

**ARABIAN CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and nine-month periods ended 30 September 2021  
with

**INDEPENDENT AUDITORS' REPORT ON REVIEW**



## KPMG Professional Services

Zahrán Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Headquarter in Riyadh

Commercial Registration No 4030290792

## كي بي إم جي للاستشارات المهنية

مركز الزهران للأعمال  
شارع الأمير سلطان  
ص.ب 55078  
جده 21534  
المملكة العربية السعودية  
المركز الرئيسي الرياض

سجل تجاري رقم 4030290792

# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of the Arabian Cement Company  
(A Saudi Joint Stock Company)  
Jeddah - Kingdom Saudi Arabia

## Introduction

We have reviewed the accompanying 30 September 2021 condensed consolidated interim financial statements of Arabian Cement Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 September 2021;
- the condensed consolidated statements of profit or loss for the three-month and nine-month periods ended 30 September 2021;
- the condensed consolidated statement of comprehensive income for the three month and nine month periods ended 30 September 2021;
- the condensed consolidated statement of changes in equity for the nine month period ended 30 September 2021;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2021; and
- the notes to the condensed consolidated interim financial statements.

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

## Scope of review

We conducted our review in accordance with the 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 financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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.

KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (15,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (15,000,000) ريال سعودي منقوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة إنجليزية محدودة بضمان. جميع الحقوق محفوظة

Commercial Registration of the headquarter in Riyadh is 1010425494.

# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of the Arabian Cement Company (continued)  
(A Saudi Joint Stock Company)  
Jeddah - Kingdom Saudi Arabia

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2021 condensed consolidated interim financial statements of Arabian Cement Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services



Ebrahim Oboud Baeshen  
License No. 382



Jeddah, 27 October 2021  
Corresponding to 21 Rabi ul Awal 1443H

**ARABIAN CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2021

	Note	30 September 2021 (Unaudited) SR (Thousands)	31 December 2020 (Audited) SR (Thousands)
<b>Assets</b>			
Property, plant and equipment	7	2,235,130	2,329,743
Intangible assets		14,579	15,477
Investment properties		5,700	5,700
Investments in equity-accounted investees	8	50,480	48,343
Equity instruments at FVOCI		159,485	179,981
Deferred income tax	13	11,474	15,911
Right-to-use assets		4,839	5,130
<b>Non-current asset</b>		<b>2,481,687</b>	<b>2,600,285</b>
Inventories	10	444,377	547,927
Trade receivables	11	199,530	221,900
Prepayments and other receivables		29,198	21,702
Cash at banks		245,160	234,428
<b>Current assets</b>		<b>918,265</b>	<b>1,025,957</b>
<b>Total assets</b>		<b>3,399,952</b>	<b>3,626,242</b>
<b>Shareholder's equity and liabilities</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	1	1,000,000	1,000,000
Share premium		293,565	293,565
Statutory reserve		500,000	500,000
General reserve		95,000	95,000
Foreign currency translation reserve		(561)	(561)
FVOCI equity instruments assessment reserve		101,581	122,077
Retained earnings		789,887	901,690
<b>Total equity attributable to the Company's shareholders</b>		<b>2,779,472</b>	<b>2,911,771</b>
Non-controlling interests		86,173	81,135
<b>Total shareholders' equity (after)</b>		<b>2,865,645</b>	<b>2,992,906</b>

The attached notes 1 to 19 form integral part of these condensed consolidated interim financial statements.

Mr. Wael Ibrahim Al-Jabhan  
Financial Affairs Acting Vice  
President

Mr. Badr Osama Jawhar  
The chief executive officer

Eng. Mutaaz Qusai Al-Azawi  
Authorized Board of Directors  
Member

**ARABIAN CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
As at 30 September 2021

	<u>Note</u>	<b>30 September 2021 (Unaudited) SR (Thousands)</b>	<b>31 December 2020 (Audited) SR (Thousands)</b>
Total shareholder's equity (before)		<b>2,865,645</b>	2,992,906
Term loans	12	<b>250,657</b>	322,722
Employees' defined benefit obligations		<b>53,090</b>	49,743
Lease obligations	9	<b>4,475</b>	4,632
<b>Non-current liabilities</b>		<b>308,222</b>	377,097
Term loans	12	<b>21,157</b>	10,578
Trade and other payables		<b>177,573</b>	211,136
Zakat and income tax payable		<b>13,755</b>	21,510
Dividend payable	17	<b>12,938</b>	12,366
Lease obligations	9	<b>662</b>	649
<b>Current liabilities</b>		<b>226,085</b>	256,239
<b>Total liabilities</b>		<b>534,307</b>	633,336
<b>Total shareholders' equity and liabilities</b>		<b>3,399,952</b>	3,626,242

The attached notes 1 to 19 form integral part of  
these condensed consolidated interim financial statements.

