

AL JOUF CEMENT COMPANY
(A Saudi Joint Stock Company)

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

**FOR THE THREE-MONTH AND SIX-MONTH
PERIODS ENDED 30 JUNE 2021 AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

AL-JOUF CEMENT COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and six-month periods ended 30 June 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF
AL JOUF CEMENT COMPANY (A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Jouf Cement Company, a Saudi Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2021, and the interim condensed consolidated statements of comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and notes from (1) to (13) Which is an integral part of the 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", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements 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 in 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.

Other matter

The interim condensed consolidated financial statements of the Group for the three-month and six-month periods ended 30 June 2020 have been reviewed by another auditor who have issued an unmodified conclusion on those interim condensed consolidated financial statements on 19 Dhul Hijjah 1441H (corresponding to 9 August 2020), The company's consolidated financial statements for the year ended on December 31, 2020 were also audited by another auditor, who expressed an unmodified opinion on these consolidated financial statements in his report on Sha'ban 17, 1442 H (corresponding to March 30, 2021). We also reviewed the amendments shown in Note (12) and nothing has come to attention that makes us believe that they are inappropriate, in addition, we have not engaged to review, audit or apply any procedures related to the financial statements for the year 2020, and therefore we do not express a conclusion regarding the financial statements for the year 2020 as a whole.

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 International Accounting Standard (34) approved in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.



Maher Taha AL-Khatieb
Certified Public Accountant
Registration No. 514

Jeddah, on: 16 Muharram 1443 (H)
Corresponding to: 24 August 2021 (G)

AL JOUF CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021
(EXPRESSED IN SAUDI RIYALS)

	<i>Note</i>	June 30, 2021 <i>(unaudited)</i>	December 31, 2020 <i>(audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	(4)	1,909,944,670	1,927,570,873
Right to use assets		791,249	791,249
Financial assets at fair value through other comprehensive income	(5)	8,298,698	7,823,239
Total non-current assets		1,919,034,617	1,936,185,361
Current assets			
Inventory		193,743,721	170,109,008
Trade receivables		72,287,503	77,116,778
Due from related parties	(6)	-	-
Prepayments and other debit balances		23,911,339	20,628,882
Cash and cash equivalents		9,698,441	5,854,230
Total current assets		299,641,004	273,708,898
TOTAL ASSETS		2,218,675,621	2,209,894,259
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,430,000,000	1,430,000,000
Statutory reserve		51,386,441	51,386,441
Retained earnings / (accumulated losses)		22,255,783	(5,273,944)
Reserve for fair value of investments		(42,901,302)	(43,376,761)
Reserve for foreign currency translation		(63,150)	(61,176)
Remeasurement for Employees' End of Service		(498,824)	(498,824)
Total Equity		1,460,178,948	1,432,175,736
Non-current liabilities			
Long term loans	(7)	518,347,050	530,590,698
Lease liabilities - Non current		584,322	584,322
Provision for Employees' End of Service		9,354,946	8,624,640
Total non-current liabilities		528,286,318	539,799,660
CURRENT LIABILITIES			
Long Term Loans - current portion	(7)	118,837,281	131,330,929
Lease liabilities - current portion		206,927	206,927
Trade payables		49,287,993	42,005,577
Accrued expenses and other credit balances		13,529,645	16,615,247
Retention payable		11,029,078	11,029,078
Other provisions		30,349,903	30,349,903
Provision for Zakat	(8)	6,969,528	6,381,202
Total current liabilities		230,210,355	237,918,863
TOTAL LIABILITIES		758,496,673	777,718,523
TOTAL EQUITY & LIABILITIES		2,218,675,621	2,209,894,259

Financial manager

General manager

Chairman

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

AL JOUF CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021
(EXPRESSED IN SAUDI RIYALS)

	<u>Notes</u>	<i>For the three- month period ended 30 June</i>		<i>For the six - month period ended 30 June</i>	
		<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Revenue		53,736,550	56,487,488	121,625,202	115,299,622
Cost of revenue		(34,058,223)	(40,733,425)	(69,806,737)	(75,915,822)
Gross profit		19,678,327	15,754,063	51,818,465	39,383,800
Selling and distribution expenses		(1,306,945)	(936,500)	(2,456,872)	(2,015,901)
General and administrative expenses		(4,822,030)	(5,587,012)	(9,558,223)	(10,643,995)
Operating profit		13,549,352	9,230,551	39,803,370	26,723,904
Finance costs		(4,632,000)	(1,247,381)	(10,191,786)	(2,379,962)
Other income / (expenses) - net		200,149	(236,987)	418,143	(885,212)
Profit for the period before zakat		9,117,501	7,746,183	30,029,727	23,458,730
Zakat	(8)	(1,000,000)	(500,000)	(2,500,000)	(1,000,000)
Profit for the period		8,117,501	7,246,183	27,529,727	22,458,730
Other comprehensive income					
Items that will not be reclassified subsequently in profits or losses:					
Financial assets at fair value through other comprehensive income		-	-	475,459	-
Foreign currency translation differences		(1,974)	-	(1,974)	-
Total of other comprehensive income for the period		8,115,527	7,246,183	28,003,212	22,458,730
Basic and loss per share from net profit for the period	(10)	0.06	0.05	0.19	0.16

