

**ARABIAN CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED**  
**INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three-months and six-months periods ended 30 June 2021  
with  
**INDEPENDENT AUDITORS' REPORT ON REVIEW**



## KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Headquarter in Riyadh

Commercial Registration No 4030290792

## كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال  
شارع الأمير سلطان  
ص.ب 55078  
جده 21534  
المملكة العربية السعودية  
المركز الرئيسي الرياض

سجل تجاري رقم 4030290792

# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of the Arabian Cement Company  
(A Saudi Joint Stock Company)  
Jeddah - Kingdom Saudi Arabia

## Introduction

We have reviewed the accompanying 30 June 2021 condensed consolidated interim financial statements of Arabian Cement Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 June 2021;
- the condensed consolidated statement of profit or loss for the three-months and six-months periods ended 30 June 2021;
- the condensed consolidated statement of comprehensive income for the three-months and six-months periods ended 30 June 2021;
- the condensed consolidated statement of changes in equity for the six-months period ended 30 June 2021;
- the condensed consolidated statement of cash flows for the six-months period ended 30 June 2021; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated 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 Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are 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.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (15,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (15,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاء محاسبين ومراجعين قانونيين". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة التابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة

Commercial Registration of the headquarter in Riyadh is 1010425494.



To the Shareholders of the Arabian Cement Company (continued)  
(A Saudi Joint Stock Company)  
Jeddah - Kingdom Saudi Arabia

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2021 condensed consolidated interim financial statements of Arabian Cement Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

**KPMG Professional Services**

KPMG Professional Services

Ebrahim Oboud Baeshen  
License No. 382

Jeddah, 16 August 2021  
Corresponding to 8 Muharram 1443H



**ARABIAN CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2021

	<u>Note</u>	<b>30 June 2021 (Unaudited) Saudi Riyal (Thousands)</b>	<b>31 December 2020 (Audited) Saudi Riyal (Thousands)</b>
<b>Assets</b>			
Property, plant and equipment	7	<b>2,263,388</b>	2,329,743
Intangible assets		<b>14,878</b>	15,477
Investment properties		<b>5,700</b>	5,700
Investments in equity accounted investees	8	<b>48,376</b>	48,343
Equity instruments at FVOCI		<b>186,599</b>	179,981
Deferred income tax	13	<b>16,723</b>	15,911
Right-to-use assets		<b>4,936</b>	5,130
<b>Non-current assets</b>		<b>2,540,600</b>	2,600,285
Inventories	10	<b>446,913</b>	547,927
Trade receivables	11	<b>228,683</b>	221,900
Prepayments and other receivables		<b>33,145</b>	21,702
Cash in banks		<b>313,675</b>	234,428
<b>Current assets</b>		<b>1,022,416</b>	1,025,957
<b>Total assets</b>		<b>3,563,016</b>	3,626,242
<b>Shareholders' equity and liabilities</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	1	<b>1,000,000</b>	1,000,000
Share premium		<b>293,565</b>	293,565
Statutory reserve		<b>500,000</b>	500,000
General reserve		<b>95,000</b>	95,000
Foreign currency translation reserve		<b>(561)</b>	(561)
FVOCI equity instruments assessment reserve		<b>128,695</b>	122,077
Retained earnings		<b>877,205</b>	901,690
<b>Total equity attributable to the Company's shareholders</b>		<b>2,893,904</b>	2,911,771
Non-controlling interests		<b>83,653</b>	81,135
<b>Total shareholders' equity (after)</b>		<b>2,977,557</b>	2,992,906

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

Mr. Wael Ibrahim Al-Jabhan  
Financial Affairs  
Acting Vice President

Dr. Badr Osama Jawhar  
CEO

Eng. Mutaaz Qusai Al-Azawi  
Authorized BOD Member

**ARABIAN CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

As at 30 June 2021

	<u>Note</u>	<b>30 June 2021 (Unaudited) Saudi Riyal (Thousands)</b>	<b>31 December 2020 (Audited) Saudi Riyal (Thousands)</b>
Before		<b>2,977,557</b>	2,992,906
Term loans	12	<b>285,698</b>	322,722
Employees' defined benefit obligations		<b>52,388</b>	49,743
Lease liabilities	9	<b>4,443</b>	4,632
<b>Non-current liabilities</b>		<b>342,529</b>	377,097
Term loans	12	<b>7,934</b>	10,578
Trade and other payables		<b>211,980</b>	211,136
Zakat and income tax payable		<b>10,005</b>	21,510
Dividends payable	17	<b>12,355</b>	12,366
Lease liabilities	9	<b>656</b>	649
<b>Current liabilities</b>		<b>242,930</b>	256,239
<b>Total liabilities</b>		<b>585,459</b>	633,336
<b>Total equity and liabilities</b>		<b>3,563,016</b>	3,626,242

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

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Financial Affairs  
Acting Vice President

