

AL JOUF CEMENT COMPANY
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH
PERIODS ENDED 30 SEPTEMBER 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 nine-month periods ended 30 September 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 September 2021, and the interim condensed consolidated statements of comprehensive income for the three-month and nine-month periods then ended, and the interim condensed consolidated statements of changes in shareholders' equity and cash flows for the nine-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 .

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (2410) "Review of interim financial information performed by the independent auditor of the entity", 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.

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.

Other matter

The interim condensed consolidated financial statements of the Group for the three-month and nine-month periods ended 30 September 2020 have been reviewed by another auditor who have issued an unmodified conclusion on those interim condensed consolidated financial statements on 28 October 2020 (corresponding to 11 Rabi Al-awwal 1442H), also, the company's consolidated financial statements for the year ended on December 31, 2020 were also audited by the same auditor, who expressed an unmodified opinion on the consolidated financial statements in his report on 30 March, 2021 (corresponding Sha'ban 17, 1442 H). 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.

For Dr. Mohamed Al-Amri & Co.



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



10/04/1443(H)
15/11/2021(G)

AL JOUF CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE THREE-MONTH AND NINE -MONTH PERIODS ENDED SEPTEMBER 30, 2021
(EXPRESSED IN SAUDI RIYALS)

	<i>Note</i>	September 30, 2021 <i>(unaudited)</i>	December 31, 2020 <i>(audited) - Adjusted</i>
ASSETS			
Non-current assets			
Property, plant and equipment	(4)	1,909,086,691	1,927,570,873
Right to use assets		791,249	791,249
Financial assets at fair value through other comprehensive income	(5)	9,200,000	7,823,239
Total non-current assets		1,919,077,940	1,936,185,361
Current assets			
Inventory		193,719,785	170,109,008
Trade receivables		83,147,328	77,116,778
Due from related parties	(6)	-	-
Other current assets		21,898,732	20,628,882
Cash and cash equivalents		12,832,010	5,854,230
Total current assets		311,597,855	273,708,898
TOTAL ASSETS		2,230,675,795	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)		25,956,927	(5,273,944)
Reserve for fair value of investments		(42,000,000)	(43,376,761)
Reserve for foreign currency translation		(63,150)	(61,176)
Remeasurement for Employees' End of Service		(498,824)	(498,824)
Total Equity		1,464,781,394	1,432,175,736
Non-current liabilities			
Long term loans	(7)	501,547,050	530,590,698
Lease liabilities - Non current		584,322	584,322
Provision for Employees' End of Service		9,790,542	8,624,640
Total non-current liabilities		511,921,914	539,799,660
CURRENT LIABILITIES			
Long Term Loans - current portion	(7)	133,887,281	131,330,929
Lease liabilities - current portion		206,927	206,927
Trade payables		56,264,412	42,005,577
Accrued expenses and other credit balances		16,450,129	16,615,247
Retention payable		11,029,078	11,029,078
Other provisions		30,349,903	30,349,903
Provision for Zakat	(8)	5,784,757	6,381,202
Total current liabilities		253,972,487	237,918,863
TOTAL LIABILITIES		765,894,401	777,718,523
TOTAL EQUITY AND LIABILITIES		2,230,675,795	2,209,894,259

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 NINE -MONTH PERIODS ENDED SEPTEMBER 30, 2021
(EXPRESSED IN SAUDI RIYALS)

