

**YAMAMA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTHS AND SIX-MONTHS PERIOD
ENDED JUNE 30, 2022**

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Report on the Review of the Interim Condensed Financial Statements

To the **Shareholders of Yamama Cement Company**
 (A Saudi Joint Stock Company)

Introduction:

We have reviewed the interim condensed financial statements of **Yamama Cement Company** (the Company), which comprise the interim condensed statement of financial position as at June 30, 2022, and the interim condensed statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-months and six-months period then ended, and notes to the interim condensed financial statements, including a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and presentation for these interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these 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 financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed 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 in 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 are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

For Al-Kharashi Co.

Abdullah S. Al-Msnad
Certified Public Accountant
License No. (456)



Riyadh:
 Dhul-Hijjah 26, 1443H
 July 25, 2022G

Yamama Cement Company

Saudi Joint Stock Company

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (unaudited)

AS AT JUNE 30, 2022

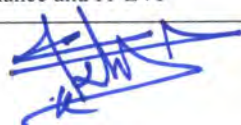
(Amounts listed in Saudi Riyals)

	Note	June 30, 2022 (unaudited)	December 31, 2021 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment, Net	(3)	338,645,169	334,945,385
Projects under construction		4,521,631,922	4,485,568,523
Intangible assets	(4)	8,978,751	10,245,902
Right to use assets, Net	(5)	6,122,299	2,724,594
Investments in associates, Net	(6)	41,540,118	37,292,877
Financial assets at fair value through other comprehensive income	(7)	510,982,869	519,022,277
Total non-current assets		5,427,901,128	5,389,799,558
Current assets			
Accounts receivables		142,381,995	121,174,783
Inventory		237,303,338	282,659,724
Prepayments and other debit balances		24,198,648	21,841,107
Due from related parties	(8)	967,596	890,782
Financial assets at fair value through profit or loss	(9)	87,798,645	32,346,497
Cash and cash equivalents		70,552,806	74,087,510
Total current assets		563,203,028	533,000,403
TOTAL ASSETS		5,991,104,156	5,922,799,961
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	(1)	2,025,000,000	2,025,000,000
Statutory reserve		726,883,763	726,883,763
Additional Reserve		579,936,772	579,936,772
Retained earnings		882,301,761	761,989,763
Accumulative change in fair value		185,069,579	193,108,987
Total Shareholders' Equity		4,399,191,875	4,286,919,285
Non-current liabilities			
Long term loans	(10)	1,009,166,667	1,178,190,091
Lease liabilities – non-current portion	(5)	4,142,853	1,414,019
Provision for land restoration subject to the franchise license		1,520,740	1,497,635
Provision for employees' defined benefit obligations		108,565,252	110,757,016
Total non-current liabilities		1,123,395,512	1,291,858,761
CURRENT LIABILITIES:			
Accounts payable		143,999,970	179,115,284
Long Term Loans – short portion	(10)	168,833,333	-
Lease liabilities – current portion	(5)	1,300,239	1,436,251
Due to Related Parties	(8)	3,622,500	1,842,300
Dividends payable		73,832,560	74,181,929
Accrued expenses and other credit balances		46,793,112	66,896,296
Provision for Zakat		30,135,055	20,549,855
Total current liabilities		468,516,769	344,021,915
TOTAL LIABILITIES		1,591,912,281	1,635,880,676
Total Liabilities & Shareholder's Equity		5,991,104,156	5,922,799,961

Finance and IT EVP

CEO

Chairman





The accompanying notes are an integral part of these interim condensed financial statements. (unaudited)

Yamama Cement Company
Saudi Joint Stock Company
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2022
(Amounts listed in Saudi Riyals)

