

EASTERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

**INTERIM CONDENSED FINANCIAL
STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT FOR THE SIX MONTHS
PERIOD ENDED 30 JUNE 2020**

EASTERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

**INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS
PERIOD ENDED 30 JUNE, 2020 (UN-AUDITED)**

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

To the shareholders of
Eastern Province Cement Company
(A Saudi Joint Stock Company)
Dammam – Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed financial statements of Eastern Province Cement Company (A Saudi Joint Stock Company) ("the Company"), that include interim condensed statement of financial position as of June 30, 2020 and the related interim condensed statements of profit or loss and comprehensive income, changes in shareholders' equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes from (1) to (17).

Management is responsible for the preparation and fair presentation of these interim condensed 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 interim condensed 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 interim condensed 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 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 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



July 29, 2020 G
Thul-Hijjah 8, 1441 H


EASTERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

(ALL AMOUNTS IN THOUSANDS SAUDI RYALS UNLESS OTHERWISE STATED)

	Notes	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS			
Non- current assets			
Property, plant and equipment		836,413	868,611
Investment properties		93,896	94,712
Right-of-use assets		767	1,583
Investments in equity instrument at FVTOCI	5	516,280	536,423
Investments in an associate company through equity method	6	176,382	169,991
Total non-current assets		1,623,738	1,671,320
Current Assets			
Inventories		449,253	505,713
Trade receivables		217,248	197,962
Prepayments and other current assets		48,003	50,101
Cash and cash equivalents		311,844	339,838
Total current assets		1,026,348	1,093,614
TOTAL ASSETS		2,650,086	2,764,934
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholders' Equity			
Share Capital	7	860,000	860,000
Statutory reserve		430,000	430,000
Voluntary reserve		404,639	404,639
Retained earnings		521,925	535,218
Reserve of evaluation of equity instruments at fair value through other comprehensive income		169,491	189,635
Reserve of actuarial((losses) through other comprehensive income		(6,836)	(7,756)
Total shareholders' equity		2,379,219	2,411,736
Non- current liabilities			
End of service benefits		72,236	69,811
Other provisions		33,230	32,853
Lease liabilities		257	430
Total Non-current Liabilities		105,723	103,094
Current liabilities			
Accounts payable and other current liabilities		85,401	102,843
Due to a related party	8	7,253	63,090
Dividends payables		59,187	58,965
Lease liabilities		530	1,183
Provision for zakat	9	12,773	24,023
Total current liabilities		165,144	250,104
Total liabilities		270,867	353,198
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,650,086	2,764,934



Finance Manager



Chief Executive Officer



Authorized Board Member

The accompanying notes from 1 to 17 considered as an integral part of these interim condensed financial statements

EASTERN PROVINCE CEMENT COMPANY

(A Saudi Joint Stock Company)

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPERHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

(ALL AMOUNTS IN THOUSANDS SAUDI RIYALS UNLESS OTHERWISE STATED)

	Three Months period ended		Six Months period ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Revenue	146,272	158,759	380,303	339,953
Cost of revenue	(99,858)	(119,260)	(240,235)	(242,663)
Gross profit	46,414	39,499	140,068	97,290
General and administrative expenses	(11,861)	(11,826)	(23,810)	(24,343)
Selling and marketing expenses	(3,257)	(4,088)	(6,918)	(8,220)
Operating profit	31,296	23,585	109,340	64,727
Investments income	768	10,652	3,395	11,290
Gain from investment in associate company through equity method	4,985	1,830	15,681	8,730
Finance charges	(861)	(89)	(1,589)	(198)
Other income	1,300	1,498	2,541	4,532
Other expenses	(1,602)	(1,657)	(3,139)	(3,112)
(Losses) on exchange of Foreign currency	(14)	(108)	(67)	(219)
(Losses) on disposal of property, plant & equipment	-	-	(555)	-
Net income before zakat	35,872	35,711	125,607	85,750
Provision for zakat	(5,400)	(3,922)	(9,900)	(7,994)
Net income for the period	30,472	31,789	115,707	77,756
Other comprehensive income items:				
<i>Items that will not be reclassified to profit or loss:</i>				
Actuarial Gains/(Losses) from re- measurement of the end of service benefits	(4,436)	(3,287)	920	(5,384)
Unrealized (losses)/Gains from investment in equity instruments through other comprehensive income	14,335	(6,241)	(20,144)	(2,285)
Total other comprehensive income	9,899	(9,528)	(19,224)	(7,669)
Total comprehensive income for the period	40,371	22,261	96,483	70,087
Basic and diluted earnings per share	0.35	0.37	1.35	0.90

