

CITY CEMENT COMPANY
A SAUDI JOINT STOCK COMPANY

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021
AND INDEPENDENT AUDITOR'S REVIEW REPORT

CITY CEMENT COMPANY

A Saudi Joint Stock Company

INDEX OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

Contents	Page
Independent auditor's review report of the Condensed Interim consolidated financial information	2
Condensed Interim consolidated statement of financial position	3
Condensed Interim consolidated statement of profit or loss and other comprehensive income	4
Condensed Interim consolidated statement of changes in equity	5
Condensed Interim consolidated statement of cash flows	6
Notes to the condensed interim consolidated financial statements	7 - 17



INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders of
CITY CEMENT COMPANY
A Saudi Joint Stock Company

Riyadh - Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of **City Cement Company** - ("the Company") a Saudi Joint Stock Company, and its subsidiary (together the "Group"), as of 30 September 2021, and the related condensed interim consolidated statement of profit or loss and other comprehensive income for the three -month and nine-month periods then ended. the Condensed Interim consolidated statement of changes in equity, the condensed interim consolidated statement of cash flows for the nine-month period then ended, including a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of these condensed interim consolidated financial information in accordance with International Accounting Standard (IAS 34) 'Interim Financial Reporting', that is endorsed in the kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim consolidated financial information 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 is 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 condensed interim consolidated financial information is not prepared, in all material respects, in accordance with IAS (34), 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia.

For BDO Dr. Mohamed Al-Amri & Co.


Jamal M. Al-Amri
Certified Public Accountant
Registration No. 331



Date: 25 Rabi' al Awwal 1443 (H)
Corresponding to: 31 October 2021 (G)


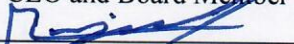

CITY CEMENT COMPANY

A Saudi Joint Stock Company

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In Saudi Riyals)

		Balance As at	
	Notes	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	5	1,402,357,107	1,453,644,907
Right of use assets	6	6,080,560	2,779,941
Investments in equity instruments at fair value through other comprehensive income	7	3,320,820	3,228,575
Intangible assets		108,025	126,692
Total non-current assets		1,411,866,512	1,459,780,115
Current assets			
Inventory		132,651,056	145,146,260
Trade receivables		35,599,197	39,769,398
Investments in equity instruments at fair value through profit or loss	8	272,369,090	242,098,817
Prepayments and other receivables		17,429,490	11,603,307
Cash and cash equivalents		56,143,450	50,061,188
Total current assets		514,192,283	488,678,970
Total assets		1,926,058,795	1,948,459,085
Equity and Liabilities			
Equity			
Share capital		1,400,000,000	1,400,000,000
Statutory reserve		175,470,692	175,470,692
Other reserves		(2,023,371)	(2,115,616)
Retained earnings		250,461,720	271,685,968
Total equity		1,823,909,041	1,845,041,044
Liabilities			
Non-current liabilities			
Employees' end-of-service benefits		18,310,199	17,347,975
Non-Current portion of lease liability		3,661,499	-
Provision for rehabilitation of areas subject to franchise license	9	6,642,907	6,449,424
Total non-current liabilities		28,614,605	23,797,399
Current liabilities			
Trade payables		21,806,259	16,744,015
Current portion of lease liability		1,542,273	2,413,041
Accrual and other payables		42,508,818	50,752,165
Provision for zakat		7,677,799	9,711,421
Total current liabilities		73,535,149	79,620,642
Total liabilities		102,149,754	103,418,041
Total equity and liabilities		1,926,058,795	1,948,459,085

Finance Manager 	CEO and Board Member 	Vice Chairman of Board of Directors and Managing Director 
Idrees Abo Alqasem	Majed Bin Abdulrahman Al-Osailan	Bader Bin Omar Al-Abdullatif

The accompanying notes from (1) to (20) form an integral part of these condensed interim consolidated financial statements

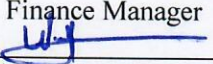


CITY CEMENT COMPANY

A Saudi Joint Stock Company

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

(In Saudi Riyals)

