YANBU CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

On Behalf of Chief Financial Officer

Chief Executive Officer
<table>
<thead>
<tr>
<th>INDEX</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review report</td>
<td>1</td>
</tr>
<tr>
<td>Interim condensed consolidated statement of comprehensive income (unaudited)</td>
<td>2</td>
</tr>
<tr>
<td>Interim condensed consolidated statement of financial position (unaudited)</td>
<td>3</td>
</tr>
<tr>
<td>Interim condensed consolidated statement of changes in shareholders’ equity (unaudited)</td>
<td>4</td>
</tr>
<tr>
<td>Interim condensed consolidated statement of cash flows (unaudited)</td>
<td>5</td>
</tr>
<tr>
<td>Notes to interim condensed consolidated financial statements (unaudited)</td>
<td>6 - 12</td>
</tr>
</tbody>
</table>
REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Yanbu Cement Company (a Saudi Joint Stock Company) ("the Company" or "the Parent Company") and its subsidiary (collectively referred to as "the Group") as at 31 March 2020, and the related interim condensed consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia ("KSA"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in KSA. A review of interim financial statements consists of making inquiries, primarily to the 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 that are endorsed in KSA and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

for Ernst & Young

Ahmed I. Reda
Certified Public Accountant
License No. 356

6 May 2020
13 Ramadan 1441H

Jeddah
Yanbu Cement Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the three-month period ended 31 March 2020

<table>
<thead>
<tr>
<th>Note</th>
<th>For the three-month period ended 31 March 2020</th>
<th>For the three-month period ended 31 March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td></td>
<td>Unaudited</td>
<td>Unaudited</td>
</tr>
<tr>
<td>Revenue from contracts with customers 3</td>
<td>277,400,146</td>
<td>259,807,050</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>(166,351,042)</td>
<td>(167,127,368)</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling and distribution expenses</td>
<td>111,049,104</td>
<td>92,679,682</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(3,203,677)</td>
<td>(2,962,183)</td>
</tr>
<tr>
<td></td>
<td>(10,045,507)</td>
<td>(8,513,897)</td>
</tr>
<tr>
<td><strong>INCOME FROM MAIN OPERATIONS</strong></td>
<td>97,799,926</td>
<td>81,203,602</td>
</tr>
<tr>
<td>Loss on derivative instruments at fair value through income statement 15</td>
<td>(561,637)</td>
<td>(482,070)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(1,335,670)</td>
<td>(1,984,439)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>416,481</td>
<td>217,240</td>
</tr>
<tr>
<td>Finance income</td>
<td>607,342</td>
<td>-</td>
</tr>
<tr>
<td><strong>INCOME BEFORE ZAKAT</strong></td>
<td>96,926,436</td>
<td>78,954,333</td>
</tr>
<tr>
<td>Zakat 5</td>
<td>(4,700,000)</td>
<td>(6,100,000)</td>
</tr>
<tr>
<td><strong>NET INCOME FOR THE PERIOD</strong></td>
<td>92,226,436</td>
<td>72,854,333</td>
</tr>
<tr>
<td><strong>OTHER COMPREHENSIVE INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</strong></td>
<td>92,226,436</td>
<td>72,854,333</td>
</tr>
<tr>
<td><strong>Attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders of the Parent Company</td>
<td>92,017,528</td>
<td>72,517,655</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>208,908</td>
<td>336,678</td>
</tr>
<tr>
<td><strong>EARNINGS PER SHARE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted earnings per share attributable to shareholders of the Parent Company</td>
<td>0.58</td>
<td>0.46</td>
</tr>
</tbody>
</table>

The attached notes 1 to 15 form an integral part of these unaudited interim condensed consolidated financial statements.
Yanbu Cement Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 31 March 2020

