

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

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

**FOR THE THREE-MONTH AND SIX-MONTH  
PERIODS ENDED 30 JUNE 2022 AND  
INDEPENDENT AUDITOR'S REVIEW REPORT**

Yanbu Cement Company (A Saudi Joint Stock Company)

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

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For the three-month and six-month periods ended 30 June 2022

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**INDEPENDENT AUDITOR'S REVIEW REPORT****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 June 2022, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statement of changes in shareholders' equity and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes from 1 to 18. 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 Dr. Mohamed Al-Amri & Co.



Maher Al-Khatieb  
Certified Public Accountant  
License Number 514



Jeddah on 31 July 2022 (G)  
Corresponding to: 2 Muharram 1444 (H)

Yanbu Cement Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME

For the three-month and six-month periods ended 30 June 2022

|  |             | <i>For the three-<br/>month period<br/>ended 30<br/>June 2022</i> | <i>For the three-<br/>month period<br/>ended 30 June<br/>2021</i> | <i>For the six -<br/>month period<br/>ended 30<br/>June 2022</i> | <i>For the six -<br/>month period<br/>ended 30<br/>June 2021</i> |
|--|-------------|---|---|--|--|
|  |             | SR  | SR  | SR   | SR   |
|  | <i>Note</i> | <i>Unaudited</i>  | <i>Unaudited</i>  | <i>Unaudited</i>   | <i>Unaudited</i>   |
| Revenue  | 4           | 238,170,854   | 242,687,895   | 479,803,664  | 535,085,426  |
| Cost of revenue  |             | (174,524,199)   | (189,546,998)   | (361,718,266)  | (400,719,325)  |
| <b>GROSS PROFIT</b>  |             | <b>63,646,655</b>   | <b>53,140,897</b>   | <b>118,085,398</b>   | <b>134,366,101</b>   |
| Selling and distribution expenses  |             | (3,022,558)   | (2,155,576)   | (7,105,908)  | (6,445,568)  |
| General and administrative expenses  |             | (9,794,199)   | (7,911,801)   | (19,952,978)   | (16,269,638)   |
| <b>PROFIT FROM OPERATIONS</b>  |             | <b>50,829,898</b>   | <b>43,073,520</b>   | <b>91,026,512</b>  | <b>111,650,895</b>   |
| Gain on derivative instruments at fair value through<br>profit or loss   | 16          | 627,138   | 747,930   | 3,469,625  | 767,036  |
| Finance costs  |             | (1,480,601)   | (898,837)   | (3,893,761)  | (2,008,556)  |
| Other income   |             | 4,847,757   | 893,621   | 6,442,694  | 9,254,152  |
| Other expense  | 9           | (4,500,000)   | -   | (4,500,000)  | -  |
| Finance income   |             | 80,515  | 57,366  | 130,133  | 88,433   |
| <b>PROFIT BEFORE ZAKAT</b>   |             | <b>50,404,707</b>   | <b>43,873,600</b>   | <b>92,675,203</b>  | <b>119,751,960</b>   |
| Zakat  | 6           | (2,360,735)   | (2,040,000)   | (5,702,867)  | (4,525,000)  |
| <b>PROFIT FOR THE PERIOD</b>   |             | <b>48,043,972</b>   | <b>41,833,600</b>   | <b>86,972,336</b>  | <b>115,226,960</b>   |
| <b>OTHER COMPREHENSIVE INCOME:</b><br><i>Items not to be reclassified to profit or loss in<br/>subsequent periods:</i> |             |   |   |  |  |
| Re-measurement on employee benefits' liabilities   |             | -   | -   | -  | -  |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE<br/>PERIOD</b>   |             | <b>48,043,972</b>   | <b>41,833,600</b>   | <b>86,972,336</b>  | <b>115,226,960</b>   |
| <b>Profit for the period:</b><br><i>Attributable to:</i>   |             |   |   |  |  |
| Owners of the parent   |             | 48,043,972  | 41,444,857  | 86,972,336   | 114,207,698  |
| Non-controlling interest   | 1/3         | -   | 388,743   | -  | 1,019,262  |
|  |             | <b>48,043,972</b>   | <b>41,833,600</b>   | <b>86,972,336</b>  | <b>115,226,960</b>   |
| <b>EARNINGS PER SHARE</b>  |             |   |   |  |  |
| Basic and diluted earnings per share attributable to<br>owners of the parent   | 13          | <b>0.31</b>   | <b>0.26</b>   | <b>0.55</b>  | <b>0.73</b>  |

