

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

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT ON  
REVIEW OF CONDENSED  
CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE THREE MONTHS  
PERIOD ENDED 31 MARCH 2020**

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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR'S REVIEW REPORT  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020**

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<b>INDEX</b>	<b>Pages</b>
Independent auditor's report on review of condensed consolidated interim financial statements	2
Condensed consolidated Interim statement of financial position	3
Condensed consolidated Interim statement of income and other comprehensive income	4
Condensed consolidated Interim statement of changes in equity	5
Condensed consolidated Interim statement of cash flows	6
Notes to the condensed consolidated interim financial statements	7 -14

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

To the shareholders  
Saudi Cement Company  
(A Saudi Joint Stock Company)  
Dammam - Kingdom of Saudi Arabia.

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Saudi Cement Company "Saudi Joint Stock Company" ("the Company") and its subsidiary (Collectively referred to as the "Group") that include the condensed consolidated interim statement of financial position as of March 31, 2020 and the related condensed consolidated interim statements of income and other comprehensive income, changes in equity and cash flows for the three months period then ended, and a summary of selected significant accounting policies and other explanatory notes from (1) to (16).

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 – ("IAS 34") "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim 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, endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim 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 on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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

For Dr. Mohamed Al-Amri & Co.

*M. A. Al-Amri*

Dr. Mohamed A. Al-Amri  
Certified Public Accountant  
Registration No. 60



May 18, 2020 G  
Ramadan 25, 1441 H

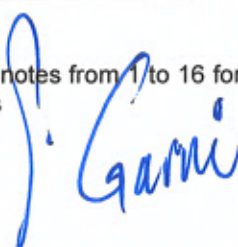
**SAUDI CEMENT COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
As at 31 March 2020

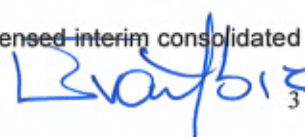
		<b>31 March 2020 (Un-Audited) SR '000</b>	<b>31 December 2019 (Audited) SR '000</b>
<b>ASSETS</b>	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment	5	2,532,073	2,541,955
Right-of-use assets	4	33,037	30,842
Investments in associates	6	30,705	57,130
Investment in equity designated as FVTOCI		2,796	-
Goodwill	3	4,648	-
<b>Total non-current assets</b>		<b>2,603,259</b>	<b>2,629,927</b>
<b>Current assets</b>			
Inventories		706,289	753,723
Trade receivables		390,907	368,613
Prepayments and other receivables		37,858	29,825
Term deposit		110	-
Cash and cash equivalents		303,179	127,192
<b>Total current assets</b>		<b>1,438,343</b>	<b>1,279,353</b>
<b>TOTAL ASSETS</b>		<b>4,041,602</b>	<b>3,909,280</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		1,530,000	1,530,000
Statutory reserve		459,000	459,000
Retained earnings		889,151	740,650
<b>Equity attributable to shareholders of the parent</b>		<b>2,878,151</b>	<b>2,729,650</b>
Non-controlling interest		24,179	-
<b>Total Equity</b>		<b>2,902,330</b>	<b>2,729,650</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Employees' benefits		91,772	86,729
Lease liabilities	4	29,191	25,666
Retention payable		1,400	-
<b>Total non-current liabilities</b>		<b>122,363</b>	<b>112,395</b>
<b>Current liabilities</b>			
Lease liabilities	4	4,920	7,197
Islamic financing	7	550,000	595,000
Trade payables		60,193	60,652
Dividend payable		228,803	221,619
Accruals and other payables		144,742	160,516
Provision for Zakat		28,251	22,251
<b>Total current liabilities</b>		<b>1,016,909</b>	<b>1,067,235</b>
<b>TOTAL LIABILITIES</b>		<b>1,139,272</b>	<b>1,179,630</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,041,602</b>	<b>3,909,280</b>

Designated Member / CEO

Finance Manager

The accompanying notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements







**SAUDI CEMENT COMPANY**

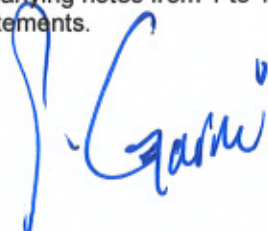
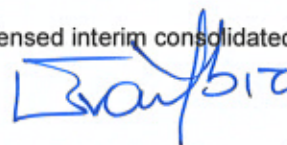
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)**

