

**YANBU CEMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**

**FOR THE THREE-MONTH  
PERIOD ENDED 31 MARCH 2022 AND  
INDEPENDENT AUDITOR'S REVIEW REPORT**

Yanbu Cement Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2022

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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 31 March 2022, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended and a summary of significant accounting policies and other explanatory notes from (1) to (19). 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. 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 the Kingdom of Saudi Arabia. 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, 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

For BDO Member Firm,

Dr. Mohamed Al-Amri & Co.

  
Jamal Al-Amri  
Certified Public Accountant  
Registration No. 331



Jeddah on 26 April 2022(G)  
Corresponding to: 25 Ramadan 1443 (H)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME  
 For the three-month period ended 31 March 2022

		<i>For the three- month period ended 31 March 2022</i>	<i>For the three- month period ended 31 March 2021</i>
		<i>SR</i>	<i>SR</i>
	<i>Note</i>	<i>Unaudited</i>	<i>Unaudited</i>
Revenue	4	241,632,810	292,397,531
Cost of revenue		(187,194,067)	(211,172,327)
<b>GROSS PROFIT</b>		<b>54,438,743</b>	<b>81,225,204</b>
Selling and distribution expenses		(4,083,350)	(4,289,992)
General and administrative expenses		(10,158,779)	(8,357,837)
<b>PROFIT FROM OPERATIONS</b>		<b>40,196,614</b>	<b>68,577,375</b>
Gain on derivative instruments at fair value through profit or loss	16	2,842,487	19,106
Finance costs		(2,413,160)	(1,109,719)
Other income		1,594,937	8,360,531
Finance income		49,618	31,067
<b>PROFIT BEFORE ZAKAT</b>		<b>42,270,496</b>	<b>75,878,360</b>
Zakat	6	(3,342,132)	(2,485,000)
<b>PROFIT FOR THE PERIOD</b>		<b>38,928,364</b>	<b>73,393,360</b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement on employee benefits' liabilities		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>38,928,364</b>	<b>73,393,360</b>
<b>Profit for the period:</b>			
<i>Attributable to:</i>			
Owners of the parent		38,928,364	72,762,841
Non-controlling interest	1	-	630,519
		<b>38,928,364</b>	<b>73,393,360</b>
<b>EARNINGS PER SHARE</b>			
Basic and diluted earnings per share attributable to owners of the parent	13	<b>0.25</b>	<b>0.46</b>

The attached notes 1 to 19 form an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<b>Note</b>	<b>31 March 2022 Unaudited SR</b>	<b>31 December 2021 Audited SR</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	2,497,045,268	2,529,430,730
Intangible assets		2,326,263	2,500,788
Other non-current assets		43,427,067	54,181,309
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,542,798,598</b>	<b>2,586,112,827</b>
<b>CURRENT ASSETS</b>			
Inventories	9	554,598,107	541,471,148
Trade receivables	8	151,563,707	166,320,074
Prepayments, advances and other receivables		43,504,888	33,303,164
Financial derivatives	16	2,778,887	-
Cash and bank balances		190,825,454	60,605,196
<b>TOTAL CURRENT ASSETS</b>		<b>943,271,043</b>	<b>801,699,582</b>
<b>TOTAL ASSETS</b>		<b>3,486,069,641</b>	<b>3,387,812,409</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	1	1,575,000,000	1,575,000,000
Statutory reserve	11	787,500,000	787,500,000
Retained earnings		471,262,574	432,334,210
Equity attributable to the owners of the parent		2,833,762,574	2,794,834,210
Non-controlling interest	3	-	32,331,437
<b>TOTAL EQUITY</b>		<b>2,833,762,574</b>	<b>2,827,165,647</b>
<b>NON-CURRENT LIABILITIES</b>			
Term loans	10(a)	75,000,000	80,000,000
Employee benefits' liabilities		90,235,897	83,743,089
Lease liability		5,241,506	5,778,856
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>170,477,403</b>	<b>169,521,945</b>
<b>CURRENT LIABILITIES</b>			
Trade payables		25,848,829	21,617,736
Financial derivatives	16	-	63,600
Current portion of term loans	10(a)	32,972,222	45,944,444
Short term borrowings	10(b)	145,656,274	150,735,566
Dividends payable		81,431,553	81,689,119
Accrued expenses and other current liabilities		180,575,236	79,070,934
Zakat payable	6	15,345,550	12,003,418
<b>TOTAL CURRENT LIABILITIES</b>		<b>481,829,664</b>	<b>391,124,817</b>
<b>TOTAL LIABILITIES</b>		<b>652,307,067</b>	<b>560,646,762</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,486,069,641</b>	<b>3,387,812,409</b>