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CEO

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Authorized BOD Member

**ARABIAN CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)**

For the three-months and six-months periods ended 30 June 2021

	Note	For the three-months period ended 30 June		For the six months period ended 30 June	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		(Unaudited) Saudi Riyal (Thousands)	(Unaudited) Saudi Riyal (Thousands)	(Unaudited) Saudi Riyal (Thousands)	(Unaudited) Saudi Riyal (Thousands)
Revenues		232,979	139,556	554,481	344,154
Sales cost		(170,008)	(108,606)	(387,385)	(241,220)
<b>Gross profit</b>		<b>62,971</b>	<b>30,950</b>	<b>167,096</b>	<b>102,934</b>
Selling and distribution expenses		(11,106)	(4,108)	(26,604)	(10,830)
General and administrative expenses		(14,245)	(11,899)	(24,532)	(20,181)
<b>Operating income</b>		<b>37,620</b>	<b>14,943</b>	<b>115,960</b>	<b>71,923</b>
Dividend from investment in equity instruments at fair value		5,338	4,804	5,338	4,804
Group's share of results of equity- accounted investees	8	74	(1,210)	(3)	(4,764)
Finance costs		(4,840)	(6,249)	(10,106)	(13,380)
Losses on the assessment of ineffective portion of financial derivatives		--	--	--	(3)
Other income / (loss)		1,941	(3)	3,794	2,297
<b>Profit before zakat and income tax</b>		<b>40,133</b>	<b>12,285</b>	<b>114,983</b>	<b>60,877</b>
Zakat		(3,750)	(5,250)	(7,500)	(10,500)
Deferred income tax		(1,783)	162	(4,486)	665
<b>Profit for the period</b>		<b>34,600</b>	<b>7,197</b>	<b>102,997</b>	<b>51,042</b>
<b>Profit for the period attributable to:</b>					
Shareholders of the Company		33,522	7,605	100,479	52,717
Non-controlling interests		1,078	(408)	2,518	(1,675)
		<b>34,600</b>	<b>7,197</b>	<b>102,997</b>	<b>51,042</b>
<b>Earnings per share for the period attributable to shareholders of the Company (SR):</b>	14				
Basic		0.34	0.08	1	0.53
Diluted		0.34	0.08	1	0.53

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

Mr. Wael Ibrahim Al-Jabhan  
Financial Affairs  
Acting Vice President

Dr. Badr Osama Jawhar  
CEO

Eng. Mutaaz Qusai Al-Azawi  
Authorized BOD Member

**ARABIAN CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(Unaudited)**

For the three-months and six-months periods ended 30 June 2021

		For the three-months period ended 30 June		For the six months period ended 30 June	
	Note	2021	2020	2021	2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal
		(Thousands)	(Thousands)	(Thousands)	(Thousands)
Profit for the period		<b>34,600</b>	7,197	<b>102,997</b>	51,042
<b>Other comprehensive income items:</b>					
<b>Items that are or may be reclassified</b>					
<b>subsequently to the statement of</b>					
<b>profit or loss:</b>					
Unrealized (losses) / gains / on					
investment in OCI equity instruments		<b>(1,281)</b>	(427)	<b>6,618</b>	(21,563)
The Group's share in other					
comprehensive income of equity-					
accounted investees	8	--	--	<b>36</b>	--
Total other comprehensive (loss) /					
income		<b>(1,281)</b>	(427)	<b>6,654</b>	(21,563)
Total comprehensive income for the					
period		<b>33,319</b>	6,770	<b>109,651</b>	29,479
<b>Total comprehensive income</b>					
<b>attributable to:</b>					
Shareholders of the Company		<b>32,241</b>	7,178	<b>107,133</b>	31,154
Non-controlling interests		<b>1,078</b>	(408)	<b>2,518</b>	(1,675)
Total comprehensive income for the					
period		<b>33,319</b>	6,770	<b>109,651</b>	29,479

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

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**ARABIAN CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

For the six-months period ended 30 June 2021

	Equity attributable to shareholders of the Company									
	Share capital Saudi Riyal (Thousands)	Share premium Saudi Riyal (Thousands)	Statuary reserve Saudi Riyal (Thousands)	General reserve Saudi Riyal (Thousands)	Foreign currency translation reserve Saudi Riyal (Thousands)	FVOCI equity instruments assessment reserve Saudi Riyal (Thousands)	Retained earnings Saudi Riyal (Thousands)	Total equity attributable to the Company's shareholders Saudi Riyal (Thousands)	Non- controlling interests Saudi Riyal (Thousands)	Total equity Saudi Riyal (Thousands)
Balance as at January 1, 2021 (Audited)	1,000,000	293,565	500,000	95,000	(561)	122,077	901,690	2,911,771	81,135	2,992,906
<b><u>Total comprehensive income</u></b>										
Profit for the period	--	--	--	--	--	--	100,479	100,479	2,518	102,997
Other comprehensive income	--	--	--	--	--	6,618	36	6,654	--	6,654
<b>Total comprehensive income</b>	--	--	--	--	--	6,618	100,515	107,133	2,518	109,651
Transactions with shareholders of the Company dividend distributed (note 17)	--	--	--	--	--	--	(125,000)	(125,000)	--	(125,000)
<b>Balance at 30 June 2020 (unaudited)</b>	<b>1,000,000</b>	<b>293,565</b>	<b>500,000</b>	<b>95,000</b>	<b>(561)</b>	<b>128,695</b>	<b>877,205</b>	<b>2,893,904</b>	<b>83,653</b>	<b>2,977,557</b>

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

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Financial Affairs Acting Vice President

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Authorized BOD Member



**ARABIAN CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

For the six-months period ended 30 June 2021

	Equity attributable to shareholders of the Company							Non-controlling interests Saudi Riyal (Thousands)	Total equity Saudi Riyal (Thousands)
	Share capital Saudi Riyal (Thousands)	Share premium Saudi Riyal (Thousands)	Statutory reserve Saudi Riyal (Thousands)	General reserve Saudi Riyal (Thousands)	Foreign currency translation reserve Saudi Riyal (Thousands)	FVOCI equity instruments assessment reserve Saudi Riyal (Thousands)	Retained earnings Saudi Riyal (Thousands)		
<b>Balance as at 1 January 2020 (Audited)</b>	1,000,000	293,565	500,000	95,000	(561)	79,590	915,415	74,719	2,957,728
<b><u>Total comprehensive income</u></b>									
Profit for the period	--	--	--	--	--	--	52,717	(1,675)	51,042
Other comprehensive loss	--	--	--	--	--	(21,563)	--	--	(21,563)
<b>Total comprehensive income</b>	--	--	--	--	--	(21,563)	52,717	(1,675)	29,479
<b>Transactions with shareholders of the Company dividend distributed (note 17)</b>	--	--	--	--	--	--	(100,000)	--	(100,000)
<b>Balance at 30 June 2020 (unaudited)</b>	<u>1,000,000</u>	<u>293,565</u>	<u>500,000</u>	<u>95,000</u>	<u>(561)</u>	<u>58,027</u>	<u>868,132</u>	<u>73,044</u>	<u>2,887,207</u>