Financial manager

General manager

Chairman

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

AL JOUF CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
(EXPRESSED IN SAUDI RIYALS)

	Share capital	Statutory reserve	Retained Earnings / (accumulated losses)	Reserve for fair value of investments	Reserve for foreign currency translation	Remeasurement for Employees' end of service	Total Shareholders' Equity
Balance at January 1, 2020	1,430,000,000	51,386,441	77,421,430	(20,594,636)	(61,176)	(406,944)	1,537,745,115
Profit for the period	-	-	22,458,730	-	-	-	22,458,730
Other comprehensive income	-	-	-	-	-	-	-
Balance at June 30, 2020 (unaudited)	1,430,000,000	51,386,441	99,880,160	(20,594,636)	(61,176)	(406,944)	1,560,203,845
Balance at January 1, 2021 (adjusted, Note 12)	1,430,000,000	51,386,441	(5,273,944)	(43,376,761)	(61,176)	(498,824)	1,432,175,736
Profit for the period	-	-	27,529,727	-	-	-	27,529,727
Other comprehensive income	-	-	-	475,459	(1,974)	-	473,485
Balance at June 30, 2021 (unaudited)	1,430,000,000	51,386,441	22,255,783	(42,901,302)	(63,150)	(498,824)	1,460,178,948

Financial manager

General manager

Chairman

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

AL JOUF CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
(EXPRESSED IN SAUDI RIYALS)

	For the six-month period ended June 30	
	2021 <i>(unaudited)</i>	2020 <i>(unaudited)</i>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit for the period before zakat	30,029,727	23,458,730
Adjustments to reconcile net profit to net cash provided from operating activities:		
Depreciation of property, plant and equipment	15,089,654	15,060,092
Amortization Spare parts of machineries and furnaces	2,846,514	2,846,514
Employees' End of Service	1,192,884	894,145
Finance costs	10,191,786	398,039
Changes in working capital		
Inventory	(23,634,713)	(24,713,618)
Trade receivables	4,829,275	1,169,297
Due from related parties	-	(1,079,683)
Prepayments and other debit balances	(3,282,457)	(323,493)
Trade payables	7,282,416	4,617,393
Accrued expenses and other credit balances	(3,085,602)	4,994,976
Employees' End of Service paid	(462,578)	(204,511)
Retention payable	-	111,149
Zakat paid	(1,911,674)	-
finance cost paid	(10,191,786)	(398,039)
Net cash from operating activities	28,893,446	26,830,991
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property, plant and equipment and Projects under construction	(309,965)	(17,076,157)
Net cash used in investing activities	(309,965)	(17,076,157)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net change of loans	(24,737,296)	7,000,000
Net cash (used in) / from financing activities	(24,737,296)	7,000,000
change in cash and cash equivalents	3,846,185	16,754,834
Net foreign currency translation differences	(1,974)	-
Cash and cash equivalents at beginning of period	5,854,230	14,043,171
Cash and cash equivalents at end of period	9,698,441	30,798,005

Financial manager

General manager

Chairman

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

AL JOUF CEMENT COMPANY

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
(EXPRESSED IN SAUDI RIYAL)**

1. COMPANY PROFILE

Al-Jouf Cement Company (the “Parent Company”) is a Saudi joint stock company established in accordance with the Companies Regulation in the Kingdom of Saudi Arabia. The company operates under Commercial Registration No. 1010225259 issued in the city of Riyadh on Dhul Qaidah 1, 1427 H (corresponding to November 22, 2006).

The main activity of the company is the manufacture of ordinary cement (Portland), the manufacture of salt-resistant cement, the manufacture of white cement, the manufacture of agglomerated cement (clinker), the manufacture of pozzolanic cement.

