

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

**CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**

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

**INDEPENDENT AUDITOR'S REPORT**



## KPMG Professional Services

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

Commercial Registration No 4030290792

## كبي بي ام جي للاستشارات المهنية

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

سجل تجاري رقم 4030290792

# Independent Auditor's Report on review of condensed interim financial statements

To Shareholders of Tabuk Cement Company  
Tabuk – Kingdom of Saudi Arabia

## Introduction

We have reviewed the accompanying 30 September 2021 condensed interim financial statements of Tabuk Cement Company (the "Company"), which comprise of:

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

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

## Scope of review

We conducted our review in accordance with 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.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2021 condensed interim financial statements of Tabuk Cement Company 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, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (16,000,000) 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.

كبي بي ام جي للاستشارات المهنية شركة مهنية معنظمة مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (16,000,000) ريال سعودي منقوع بالتاميل، المسجلة سابقاً كشركة كبي بي ام جي للقران وشركاه محاسبون ومراجعون قانونيون، وهي عضو غير شريك في الشبكة العالمية للشركات كبي بي ام جي للمحاسبة والتدبير كبي بي ام جي العالمية المحدودة، شركة إنشورية محدودة تضمان. جميع الحقوق محفوظة

Commercial Registration of the headquarter in Riyadh is 1010425494.



# Independent Auditor's Report on review of condensed interim financial statements (continue)

To Shareholders of Tabuk Cement Company  
Tabuk – Kingdom of Saudi Arabia

## Other matters

The financial statements of the Company for the three-month and nine-months periods ended 30 September 2020 were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 15 October 2020. The financial statements of the Company for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 4 March 2021.

**KPMG Professional Services**

Nasser Ahmed Al Shaitairy  
License No. 454



Jeddah, 7 November 2021  
Corresponding to 2 Rabi Al Thani 1443H

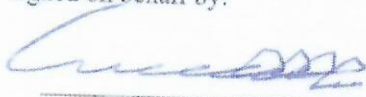
**TABUK CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2021  
(Expressed in Saudi Arabian Riyals)

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
<b>Assets</b>			
Property, plant and equipment	6	1,030,598,562	1,065,784,188
Investment properties	12	72,279,440	77,464,847
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)	7	281,626,971	281,288,274
Intangible assets		4,901,766	5,043,683
Right-to-use asset		2,170,832	3,566,366
<b>Non-current asset</b>		<b>1,391,577,571</b>	<b>1,433,147,358</b>
Inventories	8	291,713,409	285,063,097
Trade and other receivables		25,136,683	14,613,889
Cash and cash equivalents	9	41,330,276	40,693,362
<b>Current assets</b>		<b>358,180,368</b>	<b>340,370,348</b>
<b>Total assets</b>		<b>1,749,757,939</b>	<b>1,773,517,706</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholder's equity</b>			
Share capital		900,000,000	900,000,000
Statutory reserve		227,745,646	227,745,646
Other reserves		112,278,221	111,939,524
Retained earnings		26,758,047	9,342,586
<b>Total shareholders' equity</b>		<b>1,266,781,914</b>	<b>1,249,027,756</b>
<b>Liabilities</b>			
Non-current portion of long-term loan	10	208,854,070	252,000,653
Employees' defined benefit obligations		15,981,440	14,216,404
Non-current portion of lease commitments		366,349	1,772,419
<b>Non-current liabilities</b>		<b>225,201,859</b>	<b>267,989,476</b>
Current portion of long-term loan	10	63,470,883	63,470,883
Current portion of lease commitments		1,881,295	1,881,295
Trade and other payables		63,284,375	59,297,661
Dividends payable to shareholders		121,087,583	121,694,374
Provision for Zakat	11	8,050,030	10,156,261
<b>Current liabilities</b>		<b>257,774,166</b>	<b>256,500,474</b>
<b>Total liabilities</b>		<b>482,976,025</b>	<b>524,489,950</b>
<b>Total shareholders' equity and liabilities</b>		<b>1,749,757,939</b>	<b>1,773,517,706</b>

These financial statements were approved by the Board of Directors on 2-11-2021 and are signed on behalf by:



Mansour Ibrahim Al-Habdan  
Financial Manager



Ali bin Mohamed Al-Qahtani  
Chief Executive Officer



Tariq bin Khaled Al-Anqari  
(Authorized) BOD Member


The attached notes 1 to 16 are an integral part of these condensed interim financial statements.