The attached notes 1 to 19 form an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three-month period ended 31 March 2022

	<i>Attributable to the owners of the parent</i>			<i>Total</i> SR	<i>Non-controlling interests</i> SR	<i>Total equity</i> SR
	<i>Share capital</i> SR	<i>Statutory reserve</i> SR	<i>Retained earnings</i> SR			
As at 1 January 2022 (Audited)	1,575,000,000	787,500,000	432,334,210	2,794,834,210	32,331,437	2,827,165,647
Net profit for the period	-	-	38,928,364	38,928,364	-	38,928,364
Other comprehensive income for the period	-	-	-	-	-	-
<b><i>Total comprehensive income for the period</i></b>	-	-	38,928,364	38,928,364	-	38,928,364
Increase in ownership stake of the Subsidiary (Note 3)	-	-	-	-	(32,331,437)	(32,331,437)
<b>Balance at 31 March 2022 (Unaudited)</b>	<b>1,575,000,000</b>	<b>787,500,000</b>	<b>471,262,574</b>	<b>2,833,762,574</b>	<b>-</b>	<b>2,833,762,574</b>

	<i>Attributable to owners of the parent</i>			<i>Total</i> SR	<i>Non-controlling interests</i> SR	<i>Total equity</i> SR
	<i>Share capital</i> SR	<i>Statutory reserve</i> SR	<i>Retained Earnings</i> SR			
As at 1 January 2021 (Audited)	1,575,000,000	787,500,000	634,041,255	2,996,541,255	32,126,604	3,028,667,859
Net profit for the period	-	-	72,762,841	72,762,841	630,519	73,393,360
Other comprehensive income for the period	-	-	-	-	-	-
<b><i>Total comprehensive income for the period</i></b>	-	-	72,762,841	72,762,841	630,519	73,393,360
<b>Balance at 31 March 2021 (Unaudited)</b>	<b>1,575,000,000</b>	<b>787,500,000</b>	<b>706,804,096</b>	<b>3,069,304,096</b>	<b>32,757,123</b>	<b>3,102,061,219</b>

The attached notes 1 to 19 form an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2022

	<i>Note</i>	<i>For the three-month period ended 31 March 2022</i> <i>SR</i> <i>Unaudited</i>	<i>For the three-month period ended 31 March 2021</i> <i>SR</i> <i>Unaudited</i>
<b>OPERATING ACTIVITIES</b>			
Profit before zakat		42,270,496	75,878,360
<i>Adjustment to reconcile operating income to net cash flows:</i>			
Depreciation of property, plant and equipment	7	41,568,417	47,383,576
Amortization for intangible assets		174,525	545,985
Finance costs		2,413,160	1,109,719
Gain on derivative instruments at fair value through profit or loss		(2,842,487)	(19,106)
Finance income		(49,618)	-
Provision for employee benefits' liabilities		7,182,087	6,965,440
		<b>90,716,580</b>	<b>131,863,974</b>
<i>Working capital changes:</i>			
Trade receivables		14,756,367	3,161,671
Inventories		(13,126,959)	35,610,646
Prepayments, advances and other receivables		602,136	(4,562,914)
Trade payables		4,231,093	(10,495,799)
Accrued expenses and other current liabilities		69,172,865	20,098,488
		<b>166,352,082</b>	<b>175,676,066</b>
Zakat paid	6	-	(1,138,730)
Employee benefits' liabilities paid		(689,279)	(3,292,281)
Finance cost paid		(2,340,510)	(1,031,922)
		<b>163,322,293</b>	<b>170,213,133</b>
<b>Net cash generated from operating activities</b>			
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	7	(9,182,955)	(20,917,200)
		<b>(9,182,955)</b>	<b>(20,917,200)</b>
<b>FINANCING ACTIVITIES</b>			
Lease liability		(610,000)	(650,000)
Proceeds from term loans		-	43,210,625
Repayment of term loans		(17,972,222)	(12,972,222)
Net movement of short-term borrowings		(5,079,292)	-
Dividends paid to owners of the parent		(257,566)	(195,353,307)
		<b>(23,919,080)</b>	<b>(165,764,904)</b>
<b>NET CHANGES IN CASH AND BANK BALANCES</b>			
Cash and bank balances at the beginning of the period		60,605,196	137,015,441
<b>CASH AND BANK BALANCES AT THE END OF THE PERIOD</b>			
		<b>190,825,454</b>	<b>120,546,470</b>
<b>NON-CASH TRANSACTION</b>			
Increase in ownership stake in the Subsidiary	3	32,331,437	-

