

NATIONAL GYPSUM COMPANY
(A SAUDI JOINT STOCK COMPANY)
**UNAUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTHS AND NINE MONTHS PERIOD
ENDED SEPTEMBER 30, 2021**

NATIONAL GYPSUM COMPANY

(A Saudi Joint Stock Company)

FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

Index

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REVIEW REPORT FOR THE CONDENSED INTERIM FINANCIAL STATEMENTS	
STATEMENT OF CONDENSED INTERIM FINANCIAL POSITION (UNAUDITED)	1
STATEMENT OF CONDENSED INTERIM PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)	2
STATEMENT OF CHANGES IN CONDENSED INTERIM EQUITY (UNAUDITED)	3
STATEMENT OF CONDENSED INTERIM CASH FLOWS (UNAUDITED)	4
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)	5 – 14

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

REPORT ON THE REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of NATIONAL GYPSUM COMPANY (the "Company") as at September 30, 2021 and the related condensed interim statements of profit and loss and comprehensive income for the three-months and nine months periods ended September 30, 2021 and the condensed consolidated interim statements of changes in equity and condensed interim cash flows for the nine-month period then ended and condensed interim notes, comprising a summary of significant accounting policies and other explanatory notes from (1) to (18), which are considered an integral part of these condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements do not present fairly, in all material respects, in accordance with Standard International Accounting No. (34) as endorsed in the Kingdom of Saudi Arabia.

Other matters related to comparative figures

The company's condensed interim financial statements for the three months period ended March 31, 2021 were reviewed by another auditor who expressed an unmodified conclusion on these interim condensed financial statements dated 17 May 2021 (corresponding to 5 ShwaalH1442). Also, the financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on the consolidated financial statements dated 29 March 2021 (corresponding to 16 Shabaan 1442H).

FOR EL SAYED EL AYOUTY & CO.RIYADH: November 9, 2021
Rabi' al-Thani 4, 1443H.**Abdullah A. Balamesh**
Certified Public Accountant
License No. (345)

NATIONAL GYPSUM COMPANY
(A Saudi Joint Stock Company)

Statement of condensed interim financial position for the nine months period ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	<u>September 30,</u> <u>2021</u> (Unaudited)	<u>December 31,</u> <u>2020</u> (Audited)- Restated
ASSETS			
Non-current assets			
Property, plant and equipment -Net	4	269,225,347	274,644,986
Investment in an associate	5	33,104,829	32,554,664
Investments in equity instruments at fair value through other comprehensive income	6	38,338,535	36,543,114
Investments held at fair value through profit or loss		10,000,000	-
Right -of use assets - Net		2,194,900	2,469,264
Total non-current assets		352,863,655	346,212,028
Current assets			
Inventories - Net		26,707,387	27,115,775
Trade receivables - Net		32,765,209	21,377,120
Prepayments and other receivables		12,174,001	5,171,027
Cash and cash equivalent		76,165,448	92,417,196
Total current assets		147,812,045	146,081,118
TOTAL ASSETS		500,675,700	492,293,146
SHREHOLDERS' EQUITY AND LIABILITIES			
SHREHOLDERS' EQUITY			
Share capital		316,666,667	316,666,667
Statutory reserve		95,000,001	95,000,001
Revaluation reserve of investments through other comprehensive income		21,068,855	13,073,092
Reserve of re-measurement of employees' defined benefit obligations		(143,287)	(143,287)
Retained earnings		50,086,069	42,506,207
Total shareholders' equity		482,678,305	467,102,680
Non-current liabilities			
Leases' obligations- Non-current portion		1,904,873	2,176,236
Employees' defined benefits obligations		3,755,690	3,670,425
Total non-current liabilities		5,660,563	5,846,661
Current liabilities			
Trade payables		1,872,850	3,720,129
Accrued expenses and other payable balances		1,738,347	5,434,500
Leases' obligations - Current portion		271,362	279,503
Dividends payables		5,947,427	5,956,585
Provision for zakat	8	2,506,846	3,953,088
Total current liabilities		12,336,832	19,343,805
Total liabilities		17,997,395	25,190,466
TOTAL SHREHOLDERS' EQUITY AND LIABILITIES		500,675,700	492,293,146

Financial Director, Director General
and Board of Directors

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes from 1 to 18 form an integral part of these condensed interim financial statements (unaudited).

