

**NORTHERN REGION CEMENT COMPANY  
(SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE THREE-MONTH PERIOD  
ENDED MARCH 31, 2022 (UNAUDITED) TOGETHER WITH  
INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT**

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(SAUDI JOINT STOCK COMPANY)  
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INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT**

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

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

### Introduction:

We have reviewed the accompanying interim condensed consolidated of financial position of **Northern Region Cement Company** (a Saudi Joint Stock Company) "the company" and its subsidiaries collectively referred to together as the "Group", as of March 31, 2022, and the related interim condensed consolidated statement of profit or loss and the other comprehensive income, interim condensed consolidated statements of changes in shareholders' equity and interim condensed consolidated cash flows for the three-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 interim condensed consolidated financial statements as of March 31, 2022 have not been prepared in all material respects, in accordance with the International Accounting Standard No. 34 (Interim Financial Report) endorsed in the Kingdom of Saudi Arabia.

For Al-Kharashi Co.


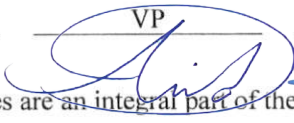
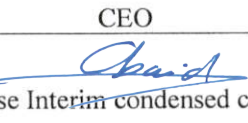
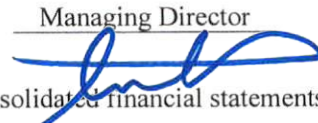
  
Sulieman A. Al-Kharashi  
License No. (91)

Riyadh:  
Ramadan 26, 1443 H  
April 27, 2022 G



**Northern Region Cement Co.**  
**(Saudi Joint Stock Company)**  
**Interim condensed Consolidated of Financial Position Statement**  
**As of March 31, 2022**  
**(All amounts are in Saudi Riyals unless otherwise stated)**

	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>Assets</b>			
<b>Non-current assets:</b>			
Property, plant and equipment, Net		1,843,145,956	1,832,520,955
Intangible assets, Net	6	552,619,880	552,986,071
Right -of- use assets, Net		3,653,364	3,791,742
Due from related party	10	99,962,272	99,962,272
Investment in associate, Net	7	41,900,847	38,642,313
<b>Total non-current assets</b>		<b>2,541,282,319</b>	<b>2,527,903,353</b>
<b>Current assets:</b>			
Inventory	8	547,560,152	514,377,967
Prepayments and other debit balances		47,996,559	59,525,760
Trade receivables, Net	9	101,483,233	86,686,991
Due from related parties	10	28,077,718	29,531,452
Notes receivable		24,727,887	28,146,593
Cash and cash equivalents		16,522,262	18,294,771
<b>Total current assets</b>		<b>766,367,811</b>	<b>736,563,534</b>
<b>Total assets</b>		<b>3,307,650,130</b>	<b>3,264,466,887</b>
<b>Share holders' Equity and Liabilities</b>			
<b>Share holders' Equity:</b>			
Share capital		1,800,000,000	1,800,000,000
Statutory reserve		144,875,054	144,875,054
Retained earning		296,488,864	273,252,866
Employees Defined Benefit Obligations Remeasurement Reserve		(3,163,239)	(3,163,239)
Foreign Currency Translation Reserve		(4,426,175)	(5,686,166)
<b>Total shareholders' equity of the parent</b>		<b>2,233,774,504</b>	<b>2,209,278,515</b>
Non-controlling equity		4,511,286	4,331,385
<b>Total Share holders' Equity</b>		<b>2,238,285,790</b>	<b>2,213,609,900</b>
<b>liabilities</b>			
<b>Non-current liabilities:</b>			
Non-current portion of long-term loans	11	237,590,908	264,863,636
Non-current portion of leases liabilities		3,444,373	3,467,920
Employees defined benefit obligations		20,136,578	20,030,311
<b>Total non-current liabilities</b>		<b>261,171,859</b>	<b>288,361,867</b>
<b>Current liabilities:</b>			
Short-term loans	11	493,000,002	460,253,378
Current portion of long-term loans	11	94,545,455	94,545,455
Trade and Notes payables		91,176,641	93,841,529
Accrued expenses and other credit balance		94,595,577	82,474,807
Current portion of leases liabilities		459,322	699,322
Zakat and income tax provision	12	34,415,484	30,680,629
<b>Total current liabilities</b>		<b>808,192,481</b>	<b>762,495,120</b>
<b>Total liabilities</b>		<b>1,069,364,340</b>	<b>1,050,856,987</b>
<b>Total shareholders' equity and liabilities</b>		<b>3,307,650,130</b>	<b>3,264,466,887</b>

