

**NORTHERN REGION CEMENT CO.  
SAUDI JOINT STOCK COMPANY  
INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS TOGETHER WITH INDEPENDENT  
AUDITOR'S LIMITED REVIEW REPORT  
FOR THE THREE-MONTH PERIOD  
ENDED MARCH 31, 2021**

<b>Index</b>	<b>Page</b>
Independent auditor's report on review of interim financial statements	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of profit or loss and comprehensive income	3
Interim condensed consolidated statement of changes in shareholders' equity	4
Interim condensed consolidated statement of cash flows	5
Notes to the Interim condensed consolidated financial statements	6 - 17

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

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

**Introduction:**

We have reviewed the accompanying interim condensed consolidated of financial position of Northern Region Cement Co. (a Saudi Joint Stock Company) "the company" and its subsidiaries referred to together as the "Group", as of March 31, 2021, and its subsidiaries collectively referred to as "the group", and the related interim condensed consolidated statement of profit or loss and the other comprehensive loss for the three period Months then ended, and the related interim condensed consolidated statements of 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.

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 become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

**Conclusion:**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements on March 31, 2021 have not been prepared in all material respects, in accordance with the International Accounting Standard No. 34 (Interim Financial Report) indorsed in the Kingdom of Saudi Arabia.

For Al-Kharashi Co.

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



Riyadh:  
 Ramadan 21, 1442 H  
 May 03, 2021 G

**Northern Region Cement Co.**  
**Saudi Joint Stock Company**  
**Interim condensed Consolidated Financial Position Statement**  
**As of March 31, 2021**  
**(Expressed in Saudi Riyals)**

		31 March 2021	31 December 2020
	Note	Unaudited	Audited
<b>Assets</b>			
<b>Non-current assets:</b>			
Property, plant and equipment, Net		1,792,188,509	1,792,155,268
Intangible assets	6	557,441,011	557,507,885
Right to use assets, Net		3,060,481	3,199,272
Investments and financing in associates, Net	7	123,739,292	121,655,356
Non-current portion of receivable	9	40,436,966	40,436,966
<b>Total non-current assets</b>		<b>2,516,866,259</b>	<b>2,514,954,747</b>
<b>Current assets:</b>			
Inventory	8	462,185,946	478,731,545
Prepayments and other debit balances		82,263,151	69,760,819
Account's receivables, Net	9	75,272,373	79,590,935
Due from related parties	10	18,212,577	17,890,709
Notes receivable		20,678,220	22,018,829
Cash and cash equivalents		48,173,250	27,808,945
<b>Total current assets</b>		<b>706,785,517</b>	<b>695,801,782</b>
<b>Total assets</b>		<b>3,223,651,776</b>	<b>3,210,756,529</b>
<b>Equity and Liabilities</b>			
<b>Equity:</b>			
Share capital		1,800,000,000	1,800,000,000
Statutory reserve		134,268,823	134,268,823
Retained earning		253,610,385	271,244,784
Other equity		(2,058,796)	114,886
Total shareholders' equity		2,185,820,412	2,205,628,493
Non-controlling equity		5,179,616	5,099,528
<b>Total Equity</b>		<b>2,191,000,028</b>	<b>2,210,728,021</b>
<b>Non-current liabilities:</b>			
Long-term loans	11	450,909,091	450,909,091
leases liabilities		2,736,980	3,005,655
Employees benefit obligations Provision		17,493,464	18,209,656
<b>Total non-current liabilities</b>		<b>471,139,535</b>	<b>472,124,402</b>
<b>Current liabilities:</b>			
Short-term loans	11	288,986,802	228,223,244
Current portion of long-term loans	11	119,545,453	119,545,453
Trade payable		57,546,238	96,814,229
Accrued expenses and other credit balance		72,835,914	59,538,848
Current portion leases liabilities		459,322	459,322
Zakat and income tax provision	12	22,138,484	23,323,010
<b>Total current liabilities</b>		<b>561,512,213</b>	<b>527,904,106</b>
<b>Total liabilities</b>		<b>1,032,651,748</b>	<b>1,000,028,508</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,223,651,776</b>	<b>3,210,756,529</b>

CFO
Deputy General Director
General Director
Managing Director






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

**Northern Region Cement Co.  
Saudi Joint Stock Company  
Interim condensed Consolidated profit or loss and other comprehensive income statement  
For the three-month period ended March 31, 2021  
(Expressed in Saudi Riyals)**

