

**YANBU CEMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW  
REPORT**

**FOR THE THREE-MONTH  
PERIOD ENDED 31 MARCH 2023**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2023

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**INDEPENDENT AUDITOR'S REVIEW REPORT****TO THE SHAREHOLDERS OF  
YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)****Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Yanbu Cement Company, a Saudi Joint Stock Company ("the Company" or "the Parent Company") and its Subsidiary (collectively referred to as "the Group") as at 31 March 2023, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended and a summary of significant accounting policies and other explanatory notes from 1 to 18. Management is responsible for the preparation and presentation of these interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial information based on our review.


**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily to the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

For BDO-Dr. Mohamed Al-Amri &amp; Co.



Maher Al-Khatieb  
Certified Public Accountant  
Registration No. (514)



Jeddah on 24 May 2023(G)  
Corresponding to: 04 Dhu al-Qidah 1444(H)

Yanbu Cement Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
For the three-month period ended 31 March 2023

		<i>For the three- month period ended 31 March 2023</i>	<i>For the three- month period ended 31 March 2022</i>
		SR	SR
	<i>Note</i>	<i>Unaudited</i>	<i>Unaudited</i>
Revenue	4	224,006,154	241,632,810
Cost of revenue		(151,476,919)	(187,194,067)
<b>GROSS PROFIT</b>		72,529,235	54,438,743
Selling and distribution expenses		(4,278,319)	(4,083,350)
General and administrative expenses		(12,506,694)	(10,158,779)
<b>PROFIT FROM OPERATIONS</b>		55,744,222	40,196,614
(Loss ) / profit on derivative instruments at fair value through profit or loss		(515,302)	2,842,487
Finance costs		(2,538,102)	(2,413,160)
Other income		1,058,917	1,594,937
Finance income		636,177	49,618
<b>PROFIT BEFORE ZAKAT</b>		54,385,912	42,270,496
Zakat	5	(3,373,678)	(3,342,132)
<b>PROFIT FOR THE PERIOD</b>		51,012,234	38,928,364
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		51,012,234	38,928,364
<b>Profit for the period:</b>			
<i>Attributable to:</i>			
Owners of the parent		51,012,234	38,928,364
Non-controlling interests		-	-
		51,012,234	38,928,364
<b>EARNINGS PER SHARE</b>			
Basic and diluted earnings per share attributable to owners of the parent	13	0.32	0.25

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

Yanbu Cement Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

		31 March 2023 Unaudited SR	31 December 2022 Audited SR
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	2,362,183,472	2,398,067,922
Intangible assets		1,628,164	1,802,689
Investment in associate		312,278	312,278
Other non-current assets		29,859,241	32,904,342
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,393,983,155</b>	<b>2,433,087,231</b>
<b>CURRENT ASSETS</b>			
Inventories	7	647,895,225	594,985,500
Trade receivables	8	161,425,476	157,065,253
Prepayments, advances and other receivables		40,520,176	37,955,186
Financial derivatives	16	3,996,367	4,511,669
Short-term murabaha deposit		21,000,000	21,000,000
Cash and cash equivalents	9	88,931,701	100,681,866
<b>TOTAL CURRENT ASSETS</b>		<b>963,768,945</b>	<b>916,199,474</b>
<b>TOTAL ASSETS</b>		<b>3,357,752,100</b>	<b>3,349,286,705</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	1	1,575,000,000	1,575,000,000
Statutory reserve	11	787,500,000	787,500,000
Retained earnings		457,202,338	406,190,104
<b>TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>		<b>2,819,702,338</b>	<b>2,768,690,104</b>
Non-controlling interests		-	-
<b>TOTAL EQUITY</b>		<b>2,819,702,338</b>	<b>2,768,690,104</b>
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings	10(a)	83,000,000	91,500,000
Provision for employees' benefits		101,635,028	95,983,900
Lease liability		5,484,055	5,444,625
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>190,119,083</b>	<b>192,928,525</b>
<b>CURRENT LIABILITIES</b>			
Trade payables		28,194,251	52,386,278
Current portion of bank borrowings	10(a)	27,800,890	23,737,659
Short term borrowings	10(b)	84,560,130	50,041,713
Dividend payable		81,016,849	81,072,268
Accrued expenses and other current liabilities		107,022,606	164,467,883
Zakat payable	5	19,335,953	15,962,275
<b>TOTAL CURRENT LIABILITIES</b>		<b>347,930,679</b>	<b>387,668,076</b>
<b>TOTAL LIABILITIES</b>		<b>538,049,762</b>	<b>580,596,601</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,357,752,100</b>	<b>3,349,286,705</b>