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

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**ARABIAN CEMENT COMPANY**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

For the six-months period ended 30 June 2021

	<u>Note</u>	<u>2021</u> <u>(Unaudited)</u> <u>Saudi Riyal</u> <u>(Thousands)</u>	<u>2020</u> <u>(Unaudited)</u> <u>Saudi Riyal</u> <u>(Thousands)</u>
Income for the period before zakat and income tax		<b>114,983</b>	60,877
<b>Adjustments:</b>			
Depreciation on property, plant and equipment	7	<b>69,709</b>	69,680
Amortization of intangibles		<b>599</b>	601
Amortization of right to use assets		<b>194</b>	191
Group's share of results of equity-accounted investees	8	<b>3</b>	4,764
Losses on the assessment of ineffective portion of financial derivatives		--	3
Dividend from investments in equity instruments at fair value		<b>(5,338)</b>	(4,804)
Support of trade receivables provision		--	1,213
Finance costs		<b>10,106</b>	13,380
Employee defined benefit obligation charge for the period		<b>4,820</b>	1,884
		<b>195,076</b>	147,789
<b>Changes in working capital:</b>			
Trade receivables, prepayments and other debit balances		<b>(18,226)</b>	(10,248)
Inventories		<b>101,014</b>	1,334
Trade and other payables		<b>844</b>	(11,565)
		<b>278,708</b>	127,310
Finance costs paid		<b>(9,913)</b>	(7,207)
Zakat and income tax paid		<b>(24,303)</b>	--
Paid employees' benefits		<b>(2,175)</b>	(1,434)
<b>Net cash provided by operating activities</b>		<b>242,317</b>	118,669
<b>Investing activities</b>			
Additions to property, plant and equipment	7	<b>(3,354)</b>	(15,331)
Dividend from investment in equity instruments at fair value		<b>5,338</b>	4,804
<b>Net cash generated from / (used in) investing activities</b>		<b>1,984</b>	(10,527)
<b>Financing activities</b>			
Proceeds from term loans		<b>15,867</b>	--
Repayment of term loans		<b>(55,535)</b>	(15,445)
Payment of lease obligations		<b>(375)</b>	(111)
Dividends paid	17	<b>(125,011)</b>	(100,540)
<b>Net cash used in financing activities</b>		<b>(165,054)</b>	(116,096)
Change in cash and cash equivalents during the year		<b>79,247</b>	(7,954)
Cash and cash equivalents as at the beginning of the period		<b>234,428</b>	143,899
<b>Cash and cash equivalents as at end of the period</b>		<b>313,675</b>	135,945
<b>Significant non-cash transactions</b>			
Net profit / (losses) from equity instruments at FVOCI		<b>6,618</b>	(21,563)

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

Mr. Wael Ibrahim Al-Jabhan  
Financial Affairs  
Acting Vice President

Dr. Badr Osama Jawhar  
CEO

Eng. Mutaaz Qusai Al-Azawi  
Authorized BOD Member

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

As at 30 June 2021

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**1. REPORTING ENTITY**

Arabian Cement Company (the “Company” or the “Parent Company”) is a Saudi Joint Stock Company incorporated in accordance with the Companies’ Regulations in the Kingdom of Saudi Arabia under the Royal Decree No. 731 dated 12 Jumada Al-Oula 1374H (5 January 1955) and the Company works under the commercial registry No. 4030000148 Jeddah, 14 Ramadan 1376 H (corresponding to April 13, 1957).

The Company's share capital is one billion Saudi riyals divided into 100 million shares, of SR 10 each, as at 30 June 2021 and 31 December 2020.

The Company’s shares are listed in the Capital Market Authority in the Kingdom of Saudi Arabia. The Parent Company is owned by 6.67% to major shareholder, while 93.33% is owned by other shareholders as at 30 June 2021 (31 December 2020: 6.67% by major shareholder and 93.33% by other shareholders).

The main activity of the Company is as follows:

1. Production of cement, construction materials and other related materials and derivatives inside and outside the Kingdom of Saudi Arabia.
2. Trading of clinker, cement, construction materials and other related materials and derivatives inside and outside the Kingdom of Saudi Arabia.
3. Utilization of mines and establishing of factories and stores needed in manufacturing, storage, selling, purchase, exporting and importing and other complementary and supportive industries.

To achieve these purposes, the Company has the right to enter into all types of contracts of properties and movable assets within the limits if the applicable regulations.

The registered address of the Company is Arabian Cement Company building, 8605 King Abdulaziz Road, Nahdha District, Jeddah 23523-2113, Kingdom of Saudi Arabia.