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2021	2020 (Restated)	2021	2020 (Restated)
Revenues		111,577,832	140,603,010	402,028,107	419,743,791
Cost of revenues		(64,334,848)	(78,172,828)	(220,918,777)	(228,113,786)
Gross profit		47,242,984	62,430,182	181,109,330	191,630,005
Selling and marketing expenses		(2,297,024)	(2,061,288)	(6,848,977)	(6,497,363)
General and administrative expenses		(5,894,539)	(6,829,456)	(18,243,005)	(21,223,945)
Operating profit		39,051,421	53,539,438	156,017,348	163,908,697
Gains on changes in fair value investments in equity instruments		724,667	998,490	2,022,484	4,311,343
Other income, net		800,400	2,234,353	3,226,237	5,155,956
Finance cost		(143,903)	(390,059)	(335,317)	(732,055)
Provision for expected credit loss expense		(60,000)	-	(180,000)	-
Net profit for the period before zakat		40,372,585	56,382,222	160,750,752	172,643,941
Zakat expense		(2,325,000)	(3,422,287)	(6,975,000)	(9,422,287)
Net profit for the period		38,047,585	52,959,935	153,775,752	163,221,654
Items of other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Gains on changes in fair value of investment in equity instruments	7	175,265	352,948	92,245	359,756
Total comprehensive income for the period		38,222,850	53,312,883	153,867,997	163,581,410
Earnings per share					
Basic and diluted earnings per share of net profit for the period	10	0.27	0.28	1.10	0.86

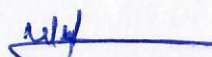
Finance Manager 	CEO and Board Member 	Vice Chairman of Board of Directors and Managing Director 
Idrees Abo Alqasem	Mafed Bin Abdulrahman Al-Osailan	Bader Bin Omar Al-Abdullatif

The accompanying notes from (1) to (20) form an integral part of these condensed interim consolidated financial statements

CITY CEMENT COMPANY
A Saudi Joint Stock Company

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
(In Saudi Riyals)

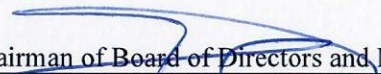
	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
For the nine-month period ended 30 September 2021					
Balance as at 1 January 2021 (Audited)	1,400,000,000	175,470,692	(2,115,616)	271,685,968	1,845,041,044
Net profit for the period	-	-	-	153,775,752	153,775,752
Items of other comprehensive income	-	-	92,245	-	92,245
Total comprehensive income for the period	-	-	-	153,775,752	153,867,997
Dividends (Note 17)	-	-	-	(175,000,000)	(175,000,000)
Balance as at 30 September 2021 (Unaudited)	<u>1,400,000,000</u>	<u>175,470,692</u>	<u>(2,023,371)</u>	<u>250,461,720</u>	<u>1,823,909,041</u>
For the nine-month period ended 30 September 2020					
Balance as at 1 January 2020 Before Restatement (Audited)	1,892,000,000	152,371,733	-	201,458,566	2,245,830,299
Effect of Restatement (Note 18)	-	1,049,647	(1,417,014)	11,783,597	11,416,230
Balance as at 1 January 2020 After Restatement (Audited)	<u>1,892,000,000</u>	<u>153,421,380</u>	<u>(1,417,014)</u>	<u>213,242,163</u>	<u>2,257,246,529</u>
Net profit for the period (Restated)	-	-	-	163,221,654	163,221,654
Items of other comprehensive income	-	-	359,756	-	359,756
Total comprehensive income for the period	-	-	359,756	163,221,654	163,581,410
Balance as at 30 September 2020 (Restated) (Unaudited)	<u>1,892,000,000</u>	<u>153,421,380</u>	<u>(1,057,258)</u>	<u>376,463,817</u>	<u>2,420,827,939</u>


Finance Manager

Idrees Abo Alqasem


CEO and Board Member

Majed Bin Abdulrahman Al-Osailan


Vice Chairman of Board of Directors and Managing Director
Bader Bin Omar Al-Abdullatif

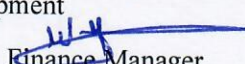

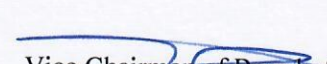
The accompanying notes from (1) to (20) form an integral part of these condensed interim consolidated financial statements

