period ended 30 September 2019.

6 ZAKAT

The movement in zakat payable on the Group was as follows:

	30 September 2019 SR Unaudited	*31 December 2018 SR Audited*
Balance at the beginning of the period /year	**8,914,421**	11,011,855
Provided during the period/year	**9,762,524**	8,815,031
Paid during the period /year	**(9,706,333)**	(10,912,465)
Balance at the end of the period /year	**8,970,612**	8,914,421

Zakat was calculated for the periods ended 30 September 2019 in accordance with the management's estimates, which may not represent an accurate indication about zakat for the year ending 31 December 2019.

Status of assessments

Parent Company:

Zakat assessment has been finalized with the General Authority for Zakat and Tax ("GAZT") up to the year ended 31 December 2011. The Parent Company has received an assessment for the years 2012 and 2013 with an additional zakat liability and withholding tax liability amounting to SR 506 thousand and SR 257 thousand, respectively. The Parent Company appealed against this assessment and the Parent Company's appeal was accepted and resulted in credit favorable to the Parent Company regarding zakat and withholding tax amounting to SR 386 thousand and SR 377 thousand, respectively, which has been adjusted with Value Added Tax('VAT') liability during the period. The Parent Company has submitted zakat declarations for the years 2014 to 2018.

Subsidiary:

The subsidiary has submitted its zakat returns with the GAZT for the previous years up to 31 December 2018 and paid the zakat liabilities for those years due as per return. Zakat assessment for the previous years up to 31 December 2016 have been finalized. The subsidiary has received an assessment for the year 2017 with an additional zakat liability amounting to SR 207 thousand and has filled an objection against that assessment.

7 PROPERTY, PLANT AND EQUIPMENT

For purpose of preparing the interim condensed consolidated statement of cash flows, movement in property, plant and equipment during the nine-month period ended 30 September is as follows:

	For the nine-month period ended 30 September	
	2019 SR Unaudited	*2018 SR Unaudited*
Depreciation	**144,481,685**	144,383,065
Addition to property, plant and equipment	**36,550,960**	12,630,810

a) Included in the addition to property, plant and equipment an amount of SR 7,153,653 recorded as right-of use asset on adoption of IFRS 16 at the date of initial application i.e 1 January 2019 (see note 2.3). During the nine-month period ended 30 September 2019, depreciation charge of SR 341,269 has been recorded by the Group.

b) The plants are situated on land leased from the Deputy Ministry For Mineral Resources, of Ras Baridi in Yanbu, for 30 Hijra years commencing 4 Rabi' I 1398H (corresponding to 12 February 1978). The lease has been renewed for a similar period for 30 years on 3 Rabi' I 1428H (corresponding to 22 March 2007). The lease is renewable for further similar periods at the option of the parties.

c) During the period ended 30 September 2018, the property, plant and equipment related to the first, second and third production lines have been sold and resulting in a gain amounting to SR 10,771,905 recognized under other income (note 5).

8 TRADE RECEIVABLES

As at 30 September 2019 and 31 December 2018, the aging of trade receivables is as follows:

	Total SR	*Neither past due nor impaired SR*	*< 60 days SR*	*60 to 90 days SR*	*> 90 days SR*
30 September 2019 (Unaudited)	**169,882,809**	**44,059,839**	**25,844,050**	**29,329,316**	**70,649,604**
31 December 2018 (Audited)	164,830,376	40,174,815	30,858,292	24,772,587	69,024,682

Trade receivables as at 30 September 2019 netted with allowance for Expected Credit Loss (ECL) amounting to SR 4,067,138 (31 December 2018: SR 424,200) which has been recorded considering customer specific credit risk.

For trade receivable and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. As, it is the Group's practice to deal with good customers who do not have any history of overdue payments, financial difficulties and obtain letter of guarantees (consist of bank guarantees from largest customers). Further as the Group has not experienced any default history or significant increase in credit risk during the period, no ECL is recorded except SR 4,067,138 explained above. (31 December 2018: SR 424,200).

9 INVENTORIES

Inventories as at 30 September 2019 and 31 December 2018 comprised of the following:

	30 September 2019 SR Unaudited	*31 December 2018 SR Audited*
Work in process	**349,518,060**	360,058,259
Spare parts, net (note below)	**191,529,106**	201,831,518
Raw materials	**25,453,585**	33,923,145
Fuel	**8,881,685**	7,567,949
Packaging materials	**1,217,514**	1,773,123
Other materials	**267,267**	3,222,891
	576,867,217	608,376,885

As at 30 September 2019, the Group maintains provision against slow moving parts amounting to SR 100.2 million (31 December 2018: SR 100.2 million).

10 TERM LOANS

The outstanding term loans as at the statement of financial position are as follows:

	30 September 2019 SR Unaudited	*31 December 2018 SR Audited*
National Commercial Bank loan	**129,722,222**	168,638,889
The current portion	**(51,888,889)**	(51,888,889)
The non-current portion	**77,833,333**	116,750,000

During 2015, the Parent Company has entered into new bank facilities contracts amounting to SR 250 million with the National Commercial Bank ("NCB") to finance the construction of power generating plant from waste thermal energy project. The loan balance has been fully utilized as at 31 December 2017. The loan will be settled on monthly installments amounting to SR 4.32 million each which ends in April 2022. The loan is subject to interest costs as per prevailing Saudi rates ("SIBOR") plus fixed commission rate. The power generating plant from waste thermal energy project was mortgaged completely as a guarantee to NCB.

11 STATUTORY RESERVE

In accordance with the Parent Company's By-laws, the Parent Company is required to transfer at least 10% of net income to the statutory reserve. The Parent Company may cease such transfers when the statuary reserve equals 30% of the capital. This having been achieved in previous year and the Parent Company resolved to discontinue such transfers. This reserve is not available for distribution.