NATIONAL GYPSUM COMPANY
(A Saudi Joint Stock Company)

Statement of condensed interim profit and loss and other comprehensive income for the three months and nine months period ended September 30, 2021

(All amounts in Saudi Riyals unless otherwise stated)

	<u>For the three months period ended September 30,</u>		<u>For the nine months period ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>Unaudited</u>		<u>Unaudited</u>	
Sales – Net	22,098,149	29,538,343	68,973,659	82,389,574
Cost of sales	(12,725,681)	(16,388,451)	(36,507,097)	(40,635,496)
Gross profit	9,372,468	13,149,892	32,466,562	41,754,078
Selling and marketing expenses	(882,111)	(1,737,796)	(2,624,319)	(3,134,015)
General and administrative expenses	(1,470,383)	(1,404,238)	(4,486,148)	(4,081,342)
Profit for the period from main operations	7,019,974	10,007,858	25,356,095	34,538,721
Company's share in the results of the business of an associate	550,165	-	550,165	-
Other (expenses)/ income – Net	(725,443)	282,409	2,500,140	348,752
Net profit for the period before zakat	6,844,696	10,290,267	28,406,400	34,887,473
Zakat	(820,958)	(945,348)	(2,506,846)	(2,645,390)
Net profit for the period	6,023,738	9,344,919	25,899,554	32,242,083
Other comprehensive income				
Items not reclassified to profits or losses:				
Unrealized gains from investments in equity instruments at fair value through other comprehensive income	5,103,753	6,069,634	10,926,071	1,831,654
Other comprehensive income for the period	5,103,753	6,069,634	10,926,071	1,831,654
Total comprehensive income for the period	11,127,491	15,414,553	36,825,625	34,073,737
Profit per share :				
From net profit for the period	.19	.30	.82	1.02

Financial Director, Director General
and Board of Directors



Chief Executive Officer



Chairman of Board of Directors




The accompanying notes from 1 to 18 form an integral part of these condensed interim financial statements (unaudited).

NATIONAL GYPSUM COMPANY
(A Saudi Joint Stock Company)

Statement of condensed interim shareholders' equity for the nine months period ended September 30, 2021 (unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Revaluation reserve of investments through other comprehensive income	Reserve of re-measurement of employees' defined benefit obligations	Retained earnings	Total shareholders' equity
Balance at January 1, 2020 (audited)	316,666,667	95,000,001	9,257,697	-	23,754,896	444,679,261
Dividends and management's remuneration	-	-	-	-	(12,883,333)	(12,883,333)
Net profit for the period	-	-	-	-	32,242,083	32,242,083
Other comprehensive income for the period	-	-	1,831,654	-	-	1,831,654
Balance at September 30, 2020 (unaudited)	316,666,667	95,000,001	11,089,351	-	43,113,646	465,869,665
Balance as at December 31, 2020 (audited)	316,666,667	95,000,001	13,073,092	(143,287)	48,081,886	472,678,359
Prior years adjustments (Note 16)	-	-	-	-	(5,575,679)	(5,575,679)
Balance at January 1, 2021 (Restated)	316,666,667	95,000,001	13,073,092	(143,287)	42,506,207	467,102,680
Dividends and management's remuneration (note 17)	-	-	-	-	(21,250,000)	(21,250,000)
Profits from sale of investments at fair value through other comprehensive income	-	-	(2,930,308)	-	2,930,308	-
Net profit for the period	-	-	-	-	25,899,554	25,899,554
Other comprehensive income for the period	-	-	10,926,071	-	-	10,926,071
Balance at September 30, 2021 (unaudited)	316,666,667	95,000,001	21,068,855	(143,287)	50,086,069	482,678,305

Financial Director, Director General
and Board of Directors

Chief Executive Officer

Chairman of Board of Director

The accompanying notes from 1 to 18 form an integral part of these condensed interim financial statements (unaudited).