The consolidated financial statements consist of the financial statements of Jouf Cement Company (“the Parent company”) and its 100% wholly owned subsidiaries collectively referred to as (“the Group”):

- 1- Al-Jouf Cement Company - Jordan, a limited liability company, based in Amman, the Hashemite Kingdom of Jordan,
- 2- Al-Jouf Investments Company, a limited liability company, based in Riyadh, Kingdom of Saudi Arabia.
- 3- Jahez Al-Jouf company limited (“one person company”), a limited liability company based in Riyadh - Kingdom of Saudi Arabia.

The registered address of the company is in the city of Riyadh, Al-Rabwa district, Omar Bin Abdulaziz Road, next to Al-Tamimi Markets Building, P.O. 295689, Kingdom of Saudi Arabia. The parent company operates in the Kingdom of Saudi Arabia through its branches located in various regions of the Kingdom of Saudi Arabia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE GROUP

2.1 Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” “IAS 34” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. They should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020. In addition, results for the interim period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for financial derivatives that have been measured at fair value and for employee benefits, projected unit credit method is used. The interim condensed consolidated financial statements are presented in Saudi Riyals (“SR”), which is the functional and presentational currency of the Group, unless otherwise indicated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE GROUP (Continued)

2.2 Covid-19 updates

The outbreak of the new Corona Virus ("Covid-19") since early 2020, has caused disruptions to business and economic activity globally including Saudi Arabia, however, the group managed to maintain its profitable position and achieved revenues of 121,6 million Saudi riyals during the current period ending on June 30, 2021, compared to SAR 115,3 million during the comparison period ending on June 30, 2020. Although the COVID-19 pandemic has affected economic and business activities worldwide, it has not affected the economic activity and business of the group given what its customer base represents in the cement sector which has not been significantly affected in the Kingdom of Saudi Arabia due to, among other things, spending government on public projects.

The Group has made an assessment of whether it is operating in light of current economic conditions and all available information about future risks and uncertainties. Forecasts were prepared covering the future performance of the Group and liquidity. Even during challenging times, the Group was able to manage its liquidity position by proactively controlling cost components, managing capital expenditures within budgets and expanding its export base. Furthermore, the group has low leverage and therefore management believes that it is in a better position away from headwinds compared to its competitors.

Management is aware of the challenges ahead and will continue to proactively adapt in order to ensure optimal performance of the group.

Management believes that the above actions, along with other operational strategies and measures taken by the Board of Directors, are realistic and reasonable and will effectively maintain the Group's profitability and improve its ability to generate future profits and cash flows and continue its operations in the future period.

The impact of Covid-19 may continue to evolve, but for the time being, expectations show that the Group has sufficient resources to continue an operational presence and that its ongoing position remains largely unaffected and unchanged since December 31, 2020. As a result, the consolidated financial statements continue to be prepared on a going concern basis.

The Group will continue to closely monitor the impact of Covid-19 as the situation progresses to manage potential business disruption, and the Covid-19 outbreak may impact its operational and financial performance in 2021.

2.3 New standards, interpretations and amendments adopted by the group

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

AL JOUF CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021 (EXPRESSED IN SAUDI RIYAL)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE GROUP (Continued)

2.4 Basis of consolidation

The interim condensed consolidated financial statements include the interim financial statements of the Company and the Subsidiary (the "Group") as of 30 June 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its transactions with the investee and has the ability to affect those returns through exercising its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its transactions with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three 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 a Subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the it ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of the Subsidiaries to bring its accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Any change in the ownership interest in a subsidiary that does not result in a loss of control is processed within equity.

If the Group loses control of a subsidiary, it disposes the assets (including goodwill, if any), liabilities and any other components of equity of the subsidiary, and any gain or loss resulting from the loss of control is recorded in the condensed consolidated interim statement of comprehensive income. Any share of the investment that is retained is recorded at fair value.

The following are the details of the subsidiaries:

Company Name	Country	Legal Entity	Ownership	Activity
Al-Jouf Cement Company (Jordan)	The Hashemite Kingdom of Jordan	A limited liability company	100%	Import, export, wholesale and retail trade in the products of Al-Jouf Cement and Building Materials Company
Al-Jouf Investments Company	Kingdom of Saudi Arabia	A limited liability company	100%	Wholesale and retail trade of cement and its derivatives, commercial undertakings, import and export services, and marketing for others
Jahez AlJouf Investments Company	Kingdom of Saudi Arabia	A limited liability company	100%	Wholesale of cement and it's similar, transport of merchandise.

AL JOUF CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021

(EXPRESSED IN SAUDI RIYAL)

3. SEGMENT INFORMATION

The Group is engaged in one operating segment, i.e.; manufacturing cement and operates entirely from the Kingdom of Saudi Arabia. Further, no financial information has segregated into various business and locations. The financial information of the subsidiary is not significant to Group's interim statements condensed consolidated financial for segmental information.