12 DIVIDENDS

On 6 August 2019 (corresponding to 5 Dhul-Hijjah 1440H), the Board of Directors of the Parent Company announced the distribution of cash dividend amounting to SR 118.13 million (SR 0.75 per share) for the first half of the year 2019 which represents 7.5% of the nominal value of the shares.

On 19 March 2019 (corresponding to 12 Rajab 1440H), the Board of Directors of the Parent Company, recommended to the General Assembly a distribution of cash dividend amounting to SR 78.75 million (SR 0.5 per share) for the second half of the year 2018 which represents 5% of the nominal value of the shares. The General Assembly meeting held on 10 June 2019 (corresponding to 7 Shawwal 1440H) has approved the above board of directors' dividends recommendation.

On 22 July 2018 (corresponding to 9 Dhul-Qi'dah 1439H), the Board of Directors of the Parent Company announced the distribution of cash dividend amounting to SR 78.75 million (SR 0.5 per share) for the first half of the year 2018 which represents 5% of the nominal value of the shares.

On 14 March 2018 (corresponding to 26 Jumada II 1439H), the Board of Directors of the Parent Company, recommended to the General Assembly a distribution of cash dividend amounting to SR 196.88 million (SR 1.25 per share) for the second half of the year 2017 which represents 12.5% of the nominal value of the shares. The General Assembly meeting held on 15 April 2018 (corresponding to 29 Rajab 1439H) has approved the above board of directors' dividends recommendation.

13 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the income for the period attributable to equity holders in the Parent Company by the weighted average number of ordinary shares which are 157.5 million shares.

The table below reflects the details of the net income for the period and the number of shares used in calculating basic and diluted earnings per share:

	For the three-month period ended 30 September		*For the nine-month period ended 30 September*	
	2019 Unaudited	*2018 Unaudited*	***2019 Unaudited***	*2018 Unaudited*
Income for the period attributable to ordinary equity holders of the Parent Company (SR' 000)	**61,937**	13,282	**174,898**	56,946
Weighted average number of outstanding ordinary shares (000' shares)	**157,500**	157,500	**157,500**	157,500
Basic and diluted earnings per share attributable to shares holders of the Parent Company (Saudi Riyals)	**0.39**	0.08	**1.11**	0.36

There has been no item of dilution affecting the weighted average number of ordinary shares.

14 CONTENGENCIES AND CAPITAL COMMITMENTS

As at 30 September 2019, the capital commitments related to projects under construction is amounting to SR 17.7 million (31 December 2018: SR 17.7 million).

As at 30 September 2019, the contingencies against bank letter of guarantees issued on behalf of the Group is amounting to SR 20.5 million (31 December 2018: SR 26.7 million).

As at 30 September 2019, the Group has bank letter of credits issued amounting to SR Nil (31 December 2018: SR 1.7 million) issued from bank in the Kingdom of Saudi Arabia.

15 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, Board of Directors, the Group's key management personnel and enterprises managed or significantly influenced by those parties. The following are the details of major related parties' transactions during the three-month and nine-month periods ended 30 September 2019:

- Allowances and compensation of the Board of Directors and senior executives

The Group's senior management includes key management personnel and executives, Board of directors, having authorities and responsibilities for planning, directing and controlling the activities of the Group.

Board of Directors and committees' compensation charged and accrued during the nine-month period ended 30 September 2019 amounting to SR 2.76 million (30 September 2018: SR 2.76 million).

Key management personnel compensation comprised the following:

	For the three-month period ended 30 September		*For the nine-month period ended 30 September*	
	2019	*2018*	***2019***	*2018*
	SR	*SR*	***SR***	*SR*
	Unaudited	*Unaudited*	***Unaudited***	*Unaudited*
Short term employee benefits	**907,333**	1,196,500	**3,285,333**	3,589,500
Post-employment benefits	**75,502**	109,630	**287,250**	328,890
	982,835	1,306,130	**3,572,583**	3,918,390

16 FAIR VALUE MEASUREMENT

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

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

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

			Fair value measurement using		
Liabilities measured at fair value	***Date of valuation***	***Total***	***Quoted prices in active markets (Level 1)***	***Significant observable inputs (Level 2)***	***Significant unobservable inputs (Level 3)***
		SR	**SR**	**SR**	**SR**
Financial derivatives	*30 September 2019 (Unaudited)*	**2,626,219**	-	**2,626,219**	-

16 FAIR VALUE MEASUREMENT (continued)

			Fair value measurement using		
Liabilities measured at fair value	*Date of valuation*	*Total* SR	*Quoted prices in active markets (Level 1)* SR	*Significant observable inputs (Level 2)* SR	*Significant unobservable inputs (Level 3)* SR
Financial derivatives	*31 December 2018 (Audited)*	1,690,815	-	1,690,815	-

The Group enters into derivative financial instrument principally with financial institutions having investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs is interest rate swaps. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.

As at 30 September 2019 and 31 December 2018, the fair values of the Group's financial instruments are estimated to approximate their carrying values and are classified under level 2 of the fair value hierarchy. Fair value of trade receivables as at 30 September 2019 and 31 December 2018 is carrying amount because of short term nature of the balance.

Fair values of the Group's borrowings are determined by using Discounted Cash Flows (DCF) method using discount rate that reflects the borrowing rate as at the end of the reporting period. As at 30 September 2019 and 31 December 2018, the carrying amounts of borrowings were not materially different from their calculated fair values.

During the nine months period ended 30 September 2019 and year ended 31 December 2018, there were no movements between the levels.