

EASTERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED
JUNE 30, 2021
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

EASTERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED INTERIM FINANCIAL STATEMENTS

The Shareholders of
 Eastern Province Cement Company
 (A Saudi Joint Stock Company)
 Dammam, Kingdom of Saudi Arabia

(1/1)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Eastern Province Cement Company (the "Company"), a Saudi Joint Stock Company as of June 30, 2021 and the related interim statement of profit or loss and other comprehensive income for the three month and six-month period then ended, , and the interim statement of changes in equity and cash flows for the six-month period then ended,, and notes, including a summary of significant accounting policies and other explanatory notes (the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim 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 condensed 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", as endorsed in the Kingdom of Saudi Arabia. A review of the condensed 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, 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 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Other Matter

The Company's condensed interim financial statements for the three and six-month periods ended of June 30, 2020, as well as the Company's financial statements of the company for the year ended December 31, 2020, have been audited by another auditor, who issued an unqualified review report and audit report as of July 29, 2020 and March 10, 2021 respectively.

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Ibrahim Ahmed Al Bassam
 Certified Public Accountant
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 August 5, 2021

EASTERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021

(ALL AMOUNT IN THOUSANDS SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	June 30, 2021 (Un-audited) SR	December 31, 2020 (Audited) SR
ASSETS			
Non-current assets			
Property, plant and equipment		794,162	819,514
Intangible assets		1,416	1,613
Investment properties		92,265	93,080
Right-of-use asset		316	365
Investments at fair value through OCI	3	594,354	576,696
Investment in an associate	4	203,577	199,018
		<u>1,686,090</u>	<u>1,690,286</u>
Current assets			
Inventories, net		424,124	427,218
Trade and retention receivables, net	5	280,093	192,671
Prepayments and other current assets, net	6	30,982	31,212
Cash and cash equivalents		<u>366,165</u>	<u>528,641</u>
		<u>1,101,364</u>	<u>1,179,742</u>
TOTAL ASSETS		<u>2,787,454</u>	<u>2,870,028</u>
EQUITY AND LIABILITIES			
Equity			
Share Capital	7	860,000	860,000
Statutory reserve		430,000	430,000
Voluntary reserve		404,639	404,639
Retained earnings		530,172	623,436
Reserve of valuation of equity instruments carried at FVOCI		247,566	229,908
Actuarial reserves		<u>(11,406)</u>	<u>(14,495)</u>
		<u>2,460,971</u>	<u>2,533,488</u>
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits		82,819	80,978
Other provisions		33,994	33,608
Lease liabilities – non-current		<u>138</u>	<u>222</u>
		<u>116,951</u>	<u>114,808</u>
Current liabilities			
Accounts payable and other current liabilities	8	131,413	133,036
Due to a related party	9	5,212	7,201
Dividends payables		59,160	57,531
Lease liabilities – current		192	155
Zakat provision	10	<u>13,555</u>	<u>23,809</u>
		<u>209,532</u>	<u>221,732</u>
Total liabilities		<u>326,483</u>	<u>336,540</u>
TOTAL EQUITY AND LIABILITIES		<u>2,787,454</u>	<u>2,870,028</u>



Finance Manager



Chief Executive Officer



Authorized Board Member

The accompanying notes 1 through 19 form an integral part of these condensed interim financial statements.

EASTERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER
COMPERHENSIVE INCOME
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021
(ALL AMOUNT IN THOUSANDS SAUDI RIYALS UNLESS OTHERWISE STATED)**