<table>
<thead>
<tr>
<th></th>
<th>31 March 2020</th>
<th>31 December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR Unaudited</td>
<td>SR Audited</td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>2,724,728,797</td>
<td>2,759,042,370</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>2,801,270</td>
<td>3,201,452</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>2,727,530,067</td>
<td>2,762,243,822</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>565,363,890</td>
<td>563,957,102</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>167,265,549</td>
<td>169,760,791</td>
</tr>
<tr>
<td>Prepayments, advances and other receivables</td>
<td>22,930,066</td>
<td>17,813,553</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>299,978,108</td>
<td>176,751,996</td>
</tr>
<tr>
<td>Total current assets</td>
<td>1,055,537,613</td>
<td>928,283,442</td>
</tr>
<tr>
<td>Total assets</td>
<td>3,783,067,680</td>
<td>3,690,527,264</td>
</tr>
</tbody>
</table>

EQUITY AND LIABILITIES

|                        |                |                  |
| EQUITY                 |                |                  |
| Share capital          | 1,575,000,000 | 1,575,000,000    |
| Statutory reserve      | 787,500,000   | 787,500,000      |
| Retained earnings      | 1,001,527,620 | 909,310,092      |
| Total equity           | 3,364,027,620 | 3,272,010,092    |

|                        |                |                  |
| Total equity attributable to the equity holders of the parent | 3,394,187,026 | 3,301,960,590 |
| Non-controlling interests | 30,159,406  | 29,950,498       |
| Total equity           | 3,394,187,026 | 3,301,960,590    |

|                        |                |                  |
| Non-current liabilities |                |                  |
| Term loans             | 51,888,889    | 64,861,111       |
| Employee benefits' liabilities | 69,473,359 | 64,556,905 |
| Other non-current liability | 5,947,766   | 6,477,160        |
| Total non-current liabilities   | 127,310,014 | 135,895,176     |

|                        |                |                  |
| Current liabilities    |                |                  |
| Trade payables         | 29,062,724    | 32,287,067       |
| Financial derivatives  | 2,625,292     | 2,063,655        |
| Current portion of term loans | 51,888,889 | 51,888,889      |
| Dividends payable      | 77,294,656    | 77,304,031       |
| Accrued expenses and other current liabilities | 79,908,648 | 73,037,425 |
| Zakat payable          | 20,790,431    | 16,090,431       |
| Total current liabilities | 261,570,640 | 252,671,498     |
| Total liabilities      | 388,880,654   | 388,566,674      |
| Total equity and liabilities | 3,783,067,680 | 3,690,527,264 |

The attached notes 1 to 15 form an integral part of these unaudited interim condensed consolidated financial statements.
Yanbu Cement Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the three-month period ended 31 March 2020

<table>
<thead>
<tr>
<th>Share Capital</th>
<th>Statutory reserve</th>
<th>Retained earnings</th>
<th>Total</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>As at 1 January 2020 (Audited)</td>
<td>1,575,000,000</td>
<td>787,500,000</td>
<td>909,510,092</td>
<td>3,272,010,092</td>
<td>29,950,498</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>-</td>
<td>-</td>
<td>92,017,528</td>
<td>92,017,528</td>
<td>208,908</td>
</tr>
<tr>
<td>Balance at 31 March 2020 (Unaudited)</td>
<td>1,575,000,000</td>
<td>787,500,000</td>
<td>1,001,527,620</td>
<td>3,364,027,620</td>
<td>30,159,406</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Share Capital</th>
<th>Statutory reserve</th>
<th>Retained earnings</th>
<th>Total</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>As at 1 January 2019 (Audited)</td>
<td>1,575,000,000</td>
<td>787,500,000</td>
<td>846,380,093</td>
<td>3,208,880,093</td>
<td>32,057,218</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>-</td>
<td>-</td>
<td>72,517,655</td>
<td>72,517,655</td>
<td>336,678</td>
</tr>
<tr>
<td>Dividends to non-controlling interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,000,000)</td>
</tr>
<tr>
<td>Balance at 31 March 2019 (Unaudited)</td>
<td>1,575,000,000</td>
<td>787,500,000</td>
<td>918,897,748</td>
<td>3,281,397,748</td>
<td>30,393,896</td>
</tr>
</tbody>
</table>

