

NATIONAL GYPSUM COMPANY
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND THE NINE MONTHS PERIODS
ENDED SEPTEMBER 30, 2022

NATIONAL GYPSUM COMPANY

(A Saudi Joint Stock Company)

Interim condensed financial statements for the three and nine months periods ended September 30, 2022

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

TO THE SHAREHOLDERS
NATIONAL GYPSUM COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH - SAUDI ARABIA

Introduction

We have reviewed the interim condensed statement of financial position of National Gypsum Company – Saudi Joint Stock Company - ("the Company") as at September 30, 2022, the interim condensed statements of profits or losses and other comprehensive income for the three and nine months period ended on September 30, 2022, the condensed interim changes in equity and the condensed interim cash flows for the nine months period then ended, and summary of significant accounting policies, and the notes (1) to (20) which considered an integral part of these interim condensed financial statements.

Management is responsible for the preparation and presentation of these interim condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

1- In reference to note (6), the company's property, plant and equipment includes capital projects in progress balance of which amounted to SR 42.7 million at the financial position date. The balance represents the expenditure of the installation and operation of the Alpha and Beta Factory at the company's branch in Dammam, where the installation and operation works have not been completed yet. It also includes strategic spare parts amounted to SR 16.4 million for plant and equipment. We have not been provided the basis of which the Company adopted that is considered strategic spare parts as there is no a technical report to relate spare parts with the used plants. Furthermore, it includes property, plant and equipment for the company's factories amounted to SR 57.6 million to produce gypsum walls, whereby net annual loss was incurred. The management carried out a study for the recoverable value of the projects in progress and property, plant and equipment of gypsum walls. However, it was not adequate to determine whether there were any necessary adjustments to be made on the book value of them. The management is currently working on a new study that takes into account all the new developments in the market. Accordingly, we were unable to determine, whether there is a need to recognize any impairment of these assets in the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
(Continued)

TO THE SHAREHOLDERS
NATIONAL GYPSUM COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH - SAUDI ARABIA

Qualified Conclusion:

Based on our review, except for the matter described in the Basis for Qualified Conclusion section, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 approved in the Kingdom of Saudi Arabia.

JEDDAH: November 08, 2022
Rabi Al-Akhir 14,1444H



FOR EL SAYED EL AYOUTY & CO,



Abdullah A. Balamesh
Certified Public Accountant
License No. (345)



NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Statement of Interim condensed financial position as at September 30, 2022

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets			
Non-current assets			
Property, plant and equipment- net	6	259,560,445	265,666,520
Investments in associates	7	35,506,256	34,035,624
Investments in equity instruments at fair value through other comprehensive income	8	34,473,790	35,281,072
Financial assets held at fair value through profit and loss	9	10,036,868	10,000,000
Right to use assets – net		7,116,453	7,524,101
Total non-current assets		346,693,812	352,507,317
Current assets			
Inventory - Net		28,930,893	25,986,073
Trade receivables – net		37,956,645	29,767,064
Prepaid expenses and other receivable balances		6,294,953	5,362,526
Cash and cash equivalents		48,945,607	87,975,714
Total current assets		122,128,098	149,091,377
Total assets		468,821,910	501,598,694
Shareholders' Equity and liabilities			
Shareholders' Equity			
Share capital		316,666,667	316,666,667
Statutory reserve		95,000,001	95,000,001
Reserve for revaluation of instruments at fair value through other comprehensive income		16,096,339	17,047,150
Re-measurement of employee defined benefits		498,487	498,487
Retained earnings		18,471,474	45,106,240
Total shareholders' equity		446,732,968	474,318,545
Non-current liabilities			
Lease obligations - non-current portion		6,100,106	6,686,372
Employees' defined benefits obligations		3,952,004	3,148,331
Total non-Current liabilities		10,052,110	9,834,703
Current liabilities			
Trade payables		2,332,356	3,241,040
Accrued expenses and dividend payable		7,190,674	10,774,302
Provision for zakat	11	2,513,802	3,430,104
Total current liabilities		12,036,832	17,445,446
Total liabilities		22,088,942	27,280,149
Total shareholders' equity and liabilities		468,821,910	501,598,694

