

**NORTHERN REGION CEMENT CO.
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS TOGETHER WITH INDEPENDENT
AUDITOR'S LIMITED REVIEW REPORT
FOR THE NINE-MONTH AND THREE-MONTH PERIODS
ENDED SEPTEMBER 30, 2021**

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the **Shareholders of The Northern Region Cement Co.**
(A Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying interim condensed consolidated of financial position of **Northern Region Cement Co.** (a Saudi Joint Stock Company) "the company" and its subsidiaries referred to together as the "Group", as of September 30, 2021, and its subsidiaries collectively referred to as "the group", and the related interim condensed consolidated statement of profit or loss and the other comprehensive income for the nine-month and three-month periods then ended, and the related interim condensed consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The company's management is responsible for preparing and presenting these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 (interim Financial Reporting) endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.


Scope of Review:

We conducted our review in accordance with the International Standard on Review Engagements No. (2410) Review of interim Financial Information performed by the independent auditor of the entity, endorsed in the Kingdom of Saudi Arabia. A review of the interim condensed consolidated financial statements consists of making inquiries, primarily, to those 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 the International Standards of Auditing endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would be become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared in all material respects, in accordance with the International Accounting Standard No. 34 (Interim Financial Report) indorsed in the Kingdom of Saudi Arabia.

For Al-Kharashi Co.


Sulieman A. Al-Kharashi
License No. (91)

Riyadh:
Rabi Alawal 28, 1443 H
November 03, 2021 G



Northern Region Cement Co.
Saudi Joint Stock Company
Interim condensed Consolidated Financial Position Statement
As of September 30, 2021
(Expressed in Saudi Riyals)


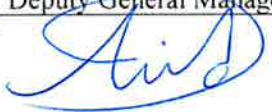

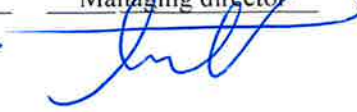
		30 September 2021	31 December 2020
	Note	Unaudited	Audited
Assets			
Non-current assets:			
Property, plant and equipment, Net		1,834,884,386	1,792,155,268
Intangible assets	6	554,532,675	557,507,885
Right to use assets, Net		4,107,339	3,199,272
Investments and financing in associates, Net	7	129,435,846	121,655,356
Non-current portion of receivable		40,436,966	40,436,966
Total non-current assets		2,563,397,212	2,514,954,747
Current assets:			
Inventory	8	466,495,524	478,731,545
Prepayments and other debit balances		73,983,611	69,760,819
Account's receivables, Net	9	64,707,081	79,590,935
Due from related parties	10	17,454,844	17,890,709
Notes receivable		28,992,187	22,018,829
Cash and cash equivalents		36,792,205	27,808,945
Total current assets		688,425,452	695,801,782
Total assets		3,251,822,664	3,210,756,529
Equity and Liabilities			
Equity:			
Share capital		1,800,000,000	1,800,000,000
Statutory reserve		134,268,823	134,268,823
Retained earning		247,833,195	271,244,784
Other equity		(957,348)	114,886
Total shareholders' equity		2,181,144,670	2,205,628,493
Non-controlling equity		5,367,158	5,099,528
Total Equity		2,186,511,828	2,210,728,021
Non-current liabilities:			
Long-term loans	11	479,409,091	450,909,091
leases liabilities		4,041,322	3,005,655
Employees benefit obligations Provision		16,737,764	18,209,656
Total non-current liabilities		500,188,177	472,124,402
Current liabilities:			
Short-term loans	11	305,507,673	228,223,244
Current portion of long-term loans	11	94,545,455	119,545,453
Trade payable		81,705,616	96,814,229
Accrued expenses and other credit balance		67,339,522	59,538,848
Current portion leases liabilities		459,322	459,322
Zakat and income tax provision	12	15,565,071	23,323,010
Total current liabilities		565,122,659	527,904,106
Total liabilities		1,065,310,836	1,000,028,508
Total liabilities and shareholders' equity		3,251,822,664	3,210,756,529

 CFO
 Deputy General Director
 General Director
 Managing Director

The accompanying notes are an integral part of these Interim condensed consolidated financial statements

**Northern Region Cement Co.
Saudi Joint Stock Company
Interim condensed Consolidated profit or loss and other comprehensive income statement
For the three-month and nine-month periods ended September 30, 2021
(Expressed in Saudi Riyals)**