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


**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**  
(Expressed in Saudi Arabian Riyals)

	Note	For the three-months period ended 30 September		For the nine-month period ended 30 September	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenues		48,004,015	71,488,625	174,215,503	196,899,038
Cost of revenue		(39,219,308)	(52,003,410)	(135,015,475)	(149,979,738)
<b>Gross profit</b>		<b>8,784,707</b>	<b>19,485,215</b>	<b>39,200,028</b>	<b>46,919,300</b>
Selling and marketing expenses		(788,140)	(760,873)	(2,437,622)	(2,118,303)
General and administrative expenses		(5,442,164)	(4,889,883)	(17,154,982)	(14,760,890)
<b>Operating income</b>		<b>2,554,403</b>	<b>13,834,459</b>	<b>19,607,424</b>	<b>30,040,107</b>
Other income	12	10,039,038	--	10,577,103	510,697
Effect of financial liability cash flows adjustment		(1,404,211)	(1,661,137)	(4,456,580)	19,373,831
Finance charges		(1,333,579)	(2,353,077)	(4,837,475)	(9,338,526)
<b>Profit before Zakat</b>		<b>9,855,651</b>	<b>9,820,245</b>	<b>20,890,472</b>	<b>40,586,109</b>
Zakat	11	(1,375,011)	(350,000)	(3,475,011)	(1,668,967)
<b>Profit for the period</b>		<b>8,480,640</b>	<b>9,470,245</b>	<b>17,415,461</b>	<b>38,917,142</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified under profit or loss:</i>					
Unrealized gains on investments in equity instruments at FVOCI		--	--	338,697	--
<b>Total other comprehensive income</b>		--	--	<b>338,697</b>	--
<b>Total comprehensive income</b>		<b>8,480,640</b>	<b>9,470,245</b>	<b>17,754,158</b>	<b>38,917,142</b>
<b>Basic and diluted earnings per share (Saudi Riyals)</b>	13	<b>0.094</b>	<b>0.105</b>	<b>0.194</b>	<b>0.432</b>

These financial statements were approved by the Board of Directors on 2-11-2021 and are signed on behalf by:

  
Mansour Ibrahim Al-Habdan  
Financial Manager

  
Ali bin-Mohamed Al-Qahtani  
Chief Executive Officer

  
Tariq bin Khaled Al-Anqari  
(Authorized) BOD Member

The attached notes 1 to 16 are an integral part of these condensed interim financial statements.


**TABUK CEMENT COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**


For the nine-months period ended 30 September 2021  
(Expressed in Saudi Arabian Riyals)

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total
<b>For the nine-month period ended 30 September 2021:</b>					
Balance at January 1, 2021 (Audited)	900,000,000	227,745,646	111,939,524	9,342,586	1,249,027,756
Profit for the period	--	--	338,697	17,415,461	17,415,461
Other comprehensive income	--	--	338,697	--	338,697
<b>Total comprehensive income for the period</b>	--	--	338,697	17,415,461	17,754,158
Balance at 30 September 2021 (unaudited)	900,000,000	227,745,646	112,278,221	26,758,047	1,266,781,914
<b>For the nine-months period ended 30 September 2020</b>					
Balance at January 1, 2020 (Audited)	900,000,000	222,588,069	101,609,250	(36,703,046)	1,187,494,273
Profit for the period	--	--	--	38,917,142	38,917,142
Other comprehensive income	--	--	--	--	--
<b>Total comprehensive income for the period</b>	--	--	--	38,917,142	38,917,142
Balance at September 30, 2020 (Unaudited)	900,000,000	222,588,069	101,609,250	2,214,096	1,226,411,415

These financial statements were approved by the Board of Directors on 2 - 11 - 2021 and are signed on behalf by:

  
Mansour Ibrahim Al-Habdan  
Financial Manager

  
Ali bin Mohamed Al-Qahitani  
Chief Executive Officer

  
Tariq bin Khaled Al-Anqari  
(Authorized) BOD Member

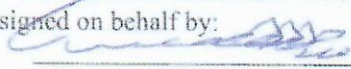
The attached notes 1 to 16 are an integral part of these condensed interim financial statements.