NATIONAL GYPSUM COMPANY
(A Saudi Joint Stock Company)

Statement of condensed interim cash flows for the nine months period ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

	For the nine months period ended September 30,	
	2021 (Unaudited)	2020 (Unaudited)
Cash flows from operating activities		
Net profit for the year before zakat	28,406,400	34,887,473
Adjustments for:		
Depreciation	6,231,821	5,717,845
Depreciation of right-of-use assets	274,364	-
Employees' defined benefits obligations - charged	472,851	437,081
Finance cost - Leases' obligations	8,384	-
Company's share in the results of the business of an associate	(550,165)	-
Profits from sale of shares	(1,442,514)	-
	33,401,141	41,042,399
Change in operating assets and liabilities		
Inventories	408,388	3,597,226
Trade receivables	(11,388,089)	(6,286,769)
(Prepayments and other receivable balances)	(7,002,974)	395,828
Trade payables	(1,847,279)	(1,988,726)
Accrued amounts and other payable balances	(3,696,152)	3,856,873
Zakat paid	(3,953,088)	(3,602,492)
Employees' defined benefits obligations - paid	(387,586)	(1,090,110)
Net cash flows provided by operating activities	5,534,361	35,924,229
Cash flows from investing activities		
Purchase of property, plant and equipment	(812,182)	(1,791,234)
Purchase of investments at fair value through profit or loss	(10,000,000)	-
Proceeds from sale (purchase) of investments at fair value through other comprehensive income	10,573,120	(7,968,160)
Net cash flows (used in) investing activities	(239,062)	(9,759,394)
Cash flows from financing activities		
Leases' obligations - paid portion	(287,888)	-
Dividends	(21,250,000)	(12,883,333)
Change in dividends payable	(9,159)	8,872
Net cash flows (used in) financing activities	(21,547,047)	(12,874,461)
Net(decrease) increase in cash and cash equivalents	(16,251,748)	13,290,374
Cash and cash equivalents at beginning of the period	92,417,196	64,197,016
Cash and cash equivalents at end of the period	76,165,448	77,487,390
Non-cash transactions		
Unrealized gains from investments at fair value through other comprehensive income	10,926,071	1,831,654

Financial Director, Director General
and Board of Directors

Chief Executive Office

Chairman of Board of Directors

The accompanying notes from 1 to 18 form an integral part of these condensed interim financial statements (unaudited).

NATIONAL GYPSUM COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed interim financial statements for the nine months period ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

1. Corporate information
Incorporation of the company

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

Activity of the company

The main activity of the company, according to the commercial registration, is the manufacture and production of gypsum and its derivatives extracted from the concession area, the trade in gypsum and by-products of materials and industries, 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 that helps to achieve this purpose.

Branches of the company

The company has several registered branches, statements of which are as follows:

<u>Branch</u>	<u>Date</u>	<u>Commercial registration</u>
Jeddah	Muharram 26, 1392H	4030007100
Dammam	Rajab 6, 1395H	2050003512
Yanbu	Rabi ul Awal 18, 1400H	470000546
National Plasterboard Wall Factory, Riyadh	Rabi Al Akhar 10, 1425H	1010198301
Gulf factory-Dammam	Jumada Al-Akhirah 4, 1426H	2050048707
National Gypsum Company Factory for gypsum walls - Dammam	Rabi ul Awal 4, 1428H	2050053971

Share capital of the company

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

Address of the company

General and commercial administration
Prince Mohammed Bin Abdulaziz Road - Al Olaya District
PO Box 187 Riyadh, Postal Code 11411
Riyadh, Saudi Arabia

Financial period

The presented financial period for the company starts on January 1, 2021 and ends on September 30, 2021, and the financial year of the company starts from first January of each Gregorian year and ends at the end of December of the same year.