	Note	Three Months Period Ended		Six Months Period Ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
		(Un-audited) SR	(Un-audited) SR	(Un-audited) SR	(Un-audited) SR
Revenue, net	11	212,403	146,272	429,097	380,303
Cost of revenue	11	(131,827)	(101,072)	(275,018)	(242,654)
Gross profit		80,576	45,200	154,079	137,649
General and administrative expenses		(15,020)	(11,861)	(27,207)	(23,810)
Selling and marketing expenses		(1,513)	(2,043)	(4,182)	(4,499)
Operating profit		64,043	31,296	122,690	109,340
Dividend income and interest on deposits		2,283	768	4,139	3,395
Share of profit in an associate	4	3,948	4,985	10,651	15,681
Finance charges		(782)	(861)	(1,468)	(1,589)
Other income		2,319	1,300	4,348	2,541
Other expense		(2,108)	(1,602)	(3,648)	(3,139)
Losses on exchange of foreign currency		(119)	(14)	(728)	(67)
Losses on disposal of Property, plant and equipment		(1,428)	-	(1,648)	(555)
Profit before zakat		68,156	35,872	134,336	125,607
Zakat expenses	10	(6,300)	(5,400)	(12,600)	(9,900)
Profit for the period		61,856	30,472	121,736	115,707
Other Comprehensive income:					
<i>Item that will not be reclassified to statement of profit or loss</i>					
Employees' end of service re-measurement		978	(4,436)	3,089	920
Unrealized gain / (loss) on equity instruments carried at FVOCI		4,153	14,335	17,658	(20,144)
Other comprehensive income / (loss) for the period		5,131	9,899	20,747	(19,224)
Total comprehensive income		66,987	40,371	142,483	96,483
Basic and diluted earnings per share	12	0.72	0.35	1.42	1.35



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Chief Executive Officer



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EASTERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF CHANGE IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021
(ALL AMOUNT IN THOUSANDS SAUDI RIYALS UNLESS OTHERWISE STATED)

	Share capital	Statutory reserve	Voluntary reserve	Retained earnings	Reserve of valuation of equity instruments carried at FVOCI	Actuarial reserves	Total equity
Balance as at January 1, 2020 (Audited)	860,000	430,000	404,639	535,218	189,635	(7,756)	2,411,736
Net income for the period	-	-	-	115,707	-	-	115,707
Other comprehensive loss	-	-	-	-	(20,144)	920	(19,224)
Dividends (note 15)	-	-	-	(129,000)	-	-	(129,000)
Balance as at June 30, 2020 (Un-audited)	<u>860,000</u>	<u>430,000</u>	<u>404,639</u>	<u>521,925</u>	<u>169,491</u>	<u>(6,836)</u>	<u>2,379,219</u>
Balance as at January 1, 2021 (Audited)	860,000	430,000	404,639	623,436	229,908	(14,495)	2,533,488
Net income for the period	-	-	-	121,736	-	-	121,736
Other comprehensive income	-	-	-	-	17,658	3,089	20,747
Dividends (note 15)	-	-	-	(215,000)	-	-	(215,000)
Balance as at June 30, 2021 (Un-audited)	<u>860,000</u>	<u>430,000</u>	<u>404,639</u>	<u>530,172</u>	<u>247,566</u>	<u>(11,406)</u>	<u>2,460,971</u>



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EASTERN PROVINCE CEMENT COMPANY
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CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021
(ALL AMOUNT IN THOUSANDS SAUDI RIYALS UNLESS OTHERWISE STATED)

	June 30, 2021 (Un-audited)	June 30, 2020 (Un-audited)
<u>Cash flows from operating activities:</u>		
Profit before zakat	134,336	125,607
Adjustments for:		
Depreciation of property, plant and equipment	48,469	46,046
loss on disposal of property, plant and equipment	1,648	555
Dividend income and interest on deposits	(4,139)	-
Depreciation of investment properties	816	816
Amortization of Right-of-use asset	49	879
Provision for slow moving spare parts inventory	943	-
Finance charges	1,468	1,589
Share of profit in an associate	(10,651)	(15,681)
Employees' end of service benefits	6,591	4,477
	<u>179,530</u>	<u>164,288</u>
Movement in working capital		
Trade, retention receivable, prepayments and other current assets	(80,300)	(17,188)
Inventories	2,151	56,460
Trade and other current liabilities	(1,623)	(17,442)
Due to related parties	(1,989)	(55,837)
Employees' end of service benefits paid	(1,661)	(1,132)
Zakat paid	(22,854)	(21,150)
Finance cost paid	(1,082)	(1,213)
Net cash generated from operating activities	<u>72,172</u>	<u>106,786</u>
<u>Cash flows from investing activities:</u>		
Additions to property, plant and equipment	(24,569)	(14,403)
Proceeds from dividend income and interest on deposits	3,339	-
Dividends received from associate	-	9,290
Net cash used in investing activities	<u>(21,230)</u>	<u>(5,113)</u>
<u>Cash flows from financing activities:</u>		
Dividends paid	(213,371)	(128,778)
Repayment of lease liabilities	(47)	(889)
Net cash used in financing activities	<u>(213,418)</u>	<u>(129,667)</u>
Net change in cash and cash equivalents	<u>(162,476)</u>	<u>(27,994)</u>
Cash and cash equivalent at the beginning of the period	528,641	339,838
Cash and cash equivalents at the end of the period	<u>366,165</u>	<u>311,844</u>
<u>Non-cash transactions</u>		
Employees' end of service re-measurement	3,089	920
Unrealized gain / (loss) on equity instruments carried at FVOCI	17,658	(20,144)


