

SAUDI CERAMIC COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2021

SAUDI CERAMIC COMPANY
(A Saudi Joint Stock Company)

**INDEX OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW
REPORT FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2021**

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**TO THE SHAREHOLDERS OF SAUDI CERAMIC COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH, KINGDOM OF SAUDI ARABIA****INTRODUCTION**

We have reviewed the accompanying interim consolidated statement of financial position of Saudi Ceramic Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 31 March 2021 and the related interim consolidated statement of profit or loss and other comprehensive income for the three-months period ended 31 March 2021 and interim consolidated statements of changes in equity and cash flows for the three-months period then ended and a summary of significant accounting policies and other explanatory notes (the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated 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 that are 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.**Ibrahim A. Al-Bassam
Certified Public Accountant
Registration No. 337****Riyadh on: 16 Ramadan 1442 H
Corresponding to: 28 April 2021 G**

SAUDI CERAMIC COMPANY
(A Saudi Joint Stock Company)
Interim Consolidated Statement of Financial Position
For the three-month period ended 31 March 2021
(In Saudi Riyals Thousand)

		31 March 2021	31 December 2020
ASSETS	Note	(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	7	1,604,161	1,623,827
Right-of-use assets		74,582	75,496
Intangible assets		125	202
Investment in associate		8,726	8,963
Financial assets carried at fair value through OCI ("FVOCI")	11	7,746	7,746
Total non-current assets		1,695,340	1,716,234
Current assets			
Inventories		610,445	646,607
Trade receivables, prepayments and other receivables		351,388	327,178
Cash and cash equivalents		173,488	68,689
Total current assets		1,135,321	1,042,474
TOTAL ASSETS		2,830,661	2,758,708
EQUITY AND LIABILITIES			
Equity			
Share capital	8	800,000	600,000
Statutory reserve		218,336	218,336
Fair value reserve		3,521	3,521
Treasury shares		(5,504)	(11,008)
Retained earnings		547,159	674,474
Total equity attributable to the shareholders		1,563,512	1,485,323
Non-controlling interest (NCI)		40,707	43,892
TOTAL EQUITY		1,604,219	1,529,215
Liabilities			
Non-current liabilities			
Long term borrowings	9	449,365	463,789
Lease liabilities		53,494	57,255
Employees' post-employment benefits		85,770	85,370
Total non-current liabilities		588,629	606,414
Current liabilities			
Short term borrowings	9	85,045	85,045
Current portion of long-term borrowings	9	183,566	201,171
Current portion of lease liabilities		14,220	11,540
Trade and other payables		321,659	297,322
Zakat payable	10	33,323	28,001
Total current liabilities		637,813	623,079
TOTAL LIABILITIES		1,226,442	1,229,493
TOTAL EQUITY AND LIABILITIES		2,830,661	2,758,708

Contingencies and commitments 12
The accompanying notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

Abdulaziz Abdulkareem Alkhuraiji
Member of the Board

Majid Abdullah Alissa
Chief Executive Officer

Waleed Al-Bassam
Chief Financial Officer




SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**For the three-month period ended 31 March 2021****(In Saudi Riyals Thousand)**

For three-month period ended 31 March			
	Note	2021 (Unaudited)	2020 (Unaudited)
Revenue	5,6	440,339	393,325
Cost of sales		(292,960)	(307,421)
Gross profit		147,379	85,904
Selling and distribution expenses		(49,936)	(46,083)
General and administration expenses		(21,580)	(18,995)
Operating profit		75,863	20,826
Other income		5,289	4,277
Finance cost, net		(5,190)	(12,021)
Share of profit of associate		160	196
Profit before zakat		76,122	13,278
Zakat expense	10	(5,622)	(3,524)
Net Profit for the period		70,500	9,754
OTHER COMPREHENSIVE INCOME			
Other comprehensive income for the period		-	-
Total comprehensive income for the period		70,500	9,754
Basic and diluted earnings per share (SR)	14	0.89	0.13
Profit for the period attributable to:			
Shareholders of the Company		70,734	10,636
Non-controlling interests		(234)	(882)
Total profit for the period		70,500	9,754
Total comprehensive income attributable to:			
Shareholders of the Company		70,734	10,636
Non-controlling interests		(234)	(882)
Total comprehensive income for the period		70,500	9,754