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President

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Authorized Board of Directors  
Member

**ARABIAN CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)**

For the three-month and nine-month periods ended 30 September 2021

	<u>Note</u>	For the three-months period ended 30 September		For the nine-months period ended 30 September	
		2021 (Unaudited) SR (Thousands)	2020 (Unaudited) SR (Thousands)	2021 (Unaudited) SR (Thousands)	2020 (Unaudited) SR (Thousands)
Revenues		222,923	236,959	777,404	581,113
Cost of sales		(155,160)	(134,306)	(542,545)	(375,526)
<b>Gross profit</b>		<b>67,763</b>	<b>102,653</b>	<b>234,859</b>	<b>205,587</b>
Selling and distribution expenses		(10,519)	(3,743)	(37,123)	(14,573)
General and administrative expenses		(11,501)	(9,464)	(36,033)	(29,645)
<b>Operating income</b>		<b>45,743</b>	<b>89,446</b>	<b>161,703</b>	<b>161,369</b>
Dividend from investment in equity instruments at fair value		2,668	4,804	8,006	9,608
Group's share of results of equity-accounted investees	8	2,151	(288)	2,148	(5,052)
Finance costs		(4,690)	(6,148)	(14,796)	(19,528)
Losses on the assessment of ineffective portion of financial derivatives		--	--	--	(3)
Other income		2,299	1,847	6,093	4,144
<b>Profit before zakat and income tax</b>		<b>48,171</b>	<b>89,661</b>	<b>163,154</b>	<b>150,538</b>
Zakat		(3,750)	(5,250)	(11,250)	(15,750)
Deferred income tax		(4,172)	(1,566)	(8,658)	(901)
<b>Profit for the period</b>		<b>40,249</b>	<b>82,845</b>	<b>143,246</b>	<b>133,887</b>
<b>Profit for the period attributable to:</b>					
Shareholders of the Company		37,729	78,900	138,208	131,617
Non-controlling interests		2,520	3,945	5,038	2,270
		<b>40,249</b>	<b>82,845</b>	<b>143,246</b>	<b>133,887</b>
<b>Earnings per share for the period attributable to shareholders of the Company (SR):</b>	14				
Basic		0.38	0.79	1.38	1.32
Diluted		0.38	0.79	1.38	1.32

The attached notes 1 to 19 form integral part of these condensed consolidated interim financial statements.

Mr. Wael Ibrahim Al-Jabhan  
Financial Affairs Acting Vice  
President

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The chief executive officer

Eng. Mutaaz Qusai Al-Azawi  
Authorized Board of Directors  
Member

**ARABIAN CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)**  
For the three-month and nine-month periods ended 30 September 2021

		For the three-months period ended 30 September 2021 (Unaudited) SR (Thousands)	2020 (Unaudited) SR (Thousands)	For the nine-months period ended 30 September 2021 (Unaudited) SR (Thousands)	2020 (Unaudited) SR (Thousands)
	Note				
Profit for the period		<b>40,249</b>	82,845	<b>143,246</b>	133,887
<b>Other comprehensive income items:</b>					
<b>Items that are or may be reclassified subsequently to the statement of profit or loss:</b>					
Unrealized (losses) gains on investments in equity instruments at FVOCI		<b>(27,114)</b>	30,957	<b>(20,496)</b>	9,394
The Group's share in other comprehensive income of equity-accounted investees	8	<b>(47)</b>	(44)	<b>(11)</b>	(44)
Total other comprehensive (loss) / income		<b>(27,161)</b>	30,913	<b>(20,507)</b>	9,350
Total comprehensive income for the period		<b>13,088</b>	113,758	<b>122,739</b>	143,237
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Company		<b>10,568</b>	109,813	<b>117,701</b>	140,967
Non-controlling interests		<b>2,520</b>	3,945	<b>5,038</b>	2,270
Total comprehensive income for the period		<b>13,088</b>	113,758	<b>122,739</b>	143,237

The attached notes 1 to 19 form integral part of these condensed consolidated interim financial statements.

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# ARABIAN CEMENT COMPANY

(A Saudi Joint Stock Company)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the nine-months period ended 30 September 2021

	Equity attributable to shareholders of the Company									
	Share capital SR (Thousands)	Share premium SR (Thousands)	Statutory reserve SR (Thousands)	General reserve SR (Thousands)	Foreign currency translation reserve SR (Thousands)	FVOCI equity instruments assessment reserve SR (Thousands)	Retained earnings SR (Thousands)	Total equity attributable to the Company’s shareholders SR (Thousands)	Non- controlling interests SR (Thousands)	Total shareholders’ equity SR (Thousands)
Balance as at 1 January 2021 (Audited)	1,000,000	293,565	500,000	95,000	(561)	122,077	901,690	2,911,771	81,135	2,992,906
<b>Total comprehensive income</b>										
Profit for the period	--	--	--	--	--	--	138,208	138,208	5,038	143,246
Other comprehensive income	--	--	--	--	--	(20,496)	(11)	(20,507)	--	(20,507)
<b>Total comprehensive income</b>	--	--	--	--	--	(20,496)	138,197	117,701	5,038	122,739
<b>Transactions with shareholders of the Company</b>										
Dividend distributed (note 17)	--	--	--	--	--	--	(250,000)	(250,000)	--	(250,000)
Balance at 30 September 2021 (unaudited)	1,000,000	293,565	500,000	95,000	(561)	101,581	789,887	2,779,472	86,173	2,865,645

The attached notes 1 to 19 form integral part of these condensed consolidated interim financial statements.

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The chief executive officer

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Authorized Board of Directors  
Member



# ARABIAN CEMENT COMPANY

(A Saudi Joint Stock Company)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the nine-months period ended 30 September 2021

	Equity attributable to shareholders of the Company									
	Share capital SR (Thousands)	Share premium SR (Thousands)	Statutory reserve SR (Thousands)	General reserve SR (Thousands)	Foreign currency translation reserve SR (Thousands)	FVOCI equity instruments assessment reserve SR (Thousands)	Retained earnings SR (Thousands)	Total equity attributable to the Company's shareholders SR (Thousands)	Non- controlling interests SR (Thousands)	Total shareholders' equity SR (Thousands)
Balance as at 1 January 2020 (Audited)	1,000,000	293,565	500,000	95,000	(561)	79,590	915,415	2,883,009	74,719	2,957,728
<b>Total comprehensive income</b>										
Profit for the period	--	--	--	--	--	--	131,617	131,617	2,270	133,887
Other comprehensive income	--	--	--	--	--	9,394	(44)	9,350	--	9,350
<b>Total comprehensive income</b>	--	--	--	--	--	9,394	131,573	140,967	2,270	143,237
Transactions with shareholders of the Company										
Dividend distributed (note 17)	--	--	--	--	--	--	(200,000)	(200,000)	--	(200,000)
Balance at 30 September 2020 (Unaudited)	1,000,000	293,565	500,000	95,000	(561)	88,984	846,988	2,823,976	76,989	2,900,965

The attached notes 1 to 19 form integral part of these condensed consolidated interim financial statements.

