

TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

**CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month period ended 31 March 2022
with
INDEPENDENT AUDITOR'S REPORT



KPMG Professional Services

Zahran Business Center
Prince Sultan Street
P.O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز الزهران للأعمال
شارع الأمير سلطان
ص.ب ٥٥٠٧٨
جدة ٢١٥٣٤
المملكة العربية السعودية
سجل تجاري رقم 4030290792
المركز الرئيسي في الرياض

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 31 March 2022 condensed interim financial statements of Tabuk Cement Company (the "Company"), which comprise of:

- the condensed statement of financial position as at 31 March 2022;
- the condensed statements of profit or loss and other comprehensive income for the three-month period ended 31 March 2022;
- the condensed statement of changes in equity for the three-month period ended 31 March 2022;
- the condensed statement of cash flows for the three-month period ended 31 March 2022; 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 31 March 2022 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.



Independent Auditor's Report on review of condensed interim

financial statements (continued)

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

Other Matters

The financial statements of the Company for the three-months period ended 31 March 2021 were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 2 May 2021.

As part of our review of the interim condensed financial statements as of and for the three-month period ending on 31 March 2022, we examined the amendments described in Note No. (17) that were applied to amend the comparative information presented for the period ending on 31 March 2021. We have not contracted to review, examine or apply any procedures related to the Company's interim condensed financial statements as at 31 March 2021, other than the amendments referred to in Note No. (17), and accordingly we do not express an opinion, conclusion or any other form of confirmation regarding the condensed interim financial statements as at 31 March 2021 as a whole. However, nothing came to our attention that would make us believe that the amendments referred to in Note No. (17) are not appropriate or applied properly.

KPMG Professional Services

Nasser Ahmed Al Shutairy
License No. 454




Jeddah, May 24, 2022
Corresponding to Shawwal 23, 1443H


TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)


CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 March 2022
(Expressed in Saudi Arabian Riyals)

	Note	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Assets			
Property, plant and equipment	6	996,319,093	1,007,993,279
Investment properties		72,279,440	72,279,440
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)	7	283,140,949	283,140,949
Intangible assets		4,739,276	4,762,692
Right-to-use asset		1,240,475	1,705,654
Non-current assets		1,357,719,233	1,369,882,014
Inventories	8	271,647,686	292,949,241
Trade and other receivables		35,128,688	19,218,030
Cash and cash equivalents	9	45,920,279	48,082,531
Current assets		352,696,653	360,249,802
Total assets		1,710,415,886	1,730,131,816
Equity and liabilities			
Shareholders' equity			
Share capital		900,000,000	900,000,000
Statutory reserve		229,521,378	229,521,378
Other reserves		113,792,199	113,792,199
Retained earnings		17,211,735	24,133,876
Total equity		1,260,525,312	1,267,447,453
Liabilities			
Non-current portion of long-term loan	10	195,655,140	210,212,689
Employees' defined benefit obligations		16,315,435	15,923,026
Non-current liabilities		211,970,575	226,135,715
Current portion of long-term loan	10	63,470,883	63,470,883
Current portion of lease commitments		1,293,504	1,772,419
Trade and other payables		44,742,252	43,269,097
Dividends payable to shareholders	11	120,334,393	121,079,857
Provision for zakat	12	8,078,967	6,956,392
Current liabilities		237,919,999	236,548,648
Total liabilities		449,890,574	462,684,363
Total shareholders' equity and liabilities		1,710,415,886	1,730,131,816

These financial statements were approved by the Board of Directors on 18 May 2022, corresponding to 17 Shawwal 1443H and are signed on behalf by:


Mansour Ibrahim Al-Habdan
Financial Manager


Ali bin Mohamed Al-Qahtani
CEO


Tariq bin Khaled Al-Anqari
(Authorized) BOD

The attached notes 1 to 18 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 period ended 31 March 2022
(Expressed in Saudi Arabian Riyals)

