UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
WITH INDEPENDENT AUDITOR'S INTERIM REVIEW REPORT**

UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

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INDEPENDENT AUDITOR'S INTERIM REVIEW REPORT FOR THE INTERIM CONDENSED FINANCIAL STATEMENTS

To: The Shareholders
UMM AL-QURA CEMENT COMPANY
(Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Umm Al-Qura Cement Company**, a Saudi Joint Stock Company ("the Company"), as at 31 March 2022 and the Interim condensed statements of profit or loss and other comprehensive income and the statement of changes in equity and statement of cash flows for the three months period ended on that date and the summary of significant accounting policies and other explanatory notes. The management is responsible for the preparation of these interim condensed financial statements in accordance with International Accounting Standard (34), "Interim Financial Reporting" that are endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed 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 condensed 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 interim condensed financial statements as at 31 March 2022, are not prepared in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia.

Allied Accountants Professional Services Company

المحاسبون المتحدون للاستشارات المهنية
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Mohammed Bin Farhan Bin Nader
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Riyadh, Saudi Arabia
8 Shawwal 1443 H (9 May 2022).

UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 MARCH 2022

	Note	31 March 2022 (Unaudited) SAR	31 December 2021 (Audited) SAR
Assets			
Non current assets			
Property, plant and equipment, net		**811,171,755**	823,065,075
Intangible assets , net		**218,926**	305,536
Right-of-use asset, net		**1,230,126**	1,205,290
Financial investments at fair value through OCI		**67,703**	42,504
Total non current assets		**812,688,510**	824,618,405
Current assets			
Inventory	5	**266,904,952**	255,086,382
Margin of letter of guarantee	6	**-**	50,000,000
Deposit against bank letter of guarantee	7	**50,120,069**	-
Accounts receivable, prepaid expenses and other debtors, net	8	**26,442,074**	19,629,720
Cash and cash equivalents		**61,553,991**	36,790,341
Total current assets		**405,021,086**	361,506,443
Total assets		**1,217,709,596**	1,186,124,848
Equity and Liabilities			
Equity			
Share capital		**550,000,000**	550,000,000
Statutory reserve	9	**29,376,428**	29,376,428
Retained earnings		**183,530,238**	169,685,593
Reserve for revaluation of Financial investments at fair value through OCI		**39,367**	14,168
Total equity		**762,946,033**	749,076,189
Liabilities			
Non-current liabilities			
Saudi Industrial Development Fund loan- non-current portion	10	**263,645,927**	317,630,718
Provision for dismantling, removing and rehabilitation of areas subject to franchise license		**10,315,389**	10,066,023
Lease liabilities - non-current portion		**646,271**	511,425
Employees' defined benefit plan obligations		**3,334,450**	3,226,636
Total non-current liabilities		**277,942,037**	331,434,802
Current liabilities			
Saudi Industrial Development Fund loan- current portion	10	**105,450,439**	50,056,129
Lease liabilities - current portion		**646,877**	638,696
Accounts payable, accrued expenses and other credit balances	12	**61,001,347**	47,296,168
Zakat provision		**9,722,863**	7,622,864
Total current liabilities		**176,821,526**	105,613,857
Total liabilities		**454,763,563**	437,048,659
Total equity and liabilities		**1,217,709,596**	1,186,124,848

Chief Financial Officer | Chief Executive Officer | Chairman of Board of Directors

The accompanying notes from (1) to (18) are an integral part of these Interim condensed financial statements.

UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

		FOR THE THREE MONTHS PERIOD ENDED 31 MARCH	
		2022	2021
		SAR	SAR
Profit or loss	**Note**	**(Unaudited)**	(Unaudited)
Sales		**65,601,015**	90,406,292
Cost of sales		**(42,461,063)**	(49,546,518)
Gross profit		**23,139,952**	40,859,774
Selling and marketing expenses		**(840,999)**	(760,743)
General and administrative expenses		**(2,511,172)**	(2,277,647)
Profit from main operations		**19,787,781**	37,821,384
Finance costs		**(4,358,017)**	(4,978,829)
Profit/ (loss) on foreign currency exchange		**277,629**	(26,673)
Deposit returns against bank letter of guarantee	7	**120,069**	-
Other income		**117,183**	321,070
Net profit for the period before Zakat		**15,944,645**	33,136,952
Zakat		**(2,100,000)**	(2,100,000)
Net profit for the period		**13,844,645**	31,036,952
Other comprehensive income			
Items that will not subsequently reclassified to the interim condensed statement of profit or loss			
Unrealized gains on revaluation of financial investments at fair value through OCI		**25,199**	-
Other comprehensive income for the period		**25,199**	-
Total comprehensive income for the period		**13,869,844**	31,036,952
Earnings per share	13		
Basic and diluted earning per share in net profit for the period		**0.25**	0.56