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

Yanbu Cement Company (A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the three-month period ended 31 March 2023

	Attributable to the owners of the parent			Non-controlling interests	Total equity
	Share capital	Statutory reserve	Retained earnings		
	SR	SR	SR	SR	SR
As at 1 January 2023 (Audited)	1,575,000,000	787,500,000	406,190,104	-	2,768,690,104
Profit for the period	-	-	51,012,234	-	51,012,234
Other comprehensive income for the period	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	<b>51,012,234</b>	-	<b>51,012,234</b>
<b>Balance at 31 March 2023 (Unaudited)</b>	<b>1,575,000,000</b>	<b>787,500,000</b>	<b>457,202,338</b>	<b>-</b>	<b>2,819,702,338</b>

	Attributable to owners of the parent			Non-controlling interests	Total equity
	Share Capital	Statutory reserve	Retained Earnings		
	SR	SR	SR	SR	SR
As at 1 January 2022 (Audited)	1,575,000,000	787,500,000	432,334,210	32,331,437	2,827,165,647
Profit for the period	-	-	38,928,364	-	38,928,364
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	38,928,364	-	38,928,364
Increase in ownership stake of the subsidiary	-	-	-	(32,331,437)	(32,331,437)
<b>Balance at 31 March 2022 (Unaudited)</b>	<b>1,575,000,000</b>	<b>787,500,000</b>	<b>471,262,574</b>	<b>-</b>	<b>2,833,762,574</b>

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

Yanbu Cement Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
For the three-month period ended 31 March 2023

		<i>For the three- month period ended 31 March 2023 SR</i>	<i>For the three- month period ended 31 March 2022 SR</i>
	<i>Note</i>	<i>Unaudited</i>	<i>Unaudited</i>
<b>OPERATING ACTIVITIES</b>			
Profit before zakat		54,385,912	42,270,496
<i>Adjustments to reconcile operating income to net cash flows:</i>			
Depreciation of property, plant and equipment	6	42,109,855	41,568,417
Amortization of intangible assets		174,525	174,525
Finance costs		2,538,102	2,413,160
Loss on disposal of property, plant and equipment		23,205	-
Loss / (profit) on derivative instruments at fair value through profit or loss		515,302	(2,842,487)
Finance income		-	(49,618)
Provision for employees' benefits		6,709,513	7,182,087
		<u>106,456,414</u>	<u>90,716,580</u>
<i>Working capital changes:</i>			
Trade receivables		(4,360,223)	14,756,367
Inventories		(52,909,725)	(13,126,959)
Prepayments, advances and other receivables		480,111	602,136
Trade payables		(24,192,027)	4,231,093
Accrued expenses and other current liabilities		(57,445,277)	69,172,865
		<u>(31,970,727)</u>	<u>166,352,082</u>
Zakat paid	5	-	-
Employee benefits' liabilities paid		(1,058,383)	(689,279)
Finance cost paid		(2,458,673)	(2,340,510)
<b>Net cash (used in) / from operating activities</b>		<u>(35,487,783)</u>	<u>163,322,293</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	6	(6,248,611)	(9,182,955)
<b>Net cash used in investing activities</b>		<u>(6,248,611)</u>	<u>(9,182,955)</u>
<b>FINANCING ACTIVITIES</b>			
Payment of lease liability		(40,000)	(610,000)
Repayment of bank borrowings		(4,436,769)	(17,972,222)
Net movement of short-term financing		34,518,417	(5,079,292)
Dividends paid to owners of the parent		(55,419)	(257,566)
<b>Net cash from / (used in) financing activities</b>		<u>29,986,229</u>	<u>(23,919,080)</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents the beginning of the period		(11,750,165)	130,220,258
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<u>100,681,866</u>	<u>60,605,196</u>
		<u>88,931,701</u>	<u>190,825,454</u>

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

**Yanbu Cement Company (A Saudi Joint Stock Company)**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
For the three-month period ended 31 March 2023

**1 CORPORATE INFORMATION**

Yanbu Cement Company ("the Company" or "the Parent Company") - a Saudi Joint Stock Company - established in accordance with Companies Regulations in the Kingdom of Saudi Arabia by the Royal Decree No. M/10 dated on 4 Rabi' I 1397H (corresponding to 22 February 1977), and it is registered in Yanbu city under Commercial Registration (CR) No. 4700000233 dated on 21 Dhul-Qi'dah 1398H (corresponding to 24 October 1978). The Company's shares are listed in the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia. These interim condensed consolidated financial statements comprise the Company and its subsidiary (together referred to as the "Group").