	<u>Note</u>	<i>For the three- month period ended 30 September</i>		<i>For the nine - month period ended 30 September</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		54,884,837	68,937,620	176,510,039	184,237,242
Cost of revenue		(39,624,426)	(50,526,566)	(109,431,163)	(126,442,388)
Gross profit		15,260,411	18,411,054	67,078,876	57,794,854
Selling and distribution expenses		(1,175,763)	(1,034,517)	(3,632,635)	(3,050,418)
General and administrative expenses		(4,710,960)	(4,685,452)	(14,269,183)	(15,329,447)
Operating profit		9,373,688	12,691,085	49,177,058	39,414,989
Provision for expected credit loss on receivables		-	(1,800,000)	-	(1,800,000)
Finance costs		(5,608,654)	(1,066,580)	(15,800,440)	(3,446,542)
Other income / (expenses) - net		936,110	(102,255)	1,354,253	(987,467)
Profit for the period before zakat		4,701,144	9,722,250	34,730,871	33,180,980
Zakat	(8)	(1,000,000)	(1,500,000)	(3,500,000)	(2,500,000)
Profit for the period		3,701,144	8,222,250	31,230,871	30,680,980
Other comprehensive income					
Items that will not be reclassified subsequently in profits or losses:					
Financial assets at fair value through other comprehensive income		901,302	(1,782,125)	1,376,761	(1,782,125)
Item that may be reclassified to profit or loss					
Foreign currency translation differences		-	-	(1,974)	-
Total of other comprehensive income for the period		4,602,446	6,440,125	32,605,658	28,898,855
Earnings per share					
Basic and loss per share from net profit for the period	(10)	0.03	0.06	0.22	0.21

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 NINE-MONTH PERIOD ENDED SEBETMBER 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	-	-	30,680,980	-	-	-	30,680,980
Other comprehensive loss	-	-	-	(1,782,125)	-	-	(1,782,125)
Total Comprehensive income	-	-	30,680,980	(1,782,125)	-	-	28,898,855
Balance at September 30, 2020 (unaudited)	1,430,000,000	51,386,441	108,102,410	(22,376,761)	(61,176)	(406,944)	1,566,643,970
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	-	-	31,230,871	-	-	-	31,230,871
Other comprehensive income	-	-	-	1,376,761	(1,974)	-	1,374,787
Total comprehensive income	-	-	31,230,871	1,376,761	(1,974)	-	32,605,658
Balance at September 30, 2021 (unaudited)	1,430,000,000	51,386,441	25,956,927	(42,000,000)	(63,150)	(498,824)	1,464,781,394

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021
(EXPRESSED IN SAUDI RIYALS)

	For the nine-month period ended September 30	
	2021	2020
	(unaudited)	(unaudited)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit for the period before zakat	34,730,871	33,180,980
Adjustments to reconcile net profit to net cash provided from operating activities:		
Depreciation of property, plant and equipment	22,027,763	20,917,034
Amortization Spare parts of machineries and furnaces	4,269,771	6,069,770
Employees' end of service benefit	1,691,616	1,323,220
Finance costs	15,800,440	23,724
Changes in items of operating assets and liabilities		
Inventory	(23,610,777)	(14,157,910)
Trade receivables	(6,030,550)	8,930,349
Due from related parties	-	(1,449,921)
Other current assets	(21,160,049)	437,416
Trade payables	14,258,835	2,197,676
Accrued expenses and other credit balances	19,725,081	10,368,928
Employees' end of service benefit paid	(525,714)	(358,057)
Retention payable	-	250,698
Zakat paid	(4,096,445)	(124,322)
Finance costs paid	(15,800,440)	(23,724)
Net cash from operating activities	41,280,402	67,585,861
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property, plant and equipment	(7,858,655)	(33,563,698)
Disposal property, plant and equipment	45,303	226,984
Net cash used in investing activities	(7,813,352)	(33,336,714)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net change of loans	(26,487,296)	3,999,990
Net cash (used in) / from financing activities	(26,487,296)	3,999,990
change in cash and cash equivalents	6,979,754	38,249,137
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	12,832,010	52,292,308

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 NINE-MONTH PERIOD ENDED SEBETMBER 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, “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 September 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 176,5 million Saudi riyals during the current period ending on September 30, 2021, compared to SAR 184,2 million during the comparison period ending on September 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.

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.

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

2.3 New standards, interpretations and amendments adopted by the group (Continued)

Amendments to IFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021

In March 2021, the IASB amended IFRS 16 Leases, extending the practical expedient in order to permit lessees to apply it to rent concessions for which reductions in lease payments affect payments originally due on or after 30 June 2022. This amendment is applicable for annual reporting periods beginning on or after 1 April 2021, with early application permitted, including in financial statements not authorised for issue at 31 March 2021. The Group, being a lessee, did not receive any rent concession during the period and accordingly not affected by this amendment.