CITY CEMENT COMPANY

A Saudi Joint Stock Company

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(In Saudi Riyals)

	For the nine-month period ended 30 September	
	2021	2020 (Restated)
Operating activities		
Net profit for the period before zakat	160,750,752	172,643,941
Adjustments:		
Depreciation	62,285,196	61,248,805
Gains on changes in fair value of investment in equity instruments	(2,022,484)	(4,311,343)
Provision for expected credit loss expense	180,000	-
Provision for obsolescence inventory expense	1,500,000	1,500,000
Employees' end-of-service benefits	1,733,536	1,672,032
Finance cost	335,317	732,055
Changes in:		
Inventory	10,995,204	33,481,963
Trade receivables	3,990,201	3,892,216
Prepayments and other receivables	(5,826,183)	(111,314)
Trade payables	5,062,244	(1,726,814)
Accrual and other payables	(8,243,347)	9,226,562
Cash from operation	230,740,436	278,248,103
Zakat paid	(9,008,622)	(11,656,243)
Employees' end-of-service benefits paid	(771,312)	(331,148)
Net cash flows generated from operating activities	220,960,502	266,260,712
Investing activities		
Purchase of investment in equity instruments at FVTPL	(203,200,000)	(486,800,000)
Sale of investment in equity instruments at FVTPL	174,952,211	597,600,000
Purchase of property, plant and equipment and Capital work in progress	(8,504,966)	(5,824,457)
Purchase of intangible assets	(23,783)	(52,453)
Net cash flows (used in) / generated from investing activities	(36,776,538)	104,923,090
Financing activities		
Dividends paid	(175,000,000)	-
Repayments of lease liability	(3,101,702)	(2,156,184)
Net cash flows used in financing activities	(178,101,702)	(2,156,184)
Net change in cash and cash equivalents	6,082,262	369,027,618
Cash and cash equivalents at the beginning of the period	50,061,188	68,455,784
Cash and cash equivalents at the end of the period	56,143,450	437,483,402
Non-cash transactions from investing activities:		
Addition of right of use against Lease liability	5,750,599	-
Purchase of property, plant and equipment against Provision for rehabilitation of areas subject to franchise license	-	5,476,643
Transfer from capital work in progress to property, plant and equipment	-	1,006,426
 Finance Manager	 CEO and Board Member	 Vice Chairman of Board of Directors and Managing Director
Idrees Abo Alqasem	Majed Bin Abdulrahman Al-Osailan	Bader Bin Omar Al-Abdullatif

The accompanying notes from (1) to (20) form an integral part of these condensed interim consolidated financial statements

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

(All amounts in Saudi Riyals unless otherwise stated)

1. The company, its subsidiary and activity

1.1 Establishment of the Company

City Cement Company (“the Company”), is a Saudi joint stock company, established under Ministerial Resolution No. 804 and dated 12/5/1426 (corresponding to: 18/6/2005) and registered in Riyadh under Commercial Registration No. 1010210441 dated 14/5/1426 (corresponding to: 20/6/2005) and Industrial License No. 1163/ dated 3/6/1426 (corresponding to:9/7/2005) and renewed with No. 590 dated 10/2/1438 (corresponding to:10/11/2016). The Company operates under a material quarry license according to the mining regulations issued by Royal Decree No. 216 dated 28/7/1425 (corresponding to: 12/9/2004) and its duration is thirty Hijra periods starting from the date of the license, and the Company has the right to request a similar period of renewal of this license subject to the approval of the Ministry of Industry and Mineral Resources.

The Company has the following branches commercial registration:

<u>Branch name</u>	<u>CR No.</u>	<u>Date</u>	
		<u>Hijri</u>	<u>Georgian</u>
Branch of city cement company for contracting	1010356028	16-1-1434	29-11-2012

These Condensed Interim Consolidated Financial Statements include the assets, liabilities and results of the work of its subsidiary, Green Solutions for environmental services.

Green Solutions for environmental services

On 27 /7/ 1442 H (corresponding 10 March 2021), the Company's Board of Directors approved the establishment of a subsidiary limited liability company wholly owned with its registered office in Riyadh with a capital of SR 500,000 specialized, upon obtaining the required approvals and licenses from the relevant authorities.