As at 30 June 2021, the Company has, directly or indirectly, investments in the following subsidiaries (referred to collectively as the “Group”):

The details of the subsidiaries are as follows:

<b><u>Subsidiary</u></b>	<b><u>Principal business</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Holding (%)</u></b>	
			<b><u>2021</u></b>	<b><u>2020</u></b>
Bahrain Arabian Cement Holding Company (“Bahrain Cement Company”)	Holding company	Kingdom of Bahrain	<b>100%</b>	100%

At 5 November 2007, Bahrain Arabian Cement Holding Company has been established as a sole proprietorship Company registered in the Kingdom of Bahrain with the purpose of managing its subsidiaries and to invest in shares, bonds and securities and to own properties and movable assets necessary to its operations and to provide loans and has facilities to provide loans warranties and financing for its subsidiaries.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

As at 30 June 2021

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**1. REPORTING ENTITY (continued)**

Bahrain Cement Company has investment in the following subsidiary:

<u>Subsidiary</u>	<u>Principal business</u>	<u>Country of incorporation</u>	<u>Holding (%)</u>	
			<u>2021</u>	<u>2020</u>
Qatrana Cement Joint Stock Private Company (“Qatrana Cement Company”)	Cement production	Kingdom of Jordan	<b>86.74%</b>	86.74%

Bahrain Cement Company owns 86.74% of Qatrana Cement Company’s shares and holds control over its business and management, and thus, Qatrana Cement Company is considered an indirectly owned subsidiary by the Parent Company and consolidated in these condensed consolidated interim financial statements. Qatrana Cement Company’s activity is represented in the production of black Portland cement, white cement and calcium carbonate.

The condensed consolidated statement of profit or loss includes the results of operations of the subsidiaries for the three-months period ended 30 June 2021, and the condensed consolidated statement of financial position includes the assets and liabilities of the subsidiaries, as at 30 June 2021.

**2. BASIS OF PREPERATION**

**2.1 Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard No. 34 “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants. These condensed consolidated interim financial statements should be read in conjunction with the financial statements of the last annual financial statements of the Group as in as at 31 December 2020 (“Previous Year Financial Statements”). These financial statements do not include all the information required to prepare a complete set of consolidated financial statements in accordance with the International Financial Reporting Standards endorsed by the Kingdom of Saudi Arabia. However, some accounting policies and disclosures have been included to explain the events and transactions that are important to understand the changes in the financial position and financial performance of the Group from the consolidated financial statements of the previous year. In addition, the results for the six-months period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021.

**2.2 Basis of measurement**

The condensed consolidated interim financial statements have been prepared on historical cost basis, except for the following major items presented in condensed consolidated statement of financial position:

- Equity investments are measured at Fair Value through Other Comprehensive Income
- Defined benefits obligations accruals for future obligations are recognised based on the expected credit unit method.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

As at 30 June 2021

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**2. BASIS OF PREPERATION (continued)**

**2.3 Functional and presentation currency**

These condensed consolidated interim financial statements are prepared in Saudi Arabian Riyals (SR) which is the Company's functional and presentation currency of the Group. All amounts have been rounded to the nearest thousand Saudi Riyal unless otherwise stated.

**3. USE OF JUDGEMENTS AND ESTIMATES**

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.

Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are also reviewed in the period in which the estimates are revised in the audit period and future periods if the changed estimates affect current and future periods.

Significant judgments made by the management upon the adopting the Company's accounting policies correspond to the disclosed policies in the financial statements for the year ended 31 December 2020.

**4. BASIS OF CONSOLIDATION**

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries set forth in Note 1. Control is achieved when the Group is exposed or has rights to returns from its involvement with the investee and can affect those returns through its power over the investee. The Group is considered to have control over the investee in the following cases or elements:

- 1) Control over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- 2) Exposure to rights in variable returns from its involvement with the investee.
- 3) The ability to use its power over the investee to affect its returns.

The Group reassesses whether it has control over the investee if the facts and circumstances indicate that there have been changes in one of the above-mentioned elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of an acquired or disposed of subsidiary during the period are included in the consolidated financial statements from the date of gaining control to the date of ceasing it.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**4. BASIS OF CONSOLIDATION (continued)**

Profits, losses and all components of other comprehensive income are attributed to the equity holders of the Group's Parent Company and to the holders of non-controlling interests, even if this resulted in a deficit balance in favor of the non-controlling interest holders. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the Group's accounting policies. When preparing these consolidated financial statements, all intra-group balances, financial transactions between the Group and its subsidiaries and between the subsidiaries are eliminated, in addition to any unrealized gains or losses resulting from internal transactions in the Group.

Any changes in the ownership percentage of shares in the subsidiary, without the loss of control, is accounted for as an equity transaction. However, when the Group loses control on one of its subsidiaries, the following are considered:

- De-recognition of assets (including goodwill) and liabilities of the subsidiary
- De-recognition of the carrying amount of any non-controlling interest.
- De-recognition of the cumulative transfer differences recorded under equity.
- Recognition of the fair value of consideration received
- Recognition of the fair value of any investment retained
- Recognition of surplus or deficit as profit or loss.

The Parent Company's share of the aforementioned components within other comprehensive income is reclassified under profit, loss or retained earnings, as would be required if the Group had directly disposed of the related assets or liabilities.

**Eliminated transactions**

Intra-group balances and transactions, as well as any unrealized gains or losses resulting from internal transactions between the Group's companies, are completely eliminated when preparing these consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but to the extent that there is no indication of impairment.

**Non-controlling interests**

The non-controlling interests in the net assets of the consolidated subsidiaries are recognized separately from the Group's equity in the net assets. Non-controlling interests consist of the amounts of those interests that are recognized at the date of the original business combination in addition to their shares in the changes in equity in the Company that occur after the date of acquisition.

The Group does not add its indirect share in the subsidiary that it owns through investments in equity-accounted investees. When calculating the shares attributable to non-controlling interests, only the shares owned directly or indirectly by another subsidiary are considered.

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**5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED**

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

The accounting policies adopted in the preparation of the Condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. There is no impact on the condensed consolidated interim financial statements.