 CFO
  VP
  CEO
  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 of profit or loss and other comprehensive income statement  
For the three-month period ended March 31, 2022  
(All amounts are in Saudi Riyals unless otherwise stated)

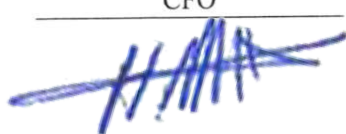
		For the three-month period ended 31 March	
		2022	2021
		(Unaudited)	(Unaudited)
Revenue	Note	133,261,704	161,873,133
Cost of sales		(75,596,676)	(107,999,304)
<b>Gross profit</b>		<b>57,665,028</b>	<b>53,873,829</b>
<b>Operating Expenses:</b>			
Selling and distribution expenses		(18,395,140)	(7,920,627)
General and administrative expenses		(9,550,615)	(9,544,378)
<b>Profit from operations</b>		<b>29,719,273</b>	<b>36,408,824</b>
Financing Cost		(4,587,702)	(4,483,075)
Share in net results of associates	7	5,178,221	4,946,661
Other (expenses)\ income, Net		(779,878)	91,243
<b>Profit before zakat and income tax</b>		<b>29,529,914</b>	<b>36,963,653</b>
Zakat		(4,500,000)	(3,000,000)
Income taxes of subsidiaries		(1,594,484)	(1,985,740)
Government contributions of subsidiaries		(88,007)	(116,812)
<b>Net profit for the period</b>		<b>23,347,423</b>	<b>31,861,101</b>
<b>Net income for the period to:</b>			
The parent company's shareholders		23,235,998	31,662,882
Non-controlling equity		111,425	198,219
		<b>23,347,423</b>	<b>31,861,101</b>
<b>Other comprehensive income\ (loss):</b>			
<b>Other comprehensive income\ (loss) items that will later be reclassified to profit or loss:</b>			
Gain\ (Loss) in the translation of financial statements in foreign currencies		1,328,468	(2,291,813)
<b>Total other comprehensive income\ (Loss) for the period</b>		<b>1,328,468</b>	<b>(2,291,813)</b>
<b>Total comprehensive income for the period</b>		<b>24,675,891</b>	<b>29,569,288</b>
<b>Comprehensive income for the period due to:</b>			
Shareholders on parent company		24,495,990	29,489,200
Non-controlling interest		179,901	80,088
		<b>24,675,891</b>	<b>29,569,288</b>
<b>Earnings per share</b>	13		
Basic and diluted earnings per share from profit from operations		0.17	0.20
Basic and diluted earnings per share from profit before zakat & income tax		0.16	0.21
Basic and diluted earnings per share from net profit for the period		0.13	0.18

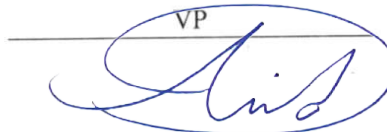
 CFO
  VP
  CEO
  Managing Director

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

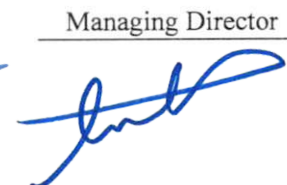
Northern Region Cement Co.  
Saudi Joint Stock Company  
Interim condensed Consolidated of Changes in Equity Statement  
For the three-month period ended March 31, 2022  
(All amounts are in Saudi Riyals unless otherwise stated)