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

Yanbu Cement Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

|   | <b>Note</b> | <b>30 June<br/>2022<br/>Unaudited<br/>SR</b> | <b>31 December<br/>2021<br/>Audited<br/>SR</b> |
|---|-------------|--|--|
| <b>ASSETS</b>                                   |             |  |  |
| Property, plant and equipment                   | 7           | 2,458,070,711                                | 2,529,430,730                                  |
| Intangible assets                               |             | 2,151,739                                    | 2,500,788                                      |
| Other non-current assets                        |             | 44,498,667                                   | 54,181,309                                     |
| <b>TOTAL NON-CURRENT ASSETS</b>                 |             | <b>2,504,721,117</b>                         | <b>2,586,112,827</b>                           |
| <b>CURRENT ASSETS</b>                           |             |  |  |
| Inventories                                     | 9           | 562,075,688                                  | 541,471,148                                    |
| Trade receivables                               | 8           | 155,323,308                                  | 166,320,074                                    |
| Prepayments, advances and other receivables     |             | 54,602,161                                   | 33,303,164                                     |
| Financial derivatives                           | 16          | 3,406,025                                    | -  |
| Cash and bank balances                          |             | 133,725,521                                  | 60,605,196                                     |
| <b>TOTAL CURRENT ASSETS</b>                     |             | <b>909,132,703</b>                           | <b>801,699,582</b>                             |
| <b>TOTAL ASSETS</b>                             |             | <b>3,413,853,820</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                               |             | 401,181,546                                  | 432,334,210                                    |
| Equity attributable to the owners of the parent |             | <b>2,763,681,546</b>                         | <b>2,794,834,210</b>                           |
| Non-controlling interest                        | 1/3         | -  | 32,331,437                                     |
| <b>TOTAL EQUITY</b>                             |             | <b>2,763,681,546</b>                         | <b>2,827,165,647</b>                           |
| <b>NON-CURRENT LIABILITIES</b>                  |             |  |  |
| Term loans                                      | 10          | 103,250,000                                  | 80,000,000                                     |
| Employee benefits' liabilities                  |             | 91,287,822                                   | 83,743,089                                     |
| Lease liability                                 |             | 5,268,126                                    | 5,778,856                                      |
| <b>TOTAL NON-CURRENT LIABILITIES</b>            |             | <b>199,805,948</b>                           | <b>169,521,945</b>                             |
| <b>CURRENT LIABILITIES</b>                      |             |  |  |
| Trade payables                                  |             | 22,443,866                                   | 21,617,736                                     |
| Financial derivatives                           | 16          | -  | 63,600   |
| Current portion of term loans                   | 10          | 21,750,000                                   | 45,944,444                                     |
| Short term borrowings                           | 10          | 145,379,896                                  | 150,735,566                                    |
| Dividends payable                               |             | 82,126,877                                   | 81,689,119                                     |
| Accrued expenses and other current liabilities  |             | 172,479,095                                  | 79,070,934                                     |
| Zakat payable                                   | 6           | 6,186,592                                    | 12,003,418                                     |
| <b>TOTAL CURRENT LIABILITIES</b>                |             | <b>450,366,326</b>                           | <b>391,124,817</b>                             |
| <b>TOTAL LIABILITIES</b>                        |             | <b>650,172,274</b>                           | <b>560,646,762</b>                             |
| <b>TOTAL EQUITY AND LIABILITIES</b>             |             | <b>3,413,853,820</b>                         | <b>3,387,812,409</b>                           |