Financial Director

Chief Executive Officer

Chairman of the Board of Directors

The accompanying notes from (1) to (20) form an integral part of these interim condensed financial statements (Unaudited)

NATIONAL GYPSUM COMPANY
(A SAUDI JOINT STOCK COMPANY)

Statement of Interim condensed profits or losses and other comprehensive income (unaudited)
For the three and nine months periods ended September 30, 2022
(All amounts in Saudi Riyals unless otherwise stated)

	<u>Three month period ended</u>		<u>Nine month period ended</u>	
	<u>September</u>	<u>September</u>	<u>September</u>	<u>September</u>
	<u>30, 2022</u>	<u>30, 2021</u>	<u>30, 2022</u>	<u>30, 2021</u>
	<u>Unaudited</u>		<u>Unaudited</u>	
Sales – net	12,452,994	22,098,149	44,683,274	68,973,659
Cost of sales	(9,609,854)	(12,725,681)	(31,325,600)	(36,507,097)
Gross profit	2,843,140	9,372,468	13,357,674	32,466,562
Selling and marketing expenses	(1,114,304)	(882,111)	(3,364,341)	(2,624,319)
General and administrative expenses	(1,527,339)	(1,470,383)	(4,742,996)	(4,486,148)
Provision for expected credit losses	-	-	(1,000,000)	-
Profit for the period from main operations	201,497	7,019,974	4,250,337	25,356,095
Company's share from results of investment in associate	713,371	550,165	2,376,580	550,165
Unrealized profits in investments at fair value through profits or losses	5,946	-	36,868	-
Dividends from investments in equity instruments at fair value	227,120	200,141	986,880	480,080
Financing costs	(24,429)	-	(61,621)	-
Other income / (Expenses) – net	251,371	(925,584)	339,967	(408,556)
Net profit for the period before zakat	1,374,876	6,844,696	7,929,011	25,977,784
zakat	(837,934)	(820,958)	(2,513,802)	(2,506,846)
Net profit for the period	536,942	6,023,738	5,415,209	23,470,938
Other comprehensive income				
Unrealized (losses)/profits of equity investments at fair value through other comprehensive income	(2,784,703)	5,103,753	(1,334,119)	13,354,687
Comprehensive(loss)/ income for the period	(2,784,703)	5,103,753	(1,334,119)	13,354,687
Total comprehensive (loss)/income for the period	(2,247,761)	11,127,491	4,081,090	36,825,625
Profit per share :				
From main operations profit	0.01	0,22	0.13	0,80
From net profit	0.02	0,19	0.17	0,74
Weighted average number of shares	31.666.667	31,666,667	31.666.667	31,666,667

Financial Director

Chief Executive Officer

Chairman of the Board of Directors

The accompanying notes from (1) to (20) form an integral part of these interim condensed financial statements (Unaudited)

NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Statement of Interim condensed changes in shareholders' equity (unaudited) for the nine months periods ended September 30, 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Reserve for revaluation of investments through OCI	Re-measurement of employee defined benefits	Retained earnings	Total shareholders' equity
Balance as at January 01, 2021 (Restated)	316,666,667	95,000,001	13,073,092	(143,287)	35,960,711	460,557,184
Net profit for the period	-	-	-	-	23,470,938	23,470,938
Change in other comprehensive income for the period	-	-	13,354,687	-	-	13,354,687
Total comprehensive income for the period	-	-	13,354,687	-	23,470,938	36,825,625
Dividends	-	-	-	-	(19,000,000)	(19,000,000)
Profit on sale of investments at fair value through other comprehensive income	-	-	(5,358,924)	-	5,358,924	-
Balance as at September 30, 2021 (unaudited)	316,666,667	95,000,001	21,068,855	(143,287)	45,790,573	478,382,809
Balance as at January 01, 2022 (Audited)	316,666,667	95,000,001	17,047,150	498,487	45,106,240	474,318,545
Net profit for the period	-	-	-	-	5,415,209	5,415,209
Change in other comprehensive income items for the period	-	-	(1,334,119)	-	-	(1,334,119)
Total comprehensive income for the period	-	-	(1,334,119)	-	5,415,209	4,081,090
Dividends (note 18)	-	-	-	-	(31,666,667)	(31,666,667)
Loss on sale of investments at fair value through other comprehensive income	-	-	383,308	-	(383,308)	-
Balance at September 30, 2022 (unaudited)	316,666,667	95,000,001	16,096,339	498,487	18,471,474	446,732,968