For the three months period ended 31 March 2020

		<b>Three months period ended 31 March</b>	
		<b>2020</b>	<b>2019</b>
		<b>SR '000</b>	<b>SR '000</b>
Revenue	9	450,359	390,359
Cost of Revenue		(247,588)	(209,321)
<b>GROSS PROFIT</b>		<b>202,771</b>	<b>181,038</b>
Selling and distribution expenses		(28,357)	(24,410)
General and administrative expenses		(16,646)	(15,632)
<b>OPERATING PROFIT</b>		<b>157,768</b>	<b>140,996</b>
Other income		1,673	1,586
Share in net results of associates		(1,767)	(990)
Financial charges		(4,107)	(5,756)
<b>INCOME BEFORE ZAKAT</b>		<b>153,567</b>	<b>135,836</b>
Zakat		(6,000)	(3,396)
<b>NET INCOME FOR THE PERIOD</b>		<b>147,567</b>	<b>132,440</b>
<b>Other comprehensive income</b>			
<i>Item that will not be reclassified to profit or loss in subsequent period</i>			
Share of other comprehensive income of associates		(5)	362
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>147,562</b>	<b>132,802</b>
<b>Net profit attributable to :</b>			
Equity holders of the parent		148,506	132,440
Non-controlling Interest		(939)	-
		<b>147,567</b>	<b>132,440</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		148,501	132,802
Non-controlling Interest		(939)	-
		<b>147,562</b>	<b>132,802</b>
<b>Earnings per share (Saudi Riyals)</b>			
Basic and diluted earnings per share attributable to the equity holders of the Company	14	0.97	0.87
<b>Designated Member / CEO</b>		<b>Finance Manager</b>	

The accompanying notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

**SAUDI CEMENT COMPANY**

(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**

For the three months period ended 31 March 2020

	Share capital SR '000	Statutory reserve SR '000	Retained earnings SR '000	Total SR '000	Non- controlling Interest SR '000	Total SR '000
Balance as at 1 January 2019	1,530,000	459,000	796,795	2,785,795	-	2,785,795
Net income for the period	-	-	132,440	132,440	-	132,440
Other comprehensive income	-	-	362	362	-	362
Total comprehensive income	-	-	132,802	132,802	-	132,802
Balance at 31 March 2019	1,530,000	459,000	929,597	2,918,597	-	2,918,597
Balance as at 1 January 2020	1,530,000	459,000	740,650	2,729,650	25,118	2,754,768
Net income for the period	-	-	148,506	148,506	(939)	147,567
Other comprehensive income	-	-	(5)	(5)	-	(5)
Total comprehensive income	-	-	148,501	148,501	(939)	147,562
Balance at 31 March 2020	1,530,000	459,000	889,151	2,878,151	24,179	2,902,330

Designated Member / CEOFinance Manager

The accompanying notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.






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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**

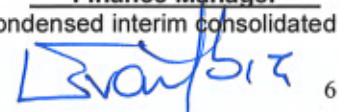
For the three months period ended 31 March 2020

	Three months period ended 31 March	
	2020 SR '000	2019 SR '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before Zakat	153,567	135,836
<b>Adjustments to reconcile income before zakat to net cash generated by operating activities:</b>		
Depreciation - property plant and equipment	54,204	51,169
Depreciation - right-of-use assets	1,895	1,661
Financial charges	4,107	5,756
Impairment of inventory	(118)	-
Reversal of Provision of debtors	(13)	-
Dividend Income	(650)	-
Gain on disposal of property, plant and equipment	-	(367)
Share in results of associates	1,981	990
Employees' benefits, net	1,331	622
Interest received	(214)	-
	<b>216,090</b>	<b>195,667</b>
<b>Working capital changes</b>		
Inventories	54,549	29,469
Trade receivables	(31,504)	(49,701)
Prepayments and other receivables	(4,875)	12,638
Trade payables	(3,818)	2,378
Accruals and other payables	2,053	(13,054)
	<b>16,405</b>	<b>(18,270)</b>
Financial charges paid	(4,107)	(5,756)
Zakat paid	-	(10,179)
<b>Net cash generated from operating activities</b>	<b>228,388</b>	<b>161,462</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment, net	(16,089)	(19,720)
Proceed from disposal of property plant and equipment	-	406
Additional investments made in associate	(22,977)	(3,450)
Dividend received	650	-
Term Deposit	(4)	-
<b>Net cash used in investing activities</b>	<b>(38,420)</b>	<b>(22,764)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net movements in islamic financing	(45,000)	100,000
Repayments of lease liability	(3,002)	(725)
Dividend received	214	-
<b>Net cash generated from / (used in) financing activities</b>	<b>(47,788)</b>	<b>99,275</b>
Net change in cash and cash equivalents	<b>142,180</b>	<b>237,973</b>
Cash and cash equivalents at the beginning of the period (Parent)	<b>127,192</b>	<b>69,556</b>
Cash and cash equivalents at the beginning of the period (Subsidiary)	<b>33,807</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>303,179</b>	<b>307,529</b>