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President

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**ARABIAN CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS (UNAUDITED)**

For the nine-months period ended 30 September 2021

	Note	<b>2021</b> (Unaudited) SR (Thousands)	<b>2020</b> (Unaudited) SR (Thousands)
Income for the period before zakat and income tax		<b>163,154</b>	150,538
<b>Adjustments:</b>			
Depreciation on property, plant and equipment	7	<b>105,121</b>	103,550
Amortization of intangibles		<b>898</b>	899
Amortization of right to use assets		<b>291</b>	287
Group's share of results of equity-accounted investees	8	<b>(2,148)</b>	5,052
Losses on the assessment of ineffective portion of financial derivatives		<b>--</b>	3
Dividend from investment in equity instruments at fair value		<b>(8,006)</b>	(9,608)
Support of trade receivables provision		<b>--</b>	1,167
Finance costs		<b>14,796</b>	19,528
Employee defined benefit obligation charge for the period		<b>7,592</b>	4,292
		<b>281,698</b>	275,708
<b>Changes in working capital:</b>			
Trade receivables, prepayments and other debit balances		<b>14,874</b>	3,307
Inventories		<b>103,550</b>	9,796
Trade and other payables		<b>(33,563)</b>	(10,736)
		<b>366,559</b>	278,075
Finance costs paid		<b>(14,506)</b>	(19,231)
Zakat and income tax paid		<b>(23,226)</b>	(17,305)
Paid employees' benefits		<b>(4,245)</b>	(3,566)
<b>Net cash provided by operating activities</b>		<b>324,582</b>	237,973
<b>Investing activities</b>			
Additions to property, plant and equipment	7	<b>(10,508)</b>	(25,976)
Dividend from investment in equity instruments at fair value		<b>8,006</b>	9,608
<b>Net cash used in investing activities</b>		<b>(2,502)</b>	(16,368)
<b>Financing activities</b>			
Proceeds from term loans		<b>33,223</b>	15,867
Repayment of term loans		<b>(94,709)</b>	(40,532)
Payment of lease obligations		<b>(434)</b>	(376)
Dividends paid	17	<b>(249,428)</b>	(202,060)
<b>Net cash used in financing activities</b>		<b>(311,348)</b>	(227,101)
Change in cash and cash equivalents during the year		<b>10,732</b>	(5,496)
Cash and cash equivalents as at the beginning of the period		<b>234,428</b>	143,899
<b>Cash and cash equivalents as at end of the period</b>		<b>245,160</b>	138,403
<b>Significant non-cash transactions</b>			
Net (losses) / gains from equity instruments at FVOCI		<b>(20,496)</b>	9,394

The attached notes 1 to 19 form integral part of these condensed consolidated interim financial statements.

Mr. Wael Ibrahim Al-Jabhan  
Financial Affairs Acting Vice  
President

Mr. Badr Osama Jawhar  
The chief executive officer

Eng. Mutaaz Qusai Al-Azawi  
Authorized Board of Directors  
Member

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

As at 30 September 2021

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**1. CORPORATE INFORMATION**

Arabian Cement Company (the “Company” or the “Parent Company”) is a Saudi Joint Stock Company incorporated in accordance with the Companies’ Regulations in the Kingdom of Saudi Arabia under the Royal Decree No. 731 dated 12 Jumada Al-Oula 1374H (5 January 1955) and the Company works under the commercial registry No. 4030000148 Jeddah, 14 Ramadan 1376 H (corresponding to 13 April 1957).

The Company's share capital is one billion Saudi riyals divided into 100 million shares, of SR 10 each, as at 30 September 2021 and 31 December 2020.

The Company’s shares are listed in the Capital Market Authority in the Kingdom of Saudi Arabia. The Parent Company is owned by 6.67% to major shareholder, while 93.33% is owned by other shareholders as at 30 September 2021 (31 December 2020: 6.67% by major shareholder and 93.33% by other shareholders).

The main activity of the Company is as follows:

1. Production of cement, construction materials and other related materials and derivatives inside and outside the Kingdom of Saudi Arabia.
2. Trading of clinker, cement, construction materials and other related materials and derivatives inside and outside the Kingdom of Saudi Arabia.
3. Utilization of mines and establishing of factories and stores needed in manufacturing, storage, selling, purchase, exporting and importing and other complementary and supportive industries.

To achieve these purposes, the Company has the right to enter into all types of contracts of properties and movable assets within the limits if the applicable regulations.

The registered address of the Company is Arabian Cement Company building, 8605 King Abdulaziz Road, Nahdha District, Jeddah 23523-2113, Kingdom of Saudi Arabia.