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021	2020	2021	2021
	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	128,102,214	172,897,881	435,297,856	485,099,347
Cost of sales	(86,087,170)	(124,189,168)	(297,122,229)	(342,607,023)
Gross profit	42,015,044	48,708,713	138,175,627	142,492,324
Expenses and charges:				
Selling and distribution expenses	(9,359,559)	(9,082,901)	(24,070,586)	(28,214,410)
General and administrative expenses	(11,152,879)	(9,630,691)	(29,598,946)	(29,260,763)
Refund of Provision for impairment of receivables value	-	103,093	-	175,992
Net income from Main Activities	21,502,606	30,098,214	84,506,095	85,193,143
Financing Charges	(4,355,790)	(7,362,861)	(13,975,913)	(23,325,743)
The company's share in net profit (loss) of associates	5,700,581	3,750,973	14,711,639	5,114,316
Refund of provision for impairment of investments	-	-	-	8,405,537
Other income	530,616	237,211	780,447	1,539,540
Net profit before zakat and income tax from main activities	23,378,013	26,723,537	86,022,268	76,926,793
Estimated zakat	(3,000,000)	(3,000,000)	(9,000,000)	(9,000,000)
Income taxes of subsidiaries	(1,907,401)	(2,156,225)	(5,442,056)	(4,550,866)
Government contributions of subsidiaries	(112,196)	(134,763)	(320,120)	(284,430)
Net income for the year	18,358,416	21,432,549	71,260,092	63,091,497
Other comprehensive income:				
Other comprehensive income that will not be subsequently reclassified to profit or loss:				
Profits (losses) on translation of financial statements in foreign currencies	(338,381)	375,589	(1,130,505)	374,543
Total other comprehensive income for the year	(338,381)	375,589	(1,130,505)	374,543
Total comprehensive income for the year	18,020,035	21,808,138	70,129,587	63,466,040
Net income for the year to:				
The parent company's shareholders	18,361,659	21,339,863	70,934,191	62,705,267
Non-controlling equity	(3,243)	92,686	325,901	386,230
Comprehensive income for the year due to:				
The parent company's shareholders	18,040,719	21,696,023	69,861,957	63,060,495
Non-controlling equity	(20,684)	112,115	267,630	405,545
Earnings per share (note 13)				
Basic earnings per share from net income return to shareholders of the parent company	0.10	0.12	0.39	0.35
Basic earnings per share of the year's comprehensive income of the parent company's shareholders	0.10	0.12	0.39	0.35

 CFO
  Deputy General Manager
  General Manager
  Managing director

The accompanying notes are an integral part of these Interim condensed consolidated financial statements.

**Northern Region Cement Co.
Saudi Joint Stock Company
Interim condensed Consolidated Changes in Equity Statement
For the nine-month period ended September 30, 2021
(Expressed in Saudi Riyals)**

	Share Capital	Statutory Reserve	Retained Earnings	Re-Measure the Employee Benefit Liabilities	Foreign Exchange Translation Reserve	Total Shareholders' Equity	Non-Controlling Equity	Total Equity
Balance on January 1, 2021	1,800,000,000	134,268,823	271,244,784	(1,350,423)	1,465,309	2,205,628,493	5,099,528	2,210,728,021
Adjustments	-	-	(4,345,780)	-	-	(4,345,780)	-	(4,345,780)
Net income	-	-	70,934,191	-	-	70,934,191	325,901	71,260,092
Other comprehensive income	-	-	-	-	(1,072,234)	(1,072,234)	(58,271)	(1,130,505)
Dividends paid (note 14)	-	-	(90,000,000)	-	-	(90,000,000)	-	(90,000,000)
Balance on September 30, 2021	1,800,000,000	134,268,823	247,833,195	(1,350,423)	393,075	2,181,144,670	5,367,158	2,186,511,828
Balance on January 1, 2020	1,800,000,000	123,506,164	221,434,731	768,866	470,884	2,146,180,645	4,378,950	2,150,559,595
Adjustments	-	-	(4,775,789)	-	-	(4,775,789)	-	(4,775,789)
Net income	-	-	62,705,267	-	-	62,705,267	386,230	63,091,497
Other comprehensive income	-	-	-	-	355,228	355,228	19,315	374,543
Dividends paid	-	-	(45,000,000)	-	-	(45,000,000)	-	(45,000,000)
Balance on September 30, 2020	1,800,000,000	123,506,164	234,364,209	768,866	826,112	2,159,465,351	4,784,495	2,164,249,846