Designated Member / CEO

The accompanying notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements

Finance Manager

 6

**SAUDI CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**

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For the three months period ended 31 March 2020

## **1 CORPORATE INFORMATION**

Saudi Cement Company ("the Company") is a Saudi Joint Stock Company incorporated under Royal Decree number 6/6/10/726 dated 8 Rabi' II 1375 H (corresponding to 23 November 1955) and registered in the Kingdom of Saudi Arabia, in the city of Dammam under Commercial Registration number 2050000602 dated 6 Dhul Qaidah 1377 H (corresponding to 24 May 1958). The Company is engaged in manufacturing and selling cement and its related products.

The Company obtained under the Royal Decree number 10/6/6/8500 dated 26 Rajab 1370H (corresponding to 3 May 1951) the right of the mining concession for the extraction of limestone, gypsum and clay and all the necessary materials for the manufacture of cement in Al Hassa for 30 years period.

Thereafter, the Company obtained the licenses for the existing quarries under the Royal Decree number M/11 dated 29/04/1405H (corresponding to 22/01/1985) which gives mining concession for the extraction of limestone, gypsum and clay and all the necessary materials for the manufacture of cement for 30 years period.

In the year 1985, a Saudi Bahraini Company obtained the right of the mining concession for the extraction of limestone, gypsum and clay under the Royal Decree number M/12 dated 29/04/1405H (corresponding to 22/01/1985) which was merged with the Saudi Cement Company in 1990. Accordingly, the Ministry of Petroleum and Mineral Resources resolved on 04/01/1412H (corresponding to 15/07/1991) to transfer all quarries and related licenses of Saudi Bahraini Company to the Saudi Cement Company.

These licenses were expired in 2015. The delay in renewing licenses is due to ownership issues as the main quarry is situated on a land designated to one of the concerned ministries. Later on, a committee was formed by the Ministry of Industry and Mineral Resources to coordinate and finalize the process of the renewals.

Currently, the Company is in the process to renew the rights of mining and concession. The Company has obtained the consent of all the concerned parties with certain conditions, including the Ministry of Petroleum and Mineral resources with regards to the renewal of the rights of mining concession in accordance with the Royal decree number 11 dated 29/04/1405H (corresponding to 22/01/1985) in accordance with clauses (23 and 43) from the Mining Investment Regulation. However, the Company continues to extract minerals from the quarries and is paying extractions fees as agreed with the Ministry, annually. Management is in the view that the renewal of the rights of mining and concession is highly certain.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard, "*Interim Financial Reporting*" ("IAS 34") as endorsed in Kingdom of Saudi Arabia ("KSA").

The disclosures in these condensed consolidated interim financial statements do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 31 December 2019.

The methods of computation and accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2019 except as stated in note 3.



**SAUDI CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**

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For the three months period ended 31 March 2020

## **2.2 Basis of measurement**

These condensed consolidated interim financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for certain employees' benefits which are measured at present value.

All values are rounded to the nearest thousand (SR '000), except when otherwise indicated.

## **2.3 Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR) which is the functional and presentation currency of the Group.

## **2.4 New and amended IFRS Standards and interpretations**

The Group has not early adopted any new standard, interpretation or amendment that have been issued but which are not yet effective. Those standards and interpretation or amendments are not disclosed in this financial statements as the management did not considered these relevant to the company operation or will have a material impact on the financial statements of the Group in future periods.

## **2.5 Financial assets**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

### *Subsequent measurement:*

The Group subsequently measures all equity investment at fair value. Where the Group has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the statement of income and other comprehensive income following the de-recognition of the Investment.

## **2.6 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiary as at the reporting date. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without loss of control, is recorded in the consolidated statement of changes in equity.