During 2021G, the Company announced the completion of the issuance of the article association and the Commercial Register of its subsidiary under the Commercial Registration No. 1010664201.

The Company’s article association was issued on 27 Shawal 1442 H. Corresponding 8 June 2021 G.

The nature of the company's activity is as follows:

Collection of materials for recycling, transportation of municipal waste, operation of municipal waste dumping sites for disposal purposes, treatment of organic waste for disposal, recycling and reuse of municipal waste.

1.2 The nature of the Company's activity

The Company's activity is the production of ordinary portland cement and sulphate resistant cement, the import and operation of radioactive devices of the company's plants, processing waste, industrial, agricultural and municipal waste, and producing alternative fuels after obtaining the necessary licenses and specialized sub-contracts.

1.3 Company’s capital

City Cement Company is a public joint stock company listed in the Saudi capital market. Its share capital is SAR 1,400,000,000 divided into 140,000,000 shares with a nominal value of 10 Saudi Riyals.

1.4 Fiscal year

The Company's fiscal year is 12 months from the beginning of January until the end of December of each calendar year.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

(All amounts in Saudi Riyals unless otherwise stated)

2. Basis of preparation

These Condensed Interim Consolidated Financial Statements of the company and its subsidiary are prepared for the first time and as disclosed in note No. 1

These Condensed Interim Consolidated 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 pronouncement as issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These Condensed Interim Consolidated Financial Statements have been prepared on the historical cost basis except for the following material items in the Condensed Consolidated Statement of Financial Position:

- Investments in equity instruments at fair value through other comprehensive income which is measured at fair value.
- Investments in equity instruments at fair value through profit or loss which is measured at fair value.
- Employees’ end-of-service benefits which is measured using the projected unit credit method.
- Provision for rehabilitation of areas subject to franchise license which is measured at present value.

These Condensed Interim consolidated financial statements are presented in Saudi Riyals “SAR”, which is the Company’s functional and presentational currency.

2.1 Basis of consolidation

The Condensed Interim consolidated financial statements include the financial statements of the company and its subsidiary (together the “group”) as at 30 September 2021:

<u>Name of Subsidiary</u>	<u>Legal statuses</u>	<u>Ownership percentage As at 30 September 2021</u>
Green Solutions for environmental services	A single shareholder limited liability company	100%

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. to support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group’s voting rights and potential voting rights.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

(All amounts in Saudi Riyals unless otherwise stated)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

3. Significant judgements and estimates

In preparing these Condensed Interim consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual Financial Statements as of 31 December 2020.

4. Significant accounting policies

The accounting policies applied to the condensed interim financial statements are the same as those accounting policies applied for annual financial statements as of 31 December 2020. The company's financial risk management policies and objectives are consistent with those disclosed in financial statements as of 31 December 2020.

New standards, amendments to standards, and interpretation

There are no new standards issued, however, there are number of amendments to standards, which are effective from 1 January 2021 and has been explained in annual Financial Statements, but they do not have a material effect on the Group's condensed interim consolidated financial statements.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021 (UNAUDITED)**

(All amounts in Saudi Riyals unless otherwise stated)

5. Property, plant and equipment

	<u>Land</u>	<u>Machinery and equipment</u>	<u>Buildings and roads</u>	<u>Mobile equipment</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Capital work in progress</u>	<u>Total</u>
Cost:								
Balance as at 1 January 2021	3,600,000	1,583,799,954	612,579,029	127,512,880	12,803,210	16,709,675	6,517,006	2,363,521,754
Additions	-	2,948,535	-	-	206,228	342,274	5,007,929	8,504,966
Transfer from work in progress	-	7,849	-	-	-	-	(7,849)	-
Balance as at 30 September 2021	3,600,000	1,586,756,338	612,579,029	127,512,880	13,009,438	17,051,949	11,517,086	2,372,026,720
Accumulated depreciation:								
Balance as at 1 January 2021	-	608,789,310	196,754,131	77,578,036	12,050,228	14,705,142	-	909,876,847
Depreciation	-	41,690,240	13,332,523	3,726,518	221,640	821,845	-	59,792,766
Balance as at 30 September 2021	-	650,479,550	210,086,654	81,304,554	12,271,868	15,526,987	-	969,669,613
Net book value:								
As at 30 September 2021	3,600,000	936,268,939	402,492,375	46,216,175	737,570	1,524,962	11,517,086	1,402,357,107
As at 31 December 2020	3,600,000	975,010,644	415,824,898	49,934,844	752,982	2,004,533	6,517,006	1,453,644,907