Chief Financial Officer | Chief Executive Officer | Chairman of Board of Directors

The accompanying notes from (1) to (18) are an integral part of these Interim condensed financial statements.

UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

	Share capital SAR	Statutory reserve SAR	Reserve for revaluation of investments at fair value through OCI SAR	Retained earnings SAR	Total equity SAR
Balance as at 1 January 2021 (Audited)	550,000,000	21,575,210	-	148,814,264	720,389,474
Net profit for the period	-	-	-	31,036,952	31,036,952
Balance as at 31 March 2021 (Unaudited)	550,000,000	21,575,210	-	179,851,216	751,426,426
Balance as at 1 January 2022 (Audited)	550,000,000	29,376,428	14,168	169,685,593	749,076,189
Net profit for the period	-	-	-	13,844,645	13,844,645
Other comprehensive income	-	-	25,199	-	25,199
Total comprehensive income	-	-	25,199	13,844,645	13,869,844
Balance as at 31 March 2022 (Unaudited)	550,000,000	29,376,428	39,367	183,530,238	762,946,033

Chief Financial Officer — Chief Executive Officer — Chairman of Board of Directors

The accompanying notes from (1) to (18) are an integral part of these Interim condensed financial statements.

UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

	FOR THE THREE MONTHS PERIOD ENDED 31 MARCH	
	2022 SAR (Unaudited)	2021 SAR (Unaudited)
Cashflows from operating activities		
Net profit for the period before Zakat	**15,944,645**	33,136,952
Adjustments to reconcile net profit for the period before zakat:		
Depreciations of property, plant and equipment	**13,013,685**	13,010,537
Amortizations of intangible assets	**86,610**	86,610
Depreciation of right-of-use assets	**203,917**	201,597
Provision for employees defined benefits plan obligations	**107,814**	210,159
Bank deposit returns against bank letter of guarantee	**(120,069)**	-
Finance costs	**4,358,017**	4,978,829
	33,594,619	51,624,684
Changes in operating assets and liabilities:		
Inventory	**(11,818,570)**	5,445,691
Accounts receivable, prepaid expenses and other debtors	**(6,812,354)**	(3,456,427)
Accounts payable, accrued expenses and other creditors	**12,267,298**	7,416,441
Generated from operations	**27,230,993**	61,030,389
Finance costs paid	**(1,250,000)**	-
Employees defined benefits plan obligations paid	**-**	(16,272)
Net cash generated from operating activities	**25,980,993**	61,014,117
Cash flows from investing activities		
Purchase of property, machinery and equipment	**(1,120,365)**	(45,917)
Net cash used in investing activities	**(1,120,365)**	(45,917)
Cash flows from financing activities		
Lease liabilities paid	**(96,978)**	(96,977)
Net cash used in financing activities	**(96,978)**	(96,977)
Net change in cash and cash equivalents	**24,763,650**	60,871,223
Cash and cash equivalents at the beginning of the period	**36,790,341**	103,821,061
Cash and cash equivalents at the end of the period	**61,553,991**	164,692,284
Non-cash transactions		
Addition bank deposit corresponding to bank letter of guarantee	**50,000,000**	-
Additions to right-of-use assets corresponding to related lease liabilities	**228,753**	-

Chief Financial Officer　　Chief Executive Officer　　Chairman of Board of Directors

The accompanying notes from (1) to (18) are an integral part of these Interim condensed financial statements.

1- ORGANIZATION AND ACTIVITIES

Umm Al-Qura Cement Company ("UACC" or the "Company") was registered as a Saudi joint stock company with Commercial Registration number 1010382514 issued in Riyadh on 28 Sha'ban 1434 H (corresponding to 7 July 2013). The share Capital of the Company is amounted SAR 550,000,000 divided into 55,000,000 shares with a nominal value of SAR 10 per share.

