

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

# **NATIONAL GYPSUM COMPANY**

(A Saudi Joint Stock Company)

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FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2021

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[www.elayouty.com](http://www.elayouty.com)**REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS****TO THE SHAREHOLDERS  
NATIONAL GYPSUM COMPANY  
(SAUDI JOINT STOCK COMPANY)  
RIYADH – SAUDI ARABIA****Introduction**

We have reviewed the accompanying statement of condensed interim financial position of NATIONAL GYPSUM COMPANY (the "Company") - Saudi Joint Stock Company - as at June 30, 2021, the statements of condensed interim profit or loss and comprehensive income for the three-months and six months periods ended June 30, 2021, the statements of condensed interim changes in equity and condensed interim cash flows for the Six-month period then ended and condensed interim notes, comprising a summary of significant accounting policies and other explanatory notes from (1) to (16), 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", 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 are not prepared, 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 May 17, 2021 (corresponding to Shawwal 21, 1442H). Also, the financial statements for the year ended December 31, were audited by another auditor who expressed an unmodified opinion on the financial statements dated March 29, 2021 (corresponding to Shaaban 16, 1442H).

**FOR EL SAYED EL AYOUTY & CO.**RIYADH: August 21, 2021  
Muharram 13, 1443H.**Abdullah A. Balamesh**  
Certified Public Accountant  
License No. (345)



**NATIONAL GYPSUM COMPANY**  
(A Saudi Joint Stock Company)

**Statement of condensed interim financial position as at June 30, 2021**

(All amounts in Saudi Riyals unless otherwise stated)

|  | Notes | June 30,<br>2021<br>(Unaudited) | December 31,<br>2020<br>(Audited) |
|--|-------|---------------------------------|-----------------------------------|
| <b>ASSETS</b>  |       |                                 |                                   |
| <b>Non-current assets</b>                                    |       |                                 |                                   |
| Property, plant and equipment , net                          | 4     | 271,468,493                     | 274,644,986                       |
| Investment in an associate                                   |       | 32,554,664                      | 32,554,664                        |
| Investments at fair value through other comprehensive income | 5     | 38,383,535                      | 36,543,114                        |
| <b>Total non-current assets</b>                              |       | <b>342,406,692</b>              | <b>343,742,764</b>                |
| <b>Current assets</b>  |       |                                 |                                   |
| Inventories, net   |       | 25,842,003                      | 27,115,775                        |
| Trade receivables, net                                       |       | 29,827,454                      | 25,963,776                        |
| Prepayments and other receivables                            |       | 7,875,765                       | 6,173,575                         |
| Cash and cash equivalent                                     |       | 86,821,101                      | 92,417,196                        |
| <b>Total current assets</b>                                  |       | <b>150,366,323</b>              | <b>151,670,322</b>                |
| <b>TOTAL ASSETS</b>  |       | <b>492,773,015</b>              | <b>495,413,086</b>                |
| <b>SHREHOLDERS' EQUITY AND LIABILITIES</b>                   |       |                                 |                                   |
| <b>SHREHOLDERS' EQUITY</b>                                   |       |                                 |                                   |
| Share capital  |       | 316,666,667                     | 316,666,667                       |
| Statutory reserve  |       | 95,000,001                      | 95,000,001                        |
| Proposed dividends   |       | -                               | -                                 |
| Investments at fair value reserve                            |       | 18,895,411                      | 13,073,092                        |
| Employees' defined benefit obligations reserve               |       | (143,287)                       | (143,287)                         |
| Retained earnings  |       | 46,707,701                      | 48,081,886                        |
| <b>Total shareholders' equity</b>                            |       | <b>477,126,493</b>              | <b>472,678,359</b>                |
| <b>Non-current liabilities</b>                               |       |                                 |                                   |
| Employees' defined benefit obligations                       |       | 3,724,016                       | 3,670,425                         |
| <b>Total non-current liabilities</b>                         |       | <b>3,724,016</b>                | <b>3,670,425</b>                  |
| <b>Current liabilities</b>                                   |       |                                 |                                   |
| Trade payables   |       | 2,294,359                       | 3,720,129                         |
| Accrued expenses and other payable balances                  |       | 1,991,082                       | 5,434,500                         |
| Dividends payables   |       | 5,951,177                       | 5,956,585                         |
| Provision for zakat  | 7     | 1,685,888                       | 3,953,088                         |
| <b>Total current liabilities</b>                             |       | <b>11,922,506</b>               | <b>19,064,302</b>                 |
| <b>Total liabilities</b>                                     |       | <b>15,646,522</b>               | <b>22,734,727</b>                 |
| <b>TOTAL SHREHOLDERS' EQUITY AND LIABILITIES</b>             |       | <b>492,773,015</b>              | <b>495,413,086</b>                |