The attached notes 1 to 19 form an integral part of these unaudited interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
For the three-month period ended 31 March 2022

## 1 CORPORATE INFORMATION

Yanbu Cement Company (“the Company” or “the Parent Company”) - a Saudi Joint Stock Company - established in accordance with Companies 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 (CR) 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. These interim condensed consolidated financial statements comprise the Company and its subsidiary (together referred to as the "Group").

The Parent Company's authorized and paid-up capital is divided into 157,500,000 shares as at 31 December 2021 (2020: 157,500,000 shares) stated at SR 10 per share.

The Company is mainly engaged in manufacturing, producing and trading in cement and its related products as per industrial license No. 411102104244 issued on 05 Ramadan 1441H (corresponding to 28 April 2020) which ends on 04 Ramadan 1444H (corresponding to 26 March 2023)

The registered address of the Company is Yanbu Cement building located at Al Baghdadiyah Al Gharbiyah District, P. O. Box 5330, Jeddah 21422, Kingdom of Saudi Arabia. The Company has branches in Jeddah and Madina with CR numbers 4030021367 and 4650020461 respectively.

During the current period, the Company acquired 40% additional shares of Yanbu Saudi Kuwaiti Paper Products Company Limited (the “Subsidiary”). Consequently, the Company became 100% owner of it. Refer Note 3 for further details.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 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” that is 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. These interim condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended at 31 December 2021. In addition, results for the interim period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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 benefit liabilities, projected unit credit method is 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 Group's 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 disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's the key sources of estimation uncertainty were the same as those described in the consolidated financial statements for the year ended 31 December 2021. However, the Group has reviewed the key sources of estimation uncertainties disclosed in 2021 annual consolidated financial statements against the backdrop of the COVID-19 pandemic. Management believes that all sources of estimation uncertainty remain similar to those disclosed in 2021 annual consolidated financial statements. The Group will continue to monitor the situation, and any changes required will be reflected in future reporting periods.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) (Continued)

For the three-month period ended 31 March 2022

**2 SIGNIFICANT ACCOUNTING POLICES (continued)**

**2.3 New standards, interpretations and amendments adopted by the Group**

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 consolidated financial statements for the year ended 31 December 2021, except for the following amendments which apply for the first time in 2022. However, not all are expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there are no such transactions under the above amendments during the current period.

***Impact of accounting standards to be applied in future periods***

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 December 2022 (the date of the Group's next annual financial statements) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) (Continued)

For the three-month period ended 31 March 2022

**3 SIGNIFICANT MATTERS DURING THE PERIOD**

*Acquisition of the remaining stake of the Subsidiary Company*

During the current period, the Company acquired 40% additional shares of the Subsidiary Company. Consequently, the Company became the 100% owner of the Subsidiary Company. The consideration against the above 40% acquisition amounted to SR 32.2 million that represents the related share of its net assets as at 31 December 2021. Accordingly, the above transaction has not resulted into any gain or loss in the interim condensed consolidated financial statements during the current period.