As at 30 September 2021, the Company has, directly or indirectly, investments in the following subsidiaries (referred to collectively as the “Group”):

The details of the subsidiaries are as follow:

<b><u>Subsidiary</u></b>	<b><u>Principal business activity</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Shareholding (%)</u></b>	
			<b><u>2021</u></b>	<b><u>2020</u></b>
Bahrain Arabian Cement Holding Company (Bahrain Cement Company)	Holding company	Kingdom of Bahrain	<b>100%</b>	100%

At 5 November 2007, Bahrain Arabian Cement Holding Company has been established as an individual Company registered in the Kingdom of Bahrain with the purpose of managing its subsidiaries and to invest in shares, bonds and securities and to own properties and movable assets necessary to its operations and to provide loans and has facilities to provide loans warranties and financing for its subsidiaries.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

As at 30 September 2021

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**1. COMPANY INFORMATION (continued)**

Bahrain Cement Company has investment in the following subsidiary:

<u>Subsidiary</u>	<u>Principal business activity</u>	<u>Country of incorporation</u>	<u>Shareholding (%)</u>	
			<u>2021</u>	<u>2020</u>
Qtrana Cement Joint Stock Private Company ("Qtrana Cement Company")	Cement production	Kingdom of Jordan	<b>86,74%</b>	86,74%

Bahrain Cement Company owns 86.74% of Qatrana Cement Company's shares and holds control over its business and management, and thus, Qatrana Cement Company is considered an indirectly owned subsidiary by the Parent Company and consolidated in these condensed consolidated interim financial statements. Qatrana Cement Company's activity is represented in the production of black Portland cement, white cement and calcium carbonate.

The condensed consolidated statement of profit or loss includes the results of operations of the subsidiaries for the three-month period ended 30 September 2021, and the condensed consolidated statement of financial position includes the assets and liabilities of the subsidiaries, as at 30 September 2021.

**2. BASIS OF PREPERATION**

**2.1 Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants. These condensed consolidated interim financial statements should be read in conjunction with the financial statements of the last annual financial statements of the Group as in as at 31 December 2020 ("Previous Year Financial Statements"). These financial statements do not include all the information required to prepare a complete set of consolidated financial statements in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, however some accounting policies and explanatory notes have been included to explain the events and transactions that are important to understand the changes in the financial position and financial performance of the Group from the consolidated financial statements of the previous year. In addition, the results for the nine-months period ended September 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021.

**2.2 Basis of measurement**

The Condensed consolidated interim financial statements have been prepared on historical cost basis, except for the following major items presented in condensed consolidated statement of financial position:

- Equity investments are measured at Fair Value through Other Comprehensive Income
- Defined benefits obligations accruals for future obligations are recognised based on the expected credit unit method.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

As at 30 September 2021

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**2. BASIS OF PREPARATION (continued)**

**2.3 Functional and presentation currency**

These condensed consolidated interim financial statements are prepared in Saudi Arabian Riyals (SR) which is the Company's functional and presentation currency of the Group. All amounts have been rounded off to the nearest thousand Saudi Riyal unless otherwise stated.

**3. USE OF JUDGEMENTS AND ESTIMATES**

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.

Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are also reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.

Significant judgments made by the management upon the adopting the Company's accounting policies correspond to the disclosed policies in the financial statements for the year ended 31 December 2020.

**4. BASIS OF CONSOLIDATION**

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries set forth in Note 1. Control is achieved when the Group is exposed, or has rights to returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group is considered having control over the investee in the following cases or elements:

- 1) Control over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- 2) Exposure to rights in variable returns from its involvement with the investee.
- 3) The ability to use its power over the investee to affect its returns.

The Group reassesses whether it has control over the investee if facts and circumstances indicate that there have been changes in one of the above-mentioned elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of an acquired or disposed of subsidiary during the period are included in the consolidated financial statements from the date the Group gains control until the date the control ceases.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

As at 30 September 2021

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**4. BASIS OF CONSOLIDATION (continued)**

Profits, losses and all components of other comprehensive income are attributable to the equity holders of the Parent Company of the Group and to the holders of non-controlling interests, even if this results in a deficit balance in favor of the non-controlling interest holders. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group balances and financial transactions resulting from transactions between the Group and its subsidiaries and those arising between the subsidiaries are eliminated in preparing these consolidated financial statements. Also, any unrealized gains or losses resulting from internal transactions in the Group are eliminated upon consolidation of the financial statements.

Any change in shareholding interests in the subsidiary, without loss of control, is accounted for as an equity transaction, and when the Group loses control on the subsidiary it and does the following:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognition of the carrying amount of any non-controlling interest.
- Derecognition of the cumulative transfer differences recorded under equity.
- Recognizes the fair value of consideration received
- Recognizes the fair value of any investment retained
- Surplus or deficit are recognized in profit or loss.

The Parent Company's share of the aforementioned components within other comprehensive income is reclassified under profit, loss or retained earnings, as would be required if the Group had directly disposed of the related assets or liabilities.

**Eliminated transactions**

Intra-group balances and transactions, as well as any unrealized gains or losses resulting from internal transactions between the Group's companies, are completely eliminated when preparing these consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but to the extent that there is no evidence of impairment.

**Non-controlling interests**

The non-controlling interests in the net assets of the consolidated subsidiaries are recognized separately from the Group's equity in the net assets. Non-controlling interests consist of the amounts of those interests that are recognized at the date of the original business combination in addition to their shares in the changes in equity in the Company that occur after the date of acquisition.

The Group does not add its indirect share in the subsidiary that it owns through investments in equity-accounted investees. When calculating the shares attributable to non-controlling interests, only the shares owned directly or indirectly by another subsidiary are taken into account.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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As at 30 September 2021

**5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED**

**5.1 New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the Condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. There is no impact the condensed consolidated interim financial statements.

Effective as of	New standards or amendments
1 January 2021	IFRS 17 "Insurance Contracts" (non applicable)
1 January 2021	IFRS 9, IFRS 39, IFRS 7, IFRS 4 and IFRS 16

**5.2 Standards issued and not yet effective**

Standards and amendments issued but not yet effective up to the date of issuance of the Group's condensed consolidated interim financial statements are listed below. The Group does not expect a material impact on the condensed consolidated interim financial statements if the below standards and amendments are applied.

