

**HAIL CEMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE THREE MONTHS ENDED**  
**AT 31 MARCH 2022**

# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

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INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS PERIOD  
ENDED AT 31 MARCH 2022

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**TRANSLATED FROM ARABIC****INDEPENDENT AUDITOR'S REPORT ON REVIEW  
OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS:  
HAIL CEMENT COMPANY  
SAUDI JOINT STOCK COMPANY  
Hail – SAUDI ARABIA  
Introduction:**

We have reviewed the condensed interim statement of financial position of Hail Cement Company – Saudi Joint Stock Company- ("the Company") as at March, 31, 2022, the condensed interim statements of profit or loss and other comprehensive income for the three months period ended at March, 31, 2022, the condensed interim changes in shareholders equity and the condensed interim cash flows for three months then ended, and summary of significant accounting policies and other explanatory notes which form an integral part of these condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34 "Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

**Scope of review:**

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

**Conclusion:**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" approved in the Kingdom of Saudi Arabia.

**FOR EL SAYED EL AYOUTY & CO.**

Jeddah: May 16, 2022  
Shawwal 15, 1443H



**A. Balamash**  
Abdullah Ahmad Balamash  
Certified Public Accountant  
License No. (345)

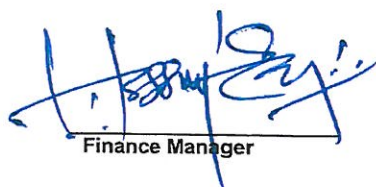
# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

(All amounts in Saudi Riyals)

	Notes	31 March 2022 Unaudited	31 December 2021 Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	6	686,973,636	701,580,422
Intangible assets - net		877,116	997,357
Right to use assets - net		8,363,236	8,470,651
<b>Total non-current assets</b>		<b>696,213,988</b>	<b>711,048,430</b>
<b>Current assets</b>			
Inventory – Net		341,867,079	352,504,625
Trade receivables - net		21,927,563	16,282,219
Prepayments and other receivable balances		26,428,694	12,398,025
Investments at FV through profit or loss	7	61,913,628	57,762,605
Cash and cash equivalents		85,555,076	47,914,295
<b>Total current assets</b>		<b>537,692,040</b>	<b>486,861,769</b>
<b>Total assets</b>		<b>1,233,906,028</b>	<b>1,197,910,199</b>
<b>Shareholders' equity and Liabilities</b>			
<b>Shareholders' equity</b>			
Share capital		979,000,000	979,000,000
Statutory reserve		56,707,109	56,707,109
Retained earnings		62,991,286	69,883,755
Actuarial (losses) from other comprehensive income		(1,040,037)	(1,040,037)
<b>Total shareholders' equity</b>		<b>1,097,658,358</b>	<b>1,104,550,827</b>
<b>Non-current liabilities</b>			
Lease obligations		9,134,945	9,665,595
Employee defined benefits obligations		21,566,515	20,608,230
Other provisions		4,061,857	4,031,620
<b>Total non-current liabilities</b>		<b>34,763,317</b>	<b>34,305,445</b>
<b>Current liabilities</b>			
Trade payable		46,774,578	28,617,153
Accrued expenses and dividends payable		40,488,589	19,642,329
Zakat provision	8	14,221,186	10,794,445
<b>Total current liabilities</b>		<b>101,484,353</b>	<b>59,053,927</b>
<b>Total liabilities</b>		<b>136,247,670</b>	<b>93,359,372</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,233,906,028</b>	<b>1,197,910,199</b>