<u>Effective as of</u>	<u>New standards or amendments</u>
1 January 2021	IFRS 17 – "Insurance contracts" (not applicable)
1 January 2021	IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS 16

**5.2 Standards issued and not yet effective**

Standards and amendments issued but not yet effective up to the date of issuance of the Group's condensed consolidated interim financial statements are listed below. The Group does not expect a material impact on the condensed consolidated interim financial statements if the below standards and amendments are applied.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
IFRS	Annual improvements to IFRS standards 2018 – 2020	1 January 2022
IAS 16	Property, plant and equipment: Proceeds before the intended use	1 January 2022
IFRS 3	Reference to the conceptual framework	1 January 2022
IFRS 17	Insurance contracts	1 January 2023
IAS 1	Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2023
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28).	Available for optional adoption/ effective date deferred indefinitely

**6. SEGMENTAL INFORMATION**

The Group is mainly engaged in an operating segment that is related to production and selling of cement and clinker.

The Group's business has been divided into geographical business units as follows:

- All the operations of the Group are carried out in the Kingdom of Saudi Arabia.
- Group's operations outside the Kingdom of Saudi Arabia represent the operations in Hashemite Kingdom of Jordan and Kingdom of Bahrain.

**ARABIAN CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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As at 30 June 2021

**6. SEGMENTAL INFORMATION (continued)**

<b><u>As at 30 June 2021</u></b> <b><u>(Unaudited)</u></b>	<b>Inside</b> <b>Kingdom of</b> <b>Saudi</b> <b><u>Arabia</u></b> <b>Saudi Riyal</b> <b>(Thousands)</b>	<b>Outside</b> <b>Kingdom of</b> <b>Saudi</b> <b><u>Arabia</u></b> <b>Saudi Riyal</b> <b>(Thousands)</b>	<b><u>Adjustments</u></b> <b>Saudi Riyal</b> <b>(Thousands)</b>	<b><u>Total</u></b> <b>Saudi Riyal</b> <b>(Thousands)</b>
Total property, plant, equipment and property investments	1,521,153	839,003	(96,768)	2,263,388
Investment at FVOCI	186,599	--	--	186,599
Total other non-current assets	788,940	52,745	(745,614)	96,071
Total current assets	788,633	233,651	132	1,022,416
Total liabilities	397,120	490,350	(290,853)	596,617
 <b><u>As at 31 December 2020</u></b> <b><u>(Audited)</u></b>	 <b>Inside</b> <b>Kingdom of</b> <b><u>Saudi Arabia</u></b> <b>Saudi Riyal</b> <b>(Thousands)</b>	 <b>Outside</b> <b>Kingdom of</b> <b><u>Saudi Arabia</u></b> <b>Saudi Riyal</b> <b>(Thousands)</b>	 <b><u>Adjustments</u></b> <b>Saudi Riyal</b> <b>(Thousands)</b>	 <b><u>Total</u></b> <b>Saudi Riyal</b> <b>(Thousands)</b>
Total property, plant, equipment and property investments	1,575,661	856,550	(96,768)	2,335,443
Investment at FVOCI	179,981	--	--	179,981
Total other non-current assets	783,042	52,725	(750,906)	84,861
Total current assets	774,148	251,655	154	1,025,957
Total liabilities	401,058	544,901	(312,623)	633,336



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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As at 30 June 2021

**6. SEGMENTAL INFORMATION (continued)**

Financial information for revenues and profits related to geographical segments after elimination of the impact of the transactions between the Group's companies for the three months period ended 30 June 2021 and 2020 are as follows:

<b><u>For the period ended 30 June 2021</u></b> <b><u>(Unaudited)</u></b>	<b><u>Inside</u></b> <b><u>Kingdom of</u></b> <b><u>Saudi</u></b> <b><u>Arabia</u></b> <b><u>Saudi Riyal</u></b> <b><u>(Thousands)</u></b>	<b><u>Outside</u></b> <b><u>Kingdom of</u></b> <b><u>Saudi</u></b> <b><u>Arabia</u></b> <b><u>Saudi Riyal</u></b> <b><u>(Thousands)</u></b>	<b><u>Adjustments</u></b> <b><u>Saudi Riyal</u></b> <b><u>(Thousands)</u></b>	<b><u>Total</u></b> <b><u>Saudi Riyal</u></b> <b><u>(Thousands)</u></b>
Revenue from contracts with customers	404,607	149,874	--	554,481
Period's profits attributable to Company's shareholders	100,479	18,957	(18,957)	100,479
Finance costs	28	10,077	--	10,106
Depreciations and amortisations	49,509	20,799	--	70,308

<b><u>For the period ended 30 June 2020</u></b> <b><u>(Unaudited)</u></b>	<b><u>Inside</u></b> <b><u>Kingdom of</u></b> <b><u>Saudi Arabia</u></b> <b><u>Saudi Riyal</u></b> <b><u>(Thousands)</u></b>	<b><u>Outside</u></b> <b><u>Kingdom of</u></b> <b><u>Saudi Arabia</u></b> <b><u>Saudi Riyal</u></b> <b><u>(Thousands)</u></b>	<b><u>Adjustments</u></b> <b><u>Saudi Riyal</u></b> <b><u>(Thousands)</u></b>	<b><u>Total</u></b> <b><u>Saudi Riyal</u></b> <b><u>(Thousands)</u></b>
Revenue from contracts with customers	248,672	95,482	--	344,154
Period's profits / (losses) attributable to Company's shareholders	52,717	(12,658)	12,658	52,717
Finance costs	--	13,380	--	13,380
Depreciations and amortisations	48,972	20,708	--	69,680

**7. PROPERTY, PLANT AND EQUIPMENT**

- 1) For the purpose of preparing the condensed statement of cash flows, the movement in property, plant and equipment during the six-months period ended 30 June is as follows:

	<b><u>For the six-months</u></b> <b><u>period ended 30 June</u></b> <b><u>2021</u></b> <b><u>(Unaudited)</u></b> <b><u>Saudi Riyal</u></b> <b><u>(Thousands)</u></b>		<b><u>2020</u></b> <b><u>(Unaudited)</u></b> <b><u>Saudi Riyal</u></b> <b><u>(Thousands)</u></b>
Depreciation	69,709		69,680
Additions of property, plant and equipment	4,146		15,331

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

As at 30 June 2021

**7. PROPERTY, PLANT AND EQUIPMENT (continued)**

- 2) As at 30 June 2021, the Group's property, plant and equipment include projects in progress amounting to SR 415 million (31 December 2020: SR 413 million) mainly related to business projects to increase the efficiency of the production lines, cement mills construction and power plant connection. As at 30 June 2021, these projects amounted to SR 409.6 million. During the period, the Group did not capitalize borrowing costs of --- (30 June 2020: SR 0.6 million and during the year ended 31 December 2020: SR 0,9 million).
- 3) Group's property, plant and equipment are not pledged against standing loans as at 30 June 2021 and 31 December 2020.

**8. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES**

<u>Company Name</u>	<u>County of incorporation</u>	<u>Principal business</u>	<u>Ownership %</u>		<u>30 June 2021</u> (Unaudited) Saudi Riyal (Thousands)	31 December 2020 (Audited) Saudi Riyal (Thousands)
			<u>2021</u>	<u>2020</u>		
Ready Mix Concrete and Construction Supplies Company	Kingdom of Jordan	Ready concrete production	<b>36.67%</b>	36.67%	<b>14,327</b>	15,515
Cement Products Limited Company	Kingdom of Saudi Arabia	Bags production Cement	<b>33.33%</b>	33.33%	<b>34,049</b>	32,828
					<b>48,376</b>	48,343

The movement of the investments in equity accounted investees during the period / year is as follows:

	<u>30 June 2021</u> (Unaudited) Saudi Riyal (Thousands)	31 December 2020 (Audited) Saudi Riyal (Thousands)
Balance at the beginning of the period / year	<b>48,343</b>	57,442
Group's share in equity-accounted investees' results for the period / year	<b>(3)</b>	(9,010)
The Group's share in comprehensive income of equity-accounted investees	<b>36</b>	(89)
Balance at the end of the period / year	<b>48,376</b>	48,343

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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As at 30 June 2021

**9. LEASES**

Lease liabilities are presented in the balance sheet as follows:

	<b>30 June 2021 (Unaudited) Saudi Riyal (Thousands)</b>	31 December 2020 (Audited) Saudi Riyal (Thousands)
Short-term obligation	656	649
Long term obligation	4,443	4,632
	<b>5,099</b>	<b>5,281</b>

The interest expense resulting from the lease contracts during the period ended 30 June 2021 amounted to SR 193 thousand (30 June 2020: SR 198 thousand).

**10. INVENTORIES**

Inventories comprise the following:

	<b>30 June 2021 (Unaudited) Saudi Riyal (Thousands)</b>	31 December 2020 (Audited) Saudi Riyal (Thousands)
Spare parts	112,187	107,500
Work in progress and finished inventory	259,978	386,963
Raw materials and fuels	67,334	49,102
Goods in-transit	7,414	4,362
	<b>446,913</b>	<b>547,927</b>

**11. TRADE RECEIVABLES**

Trade receivables comprise of the following:

	<b>30 June 2021 (Unaudited) Saudi Riyal (Thousands)</b>	31 December 2020 (Audited) Saudi Riyal (Thousands)
Trade receivables	203,231	184,742
Trade receivables - related parties (Note 16)	29,039	40,745
	<b>232,270</b>	<b>225,487</b>
Provision for impairment of trade receivables	(3,587)	(3,587)
	<b>228,683</b>	<b>221,900</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**12. TERM LOANS**

- a) During the year ended 31 December 2015, the Company conducted an agreement with SABB bank amounted to SR 400 million to fund the first phase of the expansion and establishment of cement facilities project and electricity station project. The Financing is payable over five years, including a grace period for the first year, on eight equal installments over four years. The Company entered into an interest rate swap contract to hedge the potential interest rate risk on the loan (Note 13).

During the year ended 31 December 2016, the loan agreement has been amended to reduce the funding with an amount of SR 148.5 million, which is reducing it from SR 400 million to SR 251.5 million. Accordingly, the Company entered into a swap contract with Riyadh Bank for hedging against the initial swap contract on the total loan. The swap contract expired during the period on 1 April 2020.

The agreement includes certain conditions, including maintaining certain financial ratios.

- b) On 20 July 2017, the subsidiary company "Qatrana Cement Company" obtained from the Arab Bank a diminishing loan amounted to JD 100 million.

The installment due for the month of July 2020 has been rescheduled amounting to JD 6.3 million (SR 33.3 million), in addition to the interest of the loan for the period from 1 April till 31 December 2020, amounting to of JD 3.4 million (SR 18 million) and extending the loan repayment tenure for an additional year, so that the last installment will be due on 20 July 2026.

The agreement includes certain conditions, including maintaining financial ratios and that the ownership of the Arabian Cement Company, the Parent Company, doesn't directly or indirectly become less than 75% of Qatrana Cement Company's share capital during the loan lifetime. The interest on loan ranged 6,38% (31 December 2020: 7.75%)

A breach of these covenants in the future may lead to renegotiation. The management monitors the covenants on a monthly basis, and in case of the existence of a breach that is expected to occur in the future, the management takes the necessary measures to ensure compliance.

A loan was granted from the Arab Bank, supported by the Central Bank, at a value of JD 3 million (15.9 million Saudi riyals) at an interest rate of SR 3.5% for a period of 24 months, and the first installment was due on 1 January 2021 during the first half of 2021.