Financial Director

Chief Executive Officer

Chairman of the Board of Directors





The accompanying notes from (1) to (20) form an integral part of these interim condensed financial statements (Unaudited)

NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Statement of Interim condensed cash flows (unaudited)

For the nine months periods ended September 30, 2022

(All amounts in Saudi Riyals unless otherwise stated)

	For the nine months period ended September 30,	
	2022	2021
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net profit for the period before zakat	7,929,011	25,977,784
Adjustments for Net profit:		
Depreciation	6,095,810	6,231,821
Depreciation of right-of-use assets	407,648	274,364
Utilized from strategic spare parts	79,905	77,633
Employees' defined benefit obligations - charged	1,010,136	472,851
Provision for expected credit losses - provided	1,000,000	-
Finance cost - lease obligations	61,621	8,384
Company's share of results from investment in an associate	(2,376,580)	(550,165)
Profit on sale of investments at fair value through other comprehensive income	(36,868)	-
	<u>14,170,683</u>	<u>32,492,672</u>
Changes in operating assets and liabilities:		
Inventories	(2,944,820)	408,388
Trade receivables	(9,189,581)	(11,388,089)
Prepaid expenses and other receivable balances	(932,427)	(7,002,974)
Trade payables	(908,684)	(1,847,279)
Accruals and other payable	(3,583,628)	(5,946,152)
Zakat paid	(3,430,104)	(3,953,088)
Employees' defined benefit obligations - paid	(206,463)	(387,586)
Net Cash flows (used in) / provided by operating activities	<u>(7,025,024)</u>	<u>2,375,892</u>
Cash flows from investing activities:		
Paid for purchase of property, plant and equipment	(69,640)	(889,815)
Paid to purchase investments at fair value through profit or loss	-	(10,000,000)
Paid to purchase investments at fair value through other comprehensive income	(858,628)	-
Proceeds from the sale of investments at fair value through other comprehensive income	331,791	11,559,222
Dividends received from associates	905,948	-
Net cash flows provided by investing activities	<u>309,471</u>	<u>669,407</u>
Cash flows from financing activities:		
Lease obligations - paid portion	(647,887)	(287,888)
Dividends	(31,666,667)	(19,000,000)
Change in dividend payable	-	(9,159)
Cash flows (used in) financing activities	<u>(32,314,554)</u>	<u>(19,297,047)</u>
Net (decrease) in cash and cash equivalents	<u>(39,030,107)</u>	<u>(16,251,748)</u>
Cash and cash equivalents at the beginning of the period	87,975,714	92,417,196
Cash and cash equivalents at the end of the period	<u>48,945,607</u>	<u>76,165,448</u>
Non-cash transactions:		
Unrealized (loss) gain on investments at fair value through other comprehensive income	(1,334,119)	13,354,687
(Loss) profit on sale of investments at fair value through other comprehensive income	(383,308)	5,358,924

Financial Director

Chief Executive Officer

Chairman of the Board of Directors

The accompanying notes from (1) to (20) form an integral part of these interim condensed financial statements (Unaudited)

NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed financial statements (unaudited) for the nine months periods ended September 30, 2022

(All amounts in Saudi Riyals unless otherwise stated)

1. Company's profile

Incorporation of the company

National Gypsum Company ("the company") is a Saudi joint stock company registered in the city of Riyadh, Kingdom of Saudi Arabia under the commercial registration No.1010001487 dated April 27, 1959 (corresponding to Shawwal 19, 1378 H).