CFO

Deputy General Manager


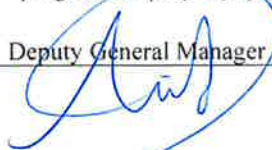

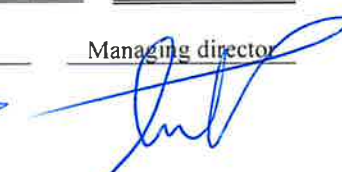
General Manager

Managing director

The accompanying notes are an integral part of these Interim condensed consolidated financial statements

**Northern Region Cement Co.
Saudi Joint Stock Company
Interim condensed Consolidated Cash Flow Statement
For the nine-month period ended September 30, 2021
(Expressed in Saudi Riyals)**

	For the nine-month period ended 30 September	
	2021	2020
	Unaudited	Unaudited
Cash flows from operating activities:		
Income before zakat and income tax	86,022,268	76,926,793
Adjustments to settle net profit for net cash		
Depreciation and moralization	55,817,769	52,594,799
employee benefit liabilities	1,809,762	1,209,040
The company's share in the profits of the associate company	(14,711,639)	(5,114,316)
(Refund) of provision for impairment of investments	-	(8,405,537)
loss of impermeant in trade receivables	-	(175,992)
Interest on leases obligations	97,536	93,975
Adjustments of previous years	(4,345,780)	(4,775,789)
Changes in assets and operational liabilities		
Trade Receivables and cheques owe the collection fee	7,910,496	18,858,374
Inventory	(10,844,909)	6,610,933
Related Parties	435,865	(3,184,034)
Prepaid expenses and other assets	(4,222,792)	(6,881,169)
Account's payables	(15,108,613)	32,124,316
Accrued expenses and other liabilities	7,800,674	1,436,999
Cash from operating activities	110,660,637	161,318,392
Zakat, paid income tax and translation differences	(22,520,115)	(3,411,620)
Paid from end of service benefits	(3,281,654)	(1,950,660)
Net cash generated from operating activities	84,858,868	155,956,112
Cash flows from investing activities:		
Additions on property, plant and equipment	(20,604,458)	(3,097,691)
Capital work in progress	(51,534,576)	(116,004,498)
Dividends paid	6,931,149	-
Murabha investment	-	(10,000,000)
Additions on intangible assets	(21,649)	(1,701,469)
Net cash (used in) investing activities	(65,229,534)	(130,803,658)
Cash flows from financing activities:		
(paid) from short-term loans	(45,415,569)	(69,107,632)
Cash from Long term loans	126,200,000	-
Paid from rental obligations	(300,000)	-
Dividends paid	(90,000,000)	(45,000,000)
Non-controlling shares	(58,271)	19,315
Net cash (used in) financing activities	(9,573,840)	(114,088,317)
(Decrease) / Increase in cash	10,055,494	(88,935,863)
Cash and cash equivalents at the beginning of the year	27,808,945	117,640,964
Impact of change in the exchange rate of translating financial statements in foreign currencies	(1,072,234)	355,228
Cash and cash equivalents at the end of the period	36,792,205	29,060,329
Non-monetary effects		
Transferred from projects in progress for property, plant and equipment	41,005,528	-

CFO	Deputy General Manager	General manager	Managing director
			

The accompanying notes are an integral part of these Interim condensed consolidated financial statements.

1. Company information:

A. Establishing the company

Northern Region Cement Company (SA) is a Saudi joint stock company, registered in Tarif, Saudi Arabia under the Commercial Register No. 3451002618 on 19 01431 H (March 19, 2006).

B. The company's capital

The company put the company's shares to public offering and transferred it from a closed Saudi joint stock company to a joint stock company with its rights and obligations, a decision was issued by the Capital Market Authority No. 4/585 on 23 Rabe Awal 1434 (February 4, 2013) to approve the announcement of the company's transformation from a closed Saudi joint stock company to a Saudi joint stock company. The company has put forward 50% of its shares for the IPO to complete the rest of its capital by offering 54 million shares worth 540 million SR, bringing the company's capital to SR 1,800 SR million divided into 180 million shares with a nominal value of 10 Saudi riyals.

C. The nature of the company's activity

The main activity of the company is the production of ordinary Portland cement and resisting and managing and operating Portland cement factories of all kinds and wholesale and retail in the company's products and building materials including import and export abroad, rock pieces and white cement under license 900 issued on 28 February 1426 H 5 June 2005. On Rabi 'Al-Akher 7, 1442 AH, the license was amended by Resolution No. 421102108487 to include white cement within the company's activities.