Finance Manager

Chief Executive Officer

Authorized Board Member

The accompanying notes from 1 to 17 considered as an integral part of these interim condensed financial statement

EASTERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020
(ALL AMOUNTS IN THOUSANDS SAUDI RIYALS UNLESS OTHERWISE STATED)

	Capital	Statutory reserve	Voluntary reserve	Retained earnings	Reserve of evaluation of equity instruments at FVTOCI	Reserve of actuarial (losses) through other comprehensive income	Total shareholders' equity
For the Six months period ended 30 June 2019							
Balance at January 1, 2019 (audited)	860,000	430,000	404,639	419,022	88,583	(360)	2,201,884
Net income for the period	-	-	-	77,756	-	-	77,756
(Losses) from investment in equity instruments at FVTOCI	-	-	-	-	(2,285)	-	(2,285)
Actuarial (losses) through OCI	-	-	-	-	-	(5,384)	(5,384)
Total comprehensive income	-	-	-	77,756	(2,285)	(5,384)	70,087
Dividends	-	-	-	(64,500)	-	-	(64,500)
Balance at June 30, 2019 (un-audited)	860,000	430,000	404,639	432,278	86,298	(5,744)	2,207,471
For the Six months period ended 30 June 2020							
Balance 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
(Losses) from investment in equity instruments at FVTOCI	-	-	-	-	(20,144)	-	(20,144)
Actuarial gain through OCI	-	-	-	-	-	920	920
Total comprehensive income	-	-	-	115,707	(20,144)	920	96,483
Dividends	-	-	-	(129,000)	-	-	(129,000)
Balance at June 30, 2020 (un-audited)	860,000	430,000	404,639	521,925	169,491	(6,836)	2,379,219

Finance Manager

Chief Executive Officer

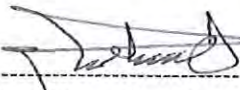
Authorized Board Member

The accompanying notes from 1 to 17 considered as an integral part of these interim condensed financial statement

EASTERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 June 2020 (UN-AUDITED)
(ALL AMOUNTS IN THOUSANDS SAUDI RIYALS UNLESS OTHERWISE STATED)

	For the six months ended at	
	30 June 2020	30 June 2019
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net income for the period before zakat	125,607	85,750
Adjustments for:		
Depreciation of Property, Plant and Equipment	46,046	49,940
Loss from disposal of Property, Plant and Equipment	555	-
Depreciation of investment properties	816	816
Amortization of Right-of-use assets	879	809
Finance cost	1,589	55
Gains from Investment in an associate company	(15,681)	(8,730)
Provision for end of service benefits	4,477	3,904
	164,288	132,544
Changes in operating assets and liabilities :		
Trade receivables, Prepayments and other current assets	(17,188)	(4,273)
Inventories	56,460	21,774
Accounts payable and other current liabilities	(17,442)	(4,995)
Due to a related party	(55,837)	40,199
End of service benefits paid	(1,132)	(3,738)
Zakat paid	(21,150)	(17,644)
Finance charges paid	(1,213)	(55)
Net cash generated from operating activities:	106,786	163,812
Cash flows from investing activities		
Additions to Property, Plant and Equipment	(14,403)	(8,678)
Dividends received	9,290	-
Net cash used in investing activities	(5,113)	(8,678)
Cash flows from financing activities		
Dividends paid	(128,778)	(64,378)
Lease liabilities paid	(889)	(787)
Net cash used in financing activities	(129,667)	(65,165)
Net change in cash and cash equivalents	(27,994)	89,969
Cash and cash equivalent at the beginning of the period	339,838	108,941
Cash and cash equivalent at the end of the period	311,844	198,910


Finance Manager


Chief Executive Officer


Authorized Board Member

The accompanying notes from 1 to 17 considered as an integral part of these interim condensed financial statement

EASTERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE
THREE MONTHS PERIOD ENDED 30 JUNE 2020 (UN-AUDITED)**
(ALL AMOUNTS IN THOUSANDS OF SAUDI RIYALS UNLESS OTHERWISE STATED)