Company's activity

The main activity of the company, according to the commercial registration, is the manufacture and production of gypsum and its derivatives extracted from concession areas, trading in gypsum and its derivatives, the production of various materials that can be extracted from gypsum mechanically and chemically, and carrying out all the necessary work to achieve its purpose, which helps to achieve this purpose. The company has concession rights for raw stone in three concession areas (quarries) in the city of Riyadh, the city of Dammam and the city of Yanbu, noting that the quarries' operations in the city of Dammam are temporarily suspended.

Company's Branches:

The company has several branches registered as follows:

<u>Branch</u>	<u>C.R. Date</u>	<u>C.R. No</u>
Jeddah	26 Muharram 1392H	4030007100
Dammam	6 Rajab 1395H	2050003512
Yanbu	18 Rabi Awwal 1400H	4700000546
The National Factory for Gypsum Walls - Riyadh	10 Rabi al-Akhir 1425H	1010198301
The National Gypsum Company Factory - Dammam	4 Jumada Al-Akhir 1426H	2050048707
National Gypsum Company - Dammam	4 Rabi al Awwal 1428H	2050053971

Share capital of the company

The share capital is SR 316,666,667, divided into 31,666,667 shares, with a nominal value of SR.10 per share.

Company's Address:

General and commercial administration

Prince Muhammad Bin Abdulaziz Road - Al Olaya District
PO Box 187 Riyadh, Postal Code 11411
Riyadh, Saudi Arabia

Financial period

The financial period presented to the company begins on January 1, 2022 and ends on September 30, 2022, and the company's fiscal year starts from the beginning of January of each calendar year and ends at the end of December of the same year.

2. Basis of preparation of interim condensed financial statements

A. Statement of compliance

These interim condensed financial statements have been prepared for the three and nine months periods ended September 30, 2022 in accordance with IAS (34) "Interim Financial Reporting" adopted in Saudi Arabia and other standards and pronouncements endorsed by SOCPA. These condensed interim financial statements do not include all the information and explanations required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the Company's financial statements for the year ended December 31, 2021.



NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed financial statements (unaudited) for the nine months periods ended September 30, 2022

(All amounts in Saudi Riyals unless otherwise stated)

2. Basis of preparation of interim condensed financial statements ... (Continued)

B. Basis of measurement

These financial statements have been prepared in accordance with the historical cost principle and using accrual basis and going concern principle except for:

- Investments that are measured at fair value through other comprehensive income.
- Investments that are measured at fair value through profit or loss.
- Employees' defined benefit obligations, which are measured at the present value of future obligations in accordance with the projected credit unit method.

C. Significant accounting estimates, assumptions and judgments

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures about assets and contingent liabilities at the date of the financial statements, the amounts of revenues and expenses declared during the reporting period. Although these estimates and judgments are based on management's best information regarding current operations and events, actual results may differ from these estimates. Significant judgments made by management in applying the Company's accounting policies and the main sources of estimation uncertainty are consistent with those applied to the financial statements for the year ended December 31, 2021.

D. Functional and presentation currency

The financial statements items are presented in Saudi Riyals ("SR") which is the functional and presentation currency.

3. Significant accounting policies

The accounting policies applied to these interim condensed financial statements are the same as those applied to the financial statements for the year ended 31 December 2021.

4. Changes in significant accounting policies

There are no new standards issued. However, a number of amendments to the standards are effective as of January 1, 2022, which were explained in the company's annual financial statements for the financial year 2021, but they do not have a material impact on the interim condensed financial statements.

5. Segment information

The company's main business is the manufacture and production of gypsum inside the Kingdom of Saudi Arabia, therefore it provides reports on the operating segments in different geographical areas within the Kingdom of Saudi Arabia.