4. PROPERTY, PLANT AND EQUIPMENT

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

	June 30, 2021 <u>(Unaudited)</u>	June 30, 2020 <u>(Unaudited)</u>
Depreciation	15,089,654	15,060,092
Addition property, plant and equipment and Projects under construction	309,965	17,076,157

All buildings and facilities are built on the land granted to the company and licensed to exploit it by the Ministry of Petroleum and Mineral Resources for a period of thirty years from the beginning of July 18, 2007. It is located in the southeast of Turaif Governorate, on which the company's factory is located, with an area of 22.6 square kilometers.

All plant lines, equipment, machinery and equipment and all plant accessories including transportation, cars and office furniture have been mortgaged against the Industrial Development Fund loan.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:

	Equity%	June 30, 2021 <u>(Unaudited)</u>	December 31, 2020 <u>(Audited)</u>
Investments in Securities:			
Eastern Industrial Company *	10%	46,000,000	46,000,000
(Closed Saudi Joint Stock Co.)			
Less: Fair value reserve for investment in Eastern Industrial Company		<u>(46,000,000)</u>	<u>(46,000,000)</u>
		-	-
Investment In Investment funds			
Kasb City Real Estate Fund		<u>8,298,698</u>	<u>7,823,239</u>
		<u>8,298,698</u>	<u>7,823,239</u>

*During the previous years, the company reduced the investment value to zero through the fair value reserve for investment in equity due to accumulated losses incurred in addition to the shareholders' decision to liquidate the company and a liquidator was appointed to carry out the liquidation work.

AL JOUF CEMENT COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
(EXPRESSED IN SAUDI RIYAL)

6. RELATED PARTIES TRANSACTIONS

6.1 Due from Related Parties

Related parties represent major shareholders, members of the board of directors and senior management personnel in the group and establishments managed or over which significant influence is exercised by these parties. The following is a statement of the parties related to the group:

	Nature of relationship	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Due from Related Parties:			
Eastern Industrial Company	Investment at fair value through other comprehensive income	41,268,824	41,268,824
Less: Fair value reserve for investment in the Eastern Industrial Company		(41,268,824)	(41,268,824)
		<u>-</u>	<u>-</u>

6.2 Allowances and remunerations for board members and senior executives:

	For the six - month period ended 30 June	
	2021 (Unaudited)	2020 (Audited)
Salaries and compensation	1,381,963	1,381,963
End of service benefits	57,582	57,582
Rewards and allowances for attending the meetings	1,225,434	1,230,998
	<u>2,664,979</u>	<u>2,670,543</u>

7. LONG TERM LOANS

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current portion of long term loans		
Industrial Development Fund loan*	72,749,985	75,999,985
SABB Bank loan**	18,000,000	18,000,000
Alinma Bank loan***	15,600,000	18,600,000
Al-Jazira Bank loan****	12,487,296	18,730,944
Total current portion of long term loans	<u>118,837,281</u>	<u>131,330,929</u>
Non-current portion of long term loans		
SABB Bank loan**	174,459,754	180,459,754
Alinma Bank loan***	331,400,000	331,400,000
Al-Jazira Bank loan****	12,487,296	18,730,944
Total non-current portion of long term loans	<u>518,347,050</u>	<u>530,590,698</u>

AL JOUF CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021 (EXPRESSED IN SAUDI RIYAL)

7. LONG TERM LOANS (Continued)

*On February 27, 2010, the parent company obtained a loan from the Saudi Industrial Development Fund, amounted to SAR 483.5 million, according to the agreement signed with the fund, and credit limit for the loan agreement amounted to SAR 483.5 million.

This loan is secured by the mortgage of all existing buildings or that are being constructed in the concession area granted to the Company, located in the southeast of the Turaif governorate, on which the Company's factory is located, with an area of 22.6 square kilometers, with the entire factory, its equipment, machinery and all its attachments. According to the agreement, the last installment of this loan is due on November 4, 2017.

**On June 16, 2015, an Islamic Murabaha facility agreement was signed with SABB Bank, amounted to SAR 365 million, according to the internal borrowing rate of Saudi banks profit. The loans are guaranteed by the signing a cheque to the beneficiary of bank for the purpose of extending the facility period, provided that the facility is repaid in 11 semi-annual installments in addition to the profit margin, and the first installment payment begins in September 2016.