**4 REVENUE**

The Group's revenue is described below:

	<i>For the three-month period ended 31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>
<i>Product type</i>	<i>Unaudited</i>	<i>Unaudited</i>
Bulk cement	<b>119,254,852</b>	144,108,831
Packed cement	<b>79,468,728</b>	92,351,524
Cement bags	<b>11,701,125</b>	16,127,767
Raw cement (clinker)	<b>31,208,105</b>	39,809,409
Total revenue (*)	<b>241,632,810</b>	<b>292,397,531</b>
<i>Geographical markets</i>		
Total revenue inside the Kingdom of Saudi Arabia	<b>210,424,705</b>	248,142,471
Total revenue outside the Kingdom of Saudi Arabia	<b>31,208,105</b>	44,255,060
Total revenue	<b>241,632,810</b>	<b>292,397,531</b>

(\*) The timing of the revenue recognition from the above goods is at a point in time.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) (Continued)  
For the three-month period ended 31 March 2022

**5 SEGMENT INFORMATION**

The Group is engaged in one operating segment, i.e. manufacturing cement and operates entirely from 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 segment information.

**6 ZAKAT**

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

	<i>31 March 2022 SR Unaudited</i>	<i>31 December 2021 SR Audited</i>
Balance at beginning of the period / year	12,003,418	17,190,782
Provided during the period / year	3,342,132	13,344,751
Paid during the period / year	-	(18,532,115)
Balance at the end of the period / year	<u>15,345,550</u>	<u>12,003,418</u>

Zakat for the period ended 31 March 2022 is calculated based on the management's estimate, which may not represent an accurate indication about Zakat for the year ending 31 December 2021.

**Status of assessments**

**Parent Company:**

The Company has submitted its Zakat returns to Zakat, Tax and Customs Authority ("ZATCA") up to the year ended 31 December 2020 and paid the zakat liabilities for those years due as per the returns. The Company has also finalized its status until the year ended 31 December 2018. During year 2021, the Company received an assessment order for the years 2019 and 2020, claiming additional zakat of SR 22.8 million.

The Company objected the above assessment order and as a result the above zakat claim was reduced to SR 13.5 million. The Company paid an amount of SR 7.5 million, and filed a lawsuit with the General Secretariat for the remaining amount SR 6 million that represented the balance of the obsolescence provision for spare parts not prepared for sale and the balance of payments made by customers. ZATCA agreed to add the item net stock of spare parts within the positive base and not accept the deduction of the total stock of spare parts, as the value of the provision for obsolescence of spare parts was not taken into account, and that the balance of payments made by customers did not fall within a year.

The Company has provided nil zakat liability against the above remaining balance and believes that it is the best estimate of the liability as at year end and in accordance with the laws and regulations for calculating zakat.

**Subsidiary:**

The Company has submitted its zakat returns with ZATCA for the years up to 31 December 2021 and paid the zakat liabilities for those years due as per the returns.

During 2020, the Company received an additional assessment for the year 2017 and 2018 with an additional zakat liability of SR 207,080 and SR 58,642 respectively. The Company had filed objections against these assessments, which were rejected for the year 2017 and was partially accepted for the year 2018 and resulted in revised zakat liability for the year 2018 amounted to SR 35,897. Management has further objected and filed the appeals to the General Secretariat of the Tax Committees that issued the judgment against the Company and amount was paid accordingly on 21 November 2021. The objections of the year 2017 is still under study and to be discussed further on 8 May 2022.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

For the three-month period ended 31 March 2022

**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 three- month period ended 31 March is as follows:

	<b><i>For the three-month period ended 31 March</i></b>	
	<b><i>2022</i></b>	<b><i>2021</i></b>
	<b><i>SR</i></b>	<b><i>SR</i></b>
	<b><i>Unaudited</i></b>	<b><i>Unaudited</i></b>
Depreciation	41,568,417	47,383,576
Addition to property, plant and equipment	9,182,955	20,917,200

The plants are situated on land leased from the Deputy Ministry for Mineral Resources, of Ras Baridi in Yanbu, for 30 Hijri 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 years, as mentioned above, subject to the agreement of both parties.

**8 TRADE RECEIVABLES**

	<b><i>31 March</i></b>	<b><i>31 December</i></b>
	<b><i>2022</i></b>	<b><i>2021</i></b>
	<b><i>SR</i></b>	<b><i>SR</i></b>
	<b><i>Unaudited</i></b>	<b><i>Audited</i></b>
Total trade receivables	<b>155,507,388</b>	170,263,755
Allowance for expected credit losses	<b>(3,943,681)</b>	(3,943,681)
	<b><u>151,563,707</u></b>	<b><u>166,320,074</u></b>

Trade receivables are non-interest bearing and are generally on the term of 30 to 90 days.