1- ORGANISATION AND ACTIVITIES

Eastern Province Cement Company ("the company") is a Saudi Joint Stock Company established in accordance with the Royal Decree No. M/11 dated on 14 Rabi alawwal, 1402 H (corresponding to January 9, 1982 G), and the resolution of His Royal Highness the Minister of Commerce No. 939 on 3 Rabi Al Thani 1403 H (corresponding to January 17, 1983 G), and registered in Dammam under the Commercial Registration No. 2050013400 dated on 22 Jumada alawwal 1403 H (Corresponding to September 7, 1983 G), and the company's head office is located in Dammam. The main activity of the Company is the wholesale and retail of cement, plaster and the like. And the sub-commercial registration for the Eastern Province Cement Company's factory in the city of Jubail No. 2055022383 on 16 Jumada II 1435 H and its main activity is the production of Portland cement and Sulphate resisting cement and ordinary cement and other cement under the National Industrial License No. 1300.

The Company obtained by Royal Decree No. M/6 dated 17 Rabi Al Thani 1405 H (Corresponding to 9 January 1985 G) the mining concession right for exploitation of limestone and clay in Al Khorasaniah area for a renewable period of thirty years. The Company has completed the legal procedures to renew the Franchise license. Ministerial Decree No. Q/5334 dated 12-7-1438 H has been issued to renew the company's rights to exploit the limestone ore and clay for its factory located in Al-Tawy site near to Al-khorasaniah in Al-Jubail province for thirty Hijri years starting from 18-3-1436 H.

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

The financial statements reflect the financial position, the results of its operations, its cash flows and the changes in the shareholders equity for the Company and its following branch:

<u>Branch Commercial</u> <u>Registration No.</u>	<u>Date</u>	<u>Place of issue</u>	<u>Commercial Name of Branch</u>
2051035184	21/07/1428 H	Al-Dammam	Prainsa Saudi Arabia – Branch of Eastern Province Cement company.

The branch's activity is in producing items of pre-cast and cement as per the industrial license No 3031328 dated on 3/3/1437 H, no separate financial statements has been issued for this branch, because its assets, liabilities, the result of operations, and cash flows are recorded in the financial statements issued by the company.

The board of directors of Eastern Province Cement Company decided in its meeting, held on December 11, 2018, to start the procedures of converting Prainsa Saudi Arabia into a separate limited liability company, and the formal procedures for that have not completed.

2- BASIS OF PREPARATION

• **Statement of compliance**

These interim condensed financial statements have been prepared in accordance with International Accounting Standard No. "IAS 34" "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Certified Public Accountants. The interim condensed financial statements do not include all the notes that are normally attached to the annual financial statements, and therefore should be read with the Company's annual financial statements as of December 31, 2019.

EASTERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UN-AUDITED)
(ALL AMOUNTS IN THOUSANDS OF SAUDI RIYALS UNLESS OTHERWISE STATED)

2- BASIS OF PREPARATION (Cont.)

• **Basis of measurement**

The interim condensed financial statements are prepared on accrual basis under the historical cost convention, except for some items:

- Investments in an associate company, which is recorded according to equity method.
- Investments in equity instruments at fair value through other comprehensive income.
- Recognition of accruals of end of service benefits obligations by using the expected credit unit method.

• **Functional and presentation currency**

The financial statements are presented in Saudi Riyals (SR), which is also the functional, and presentation currency of the Company. All values presented in the interim condensed financial statements are rounded to the nearest thousand (SR '000), unless otherwise stated.

3- SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTION:

The preparation of the Company's interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require substantial adjustments to the carrying amount of the assets or liabilities affected in the future. These estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the variable estimates affect both current and future periods.

In preparing the interim condensed financial statements, similar accounting estimates and assumptions have been used in the preparation of the Company's annual financial statements as at 31 December 2019.

4- SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed financial statements for the Six months ended 30 June 2020 are the same as those applied in the financial statements for the year ended 31 December 2019.

New standards and amendments to standards and interpretations

There are not new standards have been issued. However, a number of amendments to the standards are effective from January 1, 2020, but they have no significant impact on the interim condensed financial statements.

EASTERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UN-AUDITED)
(ALL AMOUNTS IN THOUSANDS OF SAUDI RIYALS UNLESS OTHERWISE STATED)

5- INVESTMENTS IN EQUITY INSTRUMENTS AT FVTOCI

	30 June 2020		31 December 2019	
	(Unaudited)		(Audited)	
	Number of shares	Value	Number of shares	Value
Saudi Industrial Investment Group *	2,300	46,460	2,300	55,200
Industrialization & Energy Services Company **	27,187	412,162	27,187	418,687
Saudi Arabian Oil Co – Aramco ***	1,774	57,658	1,774	62,536
Total		516,280		536,423

* Saudi Industrial Investment Group is a Saudi Joint Stock Company listed in the Saudi Capital Market (Tadawul) in which the company owns 0.51%. The company made revaluation of the investment balance at fair value according to the market price as of June 30, 2020. Where the share price on that date was SR20.20 per share (corresponding to December 31, 2019, the fair value of the share was SR 24 per share).

** Industrialization & Energy Services Company is Saudi closed joint stock company in which the company owns 5.44%. The company's management determined the value of investments in the Industrialization & Energy Services Company based on a report from an independent evaluator.

*** During the year 2019, the company purchased 1.8 million in Saudi Aramco at a price of SR 32 per share when offering Saudi Aramco shares for subscription, the share price on June 30, 2020 was SR 32.50 (corresponding to December 31, 2019, the share price was SR 35.25).

6- INVESTMENTS IN AN ASSOCIATE COMPANY THROUGH EQUITY METHOD

The company has an investment of 31.58% in the Arab Yemeni Cement Company (the associate company) which is a limited liability company registered in the Republic of Yemen. The associate company was established to engage in cement production in 2009.

The movement of investments in the associate company during the period/year is as follows:

	30 June 2020	31 December 2019
	(Unaudited)	(Audited)
Balance at the beginning of period / year	236,987	213,466
Impairment of investment	(66,996)	(66,996)
	169,991	146,470
Share of results in associate company	15,681	23,521
Dividends	(9,290)	-
Balance at the end of period / year	176,382	169,991

EASTERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UN-AUDITED)
(ALL AMOUNTS IN THOUSANDS OF SAUDI RIYALS UNLESS OTHERWISE STATED)

7- CAPITAL

The issued and authorized paid up share capital is SAR 860 million, which is divided into 86 million shares (31 December 2019: 86 million shares) at SAR 10 per share.

8- DUE TO A RELATED PARTY

Related parties represent the associate companies, controlled companies, or subject to joint control or significant influence by these related parties. Price and terms and conditions of related parties transactions are approved the Board of Directors.

Related party transactions during the period/year represented amounts received and paid by the Company on behalf of "Arabian Yemeni Cement Company Limited" (an associate company) where the value of the amount received during the period amounted to SR 28.5 million and the amount paid during the period amounted to SR 84.4 million on their behalf, where the associate company faces difficulties in the bank transfers to and from the Republic of Yemen.

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Arabian Yemeni Cement Company (Associate company)	7,253	63,090

9- ZAKAT PROVISION

A- Movement of zakat provision

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
The balance at the beginning of the period / year	24,023	21,873
Paid during the period / year	(21,150)	(15,450)
Provided to the current period / year *	9,900	19,600
Payment for Zakat claim	-	(2,000)
The balance at the end of the period / year	12,773	24,023

* Zakat is calculated for the Six months period ended 30 June 2020 according to the management estimates of the Zakat base on that date, which may not necessarily be an accurate indicator of the actual period share of Zakat at the end of 2020.

B- Status of Zakat assessment

The GAZT reviewed the Zakat returns submitted by the Company for the years up to 2016 and the final assessment has been finished for those years.

On 14 December 2017, the General Authority for Zakat and Income tax (GAZT) submitted the final assessment of the company's branch (Prainsa Saudi for Precast Concrete) for the period from 4 August 2007 to 14 January 2013 (the period before merging the branch in Eastern Province Cement Company). The total zakat claim for that on December 31, 2019, amounted to SR 3.9 million and the company paid the amount of SR 1.7 million till December 31, 2019, and submitted an objection to the General Authority for Zakat and Income tax (GAZT) of the amount of SR 2.2 million. The Company made a provision for zakat amounting to SR 2 million.

EASTERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UN-AUDITED)
(ALL AMOUNTS IN THOUSANDS OF SAUDI RIYALS UNLESS OTHERWISE STATED)

10- EARNING PER SHARE

The basic earnings per share is calculated by dividing the net income for the year attributable to the ordinary shareholders of the company by the weighted average number of ordinary shares during the period. The following is the income statement and stock data used to calculate the basic and diluted earnings per share:

	30 June 2020 (Un-Audited)	30 June 2019 (Un-Audited)
Net income for the period (in thousands of SR)	115,707	77,756
Number of outstanding share (in thousands of shares)	86,000	86,000
Earnings per share (SR)	1,35	0,90

11- CAPITAL COMMITMENTS

The Company's board of directors has approved future capital projects as of June 30, 2020 of SR 15.20 million (31 December 2019: SR 10.34 million).

12- CONTINGENT LIABILITIES

As on June 30, 2020, the Company's contingent liabilities against letters of credit and letters of guarantees amounting to SR 72 million (31 December 2019: SR 101,069 million).

13- DIVIDENDS PAYABLE

On April 14, 2020, The General assembly approved in their meeting to cash dividends distribution to the shareholders of the company for the financial year 2019. With total amount of SR 129 million, and the share portion is SR 1.5 and the number of shares eligible for the dividends is 86 million shares, for the shareholders who own the shares at the date assembly and who are registered in the company's shareholders register with the depository center at the end of the second trading day following the due date.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UN-AUDITED)
(ALL AMOUNTS IN THOUSANDS OF SAUDI RIYALS UNLESS OTHERWISE STATED)

14- SEGMENT INFORMATIONS

The financial information summarized, according to the main activities as follows:

	Cement	Pre-cast Concrete	Total
30 June 2020 (Un-audited)			
Trade receivables	170,299	46,949	217,248
Revenue	343,266	37,037	380,303
Costs and expenses	(228,490)	(42,473)	(270,963)
Profit from main Operations	114,776	(5,436)	109,340
30 June 2019 (Un-audited)			
Trade receivables	125,672	61,929	187,601
Revenue	269,577	70,376	339,953
Costs and expenses	(205,928)	(69,298)	(275,226)
Profit from main Operations	63,649	1,078	64,727

The financial information's are summarized according to the geographic area as follows:

	Local Segment	Export Segment	Total
30 June 2020 (Un-audited)			
Trade receivables	212,553	4,695	217,248
Revenue	370,242	10,061	380,303
Costs and expenses	(263,571)	(7,392)	(270,963)
Profit from main Operations	106,671	2,669	109,340
30 June 2019 (Un-audited)			
Trade receivables	182,110	5,491	187,601
Revenue	307,212	32,741	339,953
Costs and expenses	(245,347)	(29,879)	(275,226)
Profit from main operating	61,865	2,862	64,727

15- FAIR VALUE

The fair value is the value by which an asset is sold or liabilities are paid between parties willing to do so on terms of fair dealing at the measurement date. Within the definition of fair value there is an assumption that the company is a continuous operating company where there is no intention or condition to materially limit the volume of its operations or conducting a transaction on negative terms.

The fair value is classifying into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level one: Market prices disclosed in active markets for similar assets or liabilities that can be acquired at the valuation date.

Level two: Inputs other than the market prices shown in the first level, which can be observed directly (the similar prices) or indirectly.

Level three: inputs for the assets or liabilities that do not depend on observable market information and cannot be observed directly or indirectly from the market.

EASTERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UN-AUDITED)
(ALL AMOUNTS IN THOUSANDS OF SAUDI RIYALS UNLESS OTHERWISE STATED)

15- FAIR VALUE (CONTINUED)

The table below shows the book values and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It doesn't Includes fair value information for financial assets and financial liabilities that are measured at fair value if the carrying amount approximates fair value reasonably:

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
As of 30 June 2020					
Investments in equity instruments through OCI	516,280	104,118	-	412,162	516,280
As of 31 December 2019					
Investments in equity instruments through OCI	536,423	117,736	-	418,687	536,423

16- SIGNIFICANT EVENTS

In response to the spread of the Covid-19 virus and the resulting disruption of social and economic activities inside and outside the Kingdom of Saudi Arabia, the company's management has proactively assessed the impact of the spread of this virus on its operations and has taken many precautionary and preventive procedures to limit the spread of the virus and mitigate its effects, including forming teams to manage the crisis. To ensure the health and safety of its employees and customers.

The management believes that, there is no material impact on the company's business results until the end of the second quarter, and the management will continue to monitor the situation during the future period.

17- APPROVING THE FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Company's Board of Directors on July 28, 2020.