6. Property, plant and equipment - net

	<u>September 30, 2022</u> <u>(Unaudited)</u>	<u>December 31, 2021</u> <u>(Audited)</u>
Property, plant and equipment	200,445,970	206,472,140
Add:		
Strategic spare parts	16,391,526	16,471,431
Capital projects in progress	42,722,949	42,722,949
	<u>259,560,445</u>	<u>265,666,520</u>



NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed financial statements (unaudited) for the nine months periods ended September 30, 2022

(All amounts in Saudi Riyals unless otherwise stated)

6. Property, plant and equipment – net (Continued)

For the purpose of preparing the statement of interim condensed cash flows, the movement in property, plant and equipment during the six-month period ended September 30 is as follows:

	For the nine-month period ending September 30	
	2022 (Unaudited)	2021 (Unaudited)
Depreciation of property, plant and equipment	6,095,810	6,231,821
Purchase of property, plant and equipment	69,640	889,815

- The land on which one of the company's factories was constructed in Yanbu is leased from the Royal Commission for Jubail and Yanbu (Ministry of Energy) for a period of 10 years starting from 2020, the annual rent is amounting to SR. 287,888.

- The other buildings are built on land owned by the company.

7. Investments in associates

The investments in an associate company represent the investment in the Qatar Saudi Gypsum Industries Company as follows:

	Main business sector	Country of incorporation	Shareholding %	As at September 30, 2022	As at December 31, 2021
	Materials	Qatar	33.24%		
Balance at beginning of the period/ year				34,035,624	32,554,664
Company's share of business results				2,376,580	981,469
Dividends				(905,948)	(996,978)
The company's share of other comprehensive income				-	1,496,469
Balance at end of the period/year				35,506,256	34,035,624

- The above information have been prepared based on the company's managerial financial statements.

8. Investments in equity instruments at fair value through other comprehensive income

	No. of shares as at		Balance as at	
	September 30, 2022	December 31, 2021	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Investments in stocks				
Tabuk cement company (note 8.1)	77,142	77,142	1,214,215	1,346,900
Kayan Petrochemical Company (note 8.2)	500,000	500,000	6,870,000	8,510,000
Al Madinah Investments - Amman (note 8.3)	-	733,515	-	343,207
Saudi Arabian Oil Company (Aramco) (note 8.4)	330,000	300,000	11,830,500	10,740,000
Al Rajhi Bank (note 8.5)	60,118	37,574	4,887,593	5,327,993
Methanol Chemicals Company (note 8.6)	249,770	249,770	8,117,525	8,991,720
ACWA Power Company (note 8.7)	253	253	42,504	21,252
Elm Company (note 8.8)	4,771	-	1,511,453	-
			34,473,790	35,281,072



NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed financial statements (unaudited) for the nine months periods ended September 30, 2022

(All amounts in Saudi Riyals unless otherwise stated)

8. Investments in equity instruments at fair value through other comprehensive income (Continued)

The movement of investment during the period / year was as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at the beginning of the period / year	35,281,072	36,543,114
Additions during the period / year	858,628	9,190,500
Net unrealized gains of fair value	(1,334,119)	9,863,993
Disposals during the period / year	(331,791)	(20,316,535)
Balance at the end of the period/year	34,473,790	35,281,072

8.1. Tabuk Cement Company (a Saudi joint stock company listed in the stock market) (Tadawul) in which the company owns 77,142 shares. The company has re-evaluated the balance of that investment at fair value according to the market price as on September 30, 2022, where the share price on that date was SR 15.74 per share (On December 31, 2021, at SR. 17.46 per share).

8.2. Kayan Petrochemicals - is a Saudi joint stock company listed in the stock exchange (Tadawul) in which the company owns 500,000 shares. The company has re-evaluated the balance of that investment at fair value according to the market price as at September 30, 2022, where the share price on that date was SR 13.74 per share (on December 31, 2021 at SR. 17.02 per share).

8.3. Al-Madina Investment-/formerly Gulf Industrial Investment Company/Oman (an Omani joint stock company listed in the Omani stock market) (Tadawul) and the company owns 733,515 shares therein. During the year 2022, the company sold its entire shares, where the sale price amounted to SR 331,791 and incurred losses amounting to SR 383,308 included in the statement of changes in shareholders' equity deducted from the retained earnings.