Financial Director, Director General  
and Board of Directors

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes from 1 to 16 form an integral part of these condensed interim financial statements (unaudited).



**NATIONAL GYPSUM COMPANY**  
(A Saudi Joint Stock Company)

**Statement of condensed interim profit or loss and other comprehensive income for the three months and six months period ended June 30, 2021**

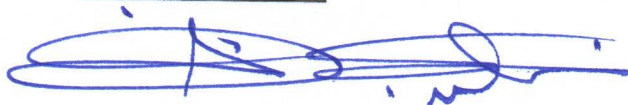
(All amounts in Saudi Riyals unless otherwise stated)

|   | Three month period |                  | Six month period  |                    |
|---|--------------------|------------------|-------------------|--------------------|
|   | June 30, 2021      | June 30, 2020    | June 30, 2021     | June 30, 2020      |
|   | <i>Unaudited</i>   |                  | <i>Unaudited</i>  |                    |
| Sales – net   | 19,866,640         | 17,856,450       | 46,875,510        | 52,851,230         |
| Cost of sales   | (11,347,937)       | (10,006,469)     | (23,781,416)      | (24,247,045)       |
| Gross profit  | <b>8,518,703</b>   | <b>7,849,981</b> | <b>23,094,094</b> | <b>28,604,185</b>  |
| Selling and marketing expenses  | (895,616)          | (756,443)        | (1,742,208)       | (1,396,219)        |
| General and administrative expenses                                       | (1,592,084)        | (1,277,017)      | (3,015,765)       | (2,677,104)        |
| Profit for the period from main operations                                | 6,031,003          | 5,816,521        | 18,336,121        | 24,530,863         |
| Profits from sale of shares   | -                  | -                | 2,428,616         | -                  |
| (Expenses) other income –net  | 440,819            | 193,321          | 796,967           | 66,343             |
| <b>Net profit for the period before zakat</b>                             | <b>6,471,822</b>   | <b>6,009,842</b> | <b>21,561,704</b> | <b>24,597,206</b>  |
| Zakat   | (788,272)          | (736,650)        | (1,685,888)       | (1,700,042)        |
| <b>Net profit for the period</b>  | <b>5,683,550</b>   | <b>5,183,192</b> | <b>19,875,816</b> | <b>22,897,164</b>  |
| <b><u>Other comprehensive income</u></b>                                  |                    |                  |                   |                    |
| <b>Items that cannot be re-classified subsequently to profit or loss:</b> |                    |                  |                   |                    |
| Change in investments at fair value in equity instruments                 | 2,950,384          | 2,240,521        | 5,822,319         | (4,237,983)        |
| <b>Other comprehensive income for the period</b>                          | <b>2,950,384</b>   | <b>2,240,521</b> | <b>5,822,319</b>  | <b>(4,237,983)</b> |
| <b>Total comprehensive income for the period</b>                          | <b>8,633,934</b>   | <b>7,423,713</b> | <b>25,698,135</b> | <b>18,659,181</b>  |
| <b>Profit per share :</b>   |                    |                  |                   |                    |
| From profit for the period  | .18                | .16              | .63               | .72                |
| From total comprehensive income for the period                            | .27                | .23              | .81               | .59                |