The activities of the comapny is the manufacture of ordinary cement (Portland), the manufacture of salt-resistant cement, the manufacture of white cement, the manufacture of agglomerated cement (clinker), according to the Industrial License No. 1549, On 5 Rajab 1435 H (corresponding to 5 May 2014), and renewed with License No. 411102103007, On the 29 Jumada II 1441 H (corresponding to 23 February 2020), and where the license expires on 28 Jumada II 1444 H (corresponding to 21 January 2023).

The interim condensed financial statements include the assets, liabilities and results of the company's operations and the below branches:

Branch	CR No.	City	Activity
Umm Al-Qura Cement Company Factory	4032044432	Taif	The manufacture of ordinary cement (Portland), the manufacture of salt-resistant cement, the manufacture of white cement, the manufacture of agglomerated cement (clinker)
Umm Al-Qura Cement Company	4032254452	Taif	Wholesale of cement, plaster and the similar materials , retail sale of building materials, including cement, bricks, gypsum, cement tiles, etc.

The head office of the Company is in Riyadh King Abdulaziz Road, Al-Sahafa District, P.O. Box 10182, Riyadh 11433, Saudi Arabia. The Company's factory is located in Taif.

2- BASIS OF PREPARATION INTERIM CONDENSED FINANCIAL STATEMENTS

2-1 STATEMENT OF COMPLIANCE

The interim condensed financial statements have been prepared in accordance with International Accounting Standard (34), "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants. These interim condensed financial statements do not include all information and disclosures required to issue the complete set of financial statements. Also, the results for the period ended 31 March 2022 are not necessarily indicative of the results that can be expected for the year ending on 31 December 2022 (refer to note 4). It should also be read along with the latest financial statements for the year ended 31 December 2021. However, selected accounting policies and explanatory notes have also been included to explain important events and transactions to understand the changes in the financial position and financial performance of the company since 31 December 2021.

The Capital Market Authority has allowed listed companies to use the fair value model or the revaluation model to measure the property, and investment property within fiscal years starting 1 January 2022 and obligated listed companies to continue to use the cost model to measure plant, equipment, and intangible assets.

2-2 PREPARATION OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been prepared on a historical cost convention except when IFRS requires the use of another measurement basis, as indicated in the applied accounting policies (note 4), and in accordance with the accrual principle and going concern.

2-, FUNCTIONAL AND PRESENTATION CURRENCY

These interim condensed financial statements are presented in Saudi Riyals, which is the Company's functional currency and the amounts in these financial statements are rounded to the nearest Saudi Riyal.

3- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and has been explained in the company's annual financial statements, but have no material effect on the interim condensed financial statements.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies are applied by the Company:

Use of judgments and estimates

The preparation of the interim condensed financial statements in conformity with International Financial Reporting Standards endorsed in Saudi Arabia requires from the management to make judgments, estimates and assumptions that affect application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses. These estimates and judgments are based on management's best knowledge of current events and actions and other factors which form a base for estimating the carrying amount of assets and liabilities which can not be easily determined from other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized prospectively.

The following is information about assumptions and estimates that have a material impact on the amounts reported in the Interim condensed financial statements:

- **Estimate useful lives of property, plant and equipment**

  Management reviews the useful lives of property, plant and equipment to calculate depreciation. These estimates are determined after taking into account the expected use of assets, obsolescence and damage. The management reviews the residual value and useful lives annually and changes in depreciation expenses in current and future periods, if any.

- **Impairment for inventory**

  Managment estimates the impairment to reduce the inventory to its net realizable value if the cost of the inventory is not recoverable or the inventory is damaged or become an obsolete in whole or in part, or if the selling price is lower than cost or any other factors that cause the net realizable value to become less than the carrying amount. Managment valuation of net realizable value is based on the most reliable evidence at the time the estimates are used. These estimated take into account fluctuations in prices or costs directly attributable to events occurring after the date of the interim condensed financial statements to the extent that they confirm that the circumstances of such events exist as at end of the financial period.