8.4. Saudi Arabian Oil Company (Aramco) (a Saudi joint stock company listed in the stock market) (Tadawul) and the company owns 300,000 shares therein. During 2022 the company received bonus shares of 30,000 share, whereby its total shares become 330,000 share and meanwhile has re-evaluated the balance of that investment at fair value according to the market price as at September 30, 2022, whereas the share price at that date amounted to SR 38.85 per share (at December 31, 2021 SR 35.8 per share).

8.5. Rajhi Bank (a Saudi joint stock company listed in the stock market) (Tadawul) and the company owns 37,574 shares therein. During the year 2022, the company received bonus shares of 22,544 share whereby its total shares become 60,118 share and meanwhile the company re-evaluated the balance of that investment at fair value according to the market price as at September 30, 2022, whereas the share price at that date amounted to SR 81.3 per share (at December 31, 2021, SR 141.8 per share).

8.6. Methanol Chemicals Company, a Saudi joint stock company listed in the stock exchange (Tadawul). The company has purchased 249,770 shares. The company has re-evaluated the balance of that investment at fair value according to the market price as on September 30, 2022, where the share price on that date was SR. 32.5 per share (at December 31, 2021, SR 36 per share).

8.7. ACWA Power Company, a Saudi joint stock company listed in the stock exchange (Tadawul). The company has purchased 253 shares. The company has re-evaluated the balance of that investment at fair value according to the market price as on September 30, 2022, where the share price on that date was SR. 168 per share (at December 31, 2021, SR 84 per share).



NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed financial statements (unaudited) for the nine months periods ended September 30, 2022

(All amounts in Saudi Riyals unless otherwise stated)

8. Investments in equity instruments at fair value through other comprehensive income... (Continued)

8.8. During the year 2022, the company purchased 4,771 shares for an amount of SR. 610,688 in Elm Company, a Saudi joint stock company listed in the stock market (Tadawul). The company has re-evaluated the balance of that investment at fair value according to the market price as at September 30, 2022, where the share price on that date was SR 316.8 per share.

Investments in equity classified as FVOCI are not held for trading, but instead, are held for medium to long-term strategic purposes. Accordingly, management has elected to classify these equity investments at fair value through Other comprehensive income because the recognition of short-term fluctuations in the fair value of these investments in net income will not be in line with the company's strategy of saving these investments for long-term purposes and achieving their potential performance in the long term.

9. Financial assets held at fair value through profit or loss

The company invested an amount of SR 10 million in an indirect financing fund closed with Riyadh Capital Company, amounting to SR 1,000,000 units at SR. 10 / unit, and the term of the fund is five years, with return rate of 5% annually. The fair value of the investment as at September 30, 2022 amounted to SR 10,036,868.

10. Transactions with related parties

Transactions with related parties mainly represent salaries, allowances and remunerations for senior executives' staff

Senior management personnel are persons who have the power and authority to plan, direct and control the activities of the company, directly or indirectly, including members of the board of directors and shareholders (whether executive or otherwise).

The following is a statement of the total amounts that were included in the statement of profits or losses during the period:

	<u>September 30, 2022</u> <u>(Unaudited)</u>	<u>September 30, 2021</u> <u>(Unaudited)</u>
Salaries and bonuses for senior management staff	555,000	575,750
Allowance for attending board of directors sessions	135,000	90,000
Allowance for attending the company's committee sessions	96,000	105,000

11. Zakat

Movement of zakat Provision was as follow:

	<u>September 30, 2022</u> <u>(Unaudited)</u>	<u>December 31, 2021</u> <u>(Audited)</u>
Balance at January ¹	3,430,104	3,953,088
Provided during the period/year	2,513,802	3,430,104
Paid during the period/year	(3,430,104)	(3,953,088)
	<u>2,513,802</u>	<u>3,430,104</u>



NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed financial statements (unaudited) for the nine months periods ended
September 30, 2022

(All amounts in Saudi Riyals unless otherwise stated)

11. Zakat... (Continued)

Zakat status

- The company finalized its zakat status with the Zakat, Tax and Customs Authority (ZATCA) until the year 2013.
- The company filed its zakat returns until the year 2020, and paid the zakat payable, and where the authority issued a re-assessment of zakat for the years from 2014 to 2018, in which claimed the company to pay zakat differences amounting to SR 211,129, and the company paid these differences.
- The company filed its returns for the year 2021 and obtained Certificate No. 1110184974 dated 09/09/1443 H, valid until 10/10/1444 H (corresponding to April 30, 2023).