	Note	For the three-month period ended 31 March	
		2021	2020
		Unaudited	Unaudited
Revenue		161,873,133	180,164,912
Cost of sales		(107,999,304)	(126,286,530)
Gross profit		53,873,829	53,878,382
<b>Expenses and charges:</b>			
Selling and distribution expenses		(7,920,627)	(11,686,536)
General and administrative expenses		(9,544,378)	(11,217,721)
Loss of Provision for impairment of receivables value		-	(17,305)
Net income from Main Activities		36,408,824	30,956,820
Financing Charges		(4,483,075)	(8,816,487)
The company's share in net profit (loss) of associates		4,946,661	512,245
Refund of provision for impairment of investments	7	-	8,405,537
Other income		91,243	593,407
Net profit before zakat and income tax from main activities		36,963,653	31,651,522
Estimated zakat		(3,000,000)	(3,000,000)
Income taxes of subsidiaries		(1,985,740)	(973,912)
Government contributions of subsidiaries		(116,812)	(60,865)
Net income for the year		31,861,101	27,616,745
<b>Other comprehensive income:</b>			
<b>Other comprehensive income that will not be subsequently reclassified to profit or loss:</b>			
Profits to re-measure the Employee benefit liabilities		(2,291,813)	1,577,041
<b>Other comprehensive income items that will later be reclassified to profit or loss:</b>		(2,291,813)	1,577,041
<b>Total comprehensive income for the year</b>		29,569,288	29,193,786
<b>Net income for the year to:</b>			
The parent company's shareholders		31,662,882	27,433,924
Non-controlling equity		198,219	182,821
<b>Comprehensive income for the year due to:</b>			
The parent company's shareholders		29,489,200	28,929,675
Non-controlling equity		80,088	264,111
<b>Earnings per share</b>	13		
Basic earnings per share from net income return to shareholders of the parent company		0.18	0.15
Basic earnings per share of the year's comprehensive income of the parent company's shareholders		0.16	0.16

 CFO
  Deputy General Manager
  General Manager
  Managing director

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

Northern Region Cement Co.  
 Saudi Joint Stock Company  
 Interim condensed Consolidated Changes in Equity Statement  
 For the three-month period ended March 31, 2021  
 (Expressed in Saudi Riyals)

	Share Capital	Statutory Reserve	Retained Earnings	Re-Measure the Employee Benefit Liabilities	Foreign Exchange Translation Reserve	Total Shareholders' Equity	Non-Controlling Equity	Total Equity
Balance on January 1, 2021	1,800,000,000	134,268,823	271,244,784	(1,350,423)	1,465,309	2,205,628,493	5,099,528	2,210,728,021
Adjustments	-	-	(4,297,281)	-	-	(4,297,281)	-	(4,297,281)
Net income	-	-	31,662,882	-	-	31,662,882	198,219	31,861,101
Other comprehensive income	-	-	-	-	(2,173,682)	(2,173,682)	(118,131)	(2,291,813)
Dividends paid	-	-	(45,000,000)	-	-	(45,000,000)	-	(45,000,000)
Balance on March 31, 2021	1,800,000,000	134,268,823	253,610,385	(1,350,423)	(708,373)	2,185,820,412	5,179,616	2,191,000,028
Balance on January 1, 2020	1,800,000,000	123,506,164	221,434,731	768,866	470,884	2,146,180,645	4,378,950	2,150,559,595
Adjustments	-	-	(3,873,687)	-	-	(3,873,687)	-	(3,873,687)
Net income	-	-	27,433,924	-	-	27,433,924	182,821	27,616,745
Other comprehensive income	-	-	-	-	1,495,751	1,495,751	81,290	1,577,041
Balance on March 31, 2020	1,800,000,000	123,506,164	244,994,968	768,866	1,966,635	2,171,236,633	4,643,061	2,175,879,694

CFO



Deputy General Manager



General Manager



Managing director



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

**Northern Region Cement Co.  
Saudi Joint Stock Company  
Interim condensed Consolidated Cash Flow Statement  
For the three-month period ended March 31, 2021  
(Expressed in Saudi Riyals)**