2. Basis of preparation of the condensed interim financial statements

A) Basis of preparation

The condensed interim financial statements for the three months ended March 31, 2021 and the three months period ended June 30, 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted in the Kingdom of Saudi Arabia as well as other standards and announcements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and accordingly should be read in conjunction with the company's annual financial statements as at December 31, 2020,



Notes to the condensed interim financial statements for the nine months period ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

2. Basis of preparation... (Continued)
B) Basis of measurement

These condensed interim financial statements have been prepared on the historical cost basis except for employees' defined benefits obligations, which are measured at present value using the projected unit credit method, and investments at fair value through other comprehensive income.
In addition, these interim condensed financial statements are prepared using the accrual basis of accounting and the going concern principle.

C) Significant accounting estimates and assumptions

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, expenses, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date.

Although these estimates and judgments are based on the best information available to management about 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, 2020

D) Functional and presentation currency

These financial statements' items are presented in Saudi Arabian Riyals "SR" which is the functional and presentation currency of the company.

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 financial year ended December 31, 2020. There are a number of amendments to the standards effective as of January 1, 2021, but they do not have a material impact on the interim condensed financial statements.

4. Property, plant and equipment

	<u>September 30, 2021 (unaudited)</u>	<u>December 31, 2020 (audited)</u>
Property, plant and equipment (Note 4/1)	207,043,647	212,139,117
Add:		
Strategic spare parts (Note 4/2)	19,567,874	19,892,043
	42,613,826	42,613,826
Capital projects in progress (Note 4/3)		
	269,225,347	274,644,986



NATIONAL GYPSUM COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed interim financial statements for the nine months period ended September 30, 2021 (unaudited)

(All amounts in Saudi Rivals unless otherwise stated)

4. 1. Property, plant and equipment (continued)...

	<u>Land</u>	<u>Buildings</u>	<u>Roads</u>	<u>Plant and equipment</u>	<u>Water extensions</u>	<u>Electricity extensions</u>	<u>Conveyances</u>	<u>Tools</u>	<u>Furniture and fixtures</u>	<u>Total</u>
Cost:										
At January 1, 2021 (audited)	23,698,043	124,853,857	12,157,618	488,269,315	2,710,745	8,317,471	13,560,442	1,361,370	10,187,146	685,116,007
Reclassification	(1,447,717)	32,540	1,447,717	(32,540)	-	-	-	-	-	-
Additions during the period	-	202,700	-	59,115	-	-	385,000	15,926	227,804	890,545
Disposals during the period	-	-	-	-	-	-	-	-	(1,320)	(1,320)
At September 30, 2020 (unaudited)	22,250,326	125,089,097	13,605,335	488,295,890	2,710,745	8,317,471	13,945,442	1,377,296	10,413,630	686,005,232
Accumulated depreciation:										
At January 1, 2021 (audited)	-	101,539,569	6,550,774	332,406,830	2,528,042	7,094,797	12,866,148	1,342,156	8,648,574	472,976,890
Reclassification	-	181,790	-	(181,790)	-	-	-	-	-	-
Charged during the period	-	2,359,041	520,433	2,567,565	15,351	132,663	165,247	5,266	219,719	5,985,285
Disposals during the period	-	-	-	-	-	-	-	-	(590)	(590)
At September 30, 2020 (unaudited)	-	104,080,400	7,071,207	334,792,605	2,543,393	7,227,460	13,031,395	1,347,422	8,867,703	478,961,585
Net book value:										
At September 30, 2021 (Unaudited)	22,250,326	21,008,697	6,534,128	153,503,285	167,352	1,090,011	914,047	29,874	1,545,927	207,043,647
At December 31, 2020 (audited)	23,698,043	23,314,288	5,606,844	155,862,485	182,703	1,222,674	694,294	19,214	1,538,572	212,139,117