D. Fiscal year

The company's financial year is twelve months from the beginning of January until the end of December each calendar year.

E. Display currency and activity

The financial statements are prepared in Saudi Riyals, which is the currency of activity and offer for the company, all the numbers are rounded to the nearest Riyal, unless otherwise indicated.

2. Group information

The consolidated financial statements include the financial statements of The Northern Region Cement Company and the financial statements of all companies controlled by the company (its subsidiaries) that were established or acquired as of September 30, 2021. They are as follows:

Company Name	Country	Legal entity	Percentage of ownership (%) As in	
			September 30, 2021	December 31, 2020
North Cement (1)	The Hashemite Kingdom of Jordan	Public joint stock	99.382	99.382
Deyaar Nagd for contracting & Trading Ltd. Co. (2)	U.A.E	Limited liability	100	100
Sama Yamamah (2)	U.A.E	Limited liability	100	100
North Gulf (2)	U.A.E	Limited liability	100	100
Through The North for The Cement and Building Materials (2)	U.A. E	Limited liability	100	100
Al Hazm for cement trading and derivatives Limited (2)	U.A. E	Limited liability	100	100
Um-Qasr Northern Cement Co. Ltd.	U.A. E	Limited liability	100	100

- (1) Northern Cement's consolidated financial statements include the Hashemite Kingdom of Jordan. The financial statements of its subsidiary (White Stars Mining Investment Ltd) which 100% owned by the subsidiary, and for the purposes of preparing these consolidated financial statements, all important balances and operations have been excluded and settled between the company and its subsidiary (Northern Cement Jordan).

2. Group information (continued)

In addition to the profits (losses) resulting from these operations with the subsidiary, the subsidiary's activity includes the clinker industry, grinding, cement industry and the implementation of industrial projects.

During the current year, the participation in The Northern Cement Company of The Hashemite Kingdom of Jordan was increased to buy shares through the subsidiaries of Deyaar Nagd for contracting & Trading Ltd. Co. and Sama Al Yamamah.

- (2) The above subsidiaries are private-purpose companies established in the United Arab Emirates for the purpose of owning stakes in Northern Cement, a public joint stock company registered in Amman, Jordan.
- (3) During the first quarter of 2018, the company acquired the entire shares Um-Qasr Northern Cement Co. Ltd, which is registered in The Jebel Ali area of Dubai with a capital of AED 6,064,527. Which in turn owns 70% of the shares of Um-Qasr Northern Cement Co. Ltd, an Iraqi limited liability company that has the right to implement a contract to qualify, operate and participate in the production of basra cement plant in the Republic of Iraq, while the subsidiary of Northern Cement - Jordan owns 20% of the shares of the Iraqi company referred to above (Note 6).

3. The Foundations Of Preparation:

3.1 Statement of commitment

The group's accompanying condensed interim consolidated financial statements were prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting) endorsed in the Kingdom of Saudi Arabia and other standards and issues issued by the Saudi Association of Chartered Accountants. These statements do not include all the information and explanations required in the annual financial statements. Accordingly, these financial statements should be read together with the Group's consolidated financial statements for the year ended December 31, 2020.

3.2 Accounting basis

condensed interim consolidated financial statements are prepared in accordance with the principle of historical cost, excluding employee defined benefit plans, which are measured at the present value of future liabilities using the method of estimating the amounts due by unit and excluding financing and investment in associates, which are accounted for in accordance with the equity method. In addition, these condensed interim consolidated financial statements are prepared using the accrual basis of accounting and the going concern concept.

3.3 Use of estimation and judgments.

The preparation of these condensed interim consolidated financial statements requires management to use provisions and estimates that affect the application of accounting policies and the amounts listed for assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. The areas of management are important in the application of accounting policies and important sources of estimates and uncertainties that have a substantial impact similar to those described in the interim consolidated financial statements of the previous year.

3.4 The basis for consolidating consolidated financial statements:

These condensed interim consolidated financial statements which include the condensed interim consolidated financial position statement, the condensed interim consolidated statement of profit or loss and comprehensive income, condensed interim consolidated List of Changes in Primary Equity, condensed interim consolidated Initial Statement of Cash Flows and clarifications on the Group's condensed interim consolidated financial statements, include assets, liabilities and results of the company's business and subsidiaries as shown in Note No. 2. Subsidiaries are the companies controlled by the Group, and in particular, the group controls the invested company only when the group has:

- Authority over the invested company (the existence of rights that give the group a current ability to direct activities related to the company invested in it).