	For the three-month period ended 31 March	
	2021	2021
	Unaudited	Unaudited
<b>Cash flows from operating activities:</b>		
Income before zakat and income tax	36,963,653	31,651,522
<b>Adjustments to settle net profit for net cash</b>		
Depreciation and moralization	17,379,095	17,330,808
employee benefit liabilities	1,209,040	344,040
The company's share in the profits of the associate company	(4,946,661)	(512,245)
(Refund) of provision for impairment of investments	-	(8,405,537)
(Refund) loss of impermeant in trade receivables	-	17,305
Interest on leases obligations	31,325	31,325
Adjustments of previous years	(4,297,281)	(3,873,687)
<b>Changes in assets and operational liabilities</b>		
Trade Receivables and cheques owe the collection fee	5,659,171	9,918,441
Inventory	16,545,599	12,298,876
Related Parties	(321,868)	8,128,121
Prepaid expenses and other assets	(12,502,332)	(36,632,701)
Account's payables	(39,267,991)	66,370,153
Accrued expenses and other liabilities	13,297,066	1,970,934
Cash from operating activities	29,748,816	98,637,355
Zakat, paid income tax and translation differences	(6,287,078)	(60,865)
Paid from end of service benefits	(1,925,232)	(493,103)
<b>Net cash generated from operating activities</b>	<b>21,536,506</b>	<b>98,083,387</b>
<b>Cash flows from investing activities:</b>		
Additions on property, plant and equipment	(15,696,965)	(2,317,422)
Capital work in progress	(1,574,131)	(57,819,858)
Dividends paid	2,862,725	-
Murabha investment	-	(10,000,000)
Additions on intangible assets	64,425	(374,292)
<b>Net cash (used in) investing activities</b>	<b>(14,343,946)</b>	<b>(70,511,572)</b>
<b>Cash flows from financing activities:</b>		
(paid) from short-term loans	60,763,558	(88,200,263)
Long-term loans	-	-
Paid from rental obligations	(300,000)	-
Dividends paid	(45,000,000)	-
Non-controlling shares	(118,131)	81,290
<b>Net cash (used in) financing activities</b>	<b>15,345,427</b>	<b>(88,118,973)</b>
(Decrease) / Increase in cash	22,537,987	(60,547,158)
Cash and cash equivalents at the beginning of the year	27,808,945	117,640,964
Impact of change in the exchange rate of translating financial statements in foreign currencies	(2,173,682)	1,495,751
<b>Cash and cash equivalents at the end of the period</b>	<b>48,173,250</b>	<b>58,589,557</b>
<b>Non-monetary effects</b>		
Transferred from projects in progress for property, plant and equipment	-	50,011,567

 CFO
  Deputy General Manager
  General manager
  Managing director

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

Northern Cement Co.  
Saudi Joint Stock Company  
Notes on Interim condensed consolidated financial statements  
For the three-month period ended March 31,2021  
(Expressed in Saudi Riyals)

**1. Company information:**

**A. Establishing the company**

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

**B. The company's capital**

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

**C. The nature of the company's activity**

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

**D. Fiscal year**

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

**E. Display currency and activity**

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

**2. Group information**

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

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

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



## 2. Group information (continued)

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

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

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

## 3. The Foundations Of Preparation:

### 3.1 Statement of commitment

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

### 3.2 Accounting basis

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

### 3.3 Use of estimation and judgments.

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

### 3.4 The basis for consolidating consolidated financial statements:

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

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

**3. The Foundations Of Preparation:**

- Exposure to risks or has rights to obtain different returns through its relationship with the company in which it invests.
- The ability to use its powers over the invested company to influence its returns.

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

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

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

**4. Significant accounting policies:**

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

Northern Cement Co.  
Saudi Joint Stock Company  
Notes on Interim condensed consolidated financial statements  
For the three-month period ended March 31, 2021  
(Expressed in Saudi Riyals)

5. Segment information

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

	Saudi Arabia	The Hashemite Kingdom of Jordan	The Iraqi Republic	Adjustments and deletions	Total
<b>As of March 31, 2021:</b>					
Property and equipment	1,628,812,315	163,376,194	—	—	1,792,188,509
Total assets	3,242,537,933	460,118,179	94,236,371	(573,240,707)	3,223,651,776
Total liabilities	1,053,789,790	68,130,626	56,585,060	(145,853,728)	1,032,651,748
<b>As of December 31, 2020:</b>					
Property and equipment	1,627,769,263	164,386,005	—	—	1,792,155,268
Total assets	3,151,675,177	468,365,143	90,827,439	(500,111,230)	3,210,756,529
Total liabilities	943,806,429	85,495,907	53,648,002	(82,921,830)	1,000,028,508
<b>For the three-month period ended March 31, 2021:</b>					
Sales	89,483,012	47,871,026	29,185,223	(4,666,128)	161,873,133
Net profit (loss) after zakat and income tax	20,073,793	9,023,622	2,763,686	—	31,861,101
<b>For the period ended March 31, 2020:</b>					
Sales	115,112,422	35,779,616	33,474,236	(4,201,362)	180,164,912
Net profit (loss) after zakat and income tax	20,164,047	4,449,435	3,003,263	—	27,616,745