NATIONAL GYPSUM COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed interim financial statements for the nine months period ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

4.2. Strategic spare parts- Net

	<u>September 30,20</u> <u>(unaudited)</u>	<u>December 31,2020</u> <u>(audited)</u>
Cost:		
Balance at beginning of the period/year	19,892,043	20,731,554
Disposals during the period/year	(77,633)	(839,511)
Balance at end the period/year	19,814,410	19,892,043
Accumulated depreciation:		
Balance at beginning of the period/year	-	-
Charged during the period/year	246,536	-
Balance at end the period/year	246,536	-
Net book value	19,567,874	19,892,043

4.3. Capital projects in progress

The capital projects in progress represent the value spent on the installation and operation of the Alpha and Beta Ceramic Factory at the company's factory in Dammam. 85% of the installation work in the factory has been completed, and in March 2020 has been set for trial operation with the completion of the rest of the installations for important devices, but Due to the Corona pandemic and the suspension of most activities, the rest of the work has been postponed until 2021.

5. Investment in an associate

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

<u>Name of the company</u>	<u>Main business sector</u>	<u>Country of incorporation</u>	<u>Ownership percentage</u>	<u>As at September 30, 2021 (unaudited)</u>	<u>As at December 31, 2020 (audited)</u>
A. Arab Company for Tanks Ltd.	Basic materials	Qater	33.24%		
Balance at the beginning of the period / year				32,554.664	33,578.377
Company's share from the results of investment in associate				550.165	440.155
Company's share of the OCI of the associate's				-	(1,463.868)
Balance at end of the period / year				33,104.829	32,554.664

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

	<u>Number of shares</u>			
	<u>September 30,2021</u>	<u>December 31,2020</u>	<u>September30,2021 (unaudited)</u>	<u>December31,2020 (audited)</u>
Investments in stocks				
Tabuk cement company (Note 6/1)	77,142	77,142	1,567,525	1,314,500
Kayan Petrochemical Company (Note 6/2)	800,000	1,000,000	16,416,000	14,300,000
Al Madinah Investments - Amman (Note 6/3)	2,170,695	2,170,695	1,270,482	487,168
Saudi Arabian Oil Company (Aramco) (Note 6/4)	300,000	300,000	10,800,000	10,500,000
Al Rajhi Bank (Note 6/5)	67,574	135,074	8,284,572	9,941,446
			38,338,579	36,543,114

NATIONAL GYPSUM COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed interim financial statements for the nine months period ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

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

6/1 Tabuk Cement Company is (a Saudi joint stock company listed on 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 at September 30, 2021, where the share price at that date amounted to SR 20.32 per share (as at December 31, 2020 amounted to SR 17.04 per share).

6/2 Kayan Petrochemicals is (a Saudi joint stock company listed on the stock market) (Tadawul) in which the company owns 800,000 shares. The company has re-evaluated the balance of that investment at fair value according to the market price as at September 30, 2021, where the share price at that date amounted to SR 20.52 per share (as at December 31, 2020 amounted to SR 14.3 per share).

6/3 Al-Madina Investment / Oman - formerly Gulf Industrial Investment Company is (an Omani joint stock company listed on the Omani stock market) (Tadawul) in which the company owns 2,170,695 shares,. The company has re-evaluated the balance of that investment at fair value according to the market price as at September 30, 2021, where the share price at that date amounted to SR .585 per share (as at December 31, 2020 amounted to SR 0.224 per share).

6/4 Saudi Arabian Oil Company (Aramco) is (a Saudi joint stock company listed on the stock market) (Tadawul) in which the company owns 300,000 shares. The company has re-evaluated the balance of that investment at fair value according to the market price as at 30 September 2021, whereas the share price at that date amounted to SR 36 per share (at December 31, 2020 SR 35 per share).