Financial Director, Director General  
and Board of Directors

Chief Executive Officer

Chairman of Board of Directors




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**NATIONAL GYPSUM COMPANY**  
(A Saudi Joint Stock Company)

**Statement of condensed interim changes in equity for the six months period ended June 30, 2021**

(All amounts in Saudi Riyals unless otherwise stated)

|   | <u>Share capital</u> | <u>Statutory reserve</u> | <u>Investments at fair value reserve</u> | <u>Re-measurement of employees' defined benefits obligations reserve</u> | <u>Retained earnings</u> | <u>Total equity</u> |
|---|----------------------|--------------------------|--|--|--------------------------|---------------------|
| 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                         | -                    | -                        | -  | -  | 22,897,164               | 22,897,164          |
| Other comprehensive income for the period         | -                    | -                        | (4,237,983)                              | -  | -                        | (4,237,983)         |
| Balance at June 30, 2020 (unaudited)              | 316,666,667          | 95,000,001               | 5,019,714                                | -  | 33,768,727               | 450,455,109         |
| Balance at January 1, 2021 (audited)              | 316,666,667          | 95,000,001               | 13,073,092                               | (143,287)  | 48,081,886               | 472,678,359         |
| Dividends and management's remuneration (note 15) | -                    | -                        | -  | -  | (21,250,001)             | (21,250,001)        |
| Net profit for the period                         | -                    | -                        | -  | -  | 19,875,816               | 19,875,816          |
| Other comprehensive income for the period         | -                    | -                        | 5,822,319                                | -  | -                        | 5,822,319           |
| Balance at June 30, 2021 (unaudited)              | 316,666,667          | 95,000,001               | 18,895,411                               | (143,287)  | 46,707,701               | 477,126,493         |

Financial Director, Director General and Board of Directors

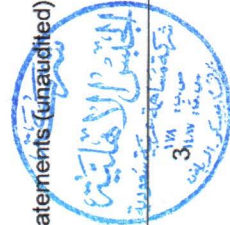


Chief Executive Officer



Chairman of Board of Director

The accompanying notes from 1 to 16 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 six months period ended June 30, 2021**

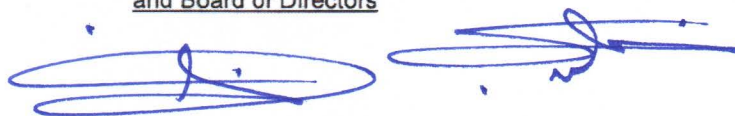
(All amounts in Saudi Riyals unless otherwise stated)

|  | June 30,<br>2021<br>(Unaudited) | June 30, 2020<br>(Unaudited) |
|--|---------------------------------|------------------------------|
| <b>Cash flows from operating activities</b>            |                                 |                              |
| Net profit for the year before zakat                   | 21,561,704                      | 24,597,206                   |
| <b>Adjustments for:</b>                                |                                 |                              |
| Depreciation   | 3,924,619                       | 3,782,940                    |
| Employees' defined benefits obligations                | 315,234                         | 291,390                      |
| Profits from sale of shares                            | (2,428,616)                     | -                            |
|  | <u>23,372,941</u>               | <u>28,671,536</u>            |
| <b>Change in operating assets and liabilities</b>      |                                 |                              |
| Inventories  | 1,273,772                       | 925,507                      |
| Trade receivables                                      | (3,863,678)                     | (8,478,004)                  |
| (Prepayments and other receivable balances             | (1,702,190)                     | (683,154)                    |
| Trade payables   | (1,425,770)                     | (133,305)                    |
| Accrued amounts and other payable balances             | (3,443,418)                     | 6,949,288                    |
| Zakat paid   | (3,953,088)                     | -                            |
| Employees' defined benefits obligations paid           | (261,643)                       | (190,198)                    |
| <b>Net cash flows provided by operating activities</b> | <u>9,996,926</u>                | <u>27,061,670</u>            |
| <b>Cash flows from investing activities</b>            |                                 |                              |
| Purchase of property, plant and equipment              | (806,155)                       | (1,893,871)                  |
| Change in strategic spare parts                        | 58,029                          | 239,206                      |
| Proceeds from sale (paid to purchase) investments      | 6,410,514                       | (7,968,160)                  |
| <b>Net cash (used in) investing activities</b>         | <u>5,662,388</u>                | <u>(9,622,825)</u>           |
| <b>Cash flows from financing activities</b>            |                                 |                              |
| Dividends  | (21,250,001)                    | (12,883,333)                 |
| Change in dividends payable                            | (5,408)                         | 8,872                        |
| <b>Net cash flows (used in) financing activities</b>   | <u>(21,255,409)</u>             | <u>(12,874,461)</u>          |
| <b>Net increase in cash and cash equivalents</b>       | (5,596,095)                     | 4,564,384                    |
| Cash and cash equivalents at beginning of the period , | 92,417,196                      | 64,197,016                   |
| <b>Cash and cash equivalents at end of the period</b>  | <u>86,821,101</u>               | <u>68,761,400</u>            |
| <b>Non-cash transactions</b>                           |                                 |                              |
| Change in investments at fair value                    | <u>5,822,319</u>                | <u>(4,237,983)</u>           |