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


**CONDENSED STATEMENT OF CASH FLOWS**  
For the nine-month period ended 30 September 2021  
(Expressed in Saudi Arabian Riyals)

	Note	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
<b><u>Cash flows from operating activities:</u></b>			
Profit for the period before Zakat		20,890,472	40,586,109
<b>Settlements for:</b>			
Depreciation on property, plant and equipment	6	43,611,209	61,916,442
Depreciation of intangible assets		417,221	417,220
Depreciation of right-of-use		1,395,534	1,389,725
Effect of financial liability cash flows adjustment		4,456,580	(19,373,831)
Finance charges		4,837,475	9,338,526
Gains on disposal of property	12	(10,014,593)	--
Reversal of impairment of trade and other receivables		--	(108,350)
Employee defined benefit obligation charged for the period		2,839,275	2,398,262
		<u>68,433,173</u>	<u>96,564,103</u>
<b>Change in operating assets and liabilities</b>			
Trade and other receivables		(10,522,794)	(16,169,530)
Inventories		(6,650,312)	6,015,711
Trade and other payables		3,986,714	(7,098,351)
Employees defined benefit obligations – paid		(1,074,239)	(3,277,959)
Zakat paid	11	(5,581,242)	(1,923,178)
<b>Net cash generated from operating activities</b>		<u>48,591,300</u>	<u>74,110,796</u>
<b><u>Cash flows from investing activities:</u></b>			
Additions of property, plant and equipment	6	(8,425,583)	(7,165,251)
Addition to intangible assets		(275,304)	(1,097,737)
Proceeds from disposal of property		15,200,000	--
<b>Net cash generated from / (used in) investing activities</b>		<u>6,499,113</u>	<u>(8,262,988)</u>
<b><u>Cash flows from financing activities:</u></b>			
Paid from loans	10	(47,603,163)	(55,537,023)
Payment of lease obligations		(1,406,070)	(1,410,732)
Finance expenses paid		(4,837,475)	(9,338,526)
Dividends paid		(606,791)	(1,693,345)
<b>Net cash used in financing activities</b>		<u>(54,453,499)</u>	<u>(67,979,626)</u>
Change in cash and cash equivalents during the period		636,914	(2,131,818)
Cash and cash equivalents beginning of the period	9	40,693,362	14,104,701
Cash and cash equivalents at the end of the period		<u>41,330,276</u>	<u>11,972,883</u>
<b><u>Significant non-cash transactions</u></b>			
Unrealized gains on investments in equity instruments at FVOCI		338,697	--

These financial statements were approved by the Board of Directors on 2 - 11 - 2021 and are signed on behalf by:

  
Mansour Ibrahim Al-Habdan  
Financial Manager

  
Ali bin Mohamed Al-Qahtani  
Chief Executive Officer

  
Tariq bin Khaled Al-Anqari  
(Authorized) BOD Member

The attached notes 1 to 16 are an integral part of these condensed interim financial statements.

## **TABUK CEMENT COMPANY**

(A Saudi Joint Stock Company)

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

For the nine-month period ended 30 September 2021

(Expressed in Saudi Arabian Riyals)

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#### **1. GENERAL INFORMATION**

Tabuk Cement Company (the Company) is a Saudi joint stock company established under the regulations for companies in the Kingdom of Saudi Arabia issued by Royal Decree No. (M/6) dated 30 Jumada Thani 1405H (corresponding to 22 March 1985). The Company is registered in the city of Tabuk under Commercial Registration No. 3550012690 on 25 Saffar 1415H (corresponding to 2 August 1994).

The Company's main activity is as follows:

1. Production of ordinary cement (Portland)
2. Production of salt-resistant cement
3. Production of agglomerated cement (clinker)

The Company operates under industrial license No. 42110217153 issued on 14 Muharram 1442H (corresponding to 1 October 2020) which expires on 16 Rabi' Al-Awwal 1445H (corresponding to 1 October 2023).

As at 30 September 2021, the authorized, subscribed and fully paid up share capital 900 million (2020: SR 900 million) divided into 90 million ordinary shares (2020: 90 million shares) of SR 10 each (2020: SR 10).

The registered address of the Company is:  
TCC Building, Al-Dhabab area, north of Duba city  
Beside Duba port, near Duba sea port, PO Box 122  
Tabuk 71451, Kingdom of Saudi Arabia

#### **2. BASIS OF FINANCIAL STATEMENTS PREPERATION**

##### **a) Basis of preparation**

These condensed 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 interim financial statements should be read in conjunction with the financial statements of the last annual financial statements of the Company as in as at 31 December 2020 ("Last Annual Financial Statements"). These financial statements do not include all the information required to prepare a complete set of 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 Company from the financial statements of the previous year. In addition, the results of nine-months ended in September 30, 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the nine-month period ended 30 September 2021  
(Expressed in Saudi Arabian Riyals)

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**2. BASIS OF FINANCIAL STATEMENTS PREPERATION (continued)**

**b) Basis of measurement**

The accompanying condensed interim financial statements are prepared on the historical cost basis, except for the items of employee defined benefit obligations, which are measured at the present value of future obligations using the projected unit credit method using the accrual basis of accounting and the going concern concept.