<i>Standard / Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
IFRS Standards	Annual improvements to IFRS standards 2018 – 2020	1 January 2022
IAS 16	Property, plant and equipment: Proceeds before the intended use	1 January 2022
IFRS 3	Reference to the conceptual framework	1 January 2022
IFRS 17	Insurance contracts	1 January 2023
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	1 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

**6. SEGMENT INFORMATION**

The Group is mainly engaged in an operating segment that is related to production and selling of cement and clinker.

The Group's business has been divided into geographical business units as follows:

- All the operations of the Group are carried out in the Kingdom of Saudi Arabia.
- Group's operations outside the Kingdom of Saudi Arabia, which mainly represent the Group's operations in Hashemite Kingdom of Jordan, in addition to the Kingdom of Bahrain.

**ARABIAN CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**6. SEGMENT INFORMATION (continued)**

<u>As at 30 September 2021</u> <u>(Unaudited)</u>	<u>Inside</u> <u>Kingdom of</u> <u>Saudi Arabia</u> <u>SR</u> <u>(Thousands)</u>	<u>Outside</u> <u>Kingdom of</u> <u>Saudi Arabia</u> <u>SR</u> <u>(Thousands)</u>	<u>Reconciliations</u> <u>SR</u> <u>(Thousands)</u>	<u>Total</u> <u>SR</u> <u>(Thousands)</u>
Total property, plant, equipment and property investments	1,507,236	830,362	(96,768)	2,240,830
Investment at FVOCI	159,485	--	--	159,485
Total non – other current assets	802,506	35,942	(757,076)	81,372
Total current assets	693,161	224,556	549	918,266
<b>Total liabilities</b>	<b>382,914</b>	<b>436,815</b>	<b>(285,422)</b>	<b>534,307</b>

<u>As at 31 December 2020</u> <u>(Audited)</u>	<u>Inside</u> <u>Kingdom of</u> <u>Saudi Arabia</u> <u>SR</u> <u>(Thousands)</u>	<u>Outside</u> <u>Kingdom of</u> <u>Saudi Arabia</u> <u>SR</u> <u>(Thousands)</u>	<u>Reconciliations</u> <u>SR</u> <u>(Thousands)</u>	<u>Total</u> <u>SR</u> <u>(Thousands)</u>
Total property, plant, equipment and property investments	1,575,661	856,550	(96,768)	2,335,443
Investment at FVOCI	179,981	--	--	179,981
Total non – other current assets	783,042	52,725	(750,906)	84,861
Total current assets	774,148	251,655	154	1,025,957
<b>Total liabilities</b>	<b>401,058</b>	<b>544,901</b>	<b>(312,623)</b>	<b>633,336</b>

Financial information for revenues and profits related to geographical segments after elimination of the impact of the transactions between the Group's companies for the nine-months period September 2021 and 2020 are as follows:

<u>For the period September 2021</u> <u>(Unaudited)</u>	<u>Inside</u> <u>Kingdom of</u> <u>Saudi Arabia</u> <u>SR</u> <u>(Thousands)</u>	<u>Outside</u> <u>Kingdom of</u> <u>Saudi Arabia</u> <u>SR</u> <u>(Thousands)</u>	<u>Reconciliations</u> <u>SR</u> <u>(Thousands)</u>	<u>Total</u> <u>SR</u> <u>(Thousands)</u>
Revenue from Contracts with Customers	544,159	233,245	--	777,404
Period's profits attributable to Company's shareholders	138,208	37,951	(37,951)	138,208
Finance costs	110	14,686	--	14,796
Depreciations and amortisations	74,756	31,554	--	106,310

<u>For the period September 2020</u> <u>(Unaudited)</u>	<u>Inside</u> <u>Kingdom of</u> <u>Saudi Arabia</u> <u>SR</u> <u>(Thousands)</u>	<u>Outside</u> <u>Kingdom of</u> <u>Saudi Arabia</u> <u>SR</u> <u>(Thousands)</u>	<u>Reconciliations</u> <u>SR</u> <u>(Thousands)</u>	<u>Total</u> <u>SR</u> <u>(Thousands)</u>
Revenue from Contracts with Customers	402,014	179,099	--	581,113
Period's profits attributable to Company's shareholders	131,617	17,088	(17,088)	131,617
Finance costs	--	19,528	--	19,528
Depreciations and amortisations	73,693	31,043	--	104,736



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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As at 30 September 2021

**7. PROPERTY, PLANT AND EQUIPMENT**

- 1) For the purposes of preparing the condensed statement of cash flows, the movement in property, plant and equipment during the nine-month period September is as follows:

	<b>For the nine-month period ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>SR</b>	<b>SR</b>
	<b>(Thousands)</b>	<b>(Thousands)</b>
Depreciation	<b>105,121</b>	103,550
Additions of property, plant and equipment	<b>10,508</b>	25,976

- 2) As at 30 September 2021, the Group's property, plant and equipment includes projects in progress amounting to SR 419 million (31 December 2020: SR 413 million) mainly related to business projects to raise the level of efficiency of production lines, construct cement mills and connection with the power plant, the balance of which is SR 409.6 million as at 30 September 2021. During the period, the Group did not capitalize borrowing costs (30 September 2020: SR 0.6 million and during the year ended 31 December 2020: SR 0.9 millions)
- 3) Group's property, plant and equipment are not pledged against standing loans as at 30 September 2021 and 31 December 2020.