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

Yanbu Cement Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
For the six-month period ended 30 June 2022

|  | <i>Attributable to the owners of the parent</i> |                          |                          |                      | <i>Non-controlling interests</i> | <i>Total equity</i>  |
|--|---|--------------------------|--------------------------|----------------------|----------------------------------|----------------------|
|  | <i>Share capital</i>                            | <i>Statutory reserve</i> | <i>Retained earnings</i> | <i>Total</i>         |                                  |                      |
|  | SR  | SR                       | SR                       | SR                   | SR                               | 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        |
| Profit for the period                                  | -   | -                        | 86,972,336               | 86,972,336           | -                                | 86,972,336           |
| Other comprehensive income                             | -   | -                        | -                        | -                    | -                                | -                    |
| <b>Total comprehensive income for the period</b>       | -   | -                        | 86,972,336               | 86,972,336           | -                                | 86,972,336           |
| Increase in ownership stake of the Subsidiary (Note 3) | -   | -                        | -                        | -                    | (32,331,437)                     | (32,331,437)         |
| Dividends to owners of the parent (Note 12)            | -   | -                        | (118,125,000)            | (118,125,000)        | -                                | (118,125,000)        |
| <b>Balance at 30 June 2022 (Unaudited)</b>             | <b>1,575,000,000</b>                            | <b>787,500,000</b>       | <b>401,181,546</b>       | <b>2,763,681,546</b> | <b>-</b>                         | <b>2,763,681,546</b> |
|  | <i>Attributable to owners of the parent</i>     |                          |                          |                      |                                  |                      |
|  | <i>Share capital</i>                            | <i>Statutory reserve</i> | <i>Retained Earnings</i> | <i>Total</i>         | <i>Non-controlling interests</i> | <i>Total equity</i>  |
|  | SR  | SR                       | SR                       | SR                   | SR                               | 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        |
| Profit for the period                                  | -   | -                        | 114,207,698              | 114,207,698          | 1,019,262                        | 115,226,960          |
| Other comprehensive income                             | -   | -                        | -                        | -                    | -                                | -                    |
| <b>Total comprehensive income for the period</b>       | -   | -                        | 114,207,698              | 114,207,698          | 1,019,262                        | 115,226,960          |
| Dividends to non-controlling interest                  | -   | -                        | -                        | -                    | (2,000,000)                      | (2,000,000)          |
| <b>Balance at 30 June 2021 (Unaudited)</b>             | <b>1,575,000,000</b>                            | <b>787,500,000</b>       | <b>748,248,953</b>       | <b>3,110,748,953</b> | <b>31,145,866</b>                | <b>3,141,894,819</b> |

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
For the six-month period ended 30 June 2022

|   |             | <i>For the six-month<br/>period ended 30<br/>June 2022</i> | <i>For the six-month<br/>period ended 30<br/>June 2021</i> |
|---|-------------|--|--|
|   |             | <i>SR</i>  | <i>SR</i>  |
|   | <u>Note</u> | <u>Unaudited</u>   | <u>Unaudited</u>   |
| <b>OPERATING ACTIVITIES</b>   |             |  |  |
| Profit before zakat   |             | 92,675,203   | 119,751,960  |
| <i>Adjustment to reconcile operating income to net cash flows:</i>  |             |  |  |
| Depreciation of property, plant and equipment                       | 7           | 82,547,972   | 96,063,878   |
| Amortization for intangible assets                                  |             | 349,049  | 1,378,326  |
| Finance costs   |             | 3,893,761  | 2,008,556  |
| Gain on derivative instruments at fair value through profit or loss |             | (3,469,625)  | (767,036)  |
| Provision for employee benefits' liabilities                        |             | 9,987,992  | 8,484,889  |
| Allowance for spare parts obsolescence                              |             | 4,500,000  | -  |
| Allowance for expected credit losses                                |             | -  | (383,579)  |
|   |             | <u>190,484,352</u>   | <u>226,536,994</u>   |
| <i>Working capital changes:</i>                                     |             |  |  |
| Trade receivables   |             | 10,996,766   | 8,948,868  |
| Inventories   |             | (25,104,540)   | 80,980,857   |
| Prepayments, advances and other receivables                         |             | (21,298,997)   | 1,571,094  |
| Trade payables  |             | 826,130  | (27,775,357)   |
| Accrued expenses and other current liabilities                      |             | 93,408,161   | (18,240,285)   |
|   |             | <u>249,311,872</u>   | <u>272,022,171</u>   |
| Zakat paid  | 6           | (11,519,693)   | (11,054,943)   |
| Employee benefits' liabilities paid                                 |             | (2,443,259)  | (5,573,692)  |
| Finance cost paid   |             | (3,754,491)  | (1,859,816)  |
|   |             | <u>231,594,429</u>   | <u>253,533,720</u>   |
| <b>INVESTING ACTIVITIES</b>   |             |  |  |
| Purchase of property, plant and equipment                           | 7           | (11,187,953)   | (69,208,235)   |
| Increase in ownership stake of the Subsidiary                       | 3           | (32,331,437)   | -  |
| Other non-current assets  |             | 9,682,642  | -  |
|   |             | <u>(33,836,748)</u>  | <u>(69,208,235)</u>  |
| <b>FINANCING ACTIVITIES</b>   |             |  |  |
| Lease liability   |             | (650,000)  | -  |
| Repayment of term loans   |             | (944,444)  | (25,944,444)   |
| Net movement of short-term borrowings                               |             | (5,355,670)  | 30,130,607   |
| Dividends paid to owners of the parent                              |             | (117,687,242)  | (195,706,083)  |
| Dividends paid to non-controlling interest                          |             | -  | (2,000,000)  |
|   |             | <u>(124,637,356)</u>                                       | <u>(193,519,920)</u>                                       |
| <b>NET CHANGES IN CASH AND BANK BALANCES</b>                        |             |  |  |
|   |             | <u>73,120,325</u>  | <u>(9,194,435)</u>   |
| 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>              |             |  |  |
|   |             | <u>133,725,521</u>   | <u>127,821,006</u>   |