**c) Functional and presentation currency**

These condensed interim financial statements are presented in Saudi Arabian Riyals (SR) which is the functional and presentation currency of the Company.

**3. USE OF JUDGEMENTS AND ESTIMATES**

The preparation of the condensed 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 define book value 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 last annual financial statements.

The depreciation rates of plant and equipment have been adjusted as of 1 1 January 2021, where the change in the depreciation method has been accounted for as a change in an accounting estimate and the remaining book value of plant and equipment will be depreciated according to the new depreciation rates. The impact of this amendment amounted to SR 9.15 million as a decrease of depreciation during the nine months ended 30 September 2021 Compared to previous depreciation rates.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020.

The principal accounting policies applied in the preparation of these condensed interim financial statements have been consistently applied to all periods presented.

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the nine-month period ended 30 September 2021  
(Expressed in Saudi Arabian Riyals)

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

**5.1 New standards, interpretations and amendments adopted**

There are no new standards issued that apply to the Company, however, there are a number of new amendments to the standards that entered into force on 1 January 2021, and do not have a significant impact on the condensed interim financial statements.

**5.2 New standards, interpretations and amendments issued but not adopted**

There are a number of new standards and amendments that were issued but did not take effect from the date of issuance of the Company's condensed interim financial statements, which were explained in the last annual financial statements. The Company does not expect a significant impact on the condensed interim financial statements.

**6. PROPERTY, PLANT AND EQUIPMENT**

For the purposes of preparing the condensed statement of cash flows, movement in property, plant and equipment is as follows:

	<b>30 September 2021 (Unaudited)</b>	<b>30 September 2020 (Unaudited)</b>
Depreciation on property, plant and equipment	43,611,209	61,916,442
Additions of property, plant and equipment	8,425,583	7,165,251

**7. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)**

The Company owns 16,934,875 shares in the Industrialization and Energy Services Company (a closed Saudi joint stock company), equivalent to 3.387% of the total share capital.

The nature of this Company's business is power generation, and the investment was recorded at fair value. The investment is pledged against the loan granted to the Company (Note 10).

**8. INVENTORIES**

Inventories comprise the following:

	<b>30 September 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Production under processing	174,968,969	178,228,989
Spare parts	86,827,169	86,494,176
Raw materials	14,979,340	8,635,985
Fuel	2,625,344	1,070,044
Finished goods	6,456,644	6,862,460
Goods in transit	4,967,948	2,586,464
Packing materials	887,995	1,184,979
	<b>291,713,409</b>	<b>285,063,097</b>

**TABUK CEMENT COMPANY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the nine-month period ended 30 September 2021  
(Expressed in Saudi Arabian Riyals)

**9. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the following:

	<u>Note</u>	<b>30 September 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Cash at banks		6,105,832	20,693,362
Islamic murabahat	9-1	35,224,444	20,000,000
		<u>41,330,276</u>	<u>40,693,362</u>

- 9.1 Islamic Murabahat represent deposits placed with local commercial banks and their original maturity periods not exceeding three months from the date of the original maturity.

**10. LOAN**

The Company has bank loan with a local bank with a total amount of SR 272.3 million as at 30 September 2021 (31 December 2020: SR 315,5 million). The loan agreement with the bank contains some covenants, which among other things, that the leverage ratio shall not be more than 1:1 and the debt coverage ratio shall not be less than 3:1 based on the annual audited financial statements and it also requires maintaining some financial ratios and indicators.

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. The Company has fulfilled these covenants as at 30 September 2021.

The loan is stated in the statement of financial position as follows:

	<b>30 September 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Current portion under current liabilities	63,470,883	63,470,883
Non-current portion under non-current liabilities	208,854,070	252,000,653
	<u>272,324,953</u>	<u>315,471,536</u>

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

	<b>30 September 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
Balance at beginning of the period/ year	315,471,536	404,626,881
Effect of financial liability cash flows adjustment	4,456,580	(17,750,601)
Provided during the period/year	(47,603,163)	(71,404,744)
	<u>272,324,953</u>	<u>315,471,536</u>

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

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

For the nine-month period ended 30 September 2021

(Expressed in Saudi Arabian Riyals)

**10. LOAN (continued)**

On 15 March 2020, the Company signed an agreement to reschedule the loan to be subject to an interest rate of six-months SIBOR and a fixed rate of 1.25% annually instead of 2.5%, and it is payable on quarterly installments of SR 15.9 million. The last installment will be paid on 13 March 2026 instead of February 2024.