- **Impairment of Non-Financial Assets**

  Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

- **Impairment of Non-derivative Financial Assets**

  The Company recognizes allowances for expected credit losses ("ECL") for financial assets measured at amortized cost such as trade accounts receivable. The Companyassesses future credit losses using ECL model for financial assets measured at amortized cost. For trade accounts receivable, the Company applies the simplified approach, which measures the loss allowance at an amount equal to lifetime expected credit losses for all trade accounts receivable since the of initial recognition. To assess the ECL, accounts receivable are grouped based on shared risk characteristics and aging. The expected loss rates were calculated based on historical information of the Company and adjusted to reflect the expected future results which includes future information on macroeconomic factors such as inflation and GDP growth rate. Other financial assets such as employees' receivables and bank balances have low credit risk and applying the ECL model is considered insignificant.

- **Fair value measurements of financial instruments including derivative financial instruments**

  When the fair value of the financial assets and liabilities in the statement of financial position cannot be measured based on Quoted prices in active market, when IFRS require those assets or liabilities to be measured based on fair value, their fair value is determined using valuation techniques including using the present value of expected cash flows or any other techniques as stated in IFRS 13. The inputs to these techniques are taken from active markets, where possible. However, If this is not possible, a degree of judgment is required to determine the fair value and such estimates take liquidity risk, credit risk and volatility into account. Changes in the assumptions relating to these factors can affect the reported fair value of the financial instruments.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset.

Fair value

Fair value is is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value definition includes the assumption that the Company will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted market prices in active markets for identical assets.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Classification of assets and liabilities from "current" to "non-current"

The Company presents assets and liabilities in the condensed interm statement of financial position on a current / non-current basis. The assets are current as follows:

• When it is expected to be realized or is intended to be sold or consumed during the normal cycle of operations.
• If it is acquired primarily for the purpose of trading.
• When it is expected to be achieved within twelve months after the fiscal year, or
• When they are cash and cash equivalents, unless there are restrictions on their replacement or use to pay any liabilities for a period of not less than twelve months after the financial year.
• All other assets are classified as "non-current".

All liabilities are current as follows:

• When it is expected to be paid during the normal business cycle.
• If it is acquired primarily for the purpose of trading.
• When it matures within twelve months after the fiscal year, or
• When there is no unconditional right to defer the payment of liabilities for a period of not less than twelve months after the financial year.

All other liabilities are classified as "non-current".

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciations. Cost includes expenditure that is directly attributable to acquisition of asset. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Expenditures on maintenance and repairs are expensed, while expenditures for improvements are capitalized. Depreciation is computed using the straight line method based on the estimated useful lives of the assets. Sold or disposed asset and its accumulated depreciation are written-off at the date of sale or disposal. Profit or loss on disposal is recognized in the condensed interm statement of profit or loss. The estimated useful lives of the principal classes of assets are:

Statement	Years
Buildings and roads	10-30
Property and equipment	4-20
Furniture and fixtures	5-20
Trucks and forklifts	7
Water wells	4

Depreciation method and useful lives are reviewed periodically to ensure that depreciation method is appropriate with the expected economic benefits of property, plant and equipment.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Projects under Construction

The cost of projects under construction is calculated on the basis of the actual cost and is shown as projects under construction until they are completed and then transferred to the various items within the property, plant and equipment, and then their depreciation begins.

Impairment of assets

At each statement of financial position date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If there is any indication that assets have suffered an impairment loss, the recoverable amount of any affected asset (or group of assets) is estimated and compared to its carrying amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the interim condensed statement of profit or loss.

When an impairment loss subsequently reverses other than goodwill, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the interim condensed statement of profit or loss.

Intangible assets

Intangible assets that include softwares which the Company has acquired and have a useful life of (5 years) are measured at cost, less accumulated amortization and any accumulated impairment losses if any.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in a specific asset to which they relate, and all other expenses that are internally generated are recognized in the statement of profit or loss when incurred. Costs of intangible assets are calculated less the residual value using the straight-line basis over their estimated useful lives and are recognized in the interim condensed statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value, except for spare parts and raw materials that are stated at cost. Costs of inventories are determined on weighted average basis. The Cost of finished and under process goods includes the cost of materials, labor and indirect industrial costs that contribute to the conversion of raw materials into a final product. Net realizable value is the estimated selling price in the ordinary course of business, less any costs to complete the sale. A provision for obsolete and slow moving items based on management estimates at the reporting date.