**8. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES**

<u>Company name</u>	<u>Country of incorporation</u>	<u>Principal activity</u>	<u>Shareholding %</u>		<b>30 September 2021 (Unaudited) SR (Thousands)</b>	<b>31 December 2020 (Audited) SR (Thousands)</b>
			<u>2021</u>	<u>2020</u>		
Ready Mix Concrete and Construction Supplies Company	Kingdom of Jordan	Ready concrete production	<b>36,67%</b>	36,67%	<b>15,034</b>	15,515
Cement Products Limited Company	Kingdom of Saudi Arabia	Bags production Cement	<b>33,33%</b>	33,33%	<b>35,446</b>	32,828
					<b>50,480</b>	48,343

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

As at 30 September 2021

**8. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (continued)**

The movement of investments in equity accounted investees during the period / year was as follows:

	<b>30 September 2021 (Unaudited) Saudi Riyal (Thousands)</b>	<b>31 December 2020 (Audited) Saudi Riyal (Thousands)</b>
Balance at beginning of the period/ year	48,343	57,442
Group's share in equity-accounted investees' results for the period / year	2,148	(9,010)
The Group's share in comprehensive income of equity-accounted investees	(11)	(89)
Balance at the end of the period/year	<u>50,480</u>	<u>48,343</u>

**9. LEASES**

Lease liabilities were presented in the balance sheet as follows:

	<b>30 September 2021 (Unaudited) Saudi Riyal (Thousands)</b>	<b>31 December 2020 (Audited) Saudi Riyal (Thousands)</b>
Short-term obligation	662	649
Long term obligation	4,475	4,632
	<u>5,137</u>	<u>5,281</u>

The interest expense resulting from the lease contracts during the period ended 30 September 2021 amounted to SR 290 thousand (30 September 2020: SR 297 thousand).

**10. INVENTORIES**

Inventories comprise the following:

	<b>30 September 2021 (Unaudited) Saudi Riyal (Thousands)</b>	<b>31 December 2020 (Audited) Saudi Riyal (Thousands)</b>
Spare parts	114,087	107,500
Under progress products and finished inventory	272,940	386,963
Raw materials and fuels	54,714	49,102
Goods in-transit	2,636	4,362
	<u>444,377</u>	<u>547,927</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**11. TRADE RECEIVABLES**

Trade receivables comprise of the following:

	<b>30 September 2021 (Unaudited) Saudi Riyal (Thousands)</b>	31 December 2020 (Audited) Saudi Riyal (Thousands)
Trade receivables	<b>179,300</b>	184,742
Trade receivables - related parties (Note 16)	<b>23,817</b>	40,745
	<b>203,117</b>	225,487
Provision for impairment of trade receivables	<b>(3,587)</b>	(3,587)
	<b>199,530</b>	221,900

**12. TERM LOANS**

- a) During the year ended 31 December 2015, the Company conducted an agreement with SABB bank amounted to SR 400 million to fund the first phase of the expansion and establishment of cement facilities project and electricity station project. The Financing is payable over five years, including a grace period for the first year, on eight equal installments over four years. The Company entered into an interest rate swap contract to hedge the potential interest rate risk on the loan.

During the year ended 31 December 2016, the loan agreement has been amended to reduce the funding with an amount of SR 148.5 million, which is reducing it from SR 400 million to SR 251.5 million. Accordingly, the Company entered into a swap contract with Riyadh Bank for hedging against the initial swap contract on the total loan. The swap contract expired during the period on 1 April 2020.

The agreement includes certain conditions, including maintaining certain financial ratios.

- b) On 20 July 2017, the subsidiary company "Qatrana Cement Company" obtained from the Arab Bank a diminishing loan amounted to JD 100 million.

The installment due for the month of July 2020 has been rescheduled amounting to JD 6.3 million (SR 33.3 million), in addition to the interest of the loan for the period from 1 April till 31 December 2020, amounting to of JD 3.4 million (SR 18 million) and extending the loan repayment tenure for an additional year, so that the last installment will be due on 20 July 2026.

The agreement includes certain conditions, including maintaining financial ratios and that the ownership of the Arabian Cement Company, the Parent Company, doesn't directly or indirectly become less than 75% of Qatrana Cement Company's share capital during the loan lifetime. The interest on loan ranged 6,38% (31 December 2020: 7.75%).

A breach of these covenants in the future may lead to renegotiation. The management monitors the covenants on a monthly basis, and in case of the existence of a breach that is expected to occur in the future, the management takes the necessary measures to ensure compliance.

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**12. TERM LOANS (continued)**

The Company obtained a loan from the Arab Bank, supported by the Central Bank, at a value of JD 3 million (SR 15.9 million) at an interest rate of 3.5% for a period of 24 months. The first installment became due on 1 January 2021, and the total repayment of the loan amounted to JD 1.1 million (SR 6 million) during the period ended 30 September 2021.

- c) On 28 January 2021, the Group obtained from a local bank a 30-day short-term loan, with an amount of SR 20 million. It was fully paid during the period.