Financial Director, Director General  
and Board of Directors

Chief Executive Office

Chairman of Board of Directors




The accompanying notes from 1 to 16 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 six months period ended June 30, 2021**  
(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 November 22, 2006 (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 Muhammad Bin Abdulaziz Road - Al Olaya District  
Unit number 1  
PO Box 187 Riyadh, Postal Code 11411  
Riyadh, Saudi Arabia

**Financial period**

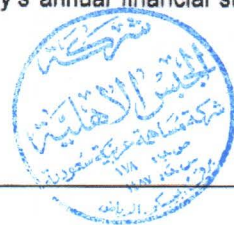
The financial period presented of the company begins on January 1, 2021 and ends on June 30, 2021 and the company's financial year starts from The beginning of January of each year and ends at the end of December of the same year.

**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 Saudi Organization for Certified Public Accountant (SOCPA).

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and 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 six months period ended June 30, 2021**  
(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**

|                               | June20,2021(unaudited) | December 31,2020(unaudited) |
|-------------------------------|------------------------|-----------------------------|
| Property, plant and equipment | 209,020,653            | 212,139,117                 |
| Add:                          |                        |                             |
| *Strategic spare parts        | 19,834,014             | 19,892,043                  |
|                               | 42,613,826             | 42,613,826                  |
| Capital work in progress      | 271,468,493            | 274,644,986                 |

\*The management has conducted a comprehensive study regarding the inventory of strategic spare parts to determine what will be consumed during the coming periods on the date of the beginning of use, as well as establishing the basis for determining the fair values of the remaining parts that are consumed, and the study of the fair values referred to above is currently being completed based on the basis and assumptions prepared by the technical management of the company.



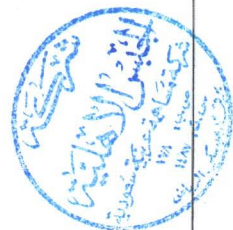
**NATIONAL GYPSUM COMPANY**  
(A Saudi Joint Stock Company)

**Notes to the condensed interim financial statements for the six months period ended June 30, 2021**

(All amounts in Saudi Riyals unless otherwise stated)