The attached notes 1 to 15 form an integral part of these unaudited interim condensed consolidated financial statements.
Yanbu Cement Company (A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the three-month period ended 31 March 2020

<table>
<thead>
<tr>
<th>Note</th>
<th>For the three-month period ended 31 March 2020</th>
<th>For the three-month period ended 31 March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR Unaudited</td>
<td>SR Unaudited</td>
</tr>
<tr>
<td>OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before zakat</td>
<td>96,926,436</td>
<td>78,954,333</td>
</tr>
<tr>
<td>Adjustment to reconcile operating income to net cash flows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>47,519,460</td>
<td>48,665,018</td>
</tr>
<tr>
<td>Amortization for intangible assets</td>
<td>400,182</td>
<td>400,181</td>
</tr>
<tr>
<td>Finance costs</td>
<td>1,335,670</td>
<td>1,984,439</td>
</tr>
<tr>
<td>Loss on derivative instruments at fair value through income statement</td>
<td>561,637</td>
<td>482,070</td>
</tr>
<tr>
<td>Provision for employee benefits’ liabilities</td>
<td>5,349,573</td>
<td>2,143,613</td>
</tr>
<tr>
<td>Total</td>
<td>152,092,958</td>
<td>132,629,654</td>
</tr>
<tr>
<td>Working capital changes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>2,495,242</td>
<td>(4,755,113)</td>
</tr>
<tr>
<td>Inventories</td>
<td>(1,406,788)</td>
<td>22,479,785</td>
</tr>
<tr>
<td>Prepayments, advances and other receivables</td>
<td>(5,116,513)</td>
<td>(3,457,125)</td>
</tr>
<tr>
<td>Trade payables</td>
<td>(3,224,343)</td>
<td>(9,938,462)</td>
</tr>
<tr>
<td>Accrued expenses and other current liabilities</td>
<td>6,261,223</td>
<td>5,845,064</td>
</tr>
<tr>
<td>Total</td>
<td>151,101,779</td>
<td>142,803,803</td>
</tr>
<tr>
<td>Employee benefits’ liabilities paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance costs paid</td>
<td>(433,119)</td>
<td>(856,651)</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>149,413,596</td>
<td>140,054,857</td>
</tr>
<tr>
<td>INVESTING ACTIVITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(13,205,887)</td>
<td>(14,649,987)</td>
</tr>
<tr>
<td>Cash used in investing activity</td>
<td>(13,205,887)</td>
<td>(14,649,987)</td>
</tr>
<tr>
<td>FINANCING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of term loans</td>
<td>(12,972,222)</td>
<td>(12,972,222)</td>
</tr>
<tr>
<td>Net movement of short-term borrowings</td>
<td>-</td>
<td>(55,039,089)</td>
</tr>
<tr>
<td>Dividends paid to equity holders of the parent</td>
<td>(9,375)</td>
<td>-</td>
</tr>
<tr>
<td>Cash used in financing activities</td>
<td>(12,981,597)</td>
<td>(68,011,311)</td>
</tr>
<tr>
<td>INCREASE IN CASH AND BANK BALANCES</td>
<td>123,226,112</td>
<td>57,393,559</td>
</tr>
<tr>
<td>Cash and bank balances at the beginning of the period</td>
<td>176,751,996</td>
<td>51,453,074</td>
</tr>
<tr>
<td>MAJOR NON-CASH TRANSACTIONS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Right-of-use asset and lease liabilities</td>
<td>(6(b))</td>
<td>7,153,653</td>
</tr>
<tr>
<td>Dividend payable to non-controlling interests</td>
<td>-</td>
<td>2,000,000</td>
</tr>
</tbody>
</table>

The attached notes 1 to 15 form an integral part of these unaudited interim condensed consolidated financial statements.
1. CORPORATE INFORMATION

Yanbu Cement Company ("the Company" or "the Parent Company") - a Saudi Joint Stock Company – established in accordance with Company's regulations in the Kingdom of Saudi Arabia by the Royal Decree No. M/10 dated on 4 Rabi' I 1397H (corresponding to 22 February 1977) and it is registered in Yanbu city under commercial registration No. 470000233 dated on 21 Dhul-Qi'dah 1398H (corresponding to 24 October 1978). The Company's shares are listed in the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia.