The accompanying notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

 Abdulaziz Abdulkareem Alkhuraiji Member of the Board	 Majid Abdullah Alissa Chief Executive Officer	 Waleed Al-Bassam Chief Financial Officer
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SAUDI CERAMIC COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 March 2021
(All amounts in Saudi Riyals unless otherwise stated)

<u>For the three-month period ended 31 March 2021</u>									
	Share capital	Statutory reserve	Fair value reserve	Treasury Shares	Retained earnings	Total equity before NCI	Non-Controlling interest	Total equity	
Balance as at 1 January 2021 (Audited)	600,000	218,336	3,521	(11,008)	674,474	1,485,323	43,892	1,529,215	
Profit / (loss) for the period	-	-	-	-	70,734	70,734	(234)	70,500	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	
Total comprehensive income / (loss) for the period	-	-	-	-	70,734	70,734	(234)	70,500	
Acquisition of NCI (Note 1)	-	-	-	-	-	-	-	-	
Disposal of treasury shares (Note 1)	-	-	-	-	1,951	1,951	(2,951)	(1,000)	
Issuance of bonus shares (Note 1)	200,000	-	-	5,504	-	5,504	-	5,504	
Balance as at 31 March 2021 (Unaudited)	800,000	218,336	3,521	(5,504)	547,159	1,563,512	40,707	1,604,219	
<u>For the three-month period ended 31 March 2020</u>									
Balance as at 1 January 2020 (Audited)	600,000	218,336	2,727	(11,008)	599,022	1,409,077	37,974	1,447,051	
Profit / (loss) for the period	-	-	-	-	10,636	10,636	(882)	9,754	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	
Total comprehensive income / (loss) for the period	-	-	-	-	10,636	10,636	(882)	9,754	
Balance as at 31 March 2020 (Unaudited)	600,000	218,336	2,727	(11,008)	609,658	1,419,713	37,092	1,456,805	

The accompanying notes 1 to 16 form an integral part of these interim condensed consolidated financial statements

Abdulaziz Abdulkarim Alkhuraji
Member of the Board

Majid Abdullah Alissa
Chief Executive Officer

Waleed Al-Bassam
Chief Financial Officer





SAUDI CERAMIC COMPANY
(A Saudi Joint Stock Company)
Interim Consolidated Statement of Cashflows
For the three-month period ended 31 March 2021
(In Saudi Riyals Thousand)

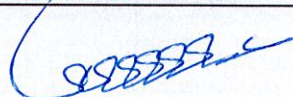

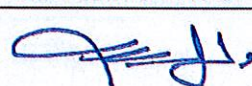
	Note	For three-month period ended 31 March 2021 (Unaudited)	For three-month period ended 31 March 2020 (Unaudited)
<u>Cash flows from operating activities</u>			
Net profit before zakat		76,122	13,278
Adjustments for:			
Depreciation of property, plant and equipment		28,781	29,455
Depreciation of right-of-use assets		3,679	3,434
Amortization of intangible assets		77	84
Finance cost		6,465	12,021
Provision for employees' post-employment benefits		2,831	2,708
Gain on disposal of property, plant and equipment	7	(17)	(13)
Provision for obsolete inventories		1,000	-
Share of profit of associate		(160)	(196)
<u>Changes in:</u>			
Inventories		35,162	(55,776)
Trade receivables, prepayments, and other receivables		(24,209)	(61,480)
Trade and other payables		24,208	(9,825)
Cash generated from / (used in) operations		155,939	(21,013)
Employees' post-employment benefits paid		(2,432)	(2,389)
Zakat paid	10	(300)	-
Net cash generated from / (used in) operating activities		151,207	(23,402)
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment including capital work-in-progress	7	(9,115)	(7,412)
Proceeds from disposal of property, plant and equipment	7	17	17
Acquisition of NCI	1	(1,000)	-
Dividend received from associate		397	-
Net cash used in investing activities		(9,701)	(7,395)
<u>Cash flows from financing activities</u>			
Net proceeds / (repayment) from short term borrowings	9.2	-	(21,255)
Net proceeds / (repayment) from long term borrowings	9.1	(32,029)	(32,487)
Disposal of treasury shares	1	5,504	-
Lease payments		(4,651)	(1,101)
Finance cost paid		(5,531)	(13,582)
Net cash (used in) / generated from financing activities		(36,707)	68,425
Net increase in cash and cash equivalents		104,799	(32,269)
Cash and cash equivalents at 1 January		68,689	100,231
Cash and cash equivalents at 31 March		173,488	67,962
<u>Supplemental non-cash transaction</u>			
Issuance of bonus shares	1	200,000	-