	Share Capital	Statutory Reserve	Retained Earnings	Employees Defined Benefit Obligations Remeasurement Reserve	Foreign Currency Translation Reserve	shareholders' equity of the parent	Non-Controlling Interest	Total Equity
<b>Balance as of January 1, 2021 (Audited)</b>	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
Prior years adjustments	-	-	(4,297,281)	-	-	(4,297,281)	-	(4,297,281)
Dividends paid	-	-	(45,000,000)	-	-	(45,000,000)	-	(45,000,000)
Net profit for the period	-	-	31,662,882	-	-	31,662,882	198,219	31,861,101
Total other comprehensive loss for the period	-	-	-	-	(2,173,682)	(2,173,682)	(118,131)	(2,291,813)
<b>Balance on March 31, 2021 (Unaudited)</b>	<u>1,800,000,000</u>	<u>134,268,823</u>	<u>253,610,385</u>	<u>(1,350,423)</u>	<u>(708,373)</u>	<u>2,185,820,412</u>	<u>5,179,616</u>	<u>2,191,000,028</u>
<b>Balance as of January 1, 2022 (Audited)</b>	1,800,000,000	144,875,054	273,252,866	(3,163,239)	(5,686,166)	2,209,278,515	4,331,385	2,213,609,900
Net profit for the period	-	-	23,235,998	-	-	23,235,998	111,425	23,347,423
Total other comprehensive income for the period	-	-	-	-	1,259,991	1,259,991	68,476	1,328,467
<b>Balance on March 31, 2022 (Unaudited)</b>	<u>1,800,000,000</u>	<u>144,875,054</u>	<u>296,488,864</u>	<u>(3,163,239)</u>	<u>(4,426,175)</u>	<u>2,233,774,504</u>	<u>4,511,286</u>	<u>2,238,285,790</u>

CFO  


VP  


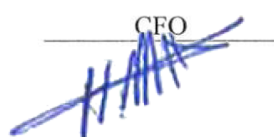
CEO  

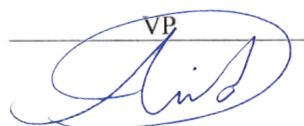

Managing Director  


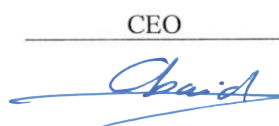
- The accompanying notes are an integral part of these Interim condensed consolidated financial statements.

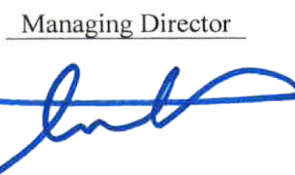
**Northern Region Cement Co.**  
**(Saudi Joint Stock Company)**  
**Interim condensed Consolidated of Cash Flow Statement**  
**For the three-month period ended March 31, 2022**  
**(All amounts are in Saudi Riyals unless otherwise stated)**

		For the three-month period ended 31 March	
		2022	2021
Note		(Unaudited)	(Unaudited)
	<b>Cash flows from operating activities:</b>		
	Profit before zakat and income tax	29,529,914	36,963,653
	<b>Adjustments to non-cash transaction</b>		
	Depreciation and Amortization	18,168,002	17,379,095
	Interest on leases obligations	-	31,325
7	Share in net results of associates	(5,178,221)	(4,946,661)
	Employee defined benefit obligation expenses	106,267	1,209,040
	<b>Changes in working capital</b>	<b>42,625,962</b>	<b>50,636,452</b>
	Trade and Notes Receivables	(11,377,535)	5,659,171
	Inventory	(33,182,183)	16,545,599
	Due from related Parties	1,453,735	(321,868)
	Prepayments and other debit balances	11,529,200	(12,502,332)
	Trade & Notes Payables	(2,664,893)	(39,267,991)
	Accrued expenses and other credit balances	12,120,770	8,999,785
	<b>Cash from operating activities</b>	<b>20,505,056</b>	<b>29,748,816</b>
	Zakat and income tax paid and translation differences of foreign currencies	(2,447,635)	(6,287,078)
	Employee defined benefit obligation payment	-	(1,925,232)
	<b>Net cash flow generated from operating activities</b>	<b>18,057,421</b>	<b>21,536,506</b>
	<b>Cash flows from investing activities:</b>		
	Additions on property, plant and equipment	(28,074,436)	(17,271,096)
	Additions on intangible assets	(213,998)	64,425
	Proceeds from disposal of intangible assets	-	-
7	Dividends received from investing in associates	1,919,687	2,862,725
	<b>Net cash flow used in investing activities</b>	<b>(26,368,747)</b>	<b>(14,343,946)</b>
	<b>Cash flows from financing activities:</b>		
11	Payments of loans	(249,526,067)	60,763,558
11	Proceeds from loans	254,999,963	-
	Dividends paid	-	(45,000,000)
	Lease obligation payments	(263,547)	(300,000)
	Non-controlling interest	68,476	(118,131)
	<b>Net cash flow generated from financing activities</b>	<b>5,278,825</b>	<b>15,345,427</b>
	<b>Net change in cash and cash equivalents</b>	<b>(3,032,501)</b>	<b>22,537,987</b>
	Cash and cash equivalents at the beginning of the period	18,294,771	27,808,945
	Impact of change in the exchange rate of translating financial statements in foreign currencies	1,259,992	(2,173,682)
	<b>Cash and cash equivalents at the end of the period</b>	<b>16,522,262</b>	<b>48,173,250</b>
	<b>Non-cash transaction</b>		
	Prior year adjustments against accrued expenses and other credit balances	-	(4,297,281)