- c) On 28 January 2020, the Group obtained from a local bank a 30-day short-term loan, with an amount of SR 20 million. It was fully paid during the period.

Term borrowings are presented in the condensed consolidated statement of financial position sheet as following:

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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As at 30 June 2021

**12. TERM LOANS (continued)**

	<b>30 June 2021 (Unaudited) Saudi Riyal (Thousands)</b>	<b>31 December 2020 (Audited) Saudi Riyal (Thousands)</b>
Current portion of term loans	7,934	10,578
Non-current portion of term loans	285,698	322,722
	<b>293,632</b>	<b>333,300</b>

The financing movement during the period / year is as follows:

	<b>30 June 2021 (Unaudited) Saudi Riyal (Thousands)</b>	<b>31 December 2020 (Audited) Saudi Riyal (Thousands)</b>
Balance at beginning of period / year	333,300	419,661
Provided during the period / year	15,867	15,867
Paid during the period / year	(55,535)	(102,228)
	<b>293,632</b>	<b>333,300</b>

**13. ACCRUED ZAKAT AND INCOME TAX**

**Zakat and tax status**

**Arabian Cement Company**

The Company finalized its zakat status up to the year 2005 and submitted its zakat returns for the years ended 31 December 2006 through 2010 and ZTCA has issued zakat assessment for the mentioned years which resulted accrued zakat differences that amount to SR 14.6 million. The Company filed an appeal that was transferred to the Preliminary Objection Committee (POC) for the review and decision.

The Preliminary Objection Committee issued its resolution No. (36) in 1436H regarding the Company's objection on the said years. ZTCA has issued an adjusted zakat assessment based on the Preliminary Objection Committee's resolution, which showed a reduction in zakat differences amounts to SR 9.8 million. The Company paid the due zakat differences in accordance to the mentioned committee's resolution amounting to SR 4.8 million. ZTCA has also filed an appeal against the mentioned committee's resolution against the Tax Appeals Committee, which is still under consideration by the Committee up to date. The Company's management, supported by its zakat advisor, believes that the Company has a strong opportunity to win the aforementioned appeal.

The Company filed its Zakat returns for the years ended 31 December 2011 till 2013. The Zakat, Tax and Customs Authority did not issue the Zakat assessment for the said years till to date.

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**13. ACCRUED ZAKAT AND INCOME TAX (continued)**

**Zakat and tax status (continued)**

**Arabian Cement Company (continued)**

ZTCA has issued the Zakat assessment for the years ending on 31 December 2014 until 2018, which showed accrued zakat differences of SR 16.4 million. The Company has objected the zakat assessment, and ZTCA issued the amended zakat assessment based on the decision of the Primary Committee, which showed a decrease in the zakat difference by an amount of SR 3.5 million. The Company has escalated the aforementioned objection to the Tax Violation and Dispute Appellate Committee, which is still under consideration by ZTCA to date. The Company's management and the zakat advisor believe that its position is strong and that the Company has sufficient provision to cover potential zakat obligations as a result of this assessment.

The Company has submitted the Zakat returns for the years ended December 31, 2014 to 2020 and obtained the unrestricted Zakat certificate for the year 2020.

**Qatrana Cement Company (subsidiary) – Jordan**

Income tax returns were audited by the Income and Sales Tax Department until the end of 2018. The Company also filed income tax returns to the Department until the end of 2019.

With regard to sales tax, sales tax returns were audited by the Income and Sales Tax Department until the end of 2018. The Company also submitted sales tax returns to the Department for the end of February 2021.

The Income and Sales Tax Department reviewed the income tax for the Company for the year 2014 and issued its initial decisions requesting the Company to pay its tax differences as a result of a difference in the interpretation of the Investment Board's exemption decision. Accordingly, the objection was submitted to the Objection Committee in the Income and Sales Tax Department. On 21 June 2020, the decision was made not to include the investment promotion exemption on profits for the year 2014. However, the Company raised an appeal against the Department's decisions, and it was transferred to the court to settle the dispute. In addition, the Company did not book an additional provision for the income tax because, according to its legal advisor, it has valid reasons to win this case. The case is currently under review by the court of first instance.

Deferred tax assets movement:

	<b>As at 30 June 2021 (Unaudited)</b>	<b>As at 31 December 2020 (Audited)</b>
Balance at the beginning of the period / year	<b>27,070</b>	25,445
Other additions and amendments during the period	<b>812</b>	1,625
	<b>27,882</b>	27,070
Less: Deferred Tax Liabilities	<b>(11,159)</b>	(11,159)
<b>Balance at the end of the period / year</b>	<b>16,723</b>	15,911

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**13. ACCRUED ZAKAT AND INCOME TAX (continued)**

**Zakat and tax status (continued)**

**Qatrana Cement Company (subsidiary) – Jordan (continued)**

The differed tax assets for the period ended 30 June 2021 is accounted according to the Income Tax Law No. (38) for the year 2018 which came into effect as of 1 January 2019. The law states that the legal tax rate that should be paid by the Company is 17% and a national contribution rate of 1% (2020: 16% and a national contribution of 1%).

**14. EARNINGS PER SHARE**

**a) Basic earnings per share**

The basic earnings per share calculation is based on the earnings distributed to the shareholders of ordinary shares and the weighted average number of ordinary shares outstanding at the date of the financial statements.

	For the three-months period ended		For the six months period ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Profit for the period (SR in 000's)	<u>33,522</u>	<u>7,605</u>	<u>100,479</u>	<u>52,717</u>
Number of shares (weighted average - in thousands)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Basic earnings per share (SR)	<u>0.34</u>	<u>0.08</u>	<u>1</u>	<u>0.53</u>

**b) Diluted earnings per share**

The diluted earnings per share calculation is based on the earnings distributed to the shareholders of ordinary shares and weighted-average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares, if any.