	Note	31 March 2022 (Unaudited)	31 March 2021 (Unaudited) (Restated – note 15)
Revenues		62,180,517	76,955,309
Cost of revenue		(57,163,873)	(56,000,874)
Gross profit		5,016,644	20,954,435
Selling and marketing expenses		(940,139)	(846,637)
General and administrative expenses		(6,569,924)	(6,032,111)
Other income	13	19,167	437,783
Operating (loss) / profit		(2,474,252)	14,513,470
Financial charges		(2,015,142)	(1,818,339)
Effect of financial liability cash flows adjustment	10	(1,310,172)	(1,582,561)
(Loss) / Profit before zakat		(5,799,566)	11,112,570
Zakat	12	(1,122,575)	(1,050,000)
(Loss) / profit for the period		(6,922,141)	10,062,570
Other Comprehensive income			
<i>Items that will not be reclassified under profit or loss:</i>			
Unrealized gains on investments in equity instruments at FVOCI		--	--
Total other comprehensive income		--	--
Total comprehensive (loss)/ income		(6,922,141)	10,062,570
Basic and diluted (loss) / earnings per share (SAR)	14	(0.077)	0.112

These financial statements were approved by the Board of Directors on 18 May 2022, corresponding to 17 Shawwal 1443H and are signed on behalf by:



Mansour Ibrahim Al-Habdan
Financial Manager

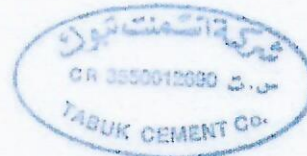


Ali bin Mohamed Al-Qahtani
CEO



Tariq bin Khaled Al-Anqari
(Authorized) BOD

The attached notes 1 to 18 of these condensed interim financial statements.



FOR TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)


CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

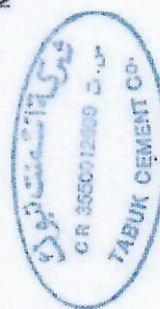
For the three-month period ended 31 March 2022
(Expressed in Saudi Arabian Riyals)

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total
For the three-month period ended 31 March 2022:					
Balance at January 1, 2021 (Audited)	900,000,000	229,521,378	113,792,199	24,133,876	1,267,447,453
Loss for the period	--	--	--	(6,922,141)	(6,922,141)
Other comprehensive gain	--	--	--	--	--
Total comprehensive loss for the period	--	--	--	(6,922,141)	(6,922,141)
Balance at 31 March 2022 (unaudited)	900,000,000	229,521,378	113,792,199	17,211,735	1,260,525,312
For the three-month period ended 31 March 2021 (restated - note 17):					
Balance at January 1, 2021 (Audited)	900,000,000	227,745,646	111,939,524	9,342,586	1,249,027,756
Period profit (Restated - note 17)	--	--	--	10,062,570	10,062,570
Other comprehensive gain	--	--	--	--	--
Total comprehensive income for the period (restated - note 17)	--	--	--	10,062,570	10,062,570
Balance at 31 March 2021 (unaudited) (restated - note 17)	900,000,000	227,745,646	111,939,524	19,405,156	1,259,090,326

These financial statements were approved by the Board of Directors on 18 May 2022, corresponding to 17 Shawwal 1443H and are signed on behalf by:


Mansour Ibrahim Al-Habdan
Financial Manager


Tariq bin Khaled Al-Anqari
(Authorized) BOD





TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)


CONDENSED STATEMENT OF CASH FLOWS
For the three-month period ended 31 March 2022
(Expressed in Saudi Arabian Riyals)

	Note	31 March 2022 (Unaudited)	31 March 2021 (Unaudited) (Restated – note 15)
Cash flows from operating activities:			
(Loss) / profit for the period before Zakat		(5,799,566)	11,112,570
Adjustment for:			
Depreciation on property, plant and equipment	6	14,730,714	14,449,224
Depreciation on intangible assets		139,074	139,074
Depreciation of right-of-use		465,179	465,178
Effect of financial liability cash flows adjustment	10	1,310,172	1,582,561
Financial charges		2,015,142	1,826,295
Employee defined benefit obligation charge for the period		559,487	1,319,869
		<u>13,420,202</u>	<u>30,894,769</u>
Change in operating assets and liabilities			
Trade and other receivables		(15,910,658)	(14,115,979)
Inventories		21,301,555	12,232,209
Trade and other payables		1,473,155	4,182,796
Employees defined benefit obligations - paid		(167,078)	(568,753)
Net cash generated from operating activities		<u>20,117,176</u>	<u>32,625,042</u>
Cash flows from investing activities			
Additions of property, plant and equipment	6	(3,056,528)	(3,335,816)
Addition to intangible assets		(115,658)	(221,030)
Net cash used in investing activities		<u>(3,172,186)</u>	<u>(3,556,846)</u>
Cash flows from financing activities:			
Paid from loans		(15,867,721)	(15,867,721)
Payment of lease obligations		(478,915)	(465,607)
Financial charges paid		(2,015,142)	(1,826,295)
Dividends paid		(745,464)	(134,831)
Net cash used in financing activities		<u>(19,107,242)</u>	<u>(18,294,454)</u>
Change in cash and cash equivalents during the period		(2,162,252)	10,773,742
Cash and cash equivalents beginning of the period	9	48,082,531	40,693,362
Cash and cash equivalents at the end of the period		<u>45,920,279</u>	<u>51,467,104</u>