	For the three-months period ended 30		For the six-months period ended 30	
	June		June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	209,287,272	202,576,834	430,862,779	382,834,989
Cost of revenue	(108,540,132)	(106,630,170)	(289,380,280)	(215,065,050)
Gross profit	100,747,140	95,946,664	141,482,499	167,769,939
Expenses and charges:				
Selling and distribution expenses	(6,858,421)	(4,462,939)	(12,445,754)	(6,930,475)
General and administrative expenses	(12,833,205)	(11,037,240)	(24,669,757)	(22,992,749)
Total expenses and charges	(19,691,626)	(15,500,179)	(37,115,511)	(29,923,224)
Profit from main activities	81,055,514	80,446,485	104,366,988	137,846,715
Other income:				
Investment income	2,532,942	1,388,249	5,949,964	2,945,065
Gain on sale of property, plant, and equipment	10,325,592	-	18,646,733	-
Miscellaneous income	6,781,587	346,466	7,348,313	760,205
Profit for the period before zakat	100,695,635	82,181,200	136,311,998	141,551,985
Provision for zakat	(10,000,000)	(4,500,000)	(16,000,000)	(9,000,000)
Net profit for the period	90,695,635	77,681,200	120,311,998	132,551,985
OTHER COMPREHENSIVE INCOME:				
(Losses)/gains on financial assets at fair value through other comprehensive income	(8,486,042)	8,441,378	(8,039,408)	195,776,804
Other comprehensive income	(8,486,042)	8,441,378	(8,039,408)	195,776,804
Total comprehensive income for period	82,209,593	86,122,578	112,272,590	328,328,789
Earnings per share:				
Earnings per share, from main activities	0.40	0.40	0.52	0.68
Earnings per share, from other income	0.10	0.01	0.16	0.02
Earnings per share, in riyals	0.45	0.38	0.59	0.65

Finance and IT EVP

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Chairman

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Yamama Cement Company
Saudi Joint Stock Company
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2022
(Amounts listed in Saudi Riyals)

	<u>Share capital</u>	<u>Legal reserve</u>	<u>Additional Reserve</u>	<u>Retained Earnings</u>	<u>Change in accumulated fair value</u>	<u>Total</u>
Balance at January 1, 2021 (audited)	2,025,000,000	726,883,763	579,936,772	596,973,076	(1,473,882)	3,927,319,729
Adjustment for previous years	-	-	-	600,000	-	600,000
Net profit for the period	-	-	-	132,551,985	-	132,551,985
Other comprehensive income	-	-	-	-	195,776,804	195,776,804
Balance at June 30, 2021 (unaudited)	2,025,000,000	726,883,763	579,936,772	730,125,061	194,302,922	4,256,248,518
Balance at January 1, 2022 (audited)	2,025,000,000	726,883,763	579,936,772	761,989,763	193,108,987	4,286,919,285
Net profit for the period	-	-	-	120,311,998	-	120,311,998
Other comprehensive income	-	-	-	-	(8,039,408)	(8,039,408)
Balance at June 30, 2022 (unaudited)	2,025,000,000	726,883,763	579,936,772	882,301,761	185,069,579	4,399,191,875

Finance and IT EVP



CEO



Chairman



The accompanying notes are an integral part of these interim condensed financial statements. (unaudited)

Yamama Cement Company
Saudi Joint Stock Company
INTERIM CONDENSED STATEMENT OF CASH FLOWS (unaudited)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2022
(Amounts listed in Saudi Riyals)

	For the six-month period ended 30 June	
	Note	June 30, 2021
		(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit before zakat		136,311,998
Adjustments to reconcile net profit to net cash provided from operating activities:		
Depreciation/Amortization		4,080,944
Provision for obsolescence of machineries and furnaces spare parts	3	13,500,000
Provision for employees' defined benefit obligations		7,456,620
Gain on sale of property, plant, and equipment		(18,646,733)
Income from financial assets at fair value through other comprehensive income		(1,250,575)
Income from financial investment at fair value through profit or loss		(452,148)
(Gain) / loss from associate companies		(4,247,241)
Adjusted net income		136,752,865
Accounts receivable		(21,207,212)
Inventories		45,356,386
Due from related parties		(76,814)
Prepayments and other debit balances		(2,357,541)
Accounts payable		(35,115,313)
Due to related parties		1,780,200
Accrued expenses and other credit balances		(20,103,185)
Change in lease liabilities		2,592,822
Change in provision of land restoration		23,105
Zakat Paid		(6,414,800)
Employees' termination benefits paid		(10,144,463)
Net cash generated from operating activities		91,086,050
INVESTING ACTIVITIES		
Change in financial investments at fair value through profit or loss		(55,000,000)
Purchase of property, plant and equipment and intangible assets		(645,244)
Proceeds from sale of property, plant and equipment		18,646,733
Spare parts Stock		(19,368,333)
Change in the right to use the asset		(3,397,705)
Project under construction		(35,567,320)
Proceeds from investment income		1,250,575
Net cash from used in investing activities		(94,081,294)
FINANCING ACTIVITIES		
long- term loans paid		(190,091)
Dividends payable		(349,369)
Previous years adjustments		-
Net cash from financing activities		(539,460)
Increase in cash and cash equivalents		(3,534,704)
Cash and cash equivalents at beginning of period		74,087,510
Cash and cash equivalents at end of period		70,552,806