During the period, there were no transactions that reduce the earnings per share. Therefore, the diluted earnings per share is the same as the basic earnings per share.

**15. CONTINGENCIES AND CAPITAL COMMITMENTS**

- As at 30 June 2021, the Group's contingencies are letters of guarantee and letters of credit amounting to SR 8 million (31 December 2020: SR 48.7 million).

As at 30 June 2020, the Group has capital commitments related to the upgrading of the production lines and facilities of the Group amounting to SR 1.3 million (31 December 2020: SR 1.3 million) and guarantees amounting to SR 36.8 million (31 December 2020: SR 33.3 million) provided to local banks against financial facilities and borrowings for an associate.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**15. CONTINGENCIES AND CAPITAL COMMITMENTS (continued)**

- There are lawsuits filed against the subsidiary with a value of JD 0.6 million, equivalent to SR 3 million, as at 30 June 2021 (as at 31 December 2020: JD 0.7, equal to SR 3.8 million) in addition to cases with an undefined value. The subsidiary's Management and its legal advisor believe that the subsidiary has valid reasons against these cases, and no need to account for any provisions.
- There are lawsuits filed against the Company with an undefined value and are still pending before the judiciary. At this point in time, neither the Company's management nor its legal advisor can reliably anticipate the obligations that may result from them. Accordingly, no provisions were accounted for these cases.

**16. RELATED PARTIES' DISCLOSURES**

Related parties represent major shareholders, members of the Group's board of directors, key management personnel in the Group, and entities that are managed or over which significant influence is exercised by these parties. The Company's related parties are as follows:

<u>Description</u>	<u>Nature of relationship</u>
Ready Mix Concrete and Construction Supplies Company	Associate
Cement Products Limited Company	Associate
Group's BOD members	Other related parties
Key management and senior executives	Other related parties

- a) The following table summarizes related parties' balances as at 30 June 2021 and 31 December 2020:

	<u>Size of transactions</u>		<u>Closing balance</u>	
	<u>For the six-months period ended</u>	<u>For the year ended</u>		
	<u>30 June</u>	<u>31 December</u>	<u>30 June</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal
	(Thousands)	(Thousands)	(Thousands)	(Thousands)

**Balance due from related parties under trade receivables**

Ready Mix Concrete and Construction Supplies Company - Associate	Sales	20,763	52,415	29,039	40,745
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**Due balances from related parties under other debit balances**

Ready Mix Concrete and Construction Supplies Company - Associate	Dividends	--	--	174	492
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**Balance due from related parties under trade payables**

Cement Products Limited Company "Associate"	Purchases	6,684	16,688	385	191
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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As at 30 June 2021

**16. RELATED PARTIES' DISCLOSERS (continued)**

b) Allowances and remuneration of BOD members and senior executives:

	<b>For the six-months period ended at 3 June</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>Saudi Riyal</b>	<b>Saudi Riyal</b>
	<b>(Thousands)</b>	<b>(Thousands)</b>
Salaries and remunerations of the senior executives of the Company	<b>2,107</b>	2,075
Salaries and allowances Company's key management and Senior Executives in the subsidiary	<b>159</b>	159
Remuneration of subsidiary's BOD members	<b>360</b>	360
Allowances for attending the Company's Board of Directors meetings	<b>272</b>	182
Allowances for attending subsidiary's Board of Directors meetings	<b>72</b>	75
Board of Directors' remuneration	<b>900</b>	1,800

Key managers' benefits include basic salaries, remunerations and other benefits under the Group's policy. Key management personnel are those who have the authority and responsibility to, directly or indirectly, plan, direct and control the Company's activities.

**17. DIVIDENDS PAYABLE**

On 1 March 2021, the Company's Board of Directors recommended distributing cash dividends to shareholders for the financial year 2020 with an amount of SR 125 million, representing SR 1.25 per share. This was approved in the 65th Extraordinary General Assembly meeting held on 11 April 2021.

The movement of the accrued dividends during the period / year is as follows:

	<b>30 June <u>2021</u></b>	<b>31 December <u>2020</u></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>Saudi Riyal</b>	<b>Saudi Riyal</b>
	<b>(Thousands)</b>	<b>(Thousands)</b>
Balance at the beginning of the period / year	<b>12,366</b>	15,179
Declared during the period / year	<b>125,000</b>	200,000
Payments during the period / year	<b>(125,011)</b>	(202,813)
	<b><u>12,355</u></b>	<b><u>12,366</u></b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

As at 30 June 2021

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**18. IMPORTANT MATTERS**

The Corona pandemic (COVID-19) continued across the Kingdom and other countries, which caused disturbances in the economic and commercial sectors in general, and accordingly, the Group's management proactively assessed the impact on its operations and took a series of preventive measures, to ensure the health and safety of its employees and workers. Despite these challenges, the Company's business and operations are currently still largely unaffected. The primary demand from customers for the Group's products has not been affected to a large extent. Based on these factors, the Company's management believes that the Covid-19 pandemic did not have a material impact on the financial results that were reported for the period ending 30 June 2021.

The Group continues to closely monitor the development of the pandemic even though the management at this time is not aware of any expected factors that may change the impact of the pandemic on the Group's operations during or after 2021. The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Group continues to prepare the financial statements on the going concern basis. The Group's management is currently monitoring the situation and the extent of its impact on the Group's operations, cash flows and financial position. The management believes, based on its assessment, that the Company has sufficient liquidity available to continue fulfilling its financial obligations in the foreseeable future as and when they fall due.

**19. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These condensed interim consolidated financial statements were approved by the Board of Directors on 15 August 2021, corresponding to 7 Muharram 1443H.