NATIONAL GYPSUM COMPANY
(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed financial statements (unaudited) for the nine months periods ended September 30, 2022
(All amounts in Saudi Rivals unless otherwise stated)

12. Segment reporting

The company is managed as a single operating sector in the production of gypsum of all kinds and the company practice its activities in the Kingdom of Saudi Arabia. Here are its details:

[illegible]

As at	Rivadh		Yanbu		Dammam		Total		Total
	Gypsum	Walls	Gypsum	Walls	Gypsum	Walls	Gypsum	Walls	
30/09/2021									
Net sales	47,218,271	598,563	7,644,958	-	12,830,908	680,959	67,694,137	1,279,522	68,973,659
Gross profit / loss	28,611,745	(187,861)	2,125,350	(259,677)	3,421,994	(1,244,989)	34,159,089	(1,692,527)	32,466,562
Net profit / loss before Zakat	24,897,411	(323,200)	839,632	(327,346)	2,745,300	(1,854,013)	28,482,343	(2,504,559)	25,977,784
Net property, plant, equipment and equivalent	88,438,338	10,513,633	53,191,009	25,974,774	67,496,019	23,611,574	209,125,366	60,099,981	269,225,347



NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed the financial statements (unaudited) for the nine months periods ended September 30, 2022

(All amounts in Saudi Riyals unless otherwise stated)

13. Contingent liabilities

As at September 30, 2022, the Company contingent liabilities represent letter of bank guarantee issued to a supplier in the amount of SR 1.7 million (December 31, 2021: SR. 1.7 million).

14. Interim results

The results of operations in the interim condensed financial statements may not be an accurate indication of the results of the operations included in the company's annual financial statements.

15. Impact of Coronavirus (Covid-19)

The impact of the spread of the Corona Virus (Covid-19) pandemic was disclosed in the annual financial statements for the year ended December 31, 2021.

The company's management did not notice any significant impact on the company's operations during the nine-month period ended September 30, 2022, as operations returned to their previous state during the third quarter of the year 2020. On the other hand, the company's management continues to monitor closely the situation of Covid-19 based on potential developments. The management has not been aware of any factors that would change the impact of the pandemic on the company's operations during or after 2022.

16. Significant events

The Company's Ordinary General Assembly No. (57), held on May 26, 2022 (corresponding to Shawwal 25, 1443 H), resolved to approve the election of new board of directors members from the candidates for the next three-year term starting May 26, 2022 and ending May 25, 2025.

17. Subsequent events

The management believes that there are no subsequent events that could affect the financial position of the company, which shown in these condensed interim financial statements.

18. Dividends

The Company's Ordinary General Assembly No. (57), held on May 26, 2022 corresponding to Shawwal 25, 1443 H, approved cash dividends with amount of SR 31,666,667 at SR.1 per share, equivalent to 10% of the company's capital, and a bonus of SR 1,800,000 for the board of directors 'members, provided that the priority is for the shareholders who own shares at the end of trading day of the general assembly meeting and who are registered in the company's shareholders register with the Securities Depository Center Company (Depository Center) at the end of the second trading day following the maturity date, provided that the dividend is distributed on June 09, 2022.

19. Comparative figures

Certain comparative figures for the previous period have been reclassified to conform to the classification of the interim condensed financial statements for this period.

20. Approval of the financial statements

These financial statements were approved by the Board of Directors on November 08, 2022 (corresponding to Rabi Al-Akhir 14, 1444H).