Finance Manager



Chief Executive Officer and  
Board Member



BOD Chairman

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

## HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

### INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED AT 31 MARCH 2022 (All amounts in Saudi Riyals)

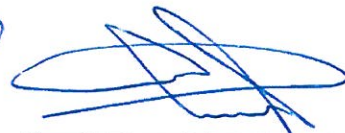
	<u>for the three months</u> <u>ended at 31 March</u>	
Notes	<u>2022</u> <u>Unaudited</u>	<u>2021</u> <u>Unaudited</u>
Revenue	68,615,282	81,891,348
Cost of revenue	(69,854,123)	( 50,978,372)
<b>Gross (loss) profit</b>	<b>(1,238,841)</b>	<b>30,912,976</b>
Selling and distribution expenses	(880,669)	( 865,821)
General and administrative expenses	(4,708,304)	( 5,793,069)
Provisions	(531,084)	( 415,223)
<b>(loss) Profit for the period from main operations</b>	<b>(7,358,898)</b>	<b>23,838,863</b>
Finance costs	(399,819)	(210,397)
Income from Murabaha deposits	4,533	277,520
Other income	137,433	329,906
Profit from changes in fair value of investments at fair value through the profits and losses	4,151,023	4,635,584
<b>Net (loss) profit for the period before zakat</b>	<b>(3,465,728)</b>	<b>28,871,476</b>
Zakat	(3,426,741)	( 3,000,000)
<b>Net (loss) / profit for the period</b>	<b>(6,892,469)</b>	<b>25,871,476</b>
<b>Other comprehensive income:</b>		
(Loss) from re-measurement of employee benefit obligations	-	-
<b>Total comprehensive income for the period</b>	<b>(6,892,469)</b>	<b>25,871,476</b>
<b>Basic earnings per share for the period:</b>		
From (loss) / profit of main operations	(.075)	0.24
From net (loss) / profit	(.07)	0.26
Weighted average number of ordinary shares	97,900,000	97,900,000



Finance Manager



Chief Executive Officer and  
Board Member



BOD Chairman

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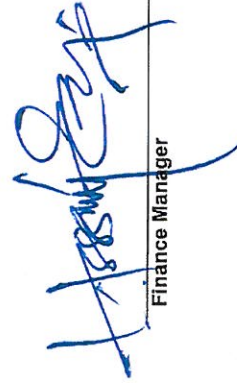


# HAIL CEMENT COMPANY

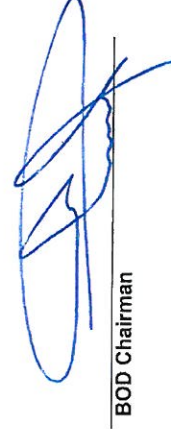
(A Saudi Joint Stock Company)

## INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED AT 31 MARCH 2022 (All amounts in Saudi Riyals)

	Share capital	Statutory Reserve	Retained Earnings	Other comprehensive income	Total equity
				SR	SR
Balance as at 1 January 2021 (Audited)	979,000,000	52,466,362	129,617,034	428,627	1,161,512,023
Total comprehensive income:					
Net profit for the period	-	-	25,871,476	-	25,871,476
Balance as at 31 March 2021 (Unaudited)	979,000,000	52,466,362	155,488,510	428,627	1,187,383,499
Balance as at 1 January 2022 (Audited)	979,000,000	56,707,109	69,883,755	(1,040,037)	1,104,550,827
Total comprehensive income:					
Net (loss) for the period	-	-	(6,892,469)	-	(6,892,469)
Balance as at 31 March 2022 (Unaudited)	979,000,000	56,707,109	62,991,286	(1,040,037)	1,097,658,358

  
Finance Manager

  
Chief Executive Officer and  
Board Member

  
BOD Chairman

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

# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

## INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE THREE MONTHS PERIOD ENDED AT 31 MARCH 2022

(All amounts in Saudi Riyals)

	for the three months ended at 31 March	
	Notes	
	2022	2021
	Unaudited	Unaudited
<b>Operating activities</b>		
Net (loss) profit for the period before zakat	(3,465,728)	28,871,476
<b>Adjustment</b>		
Depreciation	15,489,693	15,446,642
Amortization	120,241	237,185
Right to use depreciation	107,415	107,415
Lease financing cost	71,350	73,977
Interests	30,237	29,355
Employee benefit obligations	1,862,026	985,015
Provisions made during the period	531,084	415,223
Profit from changes in fair value of investments at fair value through the profits and losses	(4,151,023)	(4,635,584)
<b>Changes in operating assets and liabilities</b>		
Inventories	10,234,565	(7,441,712)
Trade receivables and other receivable balances	(20,406,116)	(6,939,665)
Trade payable and accruals	39,003,685	(1,367,718)
Employee benefit obligations - paid	(903,741)	(241,413)
Remuneration of the Board of Directors and Committees - paid	-	(1,900,000)
Zakat paid	-	(10,171,728)
<b>Net cash provided by operating activities</b>	<b>38,523,688</b>	<b>13,468,468</b>
<b>Investing activities</b>		
Purchase of property and equipment	(882,907)	(2,423,350)
Purchase of intangible assets	-	(94,500)
<b>Net cash (used in) investing activities</b>	<b>(882,907)</b>	<b>(2,517,850)</b>
<b>Finance activities</b>		
Lease payments	-	(479,900)
<b>Net cash (used in) financial activities</b>	<b>-</b>	<b>(479,900)</b>
<b>Net increase in cash and cash equivalents</b>	<b>37,640,781</b>	<b>10,470,718</b>
Cash and cash equivalents, beginning of the year	47,914,295	87,174,345
<b>Cash and cash equivalents, end of the period</b>	<b>85,555,076</b>	<b>97,645,063</b>