**4. 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> |
|----------------------------------|-------------|------------------|--------------|----------------------------|-------------------------|-------------------------------|--------------------|--------------|-------------------------------|--------------|
| <b>Cost:</b>                     |             |                  |              |                            |                         |                               |                    |              |                               |              |
| 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  |
| Additions during the period      | -           | 178,200          | -            | 55,440                     | -                       | -                             | 385,000            | 15,926       | 172,306                       | 806,872      |
| Disposals during the period      | -           | -                | -            | -                          | -                       | -                             | -                  | -            | (1,140)                       | (1,140)      |
| At June 30, 2021 (Unaudited)     | 23,698,043  | 125,032,057      | 12,157,618   | 488,324,755                | 2,710,745               | 8,317,471                     | 13,945,442         | 1,377,296    | 10,358,312                    | 685,921,738  |
| <b>Accumulated depreciation:</b> |             |                  |              |                            |                         |                               |                    |              |                               |              |
| 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  |
| Charged during the period        | -           | 1,550,904        | 343,708      | 1,686,959                  | 10,178                  | 87,956                        | 97,786             | 3,007        | 144,121                       | 3,924,619    |
| Disposals during the period      | -           | -                | -            | -                          | -                       | -                             | -                  | -            | (420)                         | (420)        |
| At June 30, 2021 (Unaudited)     | -           | 103,272,263      | 6,894,483    | 333,911,995                | 2,538,220               | 7,182,753                     | 12,963,935         | 1,345,166    | 8,792,275                     | 476,901,089  |
| <b>Net book value:</b>           |             |                  |              |                            |                         |                               |                    |              |                               |              |
| At June 30, 2021 (Unaudited)     | 23,698,043  | 21,792,334       | 5,263,135    | 154,380,220                | 172,525                 | 1,134,719                     | 981,507            | 32,130       | 1,566,036                     | 209,020,649  |
| 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 six months period ended June 30, 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

**5. Financial assets at fair value through other comprehensive income**

|  | Number of shares |               | At June 30        |                   |
|--|------------------|---------------|-------------------|-------------------|
|  | June 30, 2021    | June 30, 2020 | 2021 (unaudited)  | 2020 (unaudited)  |
| <b>Investments in stocks</b>             |                  |               |                   |                   |
| Tabuk cement company*                    | 77,142           | 77,142        | 1,869,922         | 1,314,500         |
| Kayan Petrochemical Company **           | 1,000,000        | 1,000,000     | 18,060,000        | 14,300,000        |
| Al Madinah Investments - Amman ***       | 2,170,695        | 2,170,695     | 422,899           | 487,168           |
| Saudi Arabian Oil Company (Aramco) ***** | 300,000          | 300,000       | 10,530,000        | 10,500,000        |
| Al Rajhi Bank *****                      | 67,574           | 135,074       | 7,500,714         | 9,941,446         |
|  |                  |               | <u>38,383,535</u> | <u>36,543,114</u> |

\* Tabuk Cement Company (a Saudi joint stock company listed on the stock market) (Tadawul) in which the company owns 77,142 shares. SR24.24 per share (as at December 31, 2020, at SR 17.04 per share).

\*\* Kayan Petrochemicals (a Saudi joint stock company listed on the stock market) (Tadawul) in which the company owns 1,000,000 shares, and the company has re-evaluated the balance of that investment at fair value according to the market price as at June 30, 2021, whereas the share price in that date amounted to SR18.06 per share (at December 31, 2020, SR 14.3 per share)

\*\*\* Al-Madina Investment-/formerly Gulf Industrial Investment Company/Oman (an Omani joint stock company listed on the Omani stock market) (Tadawul) and the company owns 2,170,695 shares, and the company has re-evaluated the balance of that investment at fair value according to the market price is as at June 30, 2021, whereas the share price on that date amounted to SR.195 per share (at December 31, 2020 SR .224 per share).

\*\*\*\* Saudi Arabian Oil Company (Aramco) (a Saudi joint stock company listed on the stock market) (Tadawul) and the company owns 300,000 shares, and the company has re-evaluated the balance of that investment at fair value according to the market price as at 30 June 2021, whereas the share price at that date amounted to SR 35.1 per share (at December 31, 2020 SR 35 per share).