The Company's capital is SR 1,575 million which is divided into 157,500,000 shares of SR 10 per share as at 31 March 2020 and 31 December 2019.

The Company is mainly engaged in manufacturing, producing and trading in cement and its related products as per industrial license No. 2239 issued on 10 Sha'b'an 1439H (corresponding to 26 April 2018) which ends on 10 Sha'b'an 1442H (corresponding to 23 March 2021).

The registered address of the Company is Yanbu Cement building located at Al Baghdadiyah Al Gharbiyah District, P. O. Box 5530, Jeddah 21422, Kingdom of Saudi Arabia. The Company has branches in Jeddah and Madina with commercial registration numbers 4030021367 and 4650020461 respectively.

The interim condensed consolidated financial statements consist of interim financial statements of the Parent Company and Yanbu Saudi Kuwaiti Paper Products ("Subsidiary") – A Limited Liability Company – owned to the Parent Company by 60% (collectively referred to as the "Group"). The subsidiary is engaged in producing paper sack bags as per industrial license No. 1210 issued on 22 Sha'b'an 1425H (corresponding 7 October 2004) which ends on 26 Jumada I 1442H (corresponding 10 January 2021).

These interim condensed consolidated financial statements for the Group for the three-month period ended 31 March 2020, were approved by the Board of Directors on 6 May 2020 (corresponding to OS Ramadan 1441H).

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These interim condensed consolidated financial statements for the three-month period ended 31 March 2020 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" "IAS 34" as endorsed in the Kingdom of Saudi Arabia.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2019. In addition, results for the interim period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020 (refer to note 2.2 below).

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for financial derivatives that have been measured at fair value and for employee benefits' liabilities, where actuarial present value calculations are used. The interim condensed consolidated financial statements are presented in Saudi Riyals ("SR"), which is the functional and presentational currency of the Group.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The outbreak of novel coronavirus ("COVID-19") since early 2020, its spread across mainland China and then globally caused disruptions to businesses and economic activity globally including the Kingdom of Saudi Arabia and the declaration of this pandemic by the World Health Organization necessitated the Group's management to revisit its significant judgments in applying the Group's accounting policies and the methods of computation and the key sources of estimation applied to the annual consolidated financial statements for the year ended 31 December 2019. Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Group's management carried out an impact assessment on the overall Group's operations and business aspects including factors like supply chain, travel restrictions, oil prices, product demand, etc. and concluded that, as of the issuance date of these interim condensed consolidated financial statements, no significant changes are required to the judgements and key estimates. However, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.
Yanbu Cement Company (A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
At 31 March 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New standards, interpretations and amendments adopted by the Group
The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 3: Definition of a Business
The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8: Definition of Material
The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial statements of, nor is there expected to be any future impact to the Group.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS
The Group’s revenue from contracts with customers is described below:

<table>
<thead>
<tr>
<th>For the three-month period ended 31 March</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td></td>
<td>Unaudited</td>
<td>Unaudited</td>
</tr>
<tr>
<td>Bulk cement</td>
<td>162,945,686</td>
<td>116,949,399</td>
</tr>
<tr>
<td>Packed cement</td>
<td>78,515,589</td>
<td>66,328,497</td>
</tr>
<tr>
<td>Cement bags</td>
<td>15,965,735</td>
<td>12,229,623</td>
</tr>
<tr>
<td>Raw cement (clinker)</td>
<td>19,973,136</td>
<td>69,299,531</td>
</tr>
<tr>
<td>Total revenue from contracts with customers</td>
<td>277,400,146</td>
<td>259,807,050</td>
</tr>
<tr>
<td>Total revenue from contracts with customers inside the Kingdom of Saudi Arabia</td>
<td>248,542,463</td>
<td>178,023,481</td>
</tr>
<tr>
<td>Total revenue from contracts with customers outside the Kingdom of Saudi Arabia</td>
<td>28,857,683</td>
<td>81,783,569</td>
</tr>
</tbody>
</table>
Yanbu Cement Company (A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
At 31 March 2020