Non-cash transactions are disclosed in Note (11).

Finance and IT EVP



CEO



Chairman



The accompanying notes are an integral part of these interim condensed financial statements. (unaudited)

Yamama Cement Company

Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)

FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2022

(Amounts listed in Saudi Riyals)

1. THE COMPANY AND NATURE OF ITS BUSINESS:

1.1 Establishment of Company

Yamama Cement Company (“The Company”) is a Saudi Joint Stock Company - formed by Royal Decree No. 15 dated 13/3/1381H – and registered in Riyadh city under Commercial Registration No. 1010001578 dated 18-4-1379H.

1.2 Nature of Company's Activity

The nature of the company's activity is the production of ordinary Portland cement, salt-resistant cement, clinker cement and finishing cement with industrial license No. (2370) dated 22/09/1439 H.

1.3 Company's Capital

Yamama Cement Company is a public joint stock company listed on the Saudi stock market. With a capital of SAR 2,025 million divided into 202,500,000 shares with a value of 10 riyals per share, it is wholly owned by individuals and public institutions.

2. BASIS OF PREPARATION:

2.1 Statement of compliance

The company's interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as endorsed in Kingdom of Saudi Arabia (KSA). The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at 31 December 2021. In addition, the results of operations for the period ended June 30, 2022 do not necessarily represent an indicator for the results of operations for year ending December 31, 2022.

2.2 Basis of measurement

The interim condensed financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are recognized at fair value through other comprehensive income (related to financial assets at fair value through other comprehensive income) and through profit or loss (related to financial assets at fair value through profit or loss), and investment in associate companies which is recognized by using equity method.

2.3 Functional and presentation currency

The interim condensed financial statements have been prepared in Saudi Riyals, which is the functional and presentation currency for the company, all the numbers are rounded to the nearest Riyal, unless otherwise indicated.

2.4 Significant accounting policies

The accounting policies applied in these interim condensed financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended December 31, 2021. A number of amendments to International Financial Reporting Standards (IFRS’s) are effective from January 1, 2022, but these do not have a material effect on these interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2022
(Amounts listed in Saudi Riyals)

2. BASIS OF PREPARATION (CONTINUED):

2.5 Significant accounting estimates, judgements, and assumptions

The preparation of Company's interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The significant judgements made by management in applying the Company's accounting policies and key sources of estimates uncertainty were the same as those described in the financial statements for year ended 31 December 2021.

3. PROPERTY, PLANT, AND EQUIPMENT:

	<u>June 30, 2022</u> <i>(Unaudited)</i>	<u>December 31, 2021</u> <i>(Audited)</i>
Property, Plant, and Equipment	63,211,077	65,379,626
ADD:		
Spare Parts Machineries and Furnaces	366,097,442	346,729,109
Provision for Spare Parts Machinery and Furnaces *	<u>(90,663,350)</u>	<u>(77,163,350)</u>
Spare Parts Machinery and Furnaces Net	<u>275,434,092</u>	<u>269,565,759</u>
	<u>338,645,169</u>	<u>334,945,385</u>

* The movement of the provision for Spare Parts Machinery and Furnaces was as follows:

	<u>June 30, 2022</u> <i>(Unaudited)</i>	<u>December 31, 2021</u> <i>(Audited)</i>
Balance at beginning of the period/year	77,163,350	72,163,350
Provided during the period/year	13,500,000	5,000,000
Paid during the period/year	-	-
Balance at end of the period/year	<u>90,663,350</u>	<u>77,163,350</u>

Yamama Cement Company
Saudi Joint Stock Company
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2022
(Amounts listed in Saudi Riyals)