**9 INVENTORIES**

	<b><i>31 March</i></b>	<b><i>31 December</i></b>
	<b><i>2022</i></b>	<b><i>2021</i></b>
	<b><i>SR</i></b>	<b><i>SR</i></b>
	<b><i>Unaudited</i></b>	<b><i>Audited</i></b>
Spare parts, net	<b>145,410,354</b>	149,055,209
Work in process	<b>366,515,753</b>	350,906,657
Raw materials	<b>19,142,197</b>	23,047,307
Fuel	<b>16,249,058</b>	15,875,526
Packaging materials	<b>6,655,758</b>	2,001,948
Other materials	<b>624,987</b>	584,501
	<b><u>554,598,107</u></b>	<b><u>541,471,148</u></b>

As at 31 March 2022, the Group maintains provision against slow-moving spare parts amounting to SR 86.05 million (31 December 2021 : SR 86.05 million).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

For the three-month period ended 31 March 2022

**10 LOANS**

**Term loan**

- a) During the year 2015, the Parent Company entered into bank facilities contracts amounting to SR 250 million with the Saudi National Bank (“SNB”) to finance the construction of power generating plant from waste thermal energy project. The loan balance has been fully utilized in prior years. The loan is repayable in monthly installments of SR 4.32 million each with last installment due in June 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 SNB.
- b) During the year 2021, the Parent Company entered into a bank facility contract with Gulf International Bank in the amount of 100 million Saudi riyals to cover the financing of the project to raise the production capacity of the fourth line. The loan is subject to repayable in quarterly installments of 5 million Saudi riyals each and the last payment is due in December 2026. The loan is subject to interest costs as per prevailing Saudi rates (SIBOR) plus fixed commission rate.

The outstanding term loans as at period / year end are as follows:

	<i>31 March 2022 SR Unaudited</i>	<i>31 December 2021 SR Audited</i>
National Commercial Bank Loan	<b>12,972,222</b>	25,944,444
Gulf International Bank Loan	<b>95,000,000</b>	100,000,000
	<b>107,972,222</b>	125,944,444
The current portion	<b>(32,972,222)</b>	(45,944,444)
The non-current portion	<b>75,000,000</b>	80,000,000

**Short term borrowings**

During the year 2021, the Parent Company entered into contracts of Islamic financing facilities to meet the working capital requirements with Gulf Bank, Al Bilad, Al Jazira and Saudi Fransi with a total amount of SR 530 million. Where the loan is subject to financing costs according to the prevailing market rate among Saudi banks (SIBOR) plus a fixed commission rate, Where the balance used as on March 31, 2022 amounted to SR 145.4 million, and the financing was classified under current liabilities due to the fact that it is due for repayment within 12 months from the date of the statement of financial position.

**11 STATUTORY RESERVE**

In accordance with the Parent Company’s By-laws, the Parent Company is required to transfer at least 10% of the net income to the statutory reserve. The Parent Company may cease such transfers when the statutory reserve equals 30% of the capital. This having been achieved in previous year, the Parent Company resolved to discontinue such transfers.

**12 DIVIDENDS**

No dividends are proposed by the Board of Directors of the Parent Company during the current and prior period ended 31 March 2022 and 31 March 2021 respectively.

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(UNAUDITED) (Continued)  
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**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:

	<i><b>For the three-month period ended 31 March</b></i>	
	<i><b>2022</b></i>	<i><b>2021</b></i>
	<i><b>Unaudited</b></i>	<i><b>Unaudited</b></i>
Profit for the period attributable to ordinary shareholders of the Parent Company (SR' 000)	<b>38,928</b>	<b>72,763</b>
The weighted average number of outstanding ordinary shares (000' shares)	<b>157,500</b>	<b>157,500</b>
Basic and diluted earnings per share attributable to shareholders of the Parent Company (Saudi Riyals)	<b>0.25</b>	<b>0.46</b>

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

**14 CONTINGENCIES AND CAPITAL COMMITMENTS**

As at 31 March 2022, the contingencies against banks' letter of guarantees issued on behalf of the Group amounted to SR 31.8 million (31 December 2021: SR 31.9 million).