CFO  


VP  


CEO  


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. Presentation 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 interim condensed consolidated financial statements include the financial statements of The Northern Region Cement Company and the interim condensed consolidated financial statements of all companies controlled by the company (its subsidiaries) that were established or acquired as of June 30, 2016. They are as follows:

<u>Company Name</u>	<u>Country</u>	<u>Legal entity</u>	<u>Percentage of ownership</u> (%) As in	
			<u>March</u> <u>31, 2022</u>	<u>December</u> <u>31, 2021</u>
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
Um-Qasr Northern Cement Co. Ltd.	IRAQ	Limited liability	94.845	94.845



**2- Group information (Continued):**

- 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).

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 last 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.

**3- The Foundations of the preparation of interim condensed consolidated financial statements:**

**3-1 Statement of commitment**

These interim condensed consolidated financial statements were prepared in accordance with IAS 34 (Interim Financial Reports) endorsed in the kingdom of Saudi organization for certified public accountants (SOCPA)

These interim condensed consolidated financial statements don't include all the information and disclosures required to prepare a full set of the consolidated financial statements. Hence, these interim condensed consolidated financial statements should be read on conjunction with the group consolidated financial statements for the year ended December 31, 2021

**3-2 Accounting basis**

Consolidated financial statements are prepared in accordance with the principle of historical cost and using Accrual basis and the concept of continuity of activity, excluding financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss and investments in associate companies which are recorded in accordance with the method of equity.

**3-3 Use of estimation and judgments.**

The preparation of these 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 consolidated financial statements of the previous year.

**3- The Foundations of the preparation (Continued):**

**3-4 The basis for consolidating consolidated financial statements**

These interim condensed consolidated financial statements, which include the interim condensed consolidated financial position statement, the interim condensed consolidated comprehensive profit or loss and the interim condensed consolidated income statement, the interim condensed consolidated statement of changes in shareholder's equity, the interim condensed consolidated cash flow statement and clarifications on the Group's consolidated financial statements, include assets, liabilities and results of the company's business and subsidiaries as shown in Clarification 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).
- 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 the interim condensed consolidated financial statements are the same as those applied to the consolidated financial statements for the fiscal year ended December 31, 2021.



**Northern Cement Co.**  
**Saudi Joint Stock Company**  
**Notes on Interim condensed consolidated financial statements**  
**For the three-month period ended March 31, 2022**  
**(All amounts are in Saudi Riyals unless otherwise stated)**

**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:

	<b>Kingdom of Saudi Arabia</b>	<b>The Hashemite Kingdom of Jordan</b>	<b>The Iraqi Republic</b>	<b>Adjustments and deletions</b>	<b>Total</b>
<b>As of March 31, 2022:</b>					
Property, plant and equipment, Net	1,679,995,828	163,150,128	-	-	<b>1,843,145,956</b>
Total assets	3,268,369,226	474,119,969	94,928,666	(529,767,731)	<b>3,307,650,130</b>
Total liabilities	1,034,594,720	73,580,605	55,366,703	(94,177,688)	<b>1,069,364,340</b>
<b>As of December 31, 2021:</b>					
Property, plant and equipment, Net	1,628,812,315	163,376,194	-	-	<b>1,792,188,509</b>
Total assets	3,242,537,933	460,118,179	94,236,371	(573,240,707)	<b>3,223,651,776</b>
Total liabilities	1,053,789,790	68,130,626	56,585,060	(145,853,728)	<b>1,032,651,748</b>
<b>For the period ended March 31, 2022:</b>					
Sales	107,500,253	47,245,695	34,737,585	(56,221,829)	<b>133,261,704</b>
Net profit after zakat and income tax	23,235,998	6,833,120	1,342,448	(8,064,143)	<b>23,347,423</b>
<b>For the period ended March 31, 2021:</b>					
Sales	89,483,012	47,871,026	29,185,223	(4,666,128)	<b>161,873,133</b>
Net profit for the period	20,073,793	9,023,622	2,763,686	-	<b>31,861,101</b>