4. SEGMENT INFORMATION

The Group is engaged in one operating segment engaged in manufacturing cement and operates completely within the Kingdom of Saudi Arabia. Accordingly, the financial information was not divided into different geographic or business segments. The financial information of the subsidiary is not significant to Group's interim condensed consolidated financial statements for the purpose of segment information.

5. ZAKAT

The movement in Zakat payable on the Group was as follows:

<table>
<thead>
<tr>
<th></th>
<th>31 March 2020</th>
<th>31 December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR Unaudited</td>
<td>SR Audited</td>
</tr>
<tr>
<td>Balance at beginning of the</td>
<td>16,090,431</td>
<td>8,914,421</td>
</tr>
<tr>
<td>period/year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provided during the period/year</td>
<td>4,700,000</td>
<td>19,098,803</td>
</tr>
<tr>
<td>Paid during the period/year</td>
<td>-</td>
<td>(11,922,793)</td>
</tr>
<tr>
<td>Balance at the end of the</td>
<td>20,790,431</td>
<td>16,090,431</td>
</tr>
<tr>
<td>period/year</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Zakat was calculated for the period ended 31 March 2020 in accordance with the management’s estimates, which may not represent an accurate indication about zakat for the year ending 31 December 2020.

Status of assessments

Parent Company:

Zakat assessment has been finalized with the General Authority for Zakat and Tax (“GAZT”) up to the year ended 31 December 2011. The Parent Company has received an assessment for the year 2012 and 2013 with an additional zakat liability and withholding tax liability amounting to SR 506 thousand and SR 257 thousand, respectively. The Parent Company appealed against this assessment and the Parent Company’s appeal was accepted and resulted in credit favorable to the Parent Company regarding zakat and withholding tax amounting to SR 386 thousand and SR 377 thousand respectively. The Parent Company has submitted Zakat declarations for the years 2014 to 2018.

Subsidiary:

The subsidiary has submitted its zakat returns with the GAZT for the years up to 31 December 2018 and paid the zakat liabilities for those years due as per return. Zakat assessment for the previous years up to 31 December 2016 have been finalized. The subsidiary has received an assessment for the year 2017 with an additional zakat liability amounting to SR 207,080 and has filed an objection against that assessment.

6. PROPERTY, PLANT AND EQUIPMENT

For purpose of preparing the interim condensed consolidated statement of cash flows, movement in property, plant and equipment during the three months period ended 31 March is as follows:

<table>
<thead>
<tr>
<th></th>
<th>For the three months period ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 SR Unaudited</td>
</tr>
<tr>
<td>Depreciation</td>
<td>47,519,469</td>
</tr>
<tr>
<td>Addition to property, plant and equipment (b)</td>
<td>13,205,887</td>
</tr>
</tbody>
</table>

a) The plants are situated on land leased from the Deputy Ministry for Mineral Resources, of Ras Baridi in Yanbu, for 30 Hijra years commencing 4 Rabi’ I 1398H (corresponding to 12 February 1978). The lease has been renewed for a similar period for 30 years on 3 Rabi’ I 1428H (corresponding to 22 March 2007). The lease is renewable for further similar periods subject to the agreement of both parties.

b) During the three-month period ended 31 March 2019, included in the addition to property, plant and equipment an amount of SR 7,153,653 recorded as right-of use asset on adoption of IFRS 16 at the date of initial application i.e 1 January 2019.
7. **TRADE RECEIVABLES**