The accompanying notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

Abdulaziz Abdulkareem Alkhuraiji
Member of the Board

Majid Abdullah Alissa
Chief Executive Officer

Waleed Al-Bassam
Chief Financial Officer

SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the three-month period ended 31 March 2021****(All amounts in Saudi Riyals unless otherwise stated)****1. ORGANIZATION AND ITS ACTIVITIES**

Saudi Ceramic Company, ("the Company") is a Saudi Joint Stock Company established by Royal Decree No. (M/16) on Rabi Thani 25, 1397H (corresponding to April 14, 1977G), registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010014590 issued in Riyadh on Safar 15, 1398H (corresponding to January 24, 1978G).

The Company is engaged in the production and sale of ceramic products, water heaters and their components, The Company is also involved in the import of related machinery, equipment and other accessories.

These interim condensed consolidated financial information ("interim condensed consolidated financial statements") include the assets, liabilities, and results of the operations of the Company and its branches including its subsidiaries, namely, Ceramics Pipes Company (a Closed Joint Stock Company), Ceramics Investment Company (a Limited Liability Company) and Arzan Company for Operation and Maintenance (a Limited Liability Company) collectively referred to as ("the Group").

The performance of the Group for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The company's head office is located in Riyadh, King Fahad Road, Al-Olayya District, PO Box 3893, Riyadh 11481, Kingdom of Saudi Arabia.

The financial year of the Company commences on 1 January and ends on 31 December of each calendar year.

Name	Country of incorporation	Key operating activities	31 March 2021	31 December 2020
Ceramics pipes company (CPC)	Kingdom of Saudi Arabia	Import and export, wholesale and retail trading of clay pipes	68.37%	66.09%
Ceramics investment company *	Kingdom of Saudi Arabia	Import and export, marketing services, wholesale and retail trading	95%	95%
Arzan Company for Operation and Maintenance *	Kingdom of Saudi Arabia	Operation and maintenance	100%	100%

* These companies did not start commercial operations until 31 March, 2021.

Increase in shareholding of CPC

With effect from January 2021, the shareholding of the Group in CPC has increased by 2.28% to 68.37% as the Group has purchased the interest of other shareholder of CPC against cash consideration of SR 1 million which is referred to as "Acquisition of NCI" in these interim condensed consolidated financial statements. The Group is under process to complete the legal requirements.

Issuance of Bonus Shares

The shareholders of the Group approved the issue of bonus shares amounting to SR 200 million against 20 million bonus shares by allotment to current shareholders of the parent company one share for every three shares in the Extra-Ordinary General Meeting held on 30 March 2021. The share capital has increased from SR 600 million to SR 800 million effective 31 March 2021. The Group is under process to complete the legal requirements.

SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2021

(All amounts in Saudi Riyals unless otherwise stated)

1. ORGANIZATION AND ITS ACTIVITIES (Continued)

Disposal of treasury shares

The Group had previously purchased 500,000 treasury shares during 2019 for distribution to employees as per the approved plan from the Board of Directors. During March 2021, the Group has transferred 250,000 treasury shares to the Vice-chairman of the Board of Directors (Ex-Managing Director) against SR 5,504,000 cash consideration received and shares were transferred immediately. No profit or loss was recorded on this transaction and cash consideration received was the average cost of shares disposed.

Impact of COVID-19

Referring to the events related to the spread of the Corona Virus (COVID-19) and its repercussions on the business sectors locally and internationally, the Group has taken necessary measures to ensure the health and safety of its employees and to continue its operations with a growth driven perspective.

Despite the general challenges faced by the corporate sector, the Groups' operations remained largely unaffected. This was primarily because of the Group's effective crisis management policies as well as its efforts to take full advantage of the initiatives and incentives provided by the Government. The Group will monitor the situation as it develops and provide disclosure of material changes in the future if they occur however, currently the Group management is not aware of any factor that may warrant additional disclosure with reference to the impact on the operations of the Group in 2021.

2. BASIS OF ACCOUNTING

a. Statement of compliance

These interim condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Group's last annual financial statements for the year ended 31 December 2020.

b. Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyal (SR), which is the Group's functional and presentation currency.