- The Group uses quarries of raw materials leased from the Ministry of Industry and Mineral Resources under a license of raw materials query for a 30-year Hijri from 15/9/1426 H.
- The Group had capital commitments amounting to SAR 11,517,086 as at 30 September 2021 with respect to ongoing projects (2020: SAR 6,517,006). The majority of the capital commitments relates to the existing production facilities and IT equipment.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021
(UNAUDITED)**

(All amounts in Saudi Riyals unless otherwise stated)

6. Right of use assets

	<u>Leased land</u>	<u>Leased building</u>	<u>Total</u>
Cost:			
Balance as at 1 January 2021	5,949,492	1,723,428	7,672,920
Additions	-	5,750,599	5,750,599
Balance as at 30 September 2021	5,949,492	7,474,027	13,423,519
Accumulated depreciation:			
Balance as at 1 January 2021	3,600,408	1,292,571	4,892,979
Depreciation	1,731,595	718,385	2,449,980
Balance as at 30 September 2021	5,332,003	2,010,956	7,342,959
Net book value:			
As at 30 September 2021	617,489	5,463,071	6,080,560
As at 31 December 2020	2,349,084	430,857	2,779,941

7. Investments in equity instruments at fair value through OCI

	<u>Shares</u>	<u>As at 30 September 2021</u>	<u>As at 31 December 2020</u>
Saudi Arabian Oil Group (Aramco) a Saudi joint stock company			
Balance at the beginning of the period / year	92,245	3,228,575	2,951,840
Gains on change in fair value		92,245	276,735
Total investment in shares		3,320,820	3,228,575

On 3 December 2019, the Board of Directors approved the investment in Saudi Arabian Oil Company (Aramco) shares and was subscribed in 92,245 shares with a total of SAR 2,951,840. This is from the company's own sources and in accordance with its future flows and plans.

Saudi Arabian Oil Company (Aramco) - A Saudi Joint Stock Company announced the distribution of cash dividends for the fourth quarter of 2020 and the first and second quarter of 2021 resulting in dividends amounted SAR 97,355 which are included in other revenue.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021
(UNAUDITED)**

(All amounts in Saudi Riyals unless otherwise stated)

8. Investments in equity instruments at fair value through profit or loss

	<u>As at 30 September 2021</u>	<u>As at 31 December 2020</u>
Balance at the beginning of the period / year	242,098,817	485,840,830
Purchases during the period / year	203,200,000	580,800,000
Sales during the period / year	(174,952,211)	(829,600,000)
Gains on change in fair value	2,022,484	5,057,987
Balance at the end of the period / year	<u>272,369,090</u>	<u>242,098,817</u>

The investments represent units in open local investment funds with an objective of providing a reasonable amount of income as well as liquidity from short-term investments in Saudi Riyals.

9. Provision for rehabilitation of areas subject to franchise license

The provision movement is as follow:

	<u>As at 30 September 2021</u>	<u>As at 31 December 2020</u>
Balance at the beginning of the period / year	6,449,424	6,201,368
Effective interest	193,483	248,056
Balance at the end of the period / year	<u>6,642,907</u>	<u>6,449,424</u>

10. Earnings per share

Basic and diluted earnings per share is calculated by dividing the period's net profit by the weighted average number of shares during the period:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021	2020 (Restated)	2021	2020 (Restated)
Net profit for the period	<u>38,047,585</u>	52,959,935	<u>153,775,752</u>	163,221,654
Weighted average number of shares	<u>Share 140,000,000 SAR / Share</u>	<u>Share 189,200,000 SAR / Share</u>	<u>Share 140,000,000 SAR / Share</u>	<u>Share 189,200,000 SAR / Share</u>
Basic and diluted earnings per share from the net profit of the period	<u>0.27</u>	0.28	<u>1.10</u>	0.86

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

(All amounts in Saudi Riyals unless otherwise stated)

11. Financial facilities

The Group has unused financial facilities from local banks amounted to SAR 90.7 million that is guaranteed by promissory note, the Group has not used until the date of the financial statements, except for what is mentioned in Note 12, and there are no obligations as a result of not using these facilities.