Accounts receivable

Accounts receivable are stated at the original amount of invoice, less provision for expected credit losses. An allowance against expected credit losses is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Bad debts are written off as incurred against related receivables. Provisions are charged to the interim condensed statement of profit or loss. Any receivables recovered subsequently that were previously written off are recorded under other revenues in the interim condensed statement of profit or loss.

Cash and cash equivalent

Cash and cash equivalent comprise cash on hand and bank balances, time deposits and other highly liquid short-term investments with original maturities of three months or less. from the acquisition date which are available to the Company without restrictions which is subject to insignificant risk of changes in value.

4-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans

Borrowings are initially recognised at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, long-term borrowings are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Provisions are measured to the best of the expected fair value of the liability as at the interim condensed balance sheet date, taking into account risks and uncertainties surrounding the obligation. When an allowance is measured using estimated cash flows to settle the present obligation, the receivable is recognized as an asset if the receipt and replacement of the amount are confirmed and the amount can be measured reliably.

are measured at the un-discounted amount of the benefits expected to be paid in exchange for the related service.

Accounts payable, accrued expenses and other credit balances

Liabilities are recognized for amounts to be paid in future for services received, whether billed or not by suppliers.

Value added tax

Value-added tax has been applied in the Kingdom of Saudi Arabia, starting from January 1, 2018 (Rabi` II 14, 1439 AH). It is a tax on the supply of goods and services that the final consumer ultimately bears but is collected at every stage of the production and distribution chain as a general principle, therefore The value-added tax treatment in the company's accounts must reflect its role as a tax collector, and VAT should not be included in income or expenditures, whether of a capital or revenue nature. However, there will be circumstances in which the company will incur VAT, and in such cases where VAT is not refundable, it must be included in the cost of the product or service.

Zakat provision

Zakat is a liability on the Company and provided for in the accompanying interim condensed financial statements. Zakat is charged to the interim condensed statement of profit or loss on an accruals basis, in accordance with Zakat standard issued by SOCPA. where it is calculated for the year in accordance with the principle of accrual.

The zakat charge is computed at year-end on Zakat base or adjusted net income whichever is higher, in accordance with the regulations of the General Authority of Zakat and Income Tax in Saudi Arabia.

Additional amounts that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

Board of directors remunerations

According to the international financial reporting standards adopted in the Kingdom of Saudi Arabia, the remuneration of the members of the board of directors is recorded through the interim condensed statement of profit or loss.

4-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Company as a lessor

The company recognizes lease payments received under the lease contracts as income in the interim condensed statement of profit or loss on a straight-line basis over the term of the lease.

Company as a lessee

Upon initiation of non-cancellable operating leases, the leased asset is identified and defined as the "right to use the leased asset" and is measured at cost with an appropriate discount on the relevant components of the lease term and payment obligations including the initial direct cost, terms and incentives mentioned in the basic lease agreement after measurement First and foremost, the "right o use the leased asset" is subsequently measured periodically using a cost model that includes initial measurement and any re-measurement adjustments minus accumulated depreciation.

The company depreciates the asset of the right of use over the estimated period of the lease contract using the straight-line method.

On the lease commencement date at the net present value of all unpaid lease payments as on that date discounted at an appropriate rate. After initial measurement, 'lease liabilities' are measured periodically by increasing the carrying cost to reflect the interest cost on future unpaid lease liabilities and any re-measurement adjustment minus the lease payments made up to that date.

An appropriate depreciation rate and an appropriate profit rate are applied to the "right to use the leased asset" and the "lease liability" respectively. This depreciation, interest and financing expenses are charged to the interim condensed statement of profit or loss.

Short-term and low-value leases

The Company has chosen not to prove the assets (right to use) and lease obligations for short-term leases of 12 months or less and low-value lease contracts, the Company recognizes the lease payments associated with these contracts as expenses in the interim condensed statement of profit or loss on a straight-line basis over a period lease.

Revenue

Revenue is recognized when the Company fulfills its obligations in contracts with customers with an amount that reflects the material compensation that the entity expects for goods or services. Specifically, the standard provides a five-step model for revenue recognition:

Step 1: Identify the contract with the customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when or as the entity satisfies a performance obligation.