3/1. PROPERTY, PLANT, AND EQUIPMENT (continued):

	Land	Building, Construction	Plants & Machinery of the Factory	Vehicles	Tools	Furniture & Office Equipment	Total
Cost							
Balance at January 1,2022 (audited)	12,234,510	1,244,802,512	2,836,051,971	26,083,820	11,522,580	40,151,488	4,170,846,881
Additions	-	-	-	415,604	-	135,640	551,244
Disposal	-	-	(278,461,780)	-	-	(117,884)	(278,579,664)
Balance at June 30,2022 (unaudited)	12,234,510	1,244,802,512	2,557,590,191	26,499,424	11,522,580	40,169,244	3,892,818,461
Accumulated depreciation							
Balance at January 1,2022 (audited)	-	1,206,722,804	2,832,645,037	24,495,380	9,310,456	32,293,578	4,105,467,255
Depreciation	-	677,933	345,956	286,674	210,360	1,198,870	2,719,793
Disposal	-	-	(278,461,780)	-	-	(117,884)	(278,579,664)
Balance at June 30,2022 (unaudited)	-	1,207,400,737	2,554,529,213	24,782,054	9,520,816	33,374,564	3,829,607,384
Net Book Value							
Balance at June 30,2022 (unaudited)	12,234,510	37,401,775	3,060,978	1,717,370	2,001,764	6,794,680	63,211,077
Balance at December 31,2021 (audited)	12,234,510	38,079,708	3,406,934	1,588,440	2,212,124	7,857,910	65,379,626

The Company's factory along with its building and related facilities are erected on land owned by the Company and It has not been evaluated at fair value on the reporting date of these interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2022
(Amounts listed in Saudi Riyals)

4. INTANGIBLE ASSETS:

Intangible assets represent value of licenses and computer programs as follows:

	June 30, 2022 <i>(Unaudited)</i>	December 31, 2021 <i>(Audited)</i>
Cost:		
Balance at beginning of the period/year	13,517,514	6,848,600
Transferred from capital work in progress during the period/year	-	6,668,914
Additions during the period/year	94,000	-
Balance at end of the period/year	13,611,514	13,517,514
Accumulated amortization:		
Balance at beginning of the period/year	3,271,612	1,123,852
Amortized during the period/year	1,361,151	2,147,760
Balance at end of the period/year	4,632,763	3,271,612
Net book value	8,978,751	10,245,902

5. RIGHT TO USE ASSETS AND LEASE LIABILITIES

	June 30, 2022 <i>(Unaudited)</i>	December 31, 2021 <i>(Audited)</i>
Right to use assets		
Cost:		
Balance at beginning of the period/year	6,811,637	5,449,192
Amendments on lease contracts during the period/year	4,077,960	1,362,445
Balance at end of the period/year	10,889,597	6,811,637
Accumulated depreciation:		
Balance at beginning of the period/year	4,087,043	2,724,743
Depreciation during the period/year	680,255	1,362,300
Balance at end of the period/year	4,767,298	4,087,043
Net book value	6,122,299	2,724,594
Lease liabilities		
	June 30, 2022 <i>(Unaudited)</i>	December 31, 2021 <i>(Audited)</i>
Present value of lease liabilities		
Cost:		
Balance at beginning of the period/year	2,850,270	2,767,050
Amendments on lease contracts during the period/year	3,952,284	-
Interest charged during the period/year	84,538	83,220
Payments made during the period/year	(1,444,000)	-
Balance at end of the period/year	5,443,092	2,850,270
The current portion of lease liabilities	1,300,239	1,436,251
Non-current portion of lease liabilities	4,142,853	1,414,019
	5,443,092	2,850,270

**Yamama Cement Company
Saudi Joint Stock Company**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2022
(Amounts listed in Saudi Riyals)**

6. INVESTMENTS IN ASSOCIATE COMPANIES:

	Percentage equity %	June 30, 2022 <i>(Unaudited)</i>	December 31, 2021 <i>(Audited)</i>
Saudi Yamani Cement Co.-Yamani Closed Joint Stock	20%	75,060,000	75,060,000
Less: Provision for Investments		<u>(75,060,000)</u>	<u>(75,060,000)</u>
Net, Investment in Saudi Yamani co.		-	-
Cement Product Industry Co. Ltd.	33.33%	<u>41,540,118</u>	<u>37,292,877</u>
Total		<u>41,540,118</u>	<u>37,292,877</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:

	Percentage equity %	June 30, 2022 <i>(Unaudited)</i>	December 31, 2021 <i>(Audited)</i>
Investments in Securities:			
Industrialization & Energy Service Co. (Joint Stock Co.)	5.63%	<u>470,249,866</u>	<u>470,249,866</u>
		470,249,866	470,249,866
Investment in Real estate funds			
Real estate funds		<u>40,733,003</u>	<u>48,772,411</u>
Total		<u>510,982,869</u>	<u>519,022,277</u>

**Yamama Cement Company
Saudi Joint Stock Company**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2022
(Amounts listed in Saudi Riyals)**

8. RELATED PARTIES:

Dealing with related parties are in ordinary scope of work for the Company. Determining the value of those transactions by fair value.

	<u>Nature of relationship</u>	<u>June 30, 2022</u> <i>(Unaudited)</i>	<u>December 31, 2021</u> <i>(Audited)</i>
Due from Related Parties:			
Cement Co.-Yamani Joint Stock Co.- Private	associate	967,596	890,782

	<u>Nature of relationship</u>	<u>June 30, 2022</u> <i>(Unaudited)</i>	<u>December 31, 2021</u> <i>(Audited)</i>
Due to Related Parties:			
Cement Product Industry Co. Ltd.	associate	3,622,500	1,842,300

Significant period/year end balances arising from transactions with related parties are as follows:

<u>Name of related party</u>	<u>Type of Transactions</u>	<u>June 30, 2022</u> <i>(Unaudited)</i>	<u>December 31, 2021</u> <i>(Audited)</i>
Cement Product Industry Co. Ltd.	Purchasing Packing Paper Bags	10,812,300	16,302,368
Arabian Shield Co-operative Insurance Co.	Insurance	7,761,110	13,545,982
Saudi Joint Stock Co. Cement Co.-Yamani Joint Stock Co.- Private	Payment on behalf	76,814	252,444
Mobile Telecommunication Company Saudi Arabia -Zain-	Communication services	1,167,262	1,543,879

The Chairman of Board of Directors of the Arabian Shield Co-operative Insurance Company is a member of the Board of Directors of the company.

The Chairman of Zain is a member of the Board of Directors of the company.

Member of the Board of Directors of the Arab Shield Cooperative Insurance Company He is a member of the company's Board of Directors.

**Yamama Cement Company
Saudi Joint Stock Company**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2022
(Amounts listed in Saudi Riyals)**

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/ INVESTMENTS:

	<u>June 30, 2022</u> <i>(Unaudited)</i>	<u>December 31, 2021</u> <i>(Audited)</i>
Murabaha funds	87,798,645	32,346,497
	87,798,645	32,346,497

10. LONG TERM LOANS:

	<u>June 30, 2022</u> <i>(Unaudited)</i>	<u>December 31, 2021</u> <i>(Audited)</i>
Saudi Industrial Development Fund	615,000,000	615,000,000
Al-Rajhi Bank	-	563,190,091
Saudi National Bank	563,000,000	-
	1,178,000,000	1,178,190,091
divided into:		
Short portion of long-term loans	168,833,333	-
Long term portion of long-term loans	1,009,166,667	1,178,190,091
	1,178,000,000	1,178,190,091

Saudi Industrial Development Fund

On December 30, 2016, the company received long-term financing which was in accordance with sharia laws of SAR 900 million from the Saudi Industrial Development Fund to finance the construction of a new Al Yamama cement plant in the Northern Halal area of Al-Kharj, Riyadh. With a guarantee mortgage of the new plant assets, which are in addition to order bonds for the loan to be repaid on 12 semi-annual payments as of 2021.

Al-Rajhi Bank:

The Company has an Islamic Murabaha agreement with Al-Rajhi Bank for the purpose of obtaining short-term facilities, which is used on demand with the guarantee of promissory notes.