12. Contingent liabilities

The contingent liabilities against letters of credit are SAR 3,172,103 as at 30 September 2021.

The contingent liabilities against letters of guarantee are SAR 7,172,377 as at 30 September 2021. for the purchase of raw materials and spare parts

13. General

As disclosed in the financial statements for the year ended 31 December 2020, the Company received a statement of prosecution. The Company has assigned an external legal advisor to deal with this matter, On 26 Safar 1443H corresponding 4 October 2021G, an initial decision was issued against the Company, which is subject to appeal in accordance with the letter of the legal advisor, the Company hired a legal advisor to begin appeal proceedings.

14. Segment reporting

For the nine-month period ended 30 September

	2021		2020	
	Cement sales	Revenue from environmental services	Cement sales	Revenue from environmental services
Kingdom of Saudi Arabia	402,027,577	2,795,713	419,743,792	2,918,828
Total	<u>402,027,577</u>	<u>2,795,713</u>	<u>419,743,792</u>	<u>2,918,828</u>

15. Transactions with related parties

Transactions with related parties consist mainly of salaries, allowances and key executive personnel remuneration.

Key management personnel are those who exercise authority and responsibility in directly or indirectly planning, directing and monitoring the Group's activities, including the members of board (Whether it's executive or not)..

Members of the Board of Directors do not receive any remuneration for their role in managing the Group unless approved by the General Assembly. Members of the Board of Directors receive an attendance allowance for Board and Board Committee meetings. Executive Directors receive fixed remuneration as a result of their direct duties and responsibilities.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

(All amounts in Saudi Riyals unless otherwise stated)

The following table illustrates details of remuneration and compensation paid to Directors and Key Management Personnel:

Related parties	Nature of the transaction	For the nine-month period ended 30 September	
		2021	2020
Members of Board of the directors and Key Management Personnel	Salaries, wages, and equivalent and board remuneration and attendance allowances	7,656,497	6,120,347

16. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks, market risk, credit risk, and liquidity risk.

Financial instruments in the Group's statement of financial position include investments at fair value through profit or loss and other comprehensive income, cash and cash equivalents, other assets, account receivable, and other liabilities.

a) **Market risk**

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as, commission rates, commodity prices and foreign currency exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Commission rate risk

Commission rate risk is the exposure associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currency that is not the Group's currency. The Group exposure to foreign currency risk is primarily limited to transactions in United State Dollars ("USD") and Euro. The fluctuation in exchange rates against USD and EUR are monitored on a continuous basis.

b) **Credit risk**

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances and trade receivables.

The Group manages credit risk relating to trade receivables in accordance with the specified policies and procedures. The Group limits credit risk relating to trade receivables by setting credit limits for each customer and continuously monitoring outstanding trade receivables.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

(All amounts in Saudi Riyals unless otherwise stated)

c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted and include estimated interest payments.

<u>As at 30 September 2021</u>	<u>Book value</u>	<u>Less than one year</u>	<u>From 1 year to 5 years</u>	<u>Total</u>
Lease liability	5,203,772	1,542,273	3,661,499	5,203,772
Trade payables	21,806,259	21,806,259	-	21,806,259
Accrual and other payables	42,508,818	42,508,818	-	42,508,818
	<u>69,518,849</u>	<u>65,857,350</u>	<u>3,661,499</u>	<u>69,518,849</u>

<u>As at 31 December 2020</u>	<u>Book value</u>	<u>Less than one year</u>	<u>From 1 year to 5 years</u>	<u>Total</u>
Lease liability	2,413,041	2,413,041	-	2,413,041
Trade payables	16,744,015	16,744,015	-	16,744,015
Accrual and other payables	50,752,165	50,752,165	-	50,752,165
	<u>69,909,221</u>	<u>69,909,221</u>	<u>-</u>	<u>69,909,221</u>

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments. The Group's terms of sales require amounts to be paid either on a cash on delivery or on a terms basis.