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
For the six-month period ended 30 June 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. 470000233 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 30 June 2022 (31 Dec 2021: 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.

There is no change in the company investment in associate, Knowledge Center for Cement Training Limited, since the latest financial statement issued in 31 December 2021.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basic 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 31 December 2021. In addition, results for the interim period ended 30 June 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 also the functional 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 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 also reviewed the key sources of estimation uncertainties disclosed in its 2021 annual consolidated financial statements. 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 six-month period ended 30 June 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.

**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.

## Yanbu Cement Company (A Saudi Joint Stock Company)

### NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

For the six-month period ended 30 June 2022

#### 4 REVENUE

The Group's revenue is described below:

| <i>Product type</i>                               | <i>For the three-month period ended 30 June</i> |                    | <i>For the six-month period ended 30 June</i> |                    |
|---|---|--------------------|---|--------------------|
|   | <i>2022</i>                                     | <i>2021</i>        | <i>2022</i>                                   | <i>2021</i>        |
|   | <i>SR</i>                                       | <i>SR</i>          | <i>SR</i>                                     | <i>SR</i>          |
|   | <i>Unaudited</i>                                | <i>Unaudited</i>   | <i>Unaudited</i>                              | <i>Unaudited</i>   |
| Bulk cement                                       | 101,550,948                                     | 118,100,483        | 220,805,800                                   | 262,209,314        |
| Packed cement                                     | 64,102,515                                      | 65,532,746         | 143,571,243                                   | 157,884,270        |
| Cement bags                                       | 599,925   | 11,184,394         | 12,301,050                                    | 27,312,161         |
| Raw cement (clinker)                              | 71,917,466                                      | 47,870,272         | 103,125,571                                   | 87,679,681         |
| <b>Total revenue (*)</b>                          | <b>238,170,854</b>                              | <b>242,687,895</b> | <b>479,803,664</b>                            | <b>535,085,426</b> |
| <i>Geographical markets</i>                       |   |                    |   |                    |
| Total revenue inside the Kingdom of Saudi Arabia  | 166,253,388                                     | 194,817,623        | 376,678,093                                   | 442,960,094        |
| Total revenue outside the Kingdom of Saudi Arabia | 71,917,466                                      | 47,870,272         | 103,125,571                                   | 92,125,332         |
| <b>Total revenue</b>                              | <b>238,170,854</b>                              | <b>242,687,895</b> | <b>479,803,664</b>                            | <b>535,085,426</b> |

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

#### 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>30 June</i>   | <i>31 December</i> |
|---|------------------|--------------------|
|   | <i>2022</i>      | <i>2021</i>        |
|   | <i>SR</i>        | <i>SR</i>          |
|   | <i>Unaudited</i> | <i>Audited</i>     |
| Balance at beginning of the period /year      | 12,003,418       | 17,190,782         |
| Provided during the period/year               | 5,702,867        | 13,344,751         |
| Paid during the period /year                  | (11,519,693)     | (18,532,115)       |
| <b>Balance at the end of the period /year</b> | <b>6,186,592</b> | <b>12,003,418</b>  |

Zakat for the period ended 30 June 2022 is calculated based on the management's estimate, which may not represent an accurate indication about Zakat for the year ending 31 December 2022.