- Revenue is recognized when the contractual obligations are performed, i.e. when control over goods or services related to performance of a specified obligation is transferred to the customer and the customer is able to use goods without restrictions or benefit from services provided under the contract.
- Revenue from sale of any by-products from industrial waste is recorded as other income in the interim condensed statement of profit or loss.
- If the Company separated a product selling price from its location or delivered to customer's location, the difference arising from this separation will be considered other revenue and its corresponding cost will be charged to selling and marketing expenses.

Other Revenue

Other revenues are recognized when realized.

Expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of revenue or selling and marketing expenses and the common expenses are distributed, when required Sales and marketing expenses include all expenses related to selling and marketing.

Offset

Financial assets and financial liabilities are offset and the net amount presented in the interim condensed statement of financial position when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Earnings per share

Basic and diluted earnings per share are calculated based on the weighted average number of shares outstanding as at the end of the period.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segment information

The company is engaged in its activities in one operating sector in the production of cement and is fully operating in the Kingdom of Saudi Arabia. The financial information is not divided into different business segments or geographically.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at year's end. Gains and losses from settlement and translation of foreign currency transactions are included in the interim condensed statement of profit or loss.

5- INVENTORIES

	31 March 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
Goods in process*	**231,670,542**	218,415,522
Spare parts	**18,215,466**	17,151,915
Raw materials	**6,620,407**	9,182,176
Finished goods	**4,752,075**	5,410,397
Fuel and oil	**3,929,279**	3,403,984
Packaging and other materials	**1,717,183**	1,522,388
	266,904,952	255,086,382

*Goods in process mainly comprise of clinker material. As at 31 March 2022, clinker inventory balance amounted to SAR 228.8 million (31 December 2021: SAR 216 million). Clinker is a basic material used by the Company in the production of cement (finished goods). This material is stored in large areas of the plant and can maintain their quality for five years, according to estimation of production management of the Company.

6- MARGIN OF LETTER OF GUARANTEE

This item is represented in a letter of guarantee issued in favor of the Ministry of Energy in exchange for providing the company with fuel and the company's commitment to establish a white cement factory, as at 31 March 2022, the value of this letter amounted SAR 100 million (31 December 2021: an amount of SAR 100 million). This letter is covered by 50% of its value or the balance used against facilities to issue a bank guarantee and the coverd balance of the bank guarantee as at 31 March 2022 amounted to nil (31 December 2021: SAR 50 million) (Note 15).

7- DEPOSIT AGAINST BANK LETTER OF GUARANTEE

The company signed a facility agreement with Riyad Bank on 21 March 2021, with the possibility that the cash insurance amounted to SAR 50 million, which represents 50% of the cash margin of the letter of guarantee in favor of the Ministry of Energy and Mineral Resources, or that this amount be used as a deposit against facilities for the purpose of issuing this guarantee during the first quarter of 2022, the company transferred the amount as a deposit against this facility, provided that a letter of guarantee would be issued in return for providing the company with fuel and the company's commitment to establish a white cement factory (note 15). The returns of this deposit are maturied on a quarterly basis at variable rates, as the returns during the three-month period ended on 31 March 2022 amounted to SAR 120,069, so the total amount of the deposit as at 31 March 2022 SAR 50,120,069.

8- ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND OTHER DEBTORS, NET

	31 March 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
Accounts receivable	**8,811,648**	8,438,266
(Less): Provision of expected credit loss	**(430,703)**	(430,703)
Net accounts receivable	**8,380,945**	8,007,563
Advance against legal cases (note 16)	**10,000,000**	10,000,000
Advance payments to contractors and suppliers	**5,529,143**	74,942
Prepaid expenses	**2,506,559**	1,547,215
Other	**25,427**	-
	26,442,074	19,629,720

9- STATUTORY RESERVE

As per the Regulations for Companies in Saudi Arabia, and the articles of association of the company a statutory reserve of 10% of net income must be appropriated until the reserve equals 30% of the share capital. The reserve is not available for distribution as dividends to Shareholders.