Saudi National Bank:

On March 31, 2022, the company signed an Islamic Murabaha agreement with the Saudi National Bank in compliance with Islamic Sharia, according to which the company obtains partial bank facilities in the amount of SAR 1,842,500,000, of which only an amount of SAR 563 million was utilized for the purpose of repaying Al-Rajhi Bank loan, which was fully paid on April 3, 2022.

- These facilities are secured by promissory notes, provided that the loan is repaid in 6 semi-annual installments starting from March 2023.

11. NON-CASH ACTIVITIES:

	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Un-Realizable Gain from Investments	-	195,776,804
Transfer from provision of employee liabilities to capital work-in-progress	496,079	565,263

12. FAIR VALUE OF FINANCIAL INSTRUMENTS:

Fair value is the amount received when an asset is sold or paid to transfer a liability in an organized transaction between market participants on the date of measurement. The company's financial instruments consist of financial assets and financial liabilities.

The company's financial assets consist of cash and its equivalents, trade receivables, advance payments to suppliers, other debit balances and due from related parties.

Financial liabilities consist of trade payables, due to related parties and other credit balances.

The fair value of financial instruments is not significantly different from their book value, unless otherwise indicated.

13. RISK MANAGMENT:

Credit risk

Credit risk represents one party's inability to meet its obligations, resulting in the other party incurring financial loss. The Company is committed to managing customer-related credit risk by setting credit limits for each customer and monitoring existing debits.

Special commission price risk

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

Liquidity risk

Liquidity risks represent the company's difficulties in providing funds to meet financial instrument obligations. Liquidity risk results from the inability to sell a financial asset quickly at an amount equivalent to its fair value. The Company manages liquidity risks by maintaining cash balances with banks and ensuring that adequate facilities can be obtained, if necessary, to continuously cover its short-term obligations.

The terms of collection include the collection of the value of the sales within 60 days from the date of sale.

Currency risk

Currency risk resulting from fluctuating value of financial instruments is the result of changes in foreign exchange rates. The company is subject to fluctuations in foreign exchange rates during its normal business cycle. The company did not conduct any significant transactions in currencies other than the Saudi riyal, US dollar and euro during the period.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (unaudited)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2022
(Amounts listed in Saudi Riyals)

14. EARNINGS PER SHARE:

Earnings per share for the period is calculated by dividing net profit for the period by the weighted average of the number of shares during the period which is as follows:

	June 30, 2022	June 30, 2021
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net profit for the period attributable to Shareholders of the Company	120,311,998	132,551,985
Weighted average number of shares	202,500,000	202,500,000
Earnings per share for the period	0.59	0.65

- During the period, there were no dilutive shares, so the diluted earnings per share does not differ from the basic earnings per share.

15. GEOGRAPHICAL DISTRIBUTION:

All of the company's assets and liabilities are located in Saudi Arabia except for investments in The Yemen-Saudi Cement Company, which is headquartered in Yemen.

16. SEGMENT INFORMATION:

The company's main business is one product locally and therefore does not report on the operating sectors in multiple products or geographical areas. There is a growth in the amount of sales in the first half of 2022 compared to the same period from the previous year, and a decrease in the amount of sales with a growth in prices for the second quarter of 2022 compared to the first quarter of this year.

17. MAIN EVENTS:

The outbreak of the new Corona virus (Covid-19) in early 2020 and spread worldwide, including the Kingdom of Saudi Arabia, caused the disruption of many companies and economic activities. The company's management believes that this pandemic has no material impact on the interim condensed statement of financial position as of June 30, 2022. Given the current uncertainty about the future, management will continue to assess the impact based on future developments.

18. CONTINGUOUSION AND COMMITMENTS:

- A. The Company engages in commitments related to substantial capital expenditures, mainly in connection with the construction of the new Yamama plant. Existing capital expenditure commitments as of June 30, 2022: SAR **252** million (as of December 31, 2021: SAR 312 million).
- B. The potential liabilities are the value of the letters of guarantee issued to third parties by the Company, which amounted to SAR **58** million as of June 30, 2022, for third-party services (as of December 31, 2021: 59 million letters of guarantee).

19. APPROVAL THE INTERIM CONDENSED FINACIAL STATEMENTS:

These interim condensed financial statements were approved by the Company's Board of Directors on July 25, 2022, Dhul-Hijjah 26, 1443H.