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

For the six-month period ended 30 June 2022

**6 ZAKAT (Continued)**

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 2021 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 Company:**

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 yet to be discussed further.

**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 six-month period ended 30 June as follows:

|   | <i>For the six-month period ended 30 June</i> |                  |
|---|---|------------------|
|   | <i>2022</i>                                   | <i>2021</i>      |
|   | <i>SR</i>                                     | <i>SR</i>        |
|   | <i>Unaudited</i>                              | <i>Unaudited</i> |
| Depreciation                              | 82,547,972                                    | 96,063,878       |
| Addition to property, plant and equipment | 11,187,953                                    | 69,208,235       |

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**

|                                      | <i>30 June</i>     | <i>31 December</i> |
|--------------------------------------|--------------------|--------------------|
|                                      | <i>2022</i>        | <i>2021</i>        |
|                                      | <i>SR</i>          | <i>SR</i>          |
|                                      | <i>Unaudited</i>   | <i>Audited</i>     |
| Total trade receivables              | 159,266,989        | 170,263,755        |
| Allowance for expected credit losses | (3,943,681)        | (3,943,681)        |
|                                      | <b>155,323,308</b> | <b>166,320,074</b> |

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

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

For the six-month period ended 30 June 2022

9 INVENTORIES

|                     | <i>30 June<br/>2022<br/>SR<br/><u>Unaudited</u></i> | <i>31 December<br/>2021<br/>SR<br/><u>Audited</u></i> |
|---------------------|---|---|
| Spare parts, net    | 157,547,040   | 149,055,209   |
| Work in process     | 355,031,072   | 350,906,657   |
| Raw materials       | 22,369,025  | 23,047,307  |
| Fuel                | 17,415,482  | 15,875,526  |
| Packaging materials | 9,230,151   | 2,001,948   |
| Other materials     | 482,918   | 584,501   |
|                     | <b><u>562,075,688</u></b>                           | <b><u>541,471,148</u></b>                             |

As at 30 June 2022, the Group maintains provision against slow-moving spare parts amounting to SR 90.6 million (31 December 2021 : SR 86.1 million).

10 TERM LOAN

- A. During the year 2015, the Parent Company entered into bank facilities agreement 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, and accordingly fully settled. 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 agreement with Gulf International Bank amounting to 100 million SR 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.
- C. During the year 2022, the parent company entered into a bank facility agreement with the SABB Bank in the amount of SR 35 million to cover the acquisition of 40% of the remaining shares of the Subsidiary Company. The loan is subject to repayment of quarterly installments of SR 1.75 million each, starting from July 2023 until June 2028. The loan entails financing costs as per prevailing Saudi rates (SIBOR) in addition to a fixed commission rate.

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

|   | <i>30 June<br/>2022<br/>SR<br/><u>Unaudited</u></i> | <i>31 December<br/>2021<br/>SR<br/><u>Audited</u></i> |
|---|---|---|
| Saudi National Bank loan ( Note A )     | -   | 25,944,444  |
| Gulf International Bank loan ( Note B ) | 90,000,000  | 100,000,000   |
| SABB Bank loan ( Note C )               | 35,000,000  | -   |
|   | <b><u>125,000,000</u></b>                           | <b><u>125,944,444</u></b>                             |
| The current portion                     | (21,750,000)  | (45,944,444)  |
| The non-current portion                 | <b><u>103,250,000</u></b>                           | <b><u>80,000,000</u></b>                              |

Short term borrowings

During the period 2021, the Parent Company entered into Islamic financing facilities agreement with Gulf International Bank and Bank Albilad, each amounting to SR 100 million at SIBOR plus agreed commission rate to meet its working capital requirements. The facilities availed during the year 2021 were also fully paid off during the same year. As on 30 June 2022, the outstanding amounts of SR 145.4 million respectively were classified under current liabilities since these are due for payment to Gulf International Bank and Bank Albilad within 12 months from the date of its financial position.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

For the six-month period ended 30 June 2022

**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**

On 1 June 2022 (corresponding to 2 Dhu-Al Qa'dah 1443), the Board of Directors of the Parent Company recommended to the General Assembly to distribute cash dividends amounting of SR 118.1 million (SR 0.75 per share) for the first half of the year ending 31 December 2022 which represent 7.5% of the nominal value of shares.