<table>
<thead>
<tr>
<th></th>
<th>31 March 2020</th>
<th>31 December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR Unaudited</td>
<td>SR Audited</td>
</tr>
<tr>
<td>Gross Trade receivables</td>
<td>170,123,975</td>
<td>172,619,217</td>
</tr>
<tr>
<td>Allowance for expected credit losses</td>
<td>(2,858,426)</td>
<td>(2,858,426)</td>
</tr>
<tr>
<td></td>
<td>167,265,549</td>
<td>169,760,791</td>
</tr>
</tbody>
</table>

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

8. **INVENTORIES**

Inventories as at 31 March 2020 and 31 December 2019 comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>31 March 2020</th>
<th>31 December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR Unaudited</td>
<td>SR Audited</td>
</tr>
<tr>
<td>Work in process</td>
<td>341,012,826</td>
<td>341,830,436</td>
</tr>
<tr>
<td>Spare parts, net (note below)</td>
<td>188,990,605</td>
<td>186,172,853</td>
</tr>
<tr>
<td>Raw materials</td>
<td>17,998,798</td>
<td>15,422,007</td>
</tr>
<tr>
<td>Fuel</td>
<td>15,689,926</td>
<td>18,561,439</td>
</tr>
<tr>
<td>Packaging materials</td>
<td>963,818</td>
<td>1,151,088</td>
</tr>
<tr>
<td>Other materials</td>
<td>707,917</td>
<td>819,279</td>
</tr>
<tr>
<td></td>
<td>565,363,890</td>
<td>563,957,102</td>
</tr>
</tbody>
</table>

As at 31 March 2020, the Group maintains provision against slow moving parts amounting to SR 102.4 million (31 December 2019: SR 102.4 million).

9. **TERM LOANS**

The outstanding term loans as at the statement of financial position are as follows:

<table>
<thead>
<tr>
<th></th>
<th>31 March 2020</th>
<th>31 December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR Unaudited</td>
<td>SR Audited</td>
</tr>
<tr>
<td>National Commercial Bank loan</td>
<td>103,777,778</td>
<td>116,750,000</td>
</tr>
<tr>
<td>The current portion</td>
<td>(51,888,889)</td>
<td>(51,888,889)</td>
</tr>
<tr>
<td>The non-current portion</td>
<td>51,888,889</td>
<td>64,861,111</td>
</tr>
</tbody>
</table>

During 2015, the Parent Company has entered into new bank facilities contracts amounting to SR 250 million with the National Commercial Bank ("NCB") to finance the construction of power generating plant from waste thermal energy project. The loan balance has been fully utilized as at 31 December 2017. The loan will be settled on monthly installments amounting to SR 4.32 million each which ends in April 2022. The loan is subject to interest costs as per prevailing Saudi rates ("SIBOR") plus fixed commission rate. The power generating plant from waste thermal energy project was mortgaged completely as a guarantee to NCB.
10. STATUTORY RESERVE

In accordance with the Parent Company’s By-laws, the Parent Company is required to transfer at least 10% of net income to the statutory reserve. The Parent Company may cease such transfers when the statutory reserve equals 30% of the capital. This having been achieved in previous years, the Parent Company resolved to discontinue such transfers. This reserve is not available for distribution.

11. DIVIDENDS

On 5 March 2020 (corresponding to 10 Rajab 1441H), the Board of Directors of the Parent Company, recommended to the General Assembly a distribution of cash dividend amounting to SR 196.88 million (SR 1.25 per share) for the second half of the year 2019 which represents 12.5% of the nominal value of the shares. Subject to the approval of the General Assembly, the eligibility for this dividend distribution will be to shareholders listed on the Tadawul by the end of trading day of the General Assembly meeting.

12. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the income for the period attributable to equity holders in the Parent Company by the weighted average number of ordinary shares which are 157.5 million shares.