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EASTERN PROVINCE CEMENT COMPANY
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021**
(ALL AMOUNT IN THOUSANDS SAUDI RIYALS UNLESS OTHERWISE STATED)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Eastern Province Cement Company ("the Company") is a Saudi Joint Stock Company established in accordance with the royal decree No. M/11 dated Rabi` Alawwal 14, 1402 (Corresponding to January 9, 1982), and the resolution of His Royal Highness the Minister of Commerce No. 939 dated Rabi Al Thani 3, 1403 (Corresponding to January 17, 1983), and registered in Dammam under the Commercial Registration No. 2050013400 dated Jumada Alawwal 22, 1403 (Corresponding to March 7, 1983).

The Company's registered office is located at city of Dammam, Kingdom of Saudi Arabia.

The main activities of the Company are the wholesale and retail of cement and Gypsum. The Company has a sub-commercial registration in Jubail City for the Eastern Cement Factory No. 2055022383 dated Jumada Al-Thani 16, 1435 (Corresponding to April 16, 2014), which deals in the production of ordinary cement (Portland cement), salt-resistant cement, and clinker cement under the National Industrial License No. 1300.

The Company obtained by the Royal Decree No. M/6 dated 17 Rabi` Al Thani 1405 (Corresponding to January 9, 1985) the mining franchise for exploitation of limestone and clay in Al Khorasania area for a renewable period of thirty years. The Company has completed the legal procedures to renew the franchise license. The Ministerial Decree No. 5334/G dated Rajab 12, 1438 had been issued to renew the Company's rights in utilizing the limestone and clay for its factory located in Al-Tawy site near Al-khurasania in Al-Jubail province for thirty Hijri years starting from Rabi Alawwal 18, 1436.

The Company also obtained by the Ministerial Decree No. 14/Q dated Safar 24, 1433 (Corresponding to January 18, 2012) the mining franchise for the exploitation of limestone and clay in Al Najabia valley at Al Ahsa Province in the Eastern region for ten Hijri years.

The condensed interim financial statements of the Company as at June 30, 2021 include the financial statements of the Company and its following branch:

<u>Branch Commercial</u>	<u>Date</u>	<u>Place of</u>	<u>Commercial Name of the Branch</u>
<u>Registration No.</u> 2051035184	Rajab 21, 1428	<u>Issue</u> Dammam	Prainsa Saudi Arabia – Branch of Eastern Province Cement Company.

The branch activity is the production of precast concrete items under the Industrial License No. 3031328, dated Rabi` Awwal 3, 1437.

The Board of Directors of the Eastern Province Cement Company decided in its meeting held on December 11, 2018, to start the procedures for converting the Prainsa Saudi Arabia branch into a limited liability company, and the legal formalities for change in legal structure of branch had not been completed up to June 30, 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements of the Company for the three and six months period ended June 30, 2021 have been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" that are endorsed in the kingdom of Saudi Arabia and other standards and pronouncement that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA") and should be read in conjunction with the Company's latest annual financial statements for the year ended December 31, 2020 ("latest annual financial statements"). These condensed interim financial statements do not include all of the information normally required for a complete set of IFRS financial statements, however, accounting policies and selected explanatory notes are included to reflect events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the latest annual financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021
(ALL AMOUNT IN THOUSANDS SAUDI RIYALS UNLESS OTHERWISE STATED)

2. BASIS OF PREPARATION (Continued)

2.2 Preparation of the condensed interim financial statements

The condensed interim financial information has been prepared under the historical cost convention, unless it is allowed by the IFRS to be measured at other valuation method.

The preparation of condensed interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts in condensed interim financial statements. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the latest annual financial statements.