As a result of rescheduling the loan and modifying the terms, the Company performed a 10% test of the loan commitment in accordance with the requirements of IFRS 9 "Financial Instruments" and this test resulted in a gain of SR 22,758,671. This amount represents the difference between the present value of the loan under the terms before the modification and the present value of future cash payments under the terms of the loan being renegotiated and modified, discounted at the original effective interest rate of the loan. Since the difference is less than 10%, the amendment in the terms is not considered essential, and it is not accounted for as the disposal of the loan obligation and establishment of a new financial obligation. Accordingly, the present value of future cash payments is recognized in accordance with the terms of the modification using the original effective interest rate of the loan, and the difference is recognized as gain from the effect of the modification.

The loan is secured by an investment in the Industrialization and Energy Services Company, note (7). The loan includes financial covenants. The management monitors the fulfillment of commitments on a regular basis, and in the event of a breach expected to occur in the future, the necessary measures are taken to ensure compliance.

**11. ZAKAT**

a) **Charged on the period**

	<b>30 September <u>2021</u> (Unaudited)</b>	<b>30 September <u>2020</u> (Unaudited)</b>
Charged on the period	<u>3,475,011</u>	<u>1,668,967</u>
	<u>3,475,011</u>	<u>1,668,967</u>

b) **Zakat provision**

The movement in Zakat provision represented as follows:

	<b>30 September <u>2021</u> (Unaudited)</b>	<b>31 December <u>2020</u> (Audited)</b>
Balance at beginning of the period/ year	<b>10,156,261</b>	4,018,930
Add: Charged on the period/year	<b>3,475,011</b>	8,070,246
Less: Payments during the period/year	<b>(5,581,242)</b>	(1,932,915)
Balance at end of the period/year	<u><b>8,050,030</b></u>	<u>10,156,261</u>

The Company has submitted its Zakat returns to the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia for all years up to the financial year ended 31 December 2020. The Company has a zakat certificate valid until 30 April 2022.

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the nine-month period ended 30 September 2021  
(Expressed in Saudi Arabian Riyals)

**11. ZAKAT (continued)**

**b. Zakat provision (continued)**

The Company received the zakat assessment for the financial years from the year ended 31 December 2014 until the year ended 31 December 2017, with a total zakat difference of SR 557,949. The Company objected the full assessment value, so the Zakat, Tax and Customs Authority issued an adjusted assessment with a total value of SR 202,995. The Company paid the full value of the adjusted assessment and ended the zakat status for those years.

The Company received the Zakat assessment for the financial year ended 31 December 2018, with a total zakat difference of SR 2,669,475. The Company agreed on all the terms of the assessment and paid the due zakat in full. Then the Company objected one item of the same assessment, which is the difference in revaluation of investments with a value of SR 2,540,231 at the General Committees for Zakat and Tax Objections, and the Company's objection is still under study by the General Secretariat of Tax and Zakat Committees.

Zakat assessment has not been received for the financial years ended 31 December 2019 until 31 December 2020.

**12. OTHER INCOME**

	Note	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Gain on disposal of real estate investments	12-1	10,014,593	--
Other miscellaneous income		562,510	510,697
		<u>10,577,103</u>	<u>510,697</u>

12.1 The amount represents profits from the sale of investment properties during the period, represented by the sale of land owned by the Company in the district of Government departments in Tabuk, with a value of SR 15.2 million, and a book value of SR 5.2 million.

**13. 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.

	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Profit for the period	17,415,461	38,917,142
Number of shares (weighted average)	90,000,000	90,000,000
Basic earnings per share (SR)	<u>0,194</u>	<u>0,432</u>

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

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

For the nine-month period ended 30 September 2021  
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**13. EARNING PER SHARE (continued)**

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 were no diluted shares, accordingly the diluted earnings per share was the same as the basic.

**14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Transactions with related parties principally represent transactions with BOD members and key management personnel. The transactions with related parties during the period ended 30 September 2021 and the year ended 31 December 2020 are as follows:

<u>Transactions with</u>	<u>Nature of transaction</u>	<u>30 September</u> <u>2021</u> <u>(Unaudited)</u>	<u>31 December</u> <u>2020</u> <u>(Audited)</u>
Key management personnel	Salaries, wages and equivalents	1,620,000	1,980,568
BOD members	Board of directors' remunerations	--	1,400,000

**15. IMPORTANT MATTERS**

In response to the spread of the Corona pandemic (Covid 19) across different geographical areas, which caused disturbances in the economic and commercial sectors in general, and accordingly, the Company'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 Company'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 period ended 30 September 2021.

The Company 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 Company's operations during or after 2021.

**16. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements were approved for issuance by the Board of Directors on ---- 2021, corresponding to ---- 1443H.

21/11/2021

27/13/1443H