The table below reflects the details of the net income for the period and the number of shares used in calculating basic and diluted earnings per share:

<table>
<thead>
<tr>
<th>For the three months period</th>
<th>ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>Unaudited</td>
<td>Unaudited</td>
</tr>
</tbody>
</table>

Income for the period attributable to ordinary equity holders of the Parent Company (SR’ 000) | 92,018 | 72,518 |

Weighted average number of outstanding ordinary shares (000’ shares) | 157,500 | 157,500 |

Basic and diluted earnings per share attributable to shares holders of the Parent Company (Saudi Riyals) | 0.58 | 0.46 |

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

13. CONTINGENCIES AND CAPITAL COMMITMENTS

As at 31 March 2020, the capital commitments related to projects under construction is amounting to SR 30.1 million (31 December 2019: SR 49.4 million).

As at 31 March 2020, the contingencies against bank letter of guarantees issued on behalf of the Group is amounting to SR 32.2 million (31 December 2019: SR 8.1 million).

As at 31 March 2020, the Group has bank letter of credits issued amounting to SR 3.7 million (31 December 2019: SR 3.7 million) issued from bank in the Kingdom of Saudi Arabia.
Yanbu Cement Company (A Saudi Joint Stock Company)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
At 31 March 2020

14. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, Board of Directors, the Group’s key management personnel and enterprises managed or significantly influenced by those parties. The following are the details of major related parties’ transactions during the three-month period ended 31 March 2020:

- Allowances and compensation of the Board of Directors and senior executives

The Group’s senior management includes key management personnel and executives, Board of directors, having authorities and responsibilities for planning, directing and controlling the activities of the Group.

Board of Directors and committees’ compensation charged and accrued during the three-month period ended 31 March 2020 amounting to SR 0.92 million (31 March 2019: SR 1.06 million).

Key management personnel compensation comprised the following:

<table>
<thead>
<tr>
<th>For the three-month period ended 31 March</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>Short term employee benefits</td>
<td>1,006,713</td>
<td>1,226,500</td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>89,801</td>
<td>110,041</td>
</tr>
<tr>
<td></td>
<td><strong>1,096,514</strong></td>
<td><strong>1,336,541</strong></td>
</tr>
</tbody>
</table>

15. FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group’s financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

<table>
<thead>
<tr>
<th>Liabilities measured at fair value</th>
<th>Date of valuation</th>
<th>Quoted prices in active markets (Level 1)</th>
<th>Significant observable inputs (Level 2)</th>
<th>Significant unobservable inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial derivatives</td>
<td>31 March 2020</td>
<td>2,625,292</td>
<td>2,625,292</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Unaudited)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Yanbu Cement Company (A Saudi Joint Stock Company)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
At 31 March 2020

15. FAIR VALUE MEASUREMENT (continued)

<table>
<thead>
<tr>
<th>Liabilities measured at fair value</th>
<th>Date of valuation</th>
<th>Total</th>
<th>Quoted prices in active markets (Level 1)</th>
<th>Significant observable inputs (Level 2)</th>
<th>Significant unobservable inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial derivatives</td>
<td>31 December 2019</td>
<td>SR 2,063,655</td>
<td>SR -</td>
<td>SR 2,063,655</td>
<td>SR -</td>
</tr>
</tbody>
</table>

(Audited)

The Group enters into derivative financial instrument principally with financial institutions having investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs is interest rate swaps. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.

As at 31 March 2020 and 31 December 2019, the fair values of the Group’s financial instruments are estimated to approximate their carrying values and are classified under level 2 of the fair value hierarchy. Fair value of trade receivables as at 31 March 2020 and 31 December 2019 is carrying amount because of short term nature of the balance.

Fair values of the Group’s borrowings are determined by using Discounted Cash Flows (DCF) method using discount rate that reflects the borrowing rate as at the end of the reporting period. As at 31 March 2020 and 31 December 2019, the carrying amounts of borrowings were not materially different from their calculated fair values.

During the three months period ended 31 March 2020 and year ended 31 December 2019, there were no movements between the levels.