10- SAUDI INDUSTRIAL DEVELOPMENT FUND LOAN

Below is the movement in SIDF loan is as follows::

	31 March 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
Balance at the beginning of the period/ year	**378,000,000**	468,000,000
Loan payments during the period/ year	**-**	(90,000,000)
Balance at the end of the period/ year	**378,000,000**	378,000,000
(Less): Deferred administrative financing costs	**(8,903,634)**	(10,313,153)
	369,096,366	367,686,847
SIDF loan: current portion	**105,450,439**	50,056,129
SIDF loan - non-current portion	**263,645,927**	317,630,718

- On 21 May 2014, the Company signed long-term loan agreement with the Saudi Industrial Development Fund (SIDF) At an amount of SAR 678,000,000 to finance establishing a cement production plant. The loan is secured by mortgage the Company's buildings, machines and equipment to the Fund. The loan agreement included covenants regarding maintaining some financial ratios. The loan will be paid in 16 installments. The first installment is due on 15 Safar 1439H (4 November 2017) and the last installment is due on 15 Shaban 1446 H (14 February 2025).
- On 23 Dhu al-Qi'dah 1438 H (15 August 2017), a letter was signed to amend the original terms the loan which included decreasing the loan amount to SAR 656,876,000, amending the payments to be 15 unequal semi-annual installments and amending first installment due date to be 15 Shaban 1439H (1 May 2018) without amending the last installment due date.
- Deferred finance costs represent fee deducted in advance upon receipt of the loan.These fees are amortized over the term of the related loan using the effective interest rate. Follow-up fees hvae incurred in these loans.
- **Below are maturities of SIDF loan:**

Year	**31 March 2022 SAR (Unaudited)**	31 December 2021 SAR (Audited)
2022	**55,000,000**	55,000,000
2023	**115,000,000**	115,000,000
2024	**134,000,000**	134,000,000
2025	**74,000,000**	74,000,000
	378,000,000	378,000,000

11- CREDIT FACILITIES

The Company signed a Shariah-compliant credit facilities agreement with a bank on 23 April 2019 and renewed on 21 March 2021 with an amount of SAR 157.5 million. The facilities expire on 21 March 2024 and they are guarantee with a promissory note issued for the bank by the Company amounting to SAR 160 million. The purpose of the facilities is to finance the requirements of the Company's working capital, capital purchases and letters of credit. The company has not use any of these banking facilities during the period.

12- ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER PAYABLES

	31 March 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
Contractors and suppliers	**30,819,238**	22,730,938
Exploitation fees - Ministry of Energy (A)	**10,826,571**	8,687,683
Retention amounts for maintenance works (B)	**6,156,939**	5,365,300
Accrued expenses	**3,003,548**	2,350,600
Follow-up fees of SIDF Loan (C)	**4,653,559**	2,273,898
Value added tax and withholding tax	**2,375,340**	2,216,994
Due to employees	**1,577,534**	2,398,220
Advances from customers	**1,588,618**	1,272,535
	61,001,347	47,296,168

A) The amount represent due to Ministry of Energy, according to the license granted to the Company for the exploitation of Limestone in the licensed area.

B) The Amount represents in provision charged for maintenance of the company's silos during the subsequent period.

C) SIDF loan follow-up fees represent amounts due on the loan granted by the SIDF to the Company for the project, in accordance with the agreement signed with SIDF (note 10)

13- EARNING PER SHARE

Basic and diluted earnings per share are calculated from the net income per ordinary share by dividing the net income for the period by the weighted average number of shares outstanding as at the end of the period amounted to 55,000,000 shares (31 December 2021: 55,000,000 shares).

14- LIQUIDITY RISKS

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments that the company commits to in the interest of others.

To reduce the liquidity risk and associated losses which may affect the business of the Company, the company maintains, wherever possible, sufficient highly liquid current assets in all business conditions. The Company avoids financing long-term capital requirements through short-term borrowing. Long-term projects are currently funded with long-term loans only. The Company has a highly dynamic cash flow policy and a system by which it can estimate the maturity dates of its liabilities and develop appropriate plans to provide the required funding to meet these liabilities in a timely manner.