2.4 New standards, interpretations and amendments not yet effective

The Group has not early adopted any new accounting standards, interpretations or amendments that are issued but not yet effective.

2.5 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 September 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.

AL JOUF CEMENT COMPANY

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

2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE GROUP (Continued)**2.5 Basis of consolidation (Continued)**

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:

<u>Company Name</u>	<u>Country</u>	<u>Legal Entity</u>	<u>Ownership</u>	<u>Activity</u>
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 Company and Building Materials.
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.

3. SEGMENT INFORMATION

The Group is engaged in one operating segment, i.e.; manufacturing cement and operates entirely in the Kingdom of Saudi Arabia and other countries. 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 nine-month period ended September 30 is as follows:

	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
Depreciation	22,027,763	20,917,034
Amortization Spare parts of machineries and furnaces	4,269,771	6,069,770
Disposal property, plant and equipment	45,303	226,984
Addition property, plant and equipment	7,858,655	33,563,698

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 (Note7).

AL JOUF CEMENT COMPANY

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

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

		September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	Equity%		
Investments in companies share:			
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		(46,000,000)	(46,000,000)
		-	-
Investment In Investment funds			
Kasb City Real Estate Fund		9,200,000	7,823,239
		9,200,000	7,823,239

*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.

6. RELATED PARTIES TRANSACTIONS

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:

6.1 Due from Related Parties

Due from Related Parties:	Nature of relationship	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Eastern Industrial Company	Investment at fair	41,268,824	41,268,824
Less: Decrease in the value of related parties	value through other comprehensive income	(41,268,824)	(41,268,824)
		-	-

6.2 Allowances and remunerations for board members and senior executives:

It represented the compensation of senior management executives and the board of directors during the period:

	For the nine - month period ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)
Salaries and other benefit	2,270,191	2,270,191
End of service benefits	189,183	189,183
Rewards and allowances for attending the meetings	2,514,497	2,883,158
	4,973,871	5,342,532

AL JOUF CEMENT COMPANY

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

7. LONG TERM LOANS

	September 30, 2021 <i>(Unaudited)</i>	December 31, 2020 <i>(Audited)</i>
Current portion of long term loans		
Industrial Development Fund loan*	70,999,985	75,999,985
SABB Bank loan**	27,000,000	18,000,000
Alinma Bank loan***	23,400,000	18,600,000
Al-Jazira Bank loan****	12,487,296	18,730,944
Total current portion of long term loans	133,887,281	131,330,929
Non-current portion of long term loans		
SABB Bank loan**	165,459,754	180,459,754
Alinma Bank loan***	323,600,000	331,400,000
Al-Jazira Bank loan****	12,487,296	18,730,944
Total non-current portion of long term loans	501,547,050	530,590,698

*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, provided that the facility is repaid in 6 semi-annual installments and the first installment being paid on December 2020.

AL JOUF CEMENT COMPANY

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

8. ZAKAT

The Group's zakat movement as follow:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at beginning of the period / year	6,381,202	7,924,507
Provided during the period / year	3,500,000	3,000,000
Paid during the period / year	(4,096,445)	(4,543,305)
Balance at the end of the period / year	5,784,757	6,381,202

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.

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:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Financial assets at fair value through other comprehensive income	9,200,000	7,823,239
Trade receivables	83,147,328	77,116,778
Other current assets	21,898,732	20,628,882
Cash and cash equivalents	12,832,010	5,854,230
	127,078,070	111,423,129

9.2 Financial liability:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade payables	56,264,412	42,005,577
Accrued expenses and other credit balances	16,450,129	16,615,247
Long Term Loans	635,434,331	661,921,627
Lease liabilities	791,249	791,249
	708,940,121	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.

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

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:

	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
Net profit for the period (SR)	31,230,871	30,680,980
Weighted average number of shares during the period (share)	143,000,000	143,000,000
Basic and loss per share from net profit for the period (SR)	0.22	0.21

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

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 benefits	-	-	(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 nine-month period ending on September 30, 2021 were approved by a Board of Directors resolution on 04/04/1443(H) (corresponding to 09/11/2021(G)).