***On December 9, 2015, Al-Jouf Cement Company signed a bank facility agreement to obtain a long-term loan from Alinma Bank for an amount of SAR 350 million, and the credit limit for facility agreement amounted to SAR 450 million. This loan was obtained in the form of financing deferred sale with a profit margin in according to the internal borrowing rate between Saudi banks plus profits. The term of the agreement is 7 years, provided that the first installment to be paid in 2017.

****It is represented in recording the debts of the Eastern Industrial Company (investment company Note 5), in the consolidated statement of financial position ended on December 31, 2019 resulted from the guarantee of Al-Jouf Cement Company for the company's loan from Bank Al-Jazira, as the company did not fulfill its obligations, so the bank under the guarantee transferred the value of The loan with the bank charges to Al-Jouf Cement Company under the agreement

8. ZAKAT STATUS

	June 30 2021 <i>(Unaudited)</i>	December 31 2020 <i>(Audited)</i>
Balance at beginning of the period / year	6,381,202	7,924,507
Provided during the period / year	2,500,000	3,000,000
Paid during the period / year	<u>(1,911,674)</u>	<u>(4,543,305)</u>
Balance at the end of the period / year	<u>6,969,528</u>	<u>6,381,202</u>

The company submitted zakat returns to the Zakat, Tax and Customs Authority "the authority" until the year ended on December 31, 2020. The authority did not issue the zakat assessment for the years 2019 and 2020.

The Authority issued an amendment letter, which resulted in a claim for zakat differences amounting to 34 million Saudi riyals from the zakat returns submitted for the years 2014 to 2018. The company submitted an objection to these differences and the objection is still under review by the Authority.

AL JOUF CEMENT COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
(EXPRESSED IN SAUDI RIYAL)

9. FAIR VALUE MEASUREMENT

Fair value is the amount received when an asset is sold or paid to transfer a liability in an organized transaction between market participants on the date of measurement.

The Group's financial assets consist of financial assets at fair value through other comprehensive income, cash and cash equivalents, trade receivables and other receivable balances and amounts due from related parties as below:

9.1 Financial assets:

	June 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
Financial assets at fair value through other comprehensive income	8,298,698	7,823,239
Trade receivables	72,287,503	77,116,778
Prepayments and other debit balances	23,911,339	20,628,882
Cash and cash equivalents	9,698,441	5,854,230
	114,195,981	111,423,129

9.2 Financial liability:

	June 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
Trade payables	49,287,993	42,005,577
Accrued expenses and other credit balances	13,529,645	16,615,247
Long Term Loans	637,184,331	661,921,627
Lease liabilities	791,249	791,249
	700,793,218	721,333,700

These financial assets and financial liabilities have been measured at amortized cost and no financial instruments or amounts of the Group have been measured at fair value, except for financial assets at fair value through other comprehensive income.

10. EARNINGS PER SHARE

The basic and diluted share of net profit is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the date of the interim condensed consolidated statement of financial position. Following is the calculation of the basic and diluted share per share:

	June 30, 2021	June 30 2020
	(Unaudited)	(Unaudited)
Net profit for the period (SR)	27,529,727	22,458,730
Weighted average number of shares during the period (share)	143,000,000	143,000,000
Basic and diluted share (SR)	0.19	0.16

There was no dilutive component affecting the weighted average number of ordinary shares.

AL JOUF CEMENT COMPANY**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021

(EXPRESSED IN SAUDI RIYAL)

11. CONTINGENT OBLIGATIONS AND LIABILITIES

There has been no material change in the obligations and contingent liabilities of the Group since December 31, 2020.

12. ADJUSTMENTS AND RECLASSIFICATIONS OF PREVIOUS YEARS

During the period, the Group made adjustments for previous years and reclassifications, as follows:

<u>Consolidated statement of financial position</u>	<u>As December 31, 2020</u>			
	<u>As previously shown</u>	<u>Adjustment</u>	<u>reclassification</u>	<u>Adjusted</u>
Current assets				
Due from related parties	18,537	(18,537)	-	-
Shareholders' Equity				
Retained earnings / (accumulated losses)	4,094,496	(9,368,440)	-	(5,273,944)
Reserve for fair value of investments	(22,875,585)	(21,000,000)	498,824	(43,376,761)
Remeasurement for Employees' End of Service	-	-	(498,824)	(498,824)
Non-current liability				
Long Term Loans	594,590,683	(63,999,985)	-	530,590,698
Current liability				
Long Term Loans - current portion	67,330,944	63,999,985	-	131,330,929
Other Provisions	-	30,349,903	-	30,349,903

13. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The group's interim condensed consolidated financial statements for the six-month period ending on June 30, 2021 were approved by a Board of Directors resolution on 11 Muharram 1443 H (corresponding to 19 August 2021).