3. The Foundations Of Preparation:

- Exposure to risks or has rights to obtain different returns through its relationship with the company in which it invests.

- The ability to use its powers over the invested company to influence its returns.

In general, there is an assumption that the majority of voting rights result in control. In support of this assumption, when the group has less than a majority in voting rights or similar rights in the company in which it is invested, the Group takes into account all the facts and circumstances involved in this when ascertaining whether it exercises control over the company in which it invests, including:

- Contractual arrangements with other voting rights holders of the company in which the investor is invested.
- Rights resulting from other contractual arrangements.
- The voting rights of the group and the potential voting rights.

Subsidiaries are consolidated from the date they begin to control and until they cease to exercise that control. The group accounts for the aggregation of the business using the acquisition method when the control of the group is transferred. The converted compensation in the acquisition is generally measured at fair value, as is the case with the net identifiable assets acquired. The increase in the cost of acquisition plus the fair value of non-controlling property rights is recorded over the fair value of the net identifiable assets acquired as a reputation in the consolidated financial position statement. Non-controlling equity is measured by its share of net assets identifiable to the company acquired at the date of acquisition. The share in profit or loss and net assets not controlled by the Group is listed as a separate item in the consolidated profit or loss and income statement and within the equity in the consolidated financial position statement. Both transactions as well as unrealized balances, profits and losses resulting from transactions between group companies are excluded. Accounting policies of subsidiaries are adjusted, if necessary, to ensure that they comply with the policies of the Group.

4. Significant accounting policies:

The accounting policies applied to these consolidated financial statements are the same as those applied to the consolidated financial statements for the fiscal year ended December 31, 2020.

Northern Cement Co.
Saudi Joint Stock Company
Notes on Interim condensed consolidated financial statements
For the three-month and nine-month period ended September 30, 2021
(Expressed in Saudi Riyals)

5. Segment information

The company and its subsidiary are managed as a single operational segment in the manufacture and production of cement of all kinds and the company and its subsidiary operate in Saudi Arabia, The Hashemite Kingdom of Jordan and the Iraqi Republic as follows:

	Saudi Arabia	The Hashemite Kingdom of Jordan	The Iraqi Republic	Adjustments and deletions	Total
As of September 30, 2021:					
Property and equipment	1,670,455,511	164,428,875	—	—	1,834,884,386
Total assets	3,276,930,037	436,725,826	101,158,688	(562,991,887)	3,251,822,664
Total liabilities	1,092,898,016	55,297,466	61,848,623	(144,733,269)	1,065,310,836
As of December 31, 2020:					
Property and equipment	1,627,769,263	164,386,005	—	—	1,792,155,268
Total assets	3,151,675,177	468,365,143	90,827,439	(500,111,230)	3,210,756,529
Total liabilities	943,806,429	85,495,907	53,648,002	(82,921,830)	1,000,028,508
For the nine-month period ended September 30, 2021:					
Sales	243,919,735	151,335,087	80,455,110	(40,412,076)	435,297,856
Net profit (loss) after zakat and income tax	42,463,889	25,535,072	3,261,131	—	71,260,092
For the nine-month period ended September 30, 2020:					
Sales	266,753,263	147,184,424	75,363,023	(4,201,363)	485,099,347
Net profit (loss) after zakat and income tax	35,698,983	22,662,901	4,729,613	—	63,091,497

6. Intangible assets

	*Goodwill	** Plant Franchise	*** IT software	License	Total
Cost					
Balance 1, January 2021	506,157,403	50,578,493	8,442,732	789,255	565,967,883
Additions	-	21,649	-	-	21,649
Balance 30, September	506,157,403	50,600,142	8,442,732	789,255	565,989,532
Accumulated amortization					
Balance 1, January 2021	-	-	8,415,436	44,562	8,459,998
Charged for the period/ year	-	2,792,678	7,350	196,831	2,996,859
Balance 30, September	-	2,792,678	8,422,786	241,393	11,456,857
Net book value					
September 30, 2021	506,157,403	47,807,464	19,946	547,862	554,532,675
December 31, 2020	506,157,403	50,578,493	27,296	744,693	557,507,885

* Goodwill:

The intangible assets represent the fame resulting from the group's acquisition of equity in Northern Cement during the third quarter of 2011, a public joint stock company registered in Amman, Jordan, on May 2, 2007. The activities of the subsidiary group include the manufacture and grinding of clinker, the manufacture of cement and the implementation of industrial projects.