2.3 Standards and amendments issued and applied effective January 1, 2021

There is no new standard issued, however, there are amendments to the following standards, which are effective from January 1, 2021 which have no material impact on the condensed interim financial statements;

Amendments to standard	Description	Effective for annual years beginning on or after
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021

2.4 New standards, amendments and revised IFRS issued but not yet effective

The Company has not applied the following new and revised IFRSs and amendments that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after
IFRS 16	Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification	April 1, 2021
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022
IFRS 3	Reference to the Conceptual Framework	January 1, 2022
IFRS 17	Insurance Contracts	January 1, 2023
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A

Management anticipates that these new interpretations and amendments will be adopted in the Company's condensed interim financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the year of initial application.

EASTERN PROVINCE CEMENT COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021
(ALL AMOUNT IN THOUSANDS SAUDI RIYALS UNLESS OTHERWISE STATED)

3. INVESTMENTS AT FAIR VALUE THROUGH OCI

	Note	June 30, 2021		December 31, 2020	
		Number of shares (in thousands)	amount	Number of shares (in thousands)	amount
Saudi Industrial Investment Group	3-a	2,300	80,500	2,300	63,020
Industrialization and Energy Services Company	3-b	27,187	451,584	27,187	451,584
Saudi Arabian Oil Company (Aramco)	3-c	1,774	62,270	1,774	62,092
			594,354		576,696

3-a The Saudi Industrial Investment Group (a Saudi joint stock company listed on the financial market) (Tadawul) whereby the company owns 0.51% equity shares of the company. The share price of the investee company as of June 30, 2021 was SR 35 per share (December 31, 2020: SR 27.4 per share).

3-b Industrialization and Energy Services Company is Saudi closed joint stock company whereby the company owns 5.44% of equity shares of the company. The Company's management determined the value of investments in the Industrialization and Energy Services Company based on a report from an independent evaluator as of December 31, 2020 by a value of SR 16.61 per share, resulting in a total value of the investment amounting to SR 451,584.

3-c On year 2019, the company acquired 1.8 million shares in the shares of the Saudi Arabian Oil Company (Aramco) at a price of SR 32 per share, and the price per share on June 30, 2021 was SR 35.1 per share (December 31 2020: SR 35 per share).

4. INVESTMENT IN AN ASSOCIATE

The company has an investment of 31.58% in the Arab Yemen Cement Company ("the associate"), a limited liability company registered in the Republic of Yemen. The associate company was established to engage in cement production and started production in 2009. The movement in investment is as follows:

	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
Opening balance	266,014	236,987
Share of profit for the period / year	10,651	38,317
Dividends	(6,092)	(9,290)
	270,573	266,014
Less: impairment of investment	(66,996)	(66,996)
Closing balance	203,577	199,018

EASTERN PROVINCE CEMENT COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021
(ALL AMOUNT IN THOUSANDS SAUDI RIYALS UNLESS OTHERWISE STATED)

5. TRADE AND RETENTION RECEIVABLES, NET

	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
Trade receivables	300,562	216,195
Retention receivables	41,235	38,180
Less: Allowance for impairment of trade and retention receivables	(61,704)	(61,704)
	280,093	192,671

6. PREPAYMENTS AND OTHER CURRENT ASSETS, NET

	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
Employee loans	11,365	10,891
Advances to suppliers	6,643	6,395
Dividend receivable	6,092	-
Prepaid expenses	3,914	8,563
Accrued interest	1,161	1,512
Other receivables	3,169	5,213
	32,344	32,574
Less: Allowance for impairment of prepayment and other current assets	(1,362)	(1,362)
	30,982	31,212

7. SHARE CAPITAL

The issued and paid up share capital of the company is SR 860 million, which is divided into 86 million shares (December 31, 2020: SR 860 million divided into 86 million shares) of SR 10 per share.

8. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
Trade payables	64,818	64,146
Accrued expenses	36,011	42,544
Advances from customers	15,431	13,131
VAT payable	7,101	4,372
Retention payable	5,269	4,669
Unearned revenues	2,658	4,104
Other current liabilities	125	70
	131,413	133,036

9. RELATED PARTIES BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties consist of the shareholders, directors and businesses in which shareholders and directors, individually or combined, have significant influence. The Company's transactions with related parties are authorized by the management.

Transactions represent amounts received by the company from the account of the Arab Yemeni Cement Company (an associate company) in a bank in the State of Oman and from its clients until they are paid to the suppliers and creditors of the associate on its behalf, as the associate faces difficulties in bank transfers to and from the Republic of Yemen.