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6- Intangible assets

Cost	Goodwill *	Plant Franchise**	IT Software***	License	Total
Balance as of January 1, 2022	506,157,403	51,098,899	8,442,732	789,255	566,488,289
Additions during the period	-	213,998	-	-	213,998
<b>Balance as of March 31, 2022</b>	<b>506,157,403</b>	<b>51,312,897</b>	<b>8,442,732</b>	<b>789,255</b>	<b>566,702,287</b>
<b>Accumulated amortization</b>					
Balance as of January 1, 2022	-	4,769,231	8,425,366	307,621	13,502,218
Charged for the period	-	512,877	2,448	64,864	580,189
<b>Balance as of March 31, 2022</b>	<b>-</b>	<b>5,282,108</b>	<b>8,427,814</b>	<b>372,485</b>	<b>14,082,407</b>
<b>Net book value</b>					
<b>As of March 31, 2022</b>	<b>506,157,403</b>	<b>46,030,789</b>	<b>14,918</b>	<b>416,770</b>	<b>552,619,880</b>
As of December 31, 2021	506,157,403	46,329,668	17,366	481,634	552,986,071

**\*Goodwill:**

Goodwill represents 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.

Management conducts an impairment test to ensure that there is no impairment at the end of each financial year. The management found that no needs to be recorded impairment loss of value had resulted from this test.

The recoverable value is determined on the basis of the information used to calculate the current value of the expected five-year cash flow based on the management-approved budget.

Sensitivity to changes in assumptions:

Management believes that there are no reasonable potential changes in any of the underlying assumptions below that could result in a reduction in the recoverable value of the cash-generating unit, including substantially the reputation for its book value.

Basic assumptions used to calculate the present value:

Basic assumptions	Percentage
Discount rate	15%
Average estimated profit rate after tax to sales	32.10%
Average annual sales growth rate	15.20%

**Plant franchises:**

A subsidiary has entered into an agreement with the General Cement Southern 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 for the Iraqi government.

**Software:**

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

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**7- Investment in associate, Net**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Investment:</b>		
Balance at the beginning of the period/year	38,642,313	30,098,621
Dividends received	(1,919,687)	(11,665,931)
Share in net results of associates	5,178,221	20,209,623
<b>Balance at the end of the period/year</b>	<b>41,900,847</b>	<b>38,642,313</b>
<b>Impairment</b>		
Balance at the beginning of the period/year	-	(8,405,537)
Reversal of investments impairment	-	8,405,537
<b>Balance at the end of the period/year</b>	<b>-</b>	<b>-</b>
	<b>41,900,847</b>	<b>38,642,313</b>

- The Group had invested in 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 in directly in the pioneer 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 Kubaisa 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 current year the plant was restarted and production started, so the management took the decision to interim refund the previous provision due to improved conditions and resumption of operation.
- Northern 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.
- The Group fully acquired the Um Qasr Northern Cement Limited, which is listed in Jebel Ali area of Dubai with a capital of AED 10,000 with an amount of SR 6,064,527, Um Qasr Northern Cement Ltd. owns 70% of the shares of Umm Qasr Northern Cement Co., Ltd. An Iraqi limited liability company which 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.