Plant franchises:

A subsidiary has entered into an agreement with the General Cement Company of The Southern Cement Company (one of the companies of the Ministry of Industry and Minerals in the Republic of Iraq) to rehabilitate and operate the Basra cement plant for 26 years from the end of the rehabilitation period, in exchange for free shares of cement produced by the Iraqi government.

Software:

Intangible assets are programs and payments for the development of these programs that are extinguished over the estimated production life of 4 years.

7. Investment and financing in associate companies

	September 30, 2020	December 31, 2020
Investment:		
Balance at period /year beginning	30,123,298	14,315,393
Dividends	(6,931,149)	(1,919,130)
Previous year adjustment	-	2,708,088
Share in net results of associates	14,711,639	15,018,947
Balance at period/ year end	37,903,788	30,123,298
Financing:		
Balance at period/ year beginning	99,937,595	99,937,595
	99,937,595	99,937,595
Balance at period /year end	137,841,383	130,060,893
Impairment		
Impairment provision on the investment	(8,405,537)	(16,811,074)
Refund from provision for impairment	-	8,405,537
Investment and financing balance at year-end	129,435,846	121,655,356

The Group has invested 50% of the ownership rights of Cement Experts Development company (LTD) registered in Amman - Hashemite Kingdom of Jordan and the group's activity includes investment, management and development of industrial, administrative and mining projects where cement experts for development invest indirectly in the leading contracting and general trade company. Rehabilitation of industrial projects limited (Republic of Iraq) where the latter group signed a contract with the Iraqi government to rehabilitate and operate the leap cement plant for 26 years in exchange for a free share in production, to be returned to the government after the end of the contract period, and to be completed the rehabilitation period of the project in February 2014

During the previous years as a result of unstable political conditions, production at the group plant was suspended and the rehabilitation period of the plant was extended indefinitely, and during the year 2019 the plant was restarted and production started, so the administration took the decision to respond interim to the previous allocation due to improved conditions and resumption of operation.

North Cement Company- Hashemite Kingdom of Jordan (subsidiary group) invests 50% of The Sarh Zamzam Investment Company's capital of JD 100,000 equivalent to SR 530,000.

During the previous year, the Group acquired the entire shares of Um Qasr Northern Cement Limited, which is listed in Jebel Ali area of Dubai with a capital of 10,000 AED, at an amount of 6,064,527 SAR, which owns um Qasr Northern Cement Ltd. 70% of the shares of Umm Qasr Northern Cement Co., Ltd. An Iraqi limited liability company has the right to execute a contract to qualify, operate and participate in the production of Basra cement plant in the Republic of Iraq, as the subsidiary group Northern Jordan Cement company owns 20% of the shares of Umm Qasr Northern Company.

Northern Cement Co.
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(Expressed in Saudi Riyals)

8. Inventory

	September 30, 2021	December 31, 2020
Raw Materials	199,608,938	232,854,087
Spare parts and consumables	114,499,856	125,166,325
Goods in transit	5,614,421	2,342,983
Semi finished Goods	9,640,077	12,292,370
Finished Goods	129,378,089	99,636,262
Packing materials	7,754,143	6,439,518
Total	466,495,524	478,731,545

9. Trade Receivables-Net:

	September 30, 2021	December 31, 2020
Trade Receivables	107,693,955	122,577,809
less: Impairment Provision	(2,549,908)	(2,549,908)
Net	105,144,047	120,027,901
Current balance	64,707,081	79,590,935
Non-current balance	40,436,966	40,436,966

The impairment provision movement was as follows:

	September 30, 2021	December 31, 2020
Balance at period /year beginning	2,549,908	687,626
Addition (refund)	-	1,862,282
Net	2,549,908	2,549,908

Northern Cement Co.
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10. Transactions and balances with related parties:

The outstanding shareholders are the group's major shareholders and the facilities under control or with significant influence by those entities.