As at 31 March 2022, the Group has bank letter of credits issued amounting to SR 2.8 million (31 December 2021: SR 2.8 million) issued from a bank in the Kingdom of Saudi Arabia.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**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 periods ended 31 March 2022:

***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 three-month period ended 31 March 2022 amounting to SR 0.95 million (31 March 2021: SR 0.8 million).

Key management personnel compensation comprised the following:

	<b><i>For the three-month period ended 31 March</i></b>	
	<b><i>2022</i></b>	<b><i>2021</i></b>
	<b><i>SR</i></b>	<b><i>SR</i></b>
	<b><i>Unaudited</i></b>	<b><i>Unaudited</i></b>
Short term employee benefits	<b>1,706,350</b>	1,640,000
Post-employment benefits	<b>95,453</b>	116,792
	<b>1,801,803</b>	<b>1,756,792</b>

The Group entered into transaction with its associate under mutually agreed terms and conditions:

<b><u>Associate</u></b>	<b><i>Amount of transaction</i></b>		<b><i>Due to related party</i></b>	
	<b><i>31 March</i></b>	<b><i>31 December</i></b>	<b><i>31 March</i></b>	<b><i>31 December</i></b>
<b><i>(Nature of transaction)</i></b>	<b><i>2022</i></b>	<b><i>2021</i></b>	<b><i>2022</i></b>	<b><i>2021</i></b>
	<b><i>SR</i></b>	<b><i>SR</i></b>	<b><i>SR</i></b>	<b><i>SR</i></b>
	<b><i>Unaudited</i></b>	<b><i>Audited</i></b>	<b><i>Unaudited</i></b>	<b><i>Audited</i></b>
Training cost charges by associate	-	1,745,269	1,101,957	(767,501)

**16 FAIR VALUE MEASUREMENT**

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

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

Suppose the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy. In that case, 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**16 FAIR VALUE MEASUREMENT (Continued)**

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:

<i>Liabilities measured at fair value</i>	<i>Date of valuation</i>	<b>Total SR</b>	<i>Fair value measurement using</i>		
			<i>Quoted prices in active markets (Level 1) SR</i>	<i>Significant observable inputs (Level 2) SR</i>	<i>Significant unobservable inputs (Level 3) SR</i>
Financial derivatives	31 March 2022 (Unaudited)	<b>(2,778,887)</b>	-	-	<b>(2,778,887)</b>

<i>Liabilities measured at fair value</i>	<i>Date of valuation</i>	<b>Total SR</b>	<i>Fair value measurement using</i>		
			<i>Quoted prices in active markets (Level 1) SR</i>	<i>Significant observable inputs (Level 2) SR</i>	<i>Significant unobservable inputs (Level 3) SR</i>
Financial derivatives	31 December 2021 (Audited)	<b>63,600</b>	-	-	<b>63,600</b>

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

As at 31 March 2022 and 31 December 2021, the fair values of the Group's financial instruments are estimated to approximate their carrying values and are classified under level 3 of the fair value hierarchy. The fair value of trade receivables as at 31 March 2022 and 31 December 2021 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 a discount rate that reflects the borrowing rate as at the end of the reporting period. As at 31 March 2022 and 31 December 2021, the carrying amounts of borrowings were not materially different from their calculated fair values.

During the three-month period ended 31 March 2022 and year ended 31 December 2021, there were no movements between the levels.

**17 COVID-19 UPDATES**

The impact of Covid-19 has been disclosed in detail in the annual consolidated financial statements of the Group for the year ended 31 December 2021. During the three-month period ended 31 March 2022, the Group did not observe any significant impact in the operations as the operation were coming back to normal operation during the prior year. However, the Group continue to monitor the Covid-19 situation closely, although at this time, the management is not aware of any factors that are expected to change the impact of the pandemic on the Group's operations during 2022 or beyond.

**18 EVENTS AFTER THE REPORTING PERIOD**

In the opinion of the management, there have been no subsequent events since the period ended 31 March 2022 which would have a material impact on the financial position of the Group reflected in these interim condensed consolidated financial statements.

**19 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements for the Group for the three month period ended 31 March 2022, were approved by the Board of Directors on 23 Ramadan 1443H (corresponding to 24 April 2022).