The Parent Company's authorized and paid-up capital is divided into 157,500,000 shares as at 31 March 2023 (31 December 2022: 157,500,000 shares) stated at SR 10 per share.

The Company is mainly engaged in manufacturing, producing and trading in cement and its related products as per industrial license No. 411102104244 issued on 05 Ramadan 1441H (corresponding to 28 April 2020) which ends on 04 Ramadan 1444H (corresponding to 26 March 2023). The renewal of industrial license is under process.

The registered address of the Company is Yanbu Cement building located at Al Baghdadiyah Al Gharbiyah District, P. O. Box 5330, Jeddah 21422, Kingdom of Saudi Arabia. The Company has branch in Jeddah with CR numbers 4030021367.

During 2022, the Company acquired 40% additional shares of Yanbu Saudi Kuwaiti Paper Products Company Limited (the "Subsidiary"). Consequently, the Company became 100% owner of it.

**Interest in associate**

During the year ended 31 December 2020, the Company has invested 49% interest in Knowledge Center for Cement Training Limited (the associate company), a mixed limited liability company registered in the Kingdom of Saudi Arabia and have a share capital of SR 500,000. The Company is established to conduct short term cement training programs. The remaining 51% shareholding is held by FLSmith Company.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" "IAS 34" that is endorsed in the Kingdom of Saudi Arabia.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. These interim condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended at 31 December 2022. In addition, results for the interim period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for financial derivatives that have been measured at fair value and for employee benefit liabilities, projected unit credit method is used. The interim condensed consolidated financial statements are presented in Saudi Riyals ("SR"), which is the functional and presentational currency of the Group.

**2.2 Significant accounting judgments, estimates and assumptions**

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's the key sources of estimation uncertainty were the same as those described in the consolidated financial statements for the year ended 31 December 2022. However, the Group has reviewed the key sources of estimation uncertainties disclosed in 2022 annual consolidated financial statements. Management believes that all sources of estimation uncertainty remain similar to those disclosed in 2022 annual consolidated financial statements. The Group will continue to monitor the situation, and any changes required will be reflected in future reporting periods.



**2 SIGNIFICANT ACCOUNTING POLICES (Continued)**

**2.3 New standards, interpretations and amendments adopted by the Group**

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022, except for the following amendments which apply for the first time in 2023. However, not all are expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

The following new standards and amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes).

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there are no such transactions under the above amendments during the current period.

***Impact of accounting standards to be applied in future periods***

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 December 2022 (the date of the Group's next annual financial statements) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

**3 SEGMENT INFORMATION**

The Group is engaged in one operating segment, i.e. manufacturing cement and operates entirely from the Kingdom of Saudi Arabia. Accordingly, the financial information was not divided into different geographic or business segments. The financial information of the Subsidiary is not significant to Group's interim condensed consolidated financial statements for segment information.

Yanbu Cement Company (A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) (Continued)

For the three-month period ended 31 March 2023

**4 REVENUE**

The Group's revenue is described below:

<i>Product type</i>	<i>For the three-month period ended 31 March</i>	
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
	<i>Unaudited</i>	<i>Unaudited</i>
Bulk cement	108,705,812	119,254,852
Packed cement	65,642,482	79,468,728
Cement bags	14,556,863	11,701,125
Raw cement (clinker)	35,100,997	31,208,105
Total revenue (*)	<b>224,006,154</b>	<b>241,632,810</b>
<i>Geographical markets</i>		
Total revenue inside the Kingdom of Saudi Arabia	188,905,157	210,424,705
Total revenue outside the Kingdom of Saudi Arabia	35,100,997	31,208,105
Total revenue	<b>224,006,154</b>	<b>241,632,810</b>

(\*) The timing of the revenue recognition from the above goods is at a point in time.