  
Finance Manager

  
Chief Executive Officer and  
Board Member

  
BOD Chairman

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

# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

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## Notes to the financial statements for three months period ended March 31, 2022

(All amounts in Saudi Riyals thousands unless otherwise stated)

### 1. The Company and activity

#### a) The Company

HAIL CEMENT COMPANY (the "Company"), is a Saudi Joint Stock Company, registered in Hail, Saudi Arabia under Commercial Registration No. 3350026399 dated November 30, 2010 (corresponding to 24 Dhul Hijjah 1431 H). Furthermore, the Company has also obtained a ministerial resolution No. 384/G on November 30, 2010 (corresponding to 24 Dhul Hijjah 1431 H) from the Ministry of Commerce and Industry.

The Company has obtained an industrial investment license No. 141931098717 dated August 26, 2010 (corresponding to 16 Ramadan 1431 H) from the Saudi Arabian General Investment Authority (SAGIA).

The company's shares are listed on the Capital Market Authority (CMA).

The company's main address is: Hail. P.O. Box: 1008, Postal Code: 81431.

#### b) The Company's activities

The Company's activities include the production and distribution of cement and its derivatives of all kinds of building materials and related accessories inside and outside the Kingdom of Saudi Arabia. The company also trades in cement and its derivatives of all kinds of building materials and related accessories inside and outside the Kingdom of Saudi Arabia. The company operates through its factory located in the Hail region.

#### c) The Financial period

The financial period presented of the company begins on January 1, 2022 and ends on March 31, 2022 and the company's financial year starts from The beginning of January of each year and ends at the end of December of the same year.

### 2. Basics of preparing condensed interim financial statements

#### A) Basis of preparation

These interim condensed financial statements have been prepared for the three months ended 31 March 2022 in accordance with IAS 34 Interim Financial Reporting adopted in Saudi Arabia and other standards and pronouncements endorsed by SOCPA. These condensed interim financial statements do not include all the information and explanations required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the Company's financial statements for the year ended 31 December 2021.

#### B) Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention except for employee defined benefit obligations which are measured at present value using the projected unit credit method. In addition, these interim condensed financial statements are prepared using the accrual basis of accounting and the going concern principle.

#### C) Significant accounting estimates, assumptions and judgments

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures about assets and contingent liabilities at the date of the financial statements, the amounts of revenues and expenses declared, disclosure of contingent liabilities on the financial statements and the amounts of revenues and expenses of the declared values during the reporting period. Although these estimates and judgments are based on the best information available to management on operations and current events, actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation in these financial statements were the same as those that applied to the financial statements as at and for the year ended 31 December 2021.



# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

## Notes to the financial statements for three months period ended March 31, 2022

(All amounts in Saudi Riyals thousands unless otherwise stated)

### 2. Basics of preparing condensed interim financial statements..(Continued)

#### D) Functional and presentation currency

These financial statements' items are presented in Saudi Arabian Riyals "SR" which is the functional and presentation currency of the Company. All figures are rounded to the nearest Saudi Riyals unless otherwise stated.

### 3. Significant accounting policies

The accounting policies applied to these interim condensed financial statements are the same as those applied to the financial statements for the year ended 31 December 2021.

### 4. Changes in significant accounting policies

There are no new standards issued. However, a number of amendments to the standards are effective as of January 1, 2022, which were explained in the company's annual financial statements for the fiscal year 2021, but they do not have a material impact on the condensed interim financial statements.