The following is the maturities of assets and liabilities as at 31 March 2022 (Unaudited):

31 March 2022	**3 months or less SAR**	**More than 3 months to 1 year SAR**	**More than 1 year up to 10 years SAR**	**No specific maturity dates SAR**	**Total SAR**
Assets					
Deposit against bank letter of guarantee	-	**50,120,069**	-	-	**50,120,069**
Accounts receivable	**8,811,648**	-	-	-	**8,811,648**
Total	**8,811,648**	**50,120,069**	-	-	**58,931,717**
Liabilities					
Saudi Industrial Development Fund (SIDF) Loan	-	**110,000,000**	**268,000,000**	-	**378,000,000**
Provision for dismantling, removing and rehabilitation of areas subject to franchise license	-	-	-	**10,315,389**	**10,315,389**
Lease liabilities	**546,163**	**100,714**	**646,271**	-	**1,293,148**
Employees' defined benefit plan obligations	-	-	-	**3,334,450**	**3,334,450**
Accounts payable, accrued expenses and other creditors	**61,001,347**	-	-	-	**61,001,347**
Zakat provision	-	**9,722,863**	-	-	**9,722,863**
Total	**61,547,510**	**119,823,577**	**268,646,271**	**13,649,839**	**463,667,197**

14- LIQUIDITY RISKS (CONTINUED)

The following is the maturities of assets and liabilities as at 31 December 2021 (Audited):

31 December 2021	3 months or less SAR	More than 3 months to 1 year SAR	More than 1 year up to 10 years SAR	No specific maturity dates SAR	Total SAR
Assets					
Margin of letter of guarantee	-	-	-	50,000,000	50,000,000
Accounts receivable	8,438,266	-	-	-	8,438,266
Total	8,438,266	-	-	50,000,000	58,438,266
Liabilities					
Saudi Industrial Development Fund (SIDF) Loan	-	55,000,000	323,000,000	-	378,000,000
Provision for dismantling, removing and rehabilitation of areas subject to franchise license	-	-	-	10,066,023	10,066,023
Lease obligations	96,978	541,718	511,425	-	1,150,121
Employees' defined benefit plan obligations	-	-	-	3,226,636	3,226,636
Accounts payable, accrued expenses and other credit balances	47,296,168	-	-	-	47,296,168
Zakat provision	-	7,622,864	-	-	7,622,864
Total	47,393,146	63,164,582	323,511,425	13,292,659	447,361,812

15- CONTINGENT LIABILITIES

- The Company has contingent liabilities arising from an outstanding letter of guarantee amounted to SAR 50 million as at 31 March 2022 (31 December 2021: amounted to SAR 50 million). The letter of guarantee issued for the Ministry of Energy against supplying the Company with fuel and the Company's commitment to set up a white cement plant. As at 31 March 2022, the letter of guarantee amounted to SAR 100 million (31 December 2021: SAR 100 million). (Note 6,7)

16- SIGNIFICANT MATTERS

- During 2021, one of the regulators imposed a penalty of SAR 10 million on the Company. The Company paid the full amount of the penalty. Moreover, the Company filed an objection to the decision issued before the Administrative Court in accordance with the stipulated grievance period and based on the opinion of the company's management and its legal counsel are confident that the ruling for this case will be issued in the favour of the Company. During the period a preliminary ruling was issued by the Administrative Court in favor of the company to cancel the decision issued against the company However, the Company has not yet received final clearance from the regulators. On 11 April 2022, an appeal was lodged against the case by the authority, and until the date of the financial statements, there was no indication that the final judgment had acquired.
- On 14 Shaban 1443 H corresponding to 17 March 2022, the Board of Directors, in its meeting held on that date, recommended to the General Assembly whose date will be determined later, to distribute dividends for the second half of 2021 at the rate of 25 halalas per share, which represents 2.5% of the nominal value of share, with an amount of SAR 13,750,000.
- In response to the spread of the Covid-19 in GCC during the beginning of 2020 and other territories where the Company operates and its resulting disruptions to the social and economic activities in those markets, Management had proactively assessed its impacts on its operations and took a series of preventive measures, including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers, consumers and the wider community as well as to ensure the continuity of supply of its products throughout its markets. Notwithstanding these challenges, the Company's operations remained largely unaffected. Based on these factors, Management believes that the Covid-19 pandemic has had no material effect on reported financial results for the period ended 31 March 2022.

  The Company continues to monitor the Covid-19 situation closely although at this time management is not aware of any factors that are expected to change the impact of the pandemic on the Company's operations during 2022 or beyond.

17- SUBSEQUENT EVENTS

In the opinion of the management, there were no other significant events subsequent to 31 March 2022 that are expected to have a significant impact on these interim condensed financial statements as at 31 March 2022.

18- APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the board of directors on 8 Shawwal 1443 H (9 May 2022).