6/5 Rajhi Bank is (a Saudi joint stock company listed on the stock market) (Tadawul) in which the company owns 67,574 shares. The company has re-evaluated the balance of that investment at fair value according to the market price as at September 30, 2021, whereas the share price at that date amounted to SR 122.6 per share (at December 31, 2020, SR 73.6 per share).

	September 30,2021 (unaudited)	December 31,2020 (audited)
Balance at January1	36,543,114	23,295,692
Additions during the period/year	-	7,968,160
Disposals during the period/year	(9,130,606)	-
Change in fair value through other comprehensive income	10,926,071	5,279,262
	38,338,579	36,543,114

7. 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 comprehensive income during the year:

	September 30,2021 (unaudited)	December 31,2020 (audited)
Remuneration of members of the board of directors	2,250,000	1,800,000
Salaries and bonuses for senior management staff	575,750	420,514
Allowance for attending board of directors meetings	105,000	120,000
Allowance for attending the company's committee sessions	90,000	99,000



NATIONAL GYPSUM COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed interim financial statements for the nine months period ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

8. Zakat

Movement in zakat was as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>(unaudited)</u>	<u>(audited)</u>
Balance at January 1	3,953,088	3,602,492
Provided during the period/year	2,506,846	3,953,088
Paid during the period/year	(3,953,088)	(3,602,492)
	<u>2,506,846</u>	<u>3,953,088</u>

Zakat status:

- The company filed its zakat return for the year 2020, paid the zakat payable accordingly, and obtained a zakat certificate valid until April 30, 2022.
- The company finalized its zakat status with the Zakat ,tax and Custom Authority(ZATCA) from 2014 to 2018, where the Authority issued a zakat assessment for the years from 2014 to 2018, according to which claimed the payment of zakat differences amounting to SR211, 129, and the company paid those differences during 2020.

9. Fair value of financial instruments

Fair value is the value at which an asset is exchanged or a liability settled between willing parties that are willing and interesting to transact on the same terms and bases adopted in dealing with other parties. Since the company's

financial statements are prepared on the basis of the historical cost method, differences may result between the book value and fair value estimates. Management has assessed that, the fair values of the company's financial assets and liabilities approximate their book balances, to a large extent due to the fact that the maturity dates of these financial instruments are short-term.

10- Risk management

Credit risk

Credit risk represents the inability of one party to meet its obligations, which leads to the other party incurring a financial loss. The company is committed to managing the credit risks related to customers by setting credit limits for each customer and monitoring the outstanding receivables.

Liquidity risk

Liquidity risk represents the difficulties encountered by the company in raising funds to meet commitments related to financial instruments. Liquidity risk arises from the inability to sell a financial asset quickly at an amount equal to its fair value.

The company manages risk related with liquidity by maintaining cash balances with banks and ensuring that they can obtain sufficient facilities, if necessary, to cover their short-term obligations on an ongoing basis.

Currency risk

Currency risk represents the risk resulting from the fluctuation 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 perform any significant transactions in currencies other than the Saudi Riyal, the US dollar and the euro during the period.



NATIONAL GYPSUM COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed interim financial statements for the nine months period ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

11. Profit per share for the period

The profit per share was calculated by dividing the profit for the period by the weighted average number of shares during the period, as stated below:

	<u>September 30, 2021</u> <u>(unaudited)</u>	<u>September 30, 2020</u> <u>(unaudited)</u>
Profit for the period	25,899,554	32,242,083
Weighted average number of shares	31,666,667	31,666,667
* <u>Basic earnings per share for the period</u>	<u>0.82</u>	<u>1.02</u>

12. Interim results

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



NATIONAL GYPSUM COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed interim financial statements for the nine months period ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

13. Sectorial reporting

The company is managed as one operating sector in the production of gypsum of all kinds and it practices its activities in the Kingdom of Saudi Arabia.