Company

Relationship

Arabian Yemeni Cement Company
Al-Dawaa Medical Services Company

Associate
Related party

EASTERN PROVINCE CEMENT COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021
(ALL AMOUNT IN THOUSANDS SAUDI RIYALS UNLESS OTHERWISE STATED)

9. RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

The significant transactions with related parties during the period are as follows:

Related party	Nature of transaction	Six months period ended June 30, 2021 (Un-audited)	Six months period ended June 30, 2020 (Un-audited)
Arabian Yemeni Cement Company	Payments to members of the Board of Directors of the Yemeni Company	1,575	1,795
	Payments to Yemeni Company suppliers	414	26,843
	Deposits from the Company	-	(28,519)
	Payments transferred of the Company	-	55,717
Al-Dawaa Medical Services Company	Rent	1,897	-

A) Balances payable to related parties are as follows:

	June 30, 2021 (Un-audited) SR	December 31, 2020 (Audited) SR
Arabian Yemeni Cement Company	5,212	7,201

B) Remuneration of directors and key management personnel

	June 30, 2021 (Un-audited)		June 30, 2020 (Un-audited)	
	Directors	Key management personnel	Directors	Key management personnel
Board of directors remuneration	2,440	-	2,141	-
Salaries and wages and Allowances	58	4,060	70	4,148
End of service expenses	-	316	-	270
	2,498	4,376	2,211	4,418

10. ZAKAT PROVISION

Movement of zakat provision

	June 30, 2021 (Un-audited) SR	December 31, 2020 (Audited) SR
The balance at the beginning of the period / year	23,809	24,023
Zakat charge	12,600	29,000
Paid for the period / year	(22,502)	(21,150)
Payment specific to zakat assessment	(352)	(8,064)
The balance at the end of the period / year	13,555	23,809

Zakat Status

The company submitted the zakat returns for the years up to 2020 to the Zakat, Tax and Customs Authority.

In year 2020, the company received the zakat assessment for the years 2017 and 2018 from the Zakat, Tax and Customs Authority at an amount of SR 8 million, and the company settled those differences with the Authority during the first quarter of 2021 against payment of SR 7,5 paid during 2020 and the first quarter of 2021.

Also, zakat and tax claims of, the branch of the Company (Prainsa Saudi Precast Concrete) have been settled for the periods from 2007 to 2013 during 2019 and 2020.

EASTERN PROVINCE CEMENT COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021
(ALL AMOUNT IN THOUSANDS SAUDI RIYALS UNLESS OTHERWISE STATED)

11.SEGMENTAL REPORTING

The Company has segregated the operations into two main reporting segments, these reporting segment are as follows:

<u>Segment</u>	<u>Business</u>
Cement	Manufacturing and wholesale ordinary cement, salt-resistant cement and clinker cement
Precast	Manufacture of partitions, frames and prefabricated buildings from prefabricated concrete

<u>As of June 30, 2021 (Un-audited)</u>	<u>Cement</u>	<u>Precast</u>	<u>Intersegment adjustments</u>	<u>Total</u>
Total assets	2,603,334	209,274	(25,154)	2,787,454
Total liabilities	275,237	78,806	(27,560)	326,483

<u>For the six months period ended June 30, 2021 (Un-audited)</u>				
Revenue, net	365,124	66,602	(2,629)	429,097
Net profit	117,402	2,939	1,395	121,736

	<u>Cement</u>	<u>Precast</u>	<u>Intersegment adjustments</u>	<u>Total</u>
<u>As of December 31, 2020 (Audited)</u>				
Total assets	2,695,684	195,062	(20,718)	2,870,028
Total liabilities	290,319	67,948	(21,727)	336,540

<u>For the six months period ended June 30, 2020 (Un-audited)</u>				
Revenue, net	344,766	37,037	(1,500)	380,303
Net profit / (loss)	121,480	(6,782)	1,009	115,707

The revenue according to the geographical areas is as follows:

	<u>June 30, 2021 (Un-audited)</u>	<u>June 30, 2020 (Un-audited)</u>
Saudi Arabia	423,624	370,242
Other countries	5,473	10,061
	<u>429,097</u>	<u>380,303</u>