3. NEW STANDARDS, INTERPRETATIONS AND AMMENDMENTS

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2021 and has been explained in Group's Annual Consolidated Financial Statements, but they do not have a material effect on the Group's Interim Condensed Consolidated Financial Statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these interim condensed consolidated financial statements requires the use of judgments, estimates and assumptions that affect the values of income, expenses, assets, liabilities and notes attached thereto and the disclosure of contingent liabilities. Uncertainties about these assumptions and estimates may result in a material adjustment to the carrying amounts of the assets and liabilities in future periods.

The significant judgements and estimates made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those described in the Group's consolidated financial statements for the year ended 31 December 2020.

SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the three-month period ended 31 March 2021****(All amounts in Saudi Riyals unless otherwise stated)****5. OPERATING SEGMENTS****5.1. Information about reportable segments**

	Ceramic tiles and sanitary ware	Water heaters	Ceramic Pipes	Total
For the three-month period ended 31 March 2021 (Unaudited)				
External revenues	308,920	121,250	10,169	440,339
Inter-segment revenue	5,872	-	-	5,872
Segment profit / (loss) before zakat (Note 5.2)	56,164	20,290	(492)	75,962
As at 31 March 2021 (Unaudited)				
Segment assets	2,306,078	270,831	253,752	2,830,661
Segment liabilities	1,005,395	124,068	96,979	1,226,442
For the three-month period ended 31 March 2020 (Unaudited)				
External revenues	281,738	100,306	11,281	393,325
Inter-segment revenue	5,447	-	-	5,447
Segment profit / (loss) before zakat (Note 5.2)	11,941	3,153	(2,012)	13,082
As at 31 December 2020 (Audited)				
Segment assets	2,225,483	282,357	250,868	2,758,708
Segment liabilities	990,476	143,663	95,354	1,229,493

5.2. Reconciliation of reportable segments profit or loss

	For the three-month period ended	
	31 March 2021	31 March 2020
	(Unaudited)	(Audited)
Total profit / (loss) before zakat from reportable segments	75,962	13,082
Share of profit of associate, net of zakat	160	196
Total profit / (loss) before zakat	76,122	13,278

5.3. Seasonality of operations

The Group's electric water heater segment is subject to seasonal fluctuations as a result of weather changes. In particular, the use of electric water heaters is adversely affected during summer season which occur primarily from April to September. The Group attempts to minimize the seasonal impact by managing inventories to meet demand during this period. However, this segment typically has lower revenues and results for the second and third quarter of the year.

SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the three-month period ended 31 March 2021****(All amounts in Saudi Riyals unless otherwise stated)****5. OPERATING SEGMENTS (Continued)****5.3. Seasonality of operations (continued)**

For the twelve-month period ended 31 March 2021, the water heater segment reported revenue of SR 408 million (twelve-month period ended 31 March 2020: SR 316 million) and net profit before zakat of SR 47.8 million (twelve-month period ended 31 March 2020: SR 12 million).

6. REVENUE

The Group's operations and main revenue streams are same as those described in the Group's consolidated financial statements for the year ended 31 December 2020. The Group's revenues are derived from contracts with customers and control of the products is transferred at a point in time when the goods are delivered to customers.

Disaggregation of revenue from contracts with customers

The group derives revenue from the transfer of goods (at a point in time) in the following major product lines and geographical regions:

	For the three-month period ended 31 March 2021 (Unaudited)			
	Ceramics tiles and sanitary ware	Water heaters	Ceramic pipes	Total revenue
Segment revenue	314,792	121,250	10,169	446,211
Inter-segment revenue	(5,872)	-	-	(5,872)
Revenue from external customers	308,920	121,250	10,169	440,339
Primary geographical markets				
- Local	300,592	101,685	10,169	412,446
- Foreign	8,328	19,565	-	27,893
	308,920	121,250	10,169	440,339
Timing of revenue recognition				
- At point in time	308,920	121,250	10,169	440,339
	For the three-month period ended 31 March 2020 (Unaudited)			
	Ceramics tiles and sanitary ware	Water heaters	Ceramic pipes	Total revenue
Segment revenue	287,185	100,306	11,281	398,772
Inter-segment revenue	(5,447)	-	-	(5,447)
Revenue from external customers	281,738	100,306	11,281	393,325
Primary geographical markets				
- Local	274,988	80,922	11,281	367,191
- Foreign	6,750	19,384	-	26,134
	281,738	100,306	11,281	393,325
Timing of revenue recognition				
- At point in time	281,738	100,306	11,281	393,325

SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2021

(All amounts in Saudi Riyals unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT**Acquisitions and disposals**

During the three-month period ended 31 March 2021, the Group acquired property, plant and equipment including capital work-in-progress with a cost of SR 9.1 million (three-month period ended 31 March 2020: SR 7.4 million).