**8- Inventory**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Raw Materials	251,458,520	219,984,215
Spare parts and consumables	137,555,327	138,459,507
Semi finished Goods	7,565,728	8,666,609
Finished Goods	137,607,934	135,289,492
Goods in transit	4,786,600	4,603,809
Packing materials	8,586,043	7,374,335
	<b>547,560,152</b>	<b>514,377,967</b>



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9- Trade Receivables, Net:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade Receivables - Related party (Note10-2)	51,332,400	51,292,940
Trade Receivables - local	51,962,154	34,322,112
Trade Receivables – Export	1,048,587	3,931,847
<b>Total</b>	<b>104,343,141</b>	<b>89,546,899</b>
<b>less: Expected credit loss</b>	<b>(2,859,908)</b>	<b>(2,859,908)</b>
	<b>101,483,233</b>	<b>86,686,991</b>

- The major balances of the Trade Receivables are covered by bank guarantees and bonds.  
The expected credit loss provision movement is as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at the beginning of the period/year	2,859,908	2,549,908
Charged during the period/year	-	310,000
<b>Balance at the end of the period/year</b>	<b>2,859,908</b>	<b>2,859,908</b>

10- Related Parties Balances and Transactions:

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

Related Party	Relationship
Trans Kingdom Investment Company	Founding Contributor
Trans Kingdom National Reconstruction Co., Ltd.	Relationship with a shareholder
Trans Kingdom Saudi Company	Relationship with a shareholder
Global Specialized Transportation Company	Relationship with a shareholder
Aldar for Engineering Consulting Co.	Relationship with a shareholder
White Stars Company.	Associate Company
Cement Experts Development Company.	Associate Company
Global Cement Industry Company.	Associate Company
Pioneer Trading and Investment Company	Associate Company
Sarh Zamzam Company for Project Investment and Rehabilitation	Associate Company

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

Related parties	The nature of the transaction	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>A. Transactions with related parties</b>			
International Specialist Transport Company	Transportation Services	-	1,361,755
PAN -Saudi Investment Company	Sales	1,925,801	7,977,470
Cement Experts Development Company	Financing	-	-
Cement Experts Development Company	Expenses paid on behalf of	-	11,040,837
<b>B. Transactions with senior management officers</b>			
Expenses and allowances of the Board of Directors and its committees		605.833	1,260,363



**10- Related Parties Balances Transactions (Continued):**

These transactions resulted in the following balances:

**10-1 Due from related parties:**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
*Cement Experts Development Company	121,967,425	123,467,425
Global Specialized Transportation Company	2,766,498	2,766,497
Trans Kingdom Investment Company	2,594,673	2,557,683
Sarh Zamzam Investment and Project Rehabilitation Company	293,223	283,948
Global Cement Industry Company	138,191	138,191
Pioneer Trading and Investment Company	186,750	186,750
Trans Kingdom Saudi Company	93,230	93,230
	<b>128,039,990</b>	<b>129,493,724</b>
<b>*Cement Experts Development Company</b>		
The Current amount due from the group and the company	22,005,153	23,505,153
The finance amount due from the group to the company	99,962,272	99,962,272
	<b>121,967,425</b>	<b>123,467,425</b>
<b>Due from related parties in the consolidated financial position is classified as follow:</b>		
Current balances	28,077,718	29,531,452
Non-current balances	99,962,272	99,962,272

**10-2 Trade receivable from related parties (Note 12)**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Sarh Zamzam Investment and Project Rehabilitation Company	381,817	381,817
Global Specialized Transportation Company	33,909,116	33,909,116
Trans Kingdom National Reconstruction Co. Ltd.	17,041,467	17,002,007
	<b>51,332,400</b>	<b>51,292,940</b>

**11- Loans:**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Short-term murabaha	493,000,002	460,253,378
Current portion from long-term loan	94,545,455	94,545,455
Non- Current portion of long-term loan	237,590,908	264,863,636
	<b>825,136,365</b>	<b>819,662,469</b>

**Short-term Murabaha:**

The group has banking facilities in the form of murabaha from several local commercial banks with a total value of SR SAR 656 million as of March 31, 2022 (December 31, 2021: SAR 460) and incurs financing costs at prevailing prices in the market based on interbank offer rates in addition to fixed margin. The management intends to Turn over short-term loans when they are due. The maturity date of the loans is matured from one to seven years.