12.EARNINGS PER SHARE

The basic profit per share is calculated by dividing the net income for the period attributable to the ordinary shareholders of the company by the weighted average number of the outstanding ordinary shares during the period. The following is the computation of basic and diluted earnings per share:

	<u>For the three months period ended</u>		<u>For the six months period ended</u>	
	<u>June 30, 2021 (Un-audited)</u>	<u>June 30, 2020 (Un-audited)</u>	<u>June 30, 2021 (Un-audited)</u>	<u>June 30, 2020 (Un-audited)</u>
Net profit for the period (in thousands of SR)	61,856	30,472	121,736	115,707
Number of outstanding shares (in thousands of shares)	86,000	86,000	86,000	86,000
Basic and diluted earnings per share (SR)	0.72	0.35	1.42	1.35

EASTERN PROVINCE CEMENT COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
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(ALL AMOUNT IN THOUSANDS SAUDI RIYALS UNLESS OTHERWISE STATED)

13. CAPITAL COMMITMENTS

The approved future capital projects as of June 30, 2021 by the company's management amounted to SR 23.7 million (December 31, 2020: SR 7 million).

14. CONTINGENT LIABILITIES

As of June, 30, 2021, the Company's contingent liabilities against letters of credit and letters of guarantees amounting to SR 86.9 million (December 31, 2020: SR 100 million).

15. DIVIDENDS

On April 11, 2021, the General assembly approved the distribution of SR 2.5 per share to the shareholders of the Company for the financial year 2020 to have total of cash dividends amounted to SR 215 million.

On April 14, 2020, the General assembly approved the distribution of SR 1.5 per share to the shareholders of the Company for the financial year 2019 to have total of cash dividends amounted to SR 129 million.

16. Fair value

For the purposes of financial reporting, the company used the fair value hierarchy classified at levels 1, 2 and 3 based on the degree of observance of the inputs in the fair value measurement and the importance of these inputs in measuring the fair value in its entirety, as shown below:

- Level 1: Quoted market prices in an active market for similar assets or liabilities that the company can value at the measurement date.
- Level 2: Inputs other than quoted prices in Level 1 that can be taken as a value for the assets or liabilities, either directly or indirectly.
- Level 3: inputs for assets and liabilities that are not based on observable market information.

Investments in quoted equity instruments in the Saudi market are valued according to the market closing price on the date of the financial statements and those instruments have been classified under Level 1.

Investments in unquoted equity instruments are evaluated based on approved valuation methods that depend on income approach and market approach, and those instruments are classified under level 3.

Details of financial instruments at fair value are as follows:

	Book value	Fair Value			
		Level-1	Level-2	Level -3	Total
As of June 30, 2021 (Un-audited)					
Investments in equity instruments through OCI	594,354	142,770	-	451,584	594,354
As at December 31, 2020 (Audited)					
Investments in equity instruments through OCI	576,696	125,112	-	451,584	576,696

The fair value of financial instruments carried at amortized cost

Management believes that the carrying value of financial assets and financial liabilities stated at amortized cost in the financial statements approximates their fair value.

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17.COMPARATIVE FIGURES

Certain comparative period amounts have been reclassified to conform to the current period presentation. There was no effect of the reclassification on the reported results of the period. The main items of reclassification are as follows:

A- Interim statement of financial position

Reclassification from	Reclassification to	December 31, 2020 (Audited)
Prepayments and other current assets	Trade and retention receivables	38,180
Allowance for expected credit losses	Allowance for impairment of trade and retention receivables	(26,445)

B- Interim statement of profit or loss and other comprehensive income

Reclassification from	Reclassification to	Six months period ended June 30, 2020	Three months period ended June 30, 2020
Selling and marketing expenses	Cost of revenue	2,419	1,214

These reclassifications do not affect previously reported profit for the three and six months periods June 30, 2020 in the interim statement of profit or loss and other comprehensive income and the previously reported cash flows from operating activities in the interim statement of cash flows for the six months periods then ended.

18.SUBSEQUENT EVENT

Subsequent to the period ended June 30, 2021, the Company announces the distribution of cash dividend of SR 1.4 per share to the shareholders of the Company for the first half of 2021, to have total cash dividend amounted to SR 120,4 million.

19.APPROVAL THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved on by the Board of Directors of the Company on August 4, 2021.