**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>For the three-month period</i> |                  | <i>For the six-month period</i> |                  |
|--|-----------------------------------|------------------|---------------------------------|------------------|
|  | <i>2022</i>                       | <i>2021</i>      | <i>2022</i>                     | <i>2021</i>      |
|  | <i>Unaudited</i>                  | <i>Unaudited</i> | <i>Unaudited</i>                | <i>Unaudited</i> |
| Profit for the period attributable to ordinary shareholders of the Parent Company (SR' 000)            | <b>48,044</b>                     | <b>41,445</b>    | <b>86,972</b>                   | <b>114,208</b>   |
| The weighted average number of outstanding ordinary shares (000' shares)                               | <b>157,500</b>                    | <b>157,500</b>   | <b>157,500</b>                  | <b>157,500</b>   |
| Basic and diluted earnings per share attributable to shareholders of the Parent Company (Saudi Riyals) | <b>0.31</b>                       | <b>0.26</b>      | <b>0.55</b>                     | <b>0.73</b>      |

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

**14 CONTINGENCIES AND CAPITAL COMMITMENTS**

As at 30 June 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 30 June 2022, the Group has issued bank letter of credits amounting to SR 7.81 million (31 December 2021: SR 2.8 million) from a bank in the Kingdom of Saudi Arabia.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

For the six-month period ended 30 June 2022

**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 six-month periods ended 30 June 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 six-month period ended 30 June 2022 amounting to SR 1.8 million (30 June 2021: SR 1.8 million).

Key management personnel compensation comprised the following:

|                              | <i>For the three-month period ended 30 June</i> |                  | <i>For the six-month period ended 30 June</i> |                  |
|------------------------------|---|------------------|---|------------------|
|                              | <i>2022</i>                                     | <i>2021</i>      | <i>2022</i>                                   | <i>2021</i>      |
|                              | <i>Unaudited</i>                                | <i>Unaudited</i> | <i>Unaudited</i>                              | <i>Unaudited</i> |
| Short term employee benefits | 1,706,350                                       | 1,614,500        | 3,412,700                                     | 3,254,500        |
| Post-employment benefits     | 95,453  | 90,188           | 190,906                                       | 206,900          |
|                              | <b>1,801,803</b>                                | <b>1,704,688</b> | <b>3,603,606</b>                              | <b>3,461,400</b> |

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

**Associate**

*(Knowledge Center for Cement Training Limited)*

|                                    | <i>Amount of transaction</i> |                         | <i>Due to related party</i> |                         |
|------------------------------------|------------------------------|-------------------------|-----------------------------|-------------------------|
|                                    | <i>30 June 2022</i>          | <i>31 December 2021</i> | <i>30 June 2022</i>         | <i>31 December 2021</i> |
|                                    | <i>SR</i>                    | <i>SR</i>               | <i>SR</i>                   | <i>SR</i>               |
| <i>(Nature of transaction)</i>     | <i>Unaudited</i>             | <i>Audited</i>          | <i>Unaudited</i>            | <i>Audited</i>          |
| Training cost charges by associate | <b>861,638</b>               | <b>1,745,269</b>        | <b>15,533</b>               | <b>(767,501)</b>        |

**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

(UNAUDITED) (Continued)

For the six-month period ended 30 June 2022

**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>      | <i>Total SR</i> | <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                     | 30 June 2022<br>(Unaudited)   | (3,406,025)     | -   | -   | (3,406,025)   |
| Financial derivatives                     | 31 December 2021<br>(Audited) | 63,600          | -   | -   | 63,600  |

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 30 June 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 30 June 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 30 June 2022 and 31 December 2021, the carrying amounts of borrowings were not materially different from their calculated fair values.

During the six months ended 30 June 2022 and year ended 31 December 2021, there were no movements between the levels.

**17 EVENTS AFTER THE REPORTING PERIOD**

In the opinion of the management, there have been no subsequent events since the period ended 30 June 2022 which would have a material impact on the financial position of the Group reflected in these interim condensed consolidated financial statements.

**18 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements for the Group for the three-month and six-month periods ended 30 June 2022, were approved by the Board of Directors on 27 Dhul-Hijjah 1443 H (corresponding to 26 July 2022).