Term borrowings are presented in the condensed consolidated statement of financial position sheet as following:

	<b>30 September 2021 (Unaudited) SR (Thousands)</b>	<b>31 December 2020 (Audited) SR (Thousands)</b>
Current portion of term borrowings	<b>21,157</b>	10,578
Non-current portion of term borrowings	<b>250,657</b>	322,722
	<b>271,814</b>	<b>333,300</b>

The financing movement during the period / year is as follows:

	<b>30 September 2021 (Unaudited) SR (Thousands)</b>	<b>31 December 2020 (Audited) SR (Thousands)</b>
Balance at beginning of the period/ year	<b>333,300</b>	419,661
Provided during the period/year	<b>33,223</b>	15,867
Provided during the period/year	<b>(94,709)</b>	(102,228)
	<b>271,814</b>	<b>333,300</b>

**13. ACCRUED ZAKAT AND INCOME TAX**

**Zakat and tax status**

**Arabian Cement Company**

The Company finalized its zakat status up to the year 2005 and submitted its zakat returns for the years ended 31 December 2006 through 2010 and ZATCA has issued zakat assessment for the mentioned years which resulted accrued zakat differences that amount to SR 14.6 million. The Company filed an appeal that was transferred to the Preliminary Objection Committee (POC) for the review and decision.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**13. ACCRUED ZAKAT AND INCOME TAX (continued)**

**Zakat and tax status (continued)**

**Arabian Cement Company (continued)**

The Preliminary Objection Committee issued its resolution No. (36) in 1436H regarding the Company's objection on the said years. ZATCA has issued an adjusted zakat assessment based on the Preliminary Objection Committee's resolution, which showed a reduction in zakat differences amounts to SR 9.8 million. The Company paid the due zakat differences in accordance to the mentioned committee's resolution amounting to SR 4.8 million. ZATCA has also filed an appeal against the mentioned committee's resolution against the Tax Appeals Committee, which is still under consideration by the Committee up to date. The Company's management, supported by its zakat advisor, believes that the Company has a strong opportunity to win the aforementioned appeal.

The Company filed its Zakat returns for the years ended 31 December 2011 till 2013. The Zakat, Tax and Customs Authority did not issue the Zakat assessment for the said years till to date.

ZATCA has issued the Zakat assessment for the years ending on 31 December 2014 until 2018, which showed accrued zakat differences of SR 16.4 million. The Company has objected the zakat assessment, and ZATCA issued the amended zakat assessment based on the decision of the Primary Committee, which showed a decrease in the zakat difference by an amount of SR 3.5 million. The Company has escalated the aforementioned objection to the Tax Violation and Dispute Appellate Committee, which is still under consideration by ZATCA to date. The Company's management and the zakat advisor believe that its position is strong and that the Company has sufficient provision to cover potential zakat obligations as a result of this assessment.

The Company has submitted the Zakat returns for the years ended 31 December 2014 to 2020 and obtained the unrestricted Zakat certificate for the year 2020.

**Qatrana Cement Company (subsidiary) – Jordan**

Income tax returns were audited by the Income and Sales Tax Department until the end of 2018. The Company also filed income tax returns to the Department until the end of 2020.

With regard to sales tax, sales tax returns were audited by the Income and Sales Tax Department until the end of 2018. The Company also submitted sales tax returns to the Department for the end of February 2021.

The Income and Sales Tax Department reviewed the income tax for the Company for the year 2014 and issued its initial decisions requesting the Company to pay tax differences resulting from a difference in the interpretation of the decision of the Investment Board exemptions. Accordingly, the objection was submitted to the objection committee in the Income Tax Department. On 21 June 2020, the decision in relation to the objection was issued not to calculate investment promotion exemption on profits for the year 2014. However, the Company submitted its objection against the Department's decisions, and the files were transferred to the court to settle the dispute, and the Company did not calculate an additional provision for income tax as, according to the opinion of the legal advisor that the Company has strong reasons to win this case. The case is currently under review by the court of first instance.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**13. ACCRUED ZAKAT AND INCOME TAX (continued)**

**Zakat and tax status (continued)**

Movement on deferred tax assets account:

	<b>As at 30 September 2021 (Unaudited)</b>	<b>As at 31 December 2020 (Audited)</b>
Balance at beginning of period/year	<b>27,070</b>	25,445
Other additions and amendments during the period	<b>(4,437)</b>	1,625
	<b>22,633</b>	27,070
Less: Deferred Tax Liabilities	<b>(11,159)</b>	(11,159)
<b>Balance at end of the period / year</b>	<b>11,474</b>	15,911

The differed tax assets for the period ended 30 September 2021 is accounted accordingly with the Income Tax Law No. (38) for the year 2018, which came into effect as of 1 January 2019. According to this law, the legal tax rate on the Company is 17%, in addition to the national contribution rate of 1% (2020: 16% in addition to the national contribution of 1%).

**14. EARNINGS PER SHARE**

**a) Basic earnings per share**

The calculation of basic earnings per share has been based the distributable earnings attributable to shareholders of ordinary shares and the weighted average number of ordinary shares outstanding at the date of the financial statements.

	<b>For the three-months period ended</b>		<b>For the nine-month period ended</b>	
	<b>30 September 2021</b>	30 September 2020	<b>30 September 2021</b>	30 September 2020
Profit for the period (SR in 000's)	<b>37,729</b>	78,900	<b>138,208</b>	131,617
Number of shares (weighted average - in thousands)	<b>100,000</b>	100,000	<b>100,000</b>	100,000
Basic earnings per share (SR)	<b>0.38</b>	0.79	<b>1.38</b>	1.32

**b) Diluted EPS**

The calculation of diluted earnings per share has been based on the profit distributable to shareholders on ordinary shares and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any.

During the period, there are no transactions that reduce the earnings per share and therefore the earnings per diluted share is not different from the basic earnings per share.