**SAUDI CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**

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For the three months period ended 31 March 2020

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control over its subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intergroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### **3 BUSINESS COMBINATIONS**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value with the exception of liabilities related to employee benefit arrangements which are recognized and measured in accordance with IAS 19.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

The initial accounting for a business combination can be determined only provisionally by the end of the first reporting period, the business combination is accounted for using provisional amounts. Adjustments to provisional amounts, and the recognition of newly identified asset and liabilities, must be made within the 'measurement period' where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date.

#### **3.1 Acquisition of subsidiary during the year**

The Company acquired additional 27% of shares of United Cement Company on January 09, 2020 at a consideration of SR 22.97 million and the acquisition was accounted using the fair values of the acquiree as at December 31, 2019. The Company now owns 63% ownership in United Cement Company.

**SAUDI CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**

For the three months period ended 31 March 2020

The carrying value of the assets and liabilities acquired was as follows:

	SR '000
<b>Assets</b>	
Property plant and equipment	28,236
Right of use assets	2,383
Financial assets at fair value through other comprehensive income	2,796
Inventories	6,997
Trade receivables	19,461
Prepayments and other receivables	2,145
Term deposit	106
Cash and cash equivalents	33,807
	<b>95,931</b>
<b>Liabilities</b>	
Lease liabilities	2,505
Retention payable	1,400
Employee's benefits	3,752
Trade payables	3,359
Accruals and other receivable	2,177
Due to related party	14,853
	<b>28,046</b>
Carrying value of net assets acquired	<b>67,885</b>
Carrying value of net assets acquired – 63%	<b>42,768</b>
Carrying value of net assets attributable to non-controlling interest – 37%	<b>25,117</b>

### 3.2 GOODWILL

Goodwill resulting from the acquisition of subsidiary:

	01 January 2020 SR '000
Share of Saudi Cement in United Cement Company's equity	24,439
Additional consideration	22,977
Total consideration	47,416
Share 63% in United Cement Company	(42,768)
Goodwill	4,648

### 4 RIGHT OF USE ASSETS AND LEASE LIABILITIES

Lease liabilities as at period end are as follows:

	31 March 2020 SR '000	31 December 2019 SR '000
Non-current portion of lease liabilities	29,191	25,666
Current portion of lease liabilities	4,920	7,197
Total lease liabilities	<b>34,111</b>	<b>32,863</b>

There were SR 1.7 million additions to right-of-use assets during the three months period ended 31 March 2020. The right-of-use assets are depreciated over the shorter of the lease term or useful life of the underlying assets.



**SAUDI CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**

For the three months period ended 31 March 2020

The recognized right-of-use assets relate to the following types of assets:

	<b>31 March 2020 SR '000</b>	<b>31 December 2019 SR '000</b>
Land	18,784	17,034
Building	273	295
Vehicles	12,414	13,513
Computers	1,566	-
<b>Total right-of-use assets</b>	<b>33,037</b>	<b>30,842</b>

## **5 PROPERTY, PLANT AND EQUIPMENT**

During the period, the Group purchased items of property, plant and equipment amounted to SR 9.0 million (31 December 2019: SR 54 million) whereas additions to capital work in progress amounted to SR 7.1 million (31 December 2019: SR 83.0 million).

## **6 INVESTMENT IN ASSOCIATES**

Investment in associate of SR 30.7 million comprises of 33.33% share in Cement Product Industry Company Limited is a limited liability company registered and operating in the Kingdom of Saudi Arabia. The company is engaged in the manufacturing of cement derivative products and other products necessary for manufacturing and packing cement.

The Company had previously owned as an associate 36% share in United Cement Company, a Bahraini closed joint stock company registered and operating in the Kingdom of Bahrain. The Company acquired additional 27% of shares of United Cement Company on January 09, 2020 at a consideration of SR 22.97 million and the acquisition was accounted using the fair values of United Cement Company as at December 31, 2019. The Company now owns 63% ownership in United Cement Company.

Movement in investment of United Cement Company:

	<b>31 March 2020 SR '000</b>
Investment in United Cement Company at the beginning of the period 1 January 2020	24,439
Additional consideration paid to acquire additional 27% shares	22,977
<b>Total Investment value in United Cement Company</b>	<b>47,416</b>
De-recognition of Investment for consolidation	(47,416)
<b>Investment in consolidated Interim financial statements</b>	<b>-</b>

## **7 ISLAMIC FINANCING**

The Islamic facilities have been obtained from various local banks to meet the working capital requirements with a total facility amount of SR 2,250 million (31 December 2019: SR 1,950 million), the utilised balance as of 31 March 2020 is SR 550 million (31 December 2019: SR 595 million). These Islamic facilities carry varying financial costs in excess of SIBOR and are consistent with the terms of each facility agreement that are secured by promissory notes issued by the Company and carry charges agreed with the facilities' providers.