These financial statements were approved by the Board of Directors on 18 May 2022, corresponding to 17 Shawwal 1443H and are signed on behalf by:


 Mansour Ibrahim Al-Habdan
 Financial Manager


 Ali bin Mohamed Al-Qahtani
 CEO


 Tariq bin Khaled Al-Anqari
 (Authorized) BOD

The attached notes 1 to 18 of these condensed interim financial statements.



TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2022
(Expressed in Saudi Arabian Riyals)

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 31 March 2022, the authorized, subscribed and fully-paid-up share capital 900 million (31 March 2021: SR 900 million) divided into 90 million ordinary shares (2021: 90 million shares) of SR 10 each (2021: SR 10).

The registered address of the Company is:

TCC Building, Al-Dhabab area, north of Dhaba city
Beside Dhaba port, near Dhaba sea port, PO Box 122
Tabuk 71451, Kingdom of Saudi Arabia

2. BASIS OF PREPERATION

a) Statement of compliance

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 2021 ("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 for the three-month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the year ending 31 December 2022.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2022
(Expressed in Saudi Arabian Riyals)

2. BASIS OF 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 the book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are also reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods. Significant judgments made by the management upon the adopting the Company's accounting policies correspond to the disclosed policies in last annual financial statements.

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 2021.

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

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED

The accounting policies adopted by the Company in preparing the financial statements are consistent with those followed in preparing the annual financial statements of the Company for the year ended 31 December 2021, and there are no new standards that were issued, however, there are a number of amendments to the standards which are effective as of 1 January 2022. which did not have a material impact on the financial statements.

TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2022
(Expressed in Saudi Arabian Riyals)

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:

	31 March <u>2022</u> (Unaudited)	31 March <u>2021</u> (Unaudited) (Restated – note 17)
Depreciation on property, plant and equipment	14,730,714	14,449,224
Additions of property, plant and equipment	3,056,528	3,335,816

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:

	31 March <u>2022</u> (Unaudited)	31 December <u>2021</u> (Audited)
Production under processing	152,531,450	167,146,302
Spare parts	83,530,790	87,805,156
Raw materials	28,209,165	25,920,685
Finished goods	5,653,342	6,673,414
Goods in transit	2,327,854	6,008,599
	<u>272,252,601</u>	<u>293,554,156</u>
Less: Allowance for slow moving inventory items	(604,915)	(604,915)
	<u>271,647,686</u>	<u>292,949,241</u>

TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2022
(Expressed in Saudi Arabian Riyals)

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	<u>Note</u>	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Cash at banks		20,720,279	22,882,531
Islamic murabahat	9-1	<u>25,200,000</u>	<u>25,200,000</u>
		<u>45,920,279</u>	<u>48,082,531</u>

9.1 Islamic Murabaha 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 259.1 million as at 31 March 2022 (31 December 2021: SR 273,7 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 31 March 2022.

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

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Current portion under current liabilities	63,470,883	63,470,883
Non-current portion under non-current liabilities	<u>195,655,140</u>	<u>210,212,689</u>
	<u>259,126,023</u>	<u>273,683,572</u>

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

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at beginning of the period/ year	273,683,572	315,471,536
Effect of financial liability cash flows adjustment	1,310,172	5,815,199
Provided during the period/year	<u>(15,867,721)</u>	<u>(47,603,163)</u>
	<u>259,126,023</u>	<u>273,683,572</u>

TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2022

(Expressed in Saudi Arabian Riyals)

10. LOAN (continued)

On 4 October 2021, the facilities were renewed, and the loan rate was modified to become a three-month SIBOR plus 1% instead of a six-month SIBOR plus 1.25%. The payment is due in 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. DIVIDEND PAYABLES

The movement on the dividends payable as follows:

	31 March <u>2022</u> (Unaudited)	31 December <u>2021</u> (Audited)
Balance at 1 January	121,079,857	121,694,374
Dividends distributed during the period / year	---	---
Dividend payments during the period / year	<u>(745,464)</u>	<u>(614,517)</u>
	<u>120,334,393</u>	<u>121,079,857</u>

On March 26, 2022, the Company's Board of Directors recommended distributing cash dividends to shareholders for the second half of 2021 at the rate of SR 0.25 per share, which represents 2.5% of the nominal value of the share and a total amount of SR 22.5 million, which was approved during the thirty-fifth ordinary general assembly meeting dated 21 April 2022.

TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2022
(Expressed in Saudi Arabian Riyals)

12. ZAKAT

a) Charge of the period

	31 March 2022 (Unaudited)	31 March 2022 (Unaudited)
Charged on the period	<u>1,122,575</u>	<u>1,050,000</u>
	<u>1,122,575</u>	<u>1,050,000</u>

The movement in Zakat payable represented as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at beginning of the period / year	6,956,392	10,156,261
Add: Charge of the period / year	1,122,575	5,046,012
Less: Payments during the period / year	--	(8,245,881)
Balance at end of the period/year	<u>8,078,967</u>	<u>6,956,392</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 2021.

The Company received the zakat assessment for the financial years ending on 31 December 2014 until 31 December 2017. The Company paid the full value of the assessment and finalized the zakat status for these 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.

13. OTHER INCOME

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Deposit profits	19,167	15,889
Other miscellaneous income	--	421,894
	<u>19,167</u>	<u>437,783</u>

TABUK CEMENT COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2022
(Expressed in Saudi Arabian Riyals)

14. EARNING 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.

	31 March 2022 (Unaudited)	31 March 2021 (Unaudited) (Restated – Note 17)
(Loss) / profit for the period	(6,922,141)	10,062,570
Number of shares (weighted average)	90,000,000	90,000,000
Basic (loss) / earnings per share (SR)	<u>(0.077)</u>	<u>0.112</u>

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.

15. 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 31 March as follows:

<u>Transactions with</u>	<u>Nature of transaction</u>	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Key management personnel	Salaries, wages and equivalents	900,000	720,000
BOD members	Board of directors' remunerations	<u>670,304</u>	<u>684,833</u>

16. 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 year ended 31 March 2022.

TABUK CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2022

(Expressed in Saudi Arabian Riyals)

16. IMPORTANT MATTERS (continued)

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 2022.

17. Adjustments

During the first quarter of 2022, it became clear to the Company's management that it had not calculated and recorded the reduced depreciation expense for some items of property, plant and equipment during the first quarter of 2021, amounting to SR 3,016,179, which the Company recognized during the second quarter of 2021. Accordingly, the Company's management has corrected depreciation expense and re-presented its financial statements by amending the items of the interim condensed financial statements for the three-month period ended 31 March 2021, which was impacted by this settlement in line with the requirements of the IAS (8) " Accounting policies, changes in accounting estimates and errors "

The following table summarizes the impact on the condensed statements of profit or loss, other comprehensive income and cash flows for the three-month period ending on March 31, 2021:

<i>SR</i>	<u>The period ended 31 March 2021</u>		
	<u>Balance as previously reported</u>	<u>Adjustments</u>	<u>Balance after adjustment</u>
<u>Statement of profit or loss and other comprehensive income</u>			
Cost of revenue	59,017,053	(3,016,179)	56,000,874
Gross profit	17,938,256	3,016,179	20,954,435
Operating income	11,497,291	3,016,179	14,513,470
Profit before zakat	8,096,391	3,016,179	11,112,570
Profit for the period	7,046,391	3,016,179	10,062,570
Total comprehensive income	7,046,391	3,016,179	10,062,570
Basic and diluted earnings per share	0,078	0,034	0,112

<i>SR</i>	<u>As at 31 March 2021</u>		
	<u>Balance as previously reported</u>	<u>Adjustments</u>	<u>Balance after adjustment</u>
<u>Statement of cash flows</u>			
Profit for the period before Zakat	8,096,391	3,016,179	11,112,570
Depreciation on property, plant and equipment	17,465,403	(3,016,179)	14,449,224

18. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The condensed interim financial statements were authorized for issue by the Board of Directors on May 18, 2022, corresponding to Shawwal 17, 1443H.