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**11- Loans (Continued):**

The loans movement is as follow:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance as of January 1, 2022	819,662,469	798,677,788
Proceeds during the period/year	254,999,963	623,753,377
Paid during the period/year	(249,526,067)	(602,768,696)
<b>Balance as of March 31, 2022</b>	<b>825,136,365</b>	<b>819,662,469</b>

**12- Zakat and income tax:**

- A. The zakat declarations of the group and its subsidiaries were submitted to the General Authority for Zakat, Income Tax and Customs "the Authority" based on separate financial statements prepared for the purpose of Zakat only.
- B. The company submitted its zakat declarations until 2020, and the company settled its zakat status until year 2012
- C. Zakat assessment was issued for the year 2014 claims the company for an amount of 18 million SR, and the appeal was made, and the company's appeal 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.
- D. Zakat assessment was issued for the years from 2015 to 2017 to claim the company for zakat differences of 55.9 million SR. The appeal was made against it and the company awaits the Authority's response regarding its appeal until this date.
- E. Zakat assessment was issued for the year 2018 to the company's claim for zakat differences of 14.9 million SR. The appeal was made to it, and the authority rejected the company's appeal, and the dispute was escalated before the General Secretariat for Tax Committees with case number 15327-2020-z. and there is no action for it till now.

**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 March 31, 2022 was calculated based on the weighted average number of shares held during the year with a number of 180 million shares (December 31, 2021: 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.

	<b>For the three-month period ended</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit from operations	29,719,273	36,408,824
Profit before zakat and income tax	29,529,914	36,963,653
Net profit for the period	23,347,423	31,861,101
	<u>180,000,000</u>	<u>180,000,000</u>
Basic and diluted earnings per share from profit from operations	0.17	0.20
Basic and diluted earnings per share from profit before zakat & income tax	0.16	0.21
Basic and diluted earnings per share from net profit for the period	0.13	0.18



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**14- 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.

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Loans and Short-term murabaha	825,136,365	819,662,469
Trade and notes payable	91,176,641	93,841,529
Accrued expenses and other credit balances	94,595,577	82,474,807
Less: Cash and cash equivalents	(16,522,262)	(18,294,771)
<b>Net debt</b>	<b>994,386,321</b>	<b>977,684,034</b>
Total equity	2,238,285,790	2,213,609,900
Leverage rate	%44	%44

**15- Contingent liabilities:**

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Letters of guarantee	8,750,000	6,256,018
Capital liabilities for WIP	8,051,498	8,051,498

**16- 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.

**17- Risk management**

**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.

**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 is exposed to credit risk on cash in the Fund, banks, receivables and commercial debtors as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade Receivable, net	101,483,233	86,686,991
Due from related parties	128,039,990	129,493,724
Notes Receivable	24,727,887	28,146,593
Cash and cash equivalent	16,522,262	18,294,771
	<b>270,773,372</b>	<b>262,622,079</b>



**17- Risk management (Continued)**

The Group manages customer credit risk by dealing with customers with a reliable credit history, obtaining high-quality guarantees when necessary, monitoring unpaid balances, and banking by dealing only with reputable banks.

**Liquidity risk**

Liquidity risk is 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 group's terms of contract require 30-90 days from the date of invoices, and commercial accounts are usually paid within 30-45 days of billing.

**Increased risk concentration**

The concentration of risks arises when a number of other parties engage in similar business activities or activities in the same geographical area or when they have economic characteristics that result in their ability to meet contractual obligations similarly affected by changes in economic, political or other circumstances. The concentration of risks indicates the relative sensitivity of the group's performance to developments affecting an industry.

**18- Interim condensed 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.

**19- Dividends paid:**

The Board of Directors of the company decided at their meeting on March 28, 2022, to distribute cash dividends to the company's shareholders for the second half of 2021, with a amount of (SAR 45 million) distributed on the number of shares of 180 million shares, 0.25 Saudi riyals per share, distribution ratio of nominal value is 2.5%. it will be approved in the general assembly's next meeting

**20- Subsequent events:**

Group management considers that there are no significant subsequent events after the date of the report that require their modification or disclosure in these consolidated financial statements.

**21- Approval of the interim condensed consolidated financial statements**

The interim condensed consolidated financial statements were approved by the Company's Board of Directors on April 27, 2022 G