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**15. CONTINGENCIES AND CAPITAL COMMITMENTS**

- As at 30 September 2021, the Group has contingencies represented in outstanding letters of guarantee and letters of credit of SR 34.3 million (31 December 2020: SR 48.7 million).
- As at 30 September 2021, the Group has capital commitments related to the upgrading of the production lines and facilities of the Group amounted to SR 4.9 million (31 December 2020: SR 1.3 million) and there are guarantees amounting to SR 26.2 million (31 December 2020: SR 33.3 million) provided to local banks against financial facilities and borrowings for an associate.
- There are lawsuits filed against the subsidiary with a value of JD 0.6 million, equivalent to SR 3 million, as at 30 September 2021 (as at 31 December 2020: JD 0.7, equal to SR 3.8 million) in addition to cases with unspecified value. The subsidiary's Management and its legal consultant believe that the subsidiary has strong reasons against these cases, and there is no need to take any provisions against these cases.
- There is a case filed by the Attorney General of the General Authority for Competition against the Company with the Committee for Adjudication of Competition Violations, subsequent to the financial position date on 4 October 2021. The Committee for adjudication of competition violations decided to impose a fine on the Company of SR 10 million. The Company's management, supported by its legal advisor, believes that this decision is not final or enforceable until after it has been finalized, and that the Company has strong arguments to respond to this case, and there is no need to make any provisions for it. Procedures are being taken to object this decision before the administrative court.
- There are cases brought against the Company that have no defined value and are still pending before the judiciary, and the Company's management or its legal advisor cannot reliably anticipate the obligations that may result from them at the present time, and accordingly no provisions have been made against these cases.

**16. RELATED PARTIES' DISCLOSERS**

Related parties represent major shareholders, members of the Group's board of directors, key management personnel in the Group, and entities that are managed or over which significant influence is exercised by these parties. The related parties of the Company are as follows:

<b><u>Description</u></b>	<b><u>Nature of relation</u></b>
Ready Mix Concrete and Construction Supplies Company	Associate
Cement Products Limited Company	Associate
Group's BOD members	Other related parties
Key management and senior executives	Other related parties

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**16. RELATED PARTIES' DISCLOSERS (continued)**

- a) The following table summarizes related parties' balances as at 30 September 2021 and 31 December 2020:

		<u>Volume of transactions</u>		<u>Closing balance</u>	
		<u>For the nine- months period ended 30 September 2021 (Unaudited) Saudi Riyal (Thousands)</u>	<u>For the year ended 31 December 2020 (Audited) Saudi Riyal (Thousands)</u>	<u>30 September 2021 (Unaudited) Saudi Riyal (Thousands)</u>	<u>31 December 2020 (Audited) Saudi Riyal (Thousands)</u>
<b><u>Balance due from related parties under trade receivables</u></b>					
Ready Mix Concrete and Construction Supplies Company - Associate	Sales	30,654	52,415	<u>23,817</u>	<u>40,745</u>
<b><u>Due balances from related parties under other debit balances</u></b>					
Ready Mix Concrete and Construction Supplies Company - Associate	Dividends	--	--	<u>175</u>	<u>492</u>
<b><u>Balance due from related parties under trade payables</u></b>					
Cement Products Limited Company "Associate"	Purchases	9,454	16,688	<u>78</u>	<u>191</u>

- b) Allowances and remuneration of BOD members and senior executives:

	<u>For the nine-months period ended at 30 September</u>	
	<u>2021 (Unaudited) Saudi Riyal (Thousands)</u>	<u>2020 (Unaudited) Saudi Riyal (Thousands)</u>
Salaries and remunerations of the senior executives of the Company	3,130	3,104
Salaries and allowances Company's key management and Senior Executives in the subsidiary	239	239
Remuneration of subsidiary's BOD members	360	360
Allowances for attending Board of Directors meetings at the Company	376	274
Allowances for attending Board of Directors meetings at the Company the subsidiary	108	105
Board of directors numerations	1800	1800

Key managers' benefits include basic salaries, remunerations and other benefits under the Group's policy. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.



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**17. DIVIDEND PAYABLE**

On 1 March 2021, the Company's Board of Directors recommended distributing cash dividends to shareholders for the financial year 2020 with an amount of SR 125 million, which represents SR 1.25 per share, which was approved during the sixty five Extraordinary General Assembly on 11 April 2021.

On 15 August 2021, the Company's Board of Directors recommended distributing cash dividends to shareholders for the first half of the year 2021 that amounted to SR 125 million, which represents SR 1.25 per share.

The movement on accrued dividends during the period/year is as follows:

	<b>30 September 2021 (Unaudited) SR (Thousands)</b>	<b>31 December 2020 (Audited) SR (Thousands)</b>
Balance at beginning of the period/ year	<b>12.366</b>	15.179
Declared during the period / year	<b>250,000</b>	200.000
Paid during the period / year	<b>(249,428)</b>	(202.813)
	<b><u>12,938</u></b>	<b><u>12.366</u></b>

**18. IMPORTANT MATTERS**

The Corona pandemic (Covid 19) continued across the Kingdom and other countries, which caused disturbances in the economic and commercial sectors in general, and accordingly, the Group's management proactively assessed the impact on its operations and took a series of preventive measures, to ensure the health and safety of its employees and workers. Despite these challenges, the Company's business and operations are currently still largely unaffected. The primary demand from customers for the Group's products has not been affected to a large extent. Based on these factors, the Company's management believes that the Covid-19 pandemic did not have a material impact on the financial results that were reported for the year ended 30 September 2021.

The Group continues to closely monitor the development of the pandemic even though the management at this time is not aware of any expected factors that may change the impact of the pandemic on the Group's operations during or after 2021. The Group's management is currently monitoring the situation and the extent of its impact on the Group's operations, cash flows and financial position. The management believes, based on its assessment, that the Company has sufficient liquidity available to continue fulfilling its financial obligations in the foreseeable future as and when they fall due.

**19. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These condensed interim consolidated financial statements were approved by the Board of Directors on 26 October 2021, corresponding to 20 Rabi ul Awal 1443H.