Northern Cement Co.  
Saudi Joint Stock Company  
Notes on Interim condensed consolidated financial statements  
For the three-month period ended March 31,2021  
(Expressed in Saudi Riyals)

**6. Intangible assets**

	*Goodwill	** Plant Franchise	*** IT software	License	Total
Cost					
Balance 1, January 2021	506,157,403	50,578,493	8,442,732	789,255	565,967,883
Additions	-	931,331	-	-	931,331
<b>Balance 31, March</b>	<b>506,157,403</b>	<b>51,509,824</b>	<b>8,442,732</b>	<b>789,255</b>	<b>566,899,214</b>
Accumulated amortization					
Balance 1, January 2021	-	-	8,415,436	44,562	8,459,998
Charged for the period/ year	-	930,893	2,449	64,863	998,205
<b>Balance 31, March</b>	<b>-</b>	<b>930,893</b>	<b>8,417,885</b>	<b>109,425</b>	<b>9,458,203</b>
Net book value					
March 31, 2021	506,157,403	50,578,931	24,847	679,830	557,441,011
December 31, 2020	506,157,403	50,578,493	27,296	744,693	557,507,885

**\* Goodwill:**

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

**Plant franchises:**

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

**Software:**

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

**7. Investment and financing in associate companies**

	<b>March 31</b>	<b>December 31</b>
	<b>2021</b>	<b>2020</b>
<b>Investment:</b>		
Balance at period /year beginning	30,123,298	14,315,393
Dividends	(2,862,725)	(1,919,130)
Previous year adjustment	-	2,708,088
Share in net results of associates	4,946,661	15,018,947
Balance at period/ year end	<u>32,207,234</u>	<u>30,123,298</u>
<b>Financing:</b>		
Balance at period/ year beginning	99,937,595	99,937,595
	<u>99,937,595</u>	<u>99,937,595</u>
Balance at period /year end	<u>132,144,829</u>	<u>130,060,893</u>
<b>Impairment</b>		
Impairment losses on the investment	(8,405,537)	(16,811,074)
Refund from provision for impairment	-	8,405,537
<b>Investment and financing balance at year-end</b>	<u><u>123,739,292</u></u>	<u><u>121,655,356</u></u>

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

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

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

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

Northern Cement Co.  
Saudi Joint Stock Company  
Notes on Interim condensed consolidated financial statements  
For the three-month period ended March 31, 2021  
(Expressed in Saudi Riyals)

**8. Inventory**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Raw Materials	204,995,676	232,854,087
Spare parts and consumables	126,333,321	125,166,325
Semi finished Goods	2,422,847	2,342,983
Finished Goods	8,459,146	12,292,370
Goods in transit	112,448,912	99,636,262
Packing materials	7,526,044	6,439,518
<b>Total</b>	<b>462,185,946</b>	<b>478,731,545</b>

**9. Trade Receivables-Net:**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Trade Receivables	118,259,247	122,577,809
less: Impairment Provision	(2,549,908)	(2,549,908)
<b>Net</b>	<b>115,709,339</b>	<b>120,027,901</b>
Current balance	75,272,373	79,590,935
Non-current balance	40,436,966	40,436,966

The impairment provision movement was as follows:

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

#### 10. Transactions and balances with related parties:

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

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

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

The side	The nature of the transaction	March 31, 2021	December 31, 2020
<b>A. Transactions with related parties</b>			
Global Specialized Transportation Co.	Sales	-	-
Global Specialized Transportation Co.	Transportation Services	-	1,124,186
Pan Kingdom Saudi Arabia	Sales	1,403,304	3,023,992
Pan Kingdom Saudi Arabia	Expenses paid on behalf of	-	-
Cement Experts Development Co.	Financing	-	750,000
Cement Experts Development Co.	Expenses paid on behalf of	24,698	274,116
		<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>B. Transactions with senior management officers</b>			
Expenses and allowances of the Board of Directors and committees		64,341	378,000

Northern Cement Co.  
Saudi Joint Stock Company  
Notes on Interim condensed consolidated financial statements  
For the three-month period ended March 31, 2021  
(Expressed in Saudi Riyals)

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

These transactions resulted in the following balances:

**10.1 Due from related parties:**

	<b>March 31, 2020</b>	<b>December 31, 2020</b>
Cement Experts Development Co.	12,489,014	12,464,319
Pan Kingdom Saudi Arabia	3,642,701	3,142,700
PAN-Kingdom Investment Company	997,249	988,792
Sarh Zamzam Investment and Project Rehabilitation Co.	665,442	660,667
Aldar Engineering Consulting Co.	-	216,060
Leading Trading and Investment Company	186,750	186,750
Universal Cement Co.	138,191	138,191
Pan Kingdom Saudi Arabia	93,230	93,230
	<u>18,212,577</u>	<u>17,890,709</u>

**10.2 Trade receivable from related parties**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Global Specialized Transportation Co.	34,394,668	41,782,558
Pan Kingdom Saudi Arabia	<u>20,276,196</u>	<u>18,485,002</u>
	<u>54,670,864</u>	<u>60,267,560</u>

**11. Loans:**

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Balance on January 1	798,677,788	912,574,302
Recipient during the period/year	239,158,739	1,132,615,573
Paid during the period/year	<u>(178,395,181)</u>	<u>(1,246,512,087)</u>
	<u>859,441,346</u>	<u>798,677,788</u>

loans are classified as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Short-term murabaha	288,986,802	228,223,244
Current portion from long-term loan	119,545,453	119,545,453
Non- Current portion of long-term loan	<u>450,909,091</u>	<u>450,909,091</u>
	<u>859,441,346</u>	<u>798,677,788</u>



## 12. Zakat and income tax:

### Zakat and tax assessments:

1. The zakat declarations of the group and the subsidiaries were submitted to the General Authority for Zakat and Income Tax "the Authority" on the basis of independent financial statements prepared for the purpose of Zakat only.
2. The company submitted its zakat declarations until 2019, and the company terminated its zakat status until 2012
3. Zakat assessment was issued for the year 2014 claims the company for an amount of 2.738.074 SR, and the objection was made, and our objection was partially accepted, but the dispute did not end with the aforementioned partial acceptance. The escalation was made with the General Secretariat of the Tax Committees with the case number 24526-2020-z, and it has not been decided until this date.
4. Zakat assessment was issued for the years from 2015 to 2017 to claim the company for zakat differences of 57,309,697 SR. The objection was made against it and the company awaits the Authority's response regarding its objection to date.
5. Zakat assessment was issued for the year 2018 to the company's claim for zakat differences of 14.9 million SR. The objection was made to it, and the authority rejected our objection, and the dispute was escalated before the General Secretariat for Tax Committees with case number 15327-2020-z

## 13. Earnings per share:

The calculation of underlying/reduced earnings per share is based on the return on ordinary shareholders and the weighted average number of existing common shares. Earnings per share as of March 31, 2021 were calculated on the weighted average number of shares held during the period of 180 million shares (December 31, 2019: 180 million shares). There is no potential discounted ordinary shares. Adjusted earnings per share is the same as the underlying profit per share as the Group has no convertible securities or reduced financial instruments to exercise it.

## 14. 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, 2021</b>	<b>December 31, 2020</b>
Loans	859,441,346	798,677,788
Trade payables	57,546,238	96,814,229
Accrued expenses and other credit balances	72,835,914	59,538,848
Less: Cash and cash equivalents	(48,173,250)	(27,808,945)
Net debt	941,650,248	927,221,920
Total equity	2,191,000,028	2,210,728,021
Leverage rate	43%	42%

#### 15. Contingent liabilities:

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Letters of guarantee	5,795,000	16,328,975
Capital liabilities for WIP	29,150,000	29,150,000

#### 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

##### **Credit risk**

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

##### **Special commission price risk**

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

##### **Liquidity risk**

Liquidity risk means that that the group has difficulty in providing funds to meet its financial obligations associated with financial instruments. Liquidity risks may arise from the inability to sell financial assets quickly at an amount of near their fair value. The Group manages liquidity risk by monitoring working capital requirements and cash flows regularly and ensuring that banking facilities are available when needed. The company manages liquidity-related risks by maintaining cash balances with banks and ensuring that adequate facilities can be obtained, if required. To cover its short-term liabilities on an ongoing basis, the company sets a strategy to reduce loans during the current year, as during the current period the reduction has been equivalent to 69 million Saudi riyals, and the company is heading for further reduction during the current year, the group's terms of contract require 30-60 days from the date of invoices, and commercial accounts are usually paid within 30-60 days of billing.

##### **Currency risk**

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

**18. Significant events:**

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

**19. condensed interim results and adjustments for the period**

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

**20. Approval of the interim condensed financial statements**

The interim condensed financial statements were approved by the Company's Board of Directors on May 3 2021, Ramadan 21, 1442 AH