As at September 30 ,2020	Riyadh		Yanbu		Dammam		Total
	Gypsum	Walls	Gypsum	Walls	Gypsum	Walls	
Net sales	56,632,081	420,811	11,385,624	-	10,358,518	3,592,540	82,389,574
Gross profit/loss	36,295,254	(257,751)	5,794,468	(741,892)	1,958,896	(1,294,897)	41,754,078
Net profit/loss before zakat	30,834,848	(494,626)	5,220,792	(772,085)	1,563,077	(1,464,533)	34,887,473
Net property, plant and equipment and equivalents	84,890,446	12,590,229	53,318,329	30,151,371	67,420,430	25,390,800	273,761,605
As at September 30 ,2021	Riyadh		Yanbu		Dammam		Total
	Gypsum	Walls	Gypsum	Walls	Gypsum	Walls	
Net sales	47,218,271	598,563	7,644,958	-	12,830,908	680,959	68,973,659
Gross profit/loss	28,611,745	(187,861)	2,125,350	(259,677)	3,421,994	(1,244,989)	32,466,562
Net profit/loss before zakat	27,326,027	(323,200)	839,632	(327,346)	2,745,300	(1,854,013)	28,406,400
Net property, plant and equipment and equivalents	85,312,244	11,539,726	52,267,826	29,100,867	66,369,926	24,634,758	269,225,347



NATIONAL GYPSUM COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed interim financial statements for the nine months period ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

14. Significant events

At the beginning of the year 2020, the novel Corona pandemic (Covid-19) spread, causing disruption to business and economic activities around the world, including the Kingdom of Saudi Arabia, and the Kingdom took many precautionary measures to confront all the negative consequences of that pandemic.

This required the company's management to reassess the main assumptions, estimates and sources applicable to the company's financial statements for the year ended December 31, 2020, and the condensed interim financial statements for the period ended September 30, 2021.

During the period, and with the discovery of vaccines for this pandemic and the decline of the effects resulting thereof, the management evaluated all the effects on the operations and activities of the company, and based on this evaluation, there was no need to make any material adjustments in the company's condensed interim financial statements for the period ended September 30, 2021.

However, given the current uncertainty, any future change in assumptions and estimates, results may arise that require making substantial adjustments to the book values of assets and / or liabilities in future periods, and in view of the rapid development in the current situation with the existence of uncertainty about the future, management will continue to evaluate the impact on the future.

15. 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.

16. Prior years' adjustments

During the period, the companies made prior years' adjustments represent the followings:

Net impact for such adjustments is as follows:

	<u>As previously reported</u>	<u>Adjustments with retroactive impact</u>	<u>Restated</u>
Statement of financial position :			
Non-current assets			
Right-of-use assets	-	2,469,264	2,469,264
Current assets			
Trade receivables - Net	25,963,776	(4,586,656)	21,337,120
Prepaid expenses and other receivables balances	6,173,575	(1,002,548)	5,171,027
Shareholders' equity			
Retained earnings	48,081,886	(5,575,679)	42,506,207
Non-current liabilities			
Leases' obligations – Non-current portion	-	2,176,236	2,176,236
Current liabilities			
Leases' obligations – current portion	-	279,503	279,503



NATIONAL GYPSUM COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed interim financial statements for the nine months period ended September 30, 2021 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

17. Dividends

The Company's Ordinary General Assembly No. (56), held on May 5, 2021 corresponding to Ramadan 23, 1442 H, approved cash dividends with amount of SR19, 000,000 at 60 Hal alas per share, equivalent to 6% of the company's share capital, and a bonus of SR2,250,000 for the board of directors 'members, provided that the priority is for the shareholders who own shares at the end of trading on the 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 May 23, 2021

18. Approval of the condensed interim financial statements

The condensed interim financial statements were approved by the Board of Directors on November 9, 2021 corresponding to Rabi' al-Thani 4, 1443H).