17. Dividends

On 28 February 2021, based on delegation from the general assembly meeting The Board of Directors have decided to distribute cash dividends to shareholders for the second half of 2020 (SAR 0.50 per share) amounted to SAR 70,000,000 and 5% of Group's share capital.

On 11 August 2021, based on delegation from the general assembly meeting The Board of Directors have decided to distribute cash dividends to shareholders for the first half of 2021 (SAR 0.75 per share) amounted to SAR 105,000,000 SAR and 7.5% of Group's share capital.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021
(UNAUDITED)**

(All amounts in Saudi Riyals unless otherwise stated)

18. Restatement

The Group restated certain amounts and balances included in the prior period financial statements and according to adjustments made by end of the year 2020, as the transactions to which these balances relate, had not been accounted for correctly, and accordingly adjusted in accordance with the requirements of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. The details of each of such restatements have been summarized below:

	1 January 2020			1 January 2020
	Previously Reported	Restatement (1)	Re-classification (4)	Restated
Condensed Interim consolidated statement of changes in equity (Audited)				
Statuary reserve	(152,371,733)	(1,049,647)	-	(153,421,380)
Other reserves	-	-	1,417,014	1,417,014
Retained earning	(201,458,566)	(10,366,583)	(1,417,014)	(213,242,163)
	30 September 2020			30 September 2020
	Previously Reported	Restatement (2,3)	Re-classification (4)	Restated
Condensed interim consolidated statement of profit or loss and other comprehensive income (Unaudited)				
Cost of sales	233,755,882	(5,642,096)	-	228,113,786
Finance cost	546,013	186,042	-	732,055
Condensed interim consolidated statement of cash flows (Unaudited)				
Net profit for the period before zakat	167,187,887	5,456,054	-	172,643,941
Depreciation	67,490,901	(6,242,096)	-	61,248,805
Provision for rehabilitation of areas subject to franchise license	(600,000)	600,000	-	-
Finance cost	546,013	186,042	-	732,055
Inventory	41,241,824	-	(7,759,861)	33,481,963
Change in spare parts Inventory	(7,759,861)	-	7,759,861	-
change in investment in equity instruments at FVTPL	110,800,000	-	(110,800,000)	-
Purchase of investment in equity instruments at FVTPL	-	-	(486,800,000)	(486,800,000)
Sale of investment in equity instruments at FVTPL	-	-	597,600,000	597,600,000

These modifications are summarised as follows:

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

(All amounts in Saudi Riyals unless otherwise stated)

Restatement (1)

The calculation of 10% of net income for 2019 was corrected to form the regular reserve for 2019, which was calculated on the basis of comprehensive income rather than the net profit as adjusted at the year ended 2020.

Restatement (2)

Period share of the impact of calculating the depreciation of property, plant and equipment as a result of the change in the useful life of property, plant and equipment in 2020, to comply with the requirements of IAS (8) "Accounting Policies, Changes in Accounting Estimates and Errors".

Restatement (3)

Period share of interest cost impacted from recognizing the provision for the rehabilitation of areas subject to a franchise license which done at the end of 2020, At the present value of the expected cost of rehabilitation the site of the Group's factory land.

Restatement (4)

Some comparison figures for the financial period ended 30 September 2020 to be consistent with the current presentation of financial statements.

19. Significant events

In response to the spread of the Covid-19 in the Kingdom of Saudi Arabia and its resulting disruptions to the social and economic activities in those markets, the management of the Group 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, and the wider community as well as to ensure the continuity of supply of its products throughout its markets. The management of the Group believes that the Covid-19 pandemic has had no material effect on the Group's reported financial results.

The Group 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 Group's operations during 2021.

20. Approval of the Condensed Interim Consolidated Financial Statements

These condensed interim consolidated financial statements were approved by the Board of Directors of the Group on 25 Rabi' al Awwal 1443 (H) Corresponding to 31 October 2021 (G).