During the three-month period ended 31 March 2021, the Group disposed the property, plant and equipment with a carrying amount of SR 30 (three-month period ended 31 March 2020: SR 4,000) which resulted in a gain of SR 17,000 (three-month period ended 31 March 2020: gain of SR 13,000) and these gains are included in the "other income" in the Interim consolidated statement of profit or loss and other comprehensive income.

8. SHARE CAPITAL

	31 March 2021	31 December 2020
	(Unaudited)	(Audited)
Authorized ordinary shares of SR 10 each (Shares in "000")	80,000	60,000
Fully paid ordinary shares of SR 10 each (Shares in "000")	80,000	60,000
Value of issued ordinary shares (SR "000")	800,000	600,000

The increase in share capital is due to issuance of bonus shares. Refer Note 1.

SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the three-month period ended 31 March 2021****(All amounts in Saudi Riyals unless otherwise stated)****9. BORROWINGS****9.1 Long term borrowings**

	Currency	Year of maturity	31 March 2021	31 December 2020
			(Unaudited)	(Audited)
Opening balance	SR		664,960	880,946
Receipts during the period	SR		-	-
Repayments during the period	SR		(32,029)	(215,986)
Closing balance	SR	2025	632,931	664,960
Current portion			183,566	201,171
Non – current portion			449,365	463,789
Total long term borrowings			632,931	664,960

9.1.1. Loan covenants

The loan facility agreements include covenants which, among other things, requires the Group to maintain certain financial ratios. As at 31 March 2021 and as at 31 December 2020, the Group was in compliance with the financing agreements.

9.2. Short term borrowings

Short term borrowings represent Islamic Murabaha loans granted to the Company by local commercial banks, loans' charges are determined based on the basis of market prices. These loans are guaranteed by promissory notes in favor of the banks for the loan exposure. During the three-month period ended 31 March 2021, no short term loans were received (three-month period ended 31 March 2020: SR 25.6 million) and no repayments were made (three-month period ended 31 March 2020: SR 46.8 million).

10. ZAKAT PROVISION

The Saudi Ceramic Company (SCC) and its subsidiaries, namely Ceramics Pipes Company (CPC), Ceramics Investment Company (CIC) and Arzan Operation and Maintenance Company have submitted their zakat returns for all the years up to 2019 and accordingly paid the zakat due.

The Zakat assessments for SCC and its subsidiaries have been agreed with the General Authority of Zakat and Tax "GAZT" for all the years up to 2007 for SCC and up to 2012 for CPC respectively. The SCC received assessment orders for the years from 2008 to 2018. Appeals against these assessments' orders have been filed and currently in the final stage and under review by GAZT as at 31 March 2021.

SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the three-month period ended 31 March 2021****(All amounts in Saudi Riyals unless otherwise stated)****11. FINANCIAL INSTRUMENTS****11.1. Accounting classification and fair values**

The following table shows the carrying amounts and fair values of the Group's financial assets and financial liabilities, including their levels in the fair value hierarchy. For the financial assets and financial liabilities not measured at fair value and having a short-term maturity, it is assumed that the carrying amounts approximate their fair values. Therefore, it does not include fair value information for these financial instruments. This includes cash and cash equivalents, trade and other receivables, borrowings and trade and other payables.