**SAUDI CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**

For the three months period ended 31 March 2020

The outstanding Islamic financing is classified under current liabilities in the interim statement of financial position as it is repayable within 12 months from the reporting date.

The facility agreements contained certain covenants, which requires among other things, certain financial ratios to be maintained. The Company was in compliance with these ratios as of 31 March 2020 and 31 December 2019.

## **8 RELATED PARTY TRANSACTIONS AND BALANCES**

The following table provides the total amount of transactions that have been entered into with related parties during the three months period ended 31 March 2020 and 31 March 2019 and related parties balances as at 31 March 2020 and 31 December 2019.

Related party	Relationship	Nature of transaction	Three months period		Ending balance	
			Amount of transaction			
			31 March 2020	31 March 2019	31 March 2020	31 December 2019
			SR '000	SR '000	SR '000	SR '000
<b>i) Trade payables</b>						
Cement Product Industry Company Limited	Associate	Purchases of raw material	7,376	7,838	(4,040)	131
Wataniya Insurance Company	Affiliate	Insurance on property plant and equipment	6,761	6,549	1,780	24

### **Terms and conditions of transactions with related parties**

The purchases from related parties are made in the ordinary course of business. Outstanding balances at the period ended 31 March 2020 are unsecured and settled in cash. There have been no guarantees provided to amounts due to related parties.

The compensations to key executives for the period ended 31 March 2020 is SR 3.92 Million (31 March 2019: SR 3.77 million).

Prices and terms of payments for the above transactions are approved by the Group's management.

## **9 REVENUE**

	31 March 2020	31 March 2019
	SR '000	SR '000
Sales of goods	450,359	390,359
<b>17.1 Disaggregation of revenue</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>SR'000</b>	<b>SR'000</b>
<b>A. By Component</b>		
Saudi Cement Company	428,314	390,359
United Cement Company	22,045	-
	<b>450,359</b>	<b>390,359</b>

**SAUDI CEMENT COMPANY****(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**

For the three months period ended 31 March 2020

**10 CAPITAL COMMITMENTS**

As of 31 March 2020, the capital expenditure contracted by the Group but not incurred till year end was approximately SR 33.16 million (31 December 2019: SR 34.94 million).

**11 SEGMENT INFORMATION**

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Group's operations are related to two operating geographical segments which are Saudi Cement Company operating in the Kingdom of Saudi Arabia and United Cement Company operating in Kingdom of Bahrain, both segments engage in cement manufacturing and are substantially sold to local and foreign customers. Accordingly, segmental analysis by geographical are presented as follows:

	<b>Saudi Cement Company SR'000</b>	<b>United Cement Company SR'000</b>
As at 31 March 2020		
Revenue	428,314	22,045
Cost of sales	224,103	23,485
Profit/(loss) for the period	156,106	(2,538)
Total Assets	3,946,494	95,108
Total liabilities	1,123,853	15,419

**12 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy.

**12 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)**

This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The Group's investments in unquoted equity instruments are measured at fair value using adjusted net asset value method, which uses the significant inputs not based on observable market data.



**SAUDI CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-**  
**AUDITED)**

For the three months period ended 31 March 2020

### **13 DIVIDENDS**

Subsequent to period end, on 28 Sha'ban 1441H (corresponding to 21 April 2020), the General Assembly approved the Board of Directors' proposal to distribute cash dividends amounting to SR 2.00 per share (SR 306.00 million in total) for the second half of 2019.

### **14 EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing net income for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	<b>2020</b>	<b>2019</b>
	<b>SR '000</b>	<b>SR '000</b>
Net Income attributable to equity holders	<b>148,506</b>	132,440
Number of shares outstanding	<b>153,000</b>	153,000
Earnings per share	<b>0.97</b>	0.87

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

### **15 SIGNIFICANT EVENTS**

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread across multiple geographies, causing disruptions to businesses and economic activities. At this situation is rapidly evolving, the Group's management is reviewing the potential risks around its businesses, manpower, current inventory levels and uninterrupted functioning of the Plant. It is not practicable to provide a quantitative estimate of the potential impact at this stage. The management is continuously monitoring the situation.

### **16 APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements were authorized for issue and approved by board of directors on May 14, 2020 G.