\*\*\*\*\* Rajhi Bank (a Saudi joint stock company listed on the stock market) (Tadawul) and the company owns 67,574 shares, and has re-evaluated the balance of that investment at fair value according to the market price as at June 30, 2021, whereas the share price at that date amounted to SR 111 per share (at December 31, 2020, SR 73.6 per share).

|   | June 30, 2021 (unaudited) | December 31, 2020 (unaudited) |
|---|---------------------------|-------------------------------|
| Balance at January 1                                    | 36,543,114                | 23,295,692                    |
| Additions during the period/year                        | -                         | 7,968,160                     |
| Disposals during the period/year                        | (4,968,000)               | -                             |
| Change in fair value through other comprehensive income | 6,808,421                 | 5,279,262                     |
|   | <u>38,383,535</u>         | <u>36,543,114</u>             |




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(All amounts in Saudi Riyals unless otherwise stated)

**6. 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:

June 30, 2021 (unaudited)    December 31, 2020 (unaudited)

Salaries and bonuses for senior management staff  
Remuneration of members of the board of directors  
Allowance for attending board meetings  
Allowance for attending the company's committee sessions  
Salaries and bonuses for senior management staff

**7. Zakat**

Movement in zakat was as follows:

|                                 | June 30, 2021 (unaudited) | December 31, 2020 (unaudited) |
|---------------------------------|---------------------------|-------------------------------|
| Balance at January 1            | 3,953,088                 | 3,602,492                     |
| Provided during the period/year | 1,685,888                 | 3,953,088                     |
| Paid during the period/year     | (3,953,088)               | (3,602,492)                   |
|                                 | <u>1,685,888</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 ended its zakat status with the General Authority of Zakat and Income 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.

**8. 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.

**9- 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.





**Notes to the condensed interim financial statements for the six months period ended June 30, 2021**  
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**9- Risk management... (Continued)**

**Special commission rate risk**

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

**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.

The conditions for collecting the sales value within a period of 30 to 60 days from the date of sale and that the purchase value to be paid within a period of 30 to 60 days from the date of purchase.

**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.

**10. 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:

|   | June 30,2021(unaudited) | June 30,2020(unaudited) |
|---|-------------------------|-------------------------|
| Profit for the period attributable to the shareholders of the company | 19,875,816              | 22,897,164              |
| Weighted average number of shares                                     | 31,666,667              | 31,666,667              |
| <b>* Basic earnings per share for the period</b>                      | <b>.63</b>              | <b>.72</b>              |

**11. 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.



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**12. Sectorial reporting**

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

| As at 30 June 2020                                | Riyadh     |            | Yanbu      |            | Dammam     |             | Total       |
|---|------------|------------|------------|------------|------------|-------------|-------------|
|   | Gypsum     | Walls      | Gypsum     | Walls      | Gypsum     | Walls       |             |
| Net sales   | 35,183,434 | 288,612    | 6,945,124  | 0          | 7,803,340  | 2,630,721   | 52,851,231  |
| Gross profit/loss                                 | 22,165,611 | 23,159     | 3,450,911  | (121,322)  | 2,833,602  | 252,225     | 28,604,186  |
| Net profit/loss before zakat                      | 19,854,196 | 12,275     | 2,824,230  | (125,322)  | 1,833,602  | 198,225     | 24,597,206  |
| Net property, plant and equipment and equivalents | 85,190,173 | 12,889,951 | 53,618,051 | 30,451,093 | 67,720,152 | 25,690,521  | 275,559,941 |
|   |            |            |            |            |            |             |             |
| As at 30 June 2021                                |            |            |            |            |            |             |             |
| Net sales   | 31,884,218 | 495,283    | 4,735,730  | 0          | 9,284,341  | 475,938     | 46,875,510  |
| Gross profit/loss                                 | 19,611,467 | (147,128)  | 1,103,120  | (159,299)  | 3,517,783  | (831,849)   | 23,094,094  |
| Net profit/loss before zakat                      | 19,356,069 | (402,526)  | 847,722    | (414,697)  | 3,262,384  | (1,087,248) | 21,561,704  |
| Net property, plant and equipment and equivalents | 85,686,102 | 11,913,584 | 52,641,684 | 29,474,725 | 66,743,784 | 25,008,614  | 271,468,493 |







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**13. Significant events**

At the beginning of the year 2020, the new 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 June 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 June 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.

**14. 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.

**15. 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, 000,000,000 at 60 Hal alas per share, equivalent 6% of the company's 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

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

The condensed interim financial statements were approved by the Board of Directors on August 21, 2021 corresponding to Muharram 13, 1443H.