	Carrying amount			Fair value			
	Financial assets at FVOCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
As at 31 March 2021 (Unaudited)							
Financial assets							
Financial assets at FVOCI	7,746	-	7,746	-	-	7,746	7,746
Trade receivables, prepayments and other receivables	-	351,388	351,388	-	-	-	-
Cash and cash equivalents excluding cash in hand	-	172,748	172,748	-	-	-	-
	<u>7,746</u>	<u>524,136</u>	<u>531,882</u>	<u>-</u>	<u>-</u>	<u>7,746</u>	<u>7,746</u>
Financial liabilities							
Short term borrowings	-	85,045	85,045	-	-	-	-
Long term borrowings	-	632,931	632,931	-	-	-	-
Trade and other payables excluding accrued expenses	-	185,582	185,582	-	-	-	-
	<u>-</u>	<u>903,558</u>	<u>903,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the three-month period ended 31 March 2021****(All amounts in Saudi Riyals unless otherwise stated)****11. FINANCIAL INSTRUMENTS (Continued)****11.1. Accounting classification and fair values (continued)**

	Carrying amount			Fair value			
	Financial assets at FVOCI	Amortized cost	Total	Level 1	Level 2	Level 3	Total
As at 31 December 2020 (Audited)							
Financial assets							
Financial assets at FVOCI	7,746	-	7,746	-	-	7,746	7,746
Trade receivables, prepayments and other receivables	-	327,178	327,178	-	-	-	-
Cash and cash equivalents excluding cash in hand	-	68,359	68,359	-	-	-	-
	<u>7,746</u>	<u>395,537</u>	<u>403,283</u>	<u>-</u>	<u>-</u>	<u>7,746</u>	<u>7,746</u>
Financial liabilities							
Short term borrowings	-	85,045	85,045	-	-	-	-
Long term borrowings	-	664,960	664,960	-	-	-	-
Trade and other payables excluding accrued expenses	-	232,344	232,344	-	-	-	-
	<u>-</u>	<u>982,349</u>	<u>982,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SAUDI CERAMIC COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the three-month period ended 31 March 2021****(All amounts in Saudi Riyals unless otherwise stated)****11. FINANCIAL INSTRUMENTS (CONTINUED)****11.2. Transfers between levels of fair value hierarchy**

There were no transfers between levels of fair value hierarchy in either direction during the three-month period ended 31 March 2021. There were also no changes made to any of the valuation techniques applied as of 31 December 2020.

12. CONTINGENCIES AND COMMITMENT

The Group has obtained bank facilities in the form of letters of guarantee and letters of credit from local banks amounting to SR 63.4 million as of 31 March 2021 (31 December 2020: SR 63.7 million). The letters of credit include an amount of SR 40.2 million (31 December 2020: SR 19.5 million) relating to capital commitments for the supply of machinery and equipment for the plant's expansion projects.

13. RELATED PARTY TRANSACTIONS AND BALANCES

All due balances with related parties must be settled in cash within twelve months from the reporting date, and none of these balances have been secured.

Related Party	Nature of transaction	Transactions amount for three-month ended on		Balances as at	
		31-Mar-21 (Unaudited)	31-Mar-20 (Unaudited)	31-Mar-21 (Unaudited)	31 December 2020 (Audited)
Natural Gas Distribution Company (Associate)	Purchase of goods and services	11,623	10,069	3,910	3,934
	Dividend received	397	-	-	-
Others	Transportation services	2,487	-	749	309
		<u>14,507</u>	<u>10,069</u>	<u>4,659</u>	<u>4,243</u>

14. EARNINGS PER SHARE

	For the three-month period ended	
	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Profit for the period attributable to the shareholders of the Company (SR "000")	<u>70,734</u>	<u>10,636</u>
Weighted average number of shares (Shares in "000")	<u>79,520</u>	<u>79,500</u>
Basic and diluted earnings per share (SR)	<u>0.89</u>	<u>0.13</u>

SAUDI CERAMIC COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the three-month period ended 31 March 2021
(All amounts in Saudi Riyals unless otherwise stated)

14. EARNINGS PER SHARE (Continued)

Weighted average number of shares are adjusted for Treasury Shares held under the Company's employee shares scheme and to reflect the effect of Bonus Shares.

The company has purchased 500,000 treasury shares from June 2019 to September 2019 pursuant to the decision of extra ordinary general meeting of shareholders held on 13 February 2019. The Company has disposed 250,000 treasury shares during march 2021. Refer Note 1.

Basic and diluted earnings per share for the three-month period ended 31 March 2021 and 31 March 2020 is calculated by dividing the profit for the period attributable to the shareholders of the Company by weighted average shares to give a retrospective effect of change in the number of shares increased as a result of the bonus share issue. The diluted earnings per share is the same as the basic earnings per share.

15. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period-end require disclosure or adjustment in these interim condensed consolidated financial statements.

16. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Executive Committee under the authority of the Board of Directors on 9 Ramadan 1442H corresponding to 21 April 2021.