Party	Type of relationship
Pan Kingdom Investment Company	Founding Contributor
Pan Kingdom National Reconstruction Co., Ltd.	Shareholder
Pan Kingdom Saudi Arabia	Shareholder
Global Specialized Transportation Co.	Shareholder
Aldar Engineering Consulting Co.	Shareholder
White Stars Co.	Associate Company
Cement Experts Development Co.	Associate Company
Universal Cement Co.	Associate Company
Leading Trading and Investment Company	Associate Company
Sarh Zamzam Company for Project Investment and Rehabilitation	Associate Company

The important transactions made with related parties during the year are as follows:

The side	The nature of the transaction	September 30, 2021	December 31, 2020
A. Transactions with related parties			
Global Specialized Transportation Co.	Transportation Services	1,253,599	1,124,186
Pan Kingdom Saudi Arabia	Sales	7,300,753	3,023,992
Cement Experts Development Co.	Financing	-	750,000
Cement Experts Development Co.	Expenses paid on behalf of	34,698	274,116
B. Transactions with senior management officers		September 30, 2021	December 31, 2020
Expenses and allowances of the Board of Directors and committees		1,083,989	1,134,000

10. Transactions and balances with related parties (continued):

These transactions resulted in the following balances:

10.1 Due from related parties:

	September 30, 2020	December 31, 2020
Cement Experts Development Co.	12,499,005	12,464,319
Pan Kingdom Saudi Arabia	2,874,654	3,142,700
PAN-Kingdom Investment Company	997,249	988,792
Sarh Zamzam Investment and Project Rehabilitation Co.	665,765	660,667
Aldar Engineering Consulting Co.	—	216,060
Leading Trading and Investment Company	186,750	186,750
Universal Cement Co.	138,191	138,191
Pan Kingdom Saudi Arabia	93,230	93,230
	<u>17,454,844</u>	<u>17,890,709</u>

10.2 Trade receivable from related parties

	September 30, 2021	December 31, 2020
Global Specialized Transportation Co.	34,297,006	41,782,558
Pan Kingdom Saudi Arabia	18,136,613	18,485,002
	<u>52,433,619</u>	<u>60,267,560</u>

11. Loans:

The facility agreements include some financial covenants, which require the company to maintain the level of some financial indicators and other things. The following is the movement of financing during the year:

	September 30, 2021	December 31, 2020
Balance on January 1	798,677,788	912,574,302
Recipient during the period/year	954,826,662	1,132,615,573
Paid during the period/year	(874,042,231)	(1,246,512,087)
	<u>879,462,219</u>	<u>798,677,788</u>

loans are classified as follows:

	September 30, 2021	December 31, 2020
Short-term murabaha	305,507,673	228,223,244
Current portion from long-term loan	94,545,455	119,545,453
Non- Current portion of long-term loan	479,409,091	450,909,091
	<u>879,462,219</u>	<u>798,677,788</u>

12. Zakat and income tax:

Zakat and tax assessments:

1. The zakat declarations of the group and the subsidiaries were submitted to the General Authority for Zakat and Income Tax "the Authority" on the basis of independent financial statements prepared for the purpose of Zakat only.
2. The company submitted its zakat declarations until 2019, and the company terminated its zakat status until 2013.
3. Zakat assessment was issued for the year 2014 claims the company for an amount of 2.738.074 SR, and the objection was made, and our objection was partially accepted, but the dispute did not end with the aforementioned partial acceptance. The escalation was made with the General Secretariat of the Tax Committees with the case number 24526-2020-z, and it has not been decided until this date.
4. Zakat assessment was issued for the years from 2015 to 2017 to claim the company for zakat differences of 57,309,697 SR. The objection was made against it and the company awaits the Authority's response regarding its objection to date.
5. Zakat assessment was issued for the year 2018 to the company's claim for zakat differences of 14.9 million SR. The objection was made to it, and the authority rejected our objection, and the dispute was escalated before the General Secretariat for Tax Committees with case number 15327-2020-z

13. Earnings per share:

The calculation of underlying/reduced earnings per share is based on the return on ordinary shareholders and the weighted average number of existing common shares. Earnings per share as of September 30, 2021 were calculated on the weighted average number of shares held during the period of 180 million shares (December 31, 2020: 180 million shares). There are no potential discounted ordinary shares. Adjusted earnings per share is the same as the underlying profit per share as the Group has no convertible securities or reduced financial instruments to exercise it.