### 5. Segment information

The Company's core business is in one product within the Kingdom of Saudi Arabia, therefore it does not report on operating segments in multiple products or in different geographical areas.

### 6. Property, plant and equipment – net

For the purpose of preparing the interim condensed cash flow statement, the movement in property, plant and equipment during the three-month period ended March 31 is as follows:

	for the three months ended at 31 March	
	<u>2022</u>	<u>2022</u>
	<u>Unaudited</u>	<u>Unaudited</u>
Depreciation of property, plant and equipment	15,489,693	15,446,642
Purchase of property, plant and equipment	882,907	2,423,350

- The land on which the factory was built is leased from the Ministry of Petroleum and Mineral Resources (Ministry of Energy) for a period of 30 years starting from 2012. The mining license issued by the Ministry of Petroleum and Mineral Resources gives the company the exclusive right to produce and exploit specific minerals in the licensed area, which has an area of 46.4 square kilometers.

### 7. Investments at FV through profit or loss

The Company has invested SR 50 million in Discretionary Portfolio Management with Al Rajhi Capital. The fair value of the portfolio on March 31, 2022, is amounting to SR. 61,913,628 as follow:

	31 March 2022
	<u>Unaudited</u>
Balance as at 31 December 2021 (Audited )	57,762,605
Profit from changes in fair value of investments at fair value through the profits and losses	4,151,023
Balance as at 31 March 2022 (unaudited )	<u>61,913,628</u>

# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

## Notes to the financial statements for three months period ended March 31, 2022

(All amounts in Saudi Riyals thousands unless otherwise stated)

### 8. Zakat status

- The Company filed its Zakat returns up to the year 2021, paid the amount of Zakat payable and obtained Certificate No. ٣٠٠٥٥٧٢٨١٤ dated 10/10/1444 H, valid until 29/09/1443 H (corresponding to April 30, 2023).
- The Company received Zakat assessments for the years from 2015 until 2018, which resulted in differences amounting to (SR. 7,057,344). The Company objected to those differences, and escalated to the General Secretariat of the Zakat and Tax Committees, and according to the opinion of the company's Zakat advisor, he expects the company to succeed in settling these differences without having obligations or paying any differences resulting from these Zakat differences.
- The company received a zakat assessment for the years 2019 and 2020, which resulted in differences in the amount of (SR. 231,879), and these differences were objected to.

### 9. Contingent liabilities

- As at March 31, 2022, the company has contingent liabilities represented in letters of credit issued by the company's bank in favor of various suppliers and contractors in the amount of SR. 2.56 million (31 December 2021: SR. 4.26), and letters of guarantee in favor of the Customs Authority in return for customs duties in the amount of SR. 530 thousand (December 31, 2021: SR. 530 thousand).
- Decision was issued by one of the governmental bodies against the company, based on which a financial fine has been imposed on the company. The company's management and its legal advisor believe that this decision is not final and that the company has strong arguments to respond to this decision and there is no need to make any provisions for it. As at the financial position date this decision was appealed to the Administrative Court in Riyadh, and the ruling was passed in favor of the company, and then the plaintiff appealed the ruling.

### 10. Interim results

The results of operations in the interim condensed financial statements may not be an accurate indication of the results of the operations included in the company's annual financial statements.

### 11. Covid-19 impact

The impact of Corona Virus (Covid-19) pandemic was disclosed in the annual financial statements for the financial year ending on December 31, 2021.

The company's management did not notice any significant impact on the company's operations during the three-month period ending on March 31, 2022, as operations returned to their previous state during the third quarter of the year 2020. On the other hand, the company's management continues to closely monitor the situation of Covid-19 based on potential developments, and the management has not been aware of any factors that would change the impact of the pandemic on the company's operations during or after 2022.

### 12. Subsequent events

The management believes that there are no significant subsequent events since the date of the company's condensed financial statements for the period ending on March 31, 2022 to the date of preparing these financial statements that may have a material impact on the company's financial position.

### 13. Approval of the interim condensed financial statements financial Statements

The board of directors has approved these interim condensed financial statements on 15 Shawwal 1443 H (corresponding to 16 May 2022).