14. Dividends:

On Rajab 25, 1442 AH corresponding to March 9, 2021, the company's board of directors recommended the distribution of cash dividends to the company's shareholders from the second half of 2020 with a share of 0.25 SR/share and a total distribution amount of 45 million SR due on 01/08/1442 H corresponding to 03/14/ 2021 and the distribution date will be on 04/15/2021. On Wednesday, Dhu al-Hijjah 25, 1442H, corresponding to August 04, 2021, the Board recommended the distribution of cash dividends to the company's shareholders for the first half of 2021 with a share of 0.25 SR / share and a total amount of distribution of 45 million SR due on 02/01/1443 H corresponding to 10/08/2021 The distribution date will be on 08/24/2021.

15. Capital management:

In order to manage the group's capital, the capital includes equity and all other equity reserves belonging to the group's owners. The main purpose of managing the group's capital is to maximize the value of shareholders' shares. The Group manages and adjusts its capital structure considering changes in economic conditions and financial commitment requirements. To maintaining or modifying the capital structure, the Group may adjust dividend amounts paid to shareholders, return capital to shareholders or issue new shares. The group monitors capital using the leverage ratio, which represents net debt divided by total capital plus net debt. The group's liabilities include net debt, term loans, commercial accounts payable, payable expenses and other credit balances, minus bank balances.

15. Capital management (continued):

	September 30, 2021	December 31, 2020
Loans	879,462,219	798,677,788
Trade payables	81,705,616	96,814,229
Accrued expenses and other credit balances	67,339,522	59,538,848
Less: Cash and cash equivalents	(36,792,205)	(27,808,945)
Net debt	991,715,152	927,221,920
Total equity	2,186,511,828	2,210,728,021
Leverage rate	45%	42%

16. Contingent liabilities:

The potential commitments on the group are shown in the table below:

	September 30, 2021	December 31, 2020
Letters of guarantee	5,795,000	16,328,975
Capital liabilities for WIP	23,071,395	29,150,000

17. Fair Value of Financial Tools

Fair value is the amount received when an asset is sold or paid to transfer a liability in an organized transaction between market participants on the date of measurement. The company's financial instruments consist of financial assets and financial liabilities. The company's financial assets consist of cash and its equivalents, trade receivables, advance payments to suppliers, other debit balances and due from related parties. Financial liabilities consist of trade payables, due to related parties and other credit balances.

The fair value of financial instruments is not significantly different from their book value, unless otherwise indicated.

18. Risk management

Credit risk

Credit risk is that one financial instrument does not meet its obligations and causes the other party to suffer a financial loss. The Group manages customer credit risk by setting credit limits for each customer and monitoring outstanding receivables.

Special commission price risk

Special commission price risk relates to the risks resulting from the fluctuation of the value of a financial instrument as a result of the change in the prevailing commission rates in the market, and the company is subject to the risk of special commission rates on its assets associated with special commissions such as Murabaha deposits and credit facilities.

18. Risk management (continued):

Liquidity risk

Liquidity risk means that the group has difficulty in providing funds to meet its financial obligations associated with financial instruments. Liquidity risks may arise from the inability to sell financial assets quickly at an amount of near their fair value. The Group manages liquidity risk by monitoring working capital requirements and cash flows regularly and ensuring that banking facilities are available when needed. The company manages liquidity-related risks by maintaining cash balances with banks and ensuring that adequate facilities can be obtained, if required. To cover its short-term liabilities on an ongoing basis, the group's terms of contract require 30-60 days from the date of invoices, and commercial accounts are usually paid within 30-60 days of billing.

Currency risk

It represents currency risk arising from fluctuations in the value of financial instruments as a result of changes in foreign exchange rates. The company is subject to fluctuations in foreign exchange rates during its normal business cycle. The company did not make any significant transactions in currencies other than the Saudi riyal, the US dollar and the Jordanian dinar during the period.

19. Significant events:

The epidemic of the new Corona virus (Covid-19) in early 2020 and spread worldwide, including the Kingdom of Saudi Arabia, caused the disruption of many companies and economic activities. The group's management believes that this pandemic has no material impact on the financial statements as of December 31, 2020. Given the current uncertainty about the future, management will continue to assess the impact based on future evolution.

20. condensed interim results and adjustments for the period

All adjustments that the company's management deemed important have been prepared so that the interim condensed consolidated balance sheet and business results for the period appear fairly. The business results for the interim condensed consolidated financial period may not represent an accurate indication of the actual results of the full year business.

21. Approval of the interim condensed financial statements

The interim condensed financial statements were approved by the Company's Board of Directors on November 3, 2021 G, Rabe Awal 28, 1443 H