**5 ZAKAT**

The movement in zakat payable of the Group is as follows:

	<i>31 March</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
	<i>Unaudited</i>	<i>Audited</i>
Balance at beginning of the period / year	15,962,275	12,003,418
Provided during the period / year	3,373,678	15,478,550
Paid during the period / year	-	(11,519,693)
Balance at the end of the period / year	<b>19,335,953</b>	<b>15,962,275</b>

Zakat for the period ended 31 March 2023 is calculated based on the management's estimate, which may not represent an accurate indication about zakat for the year ending 31 December 2023.

**Status of assessments**

**Parent Company:**

The Company has submitted its zakat returns to Zakat, Tax and Customs Authority ("ZATCA") up to the year ended 31 December 2022. The Company has also finalized its status until the year ended 31 December 2018. During 2021, the Company received an assessment order for the years 2019 and 2020, claiming additional zakat of SR 22.8 million. The Company objected to the assessment, and the claim was reduced to 13.5 million riyals Saudi, the Company paid an amount of 7.5 million Saudi riyals.

On January 02, 2022, the Company filed a lawsuit with the General Secretariat for an amount of 6 million Saudi riyals, and the amount represents the balance of the provision for the obsolescence of spare parts not intended for sale and the balance of payments made by customers. On November 16, 2022, the Company filed an appeal against the assessment of the First Department of the General Secretariat, which issued its decision and adhered to the Commission's decision to the objected elements and the appeal is still under consideration.

The Company has provided nil zakat liability against the above remaining balance and believes that it is the best estimate of the liability as at period end and in accordance with the laws and regulations for calculating zakat.

Yanbu Cement Company (A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

For the three-month period ended 31 March 2023

5 ZAKAT (Continued)

Status of assessments (continued)

Subsidiary:

The Company submitted the zakat returns for the financial year ended on 31 December 2022. The Company received an additional assessment from Zakat, Tax and Customs Authority ("ZATCA") for the year 2017 with an additional zakat liability of SR 0.207 million. The Company has filed objections against this assessment order with the Tax Violation and Dispute Appellate Committee which were rejected on 16 March 2022 for the year 2017. Management has filed the appeal against the decision to the General Secretariat of the Tax Committees on 13 April 2022. The appeal is under process until 31 March 2023.

6 PROPERTY, PLANT AND EQUIPMENT

For purpose of preparing the interim condensed consolidated statement of cash flows, movement in property, plant and equipment during the three-month period ended 31 March is as follows:

	<i>For the three-month period ended 31 March</i>	
	2023	2022
	SR	SR
	<i>Unaudited</i>	<i>Unaudited</i>
Depreciation	42,109,855	41,568,417
Additions to property, plant and equipment	6,248,611	9,182,955

The plants are situated on land leased from the Ministry of Industry and Mineral Resources, of Ras Baridi in Yanbu, for 30 Hijri years commencing 4 Rabi' I 1398H (corresponding to 12 February 1978). The lease has been renewed for a similar period for 30 years on 3 Rabi' I 1428H (corresponding to 22 March 2007). The lease is renewable for further similar years, as mentioned above, subject to the agreement of both parties.

7 INVENTORIES

	31 March	31 December
	2023	2022
	SR	SR
	<i>Unaudited</i>	<i>Audited</i>
Spare parts	266,676,222	257,948,576
Finished goods	8,519,856	8,118,375
Work in process	394,801,225	355,829,879
Raw materials	50,057,599	33,911,788
Fuel	9,572,687	9,808,398
Packaging materials	6,729,405	9,115,177
Goods in transit (Fuel)	6,739,548	6,421,778
Goods in transit (Raw materials)	-	9,068,787
Other materials	354,139	318,198
	743,450,681	690,540,956
	(95,555,456)	(95,555,456)
Less: Provision for spare parts	647,895,225	594,985,500

As at 31 March 2023, the Group maintains provision against slow-moving spare parts amounting to SR 95.56 million (31 December 2022 : SR 95.56 million).

8 TRADE RECEIVABLES

	31 March	31 December
	2023	2022
	SR	SR
	<i>Unaudited</i>	<i>Audited</i>
Trade receivables	164,541,254	160,181,031
Allowance for expected credit losses	(3,115,778)	(3,115,778)
	161,425,476	157,065,253

Trade receivables are non-interest bearing and are generally on the term of 30 to 90 days.

Yanbu Cement Company (A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (Continued)

For the three-month period ended 31 March 2023

9 CASH AND CASH EQUIVALENTS

	<i>31 March</i> 2023 SR <i>Unaudited</i>	<i>31 December</i> 2022 SR <i>Audited</i>
Cash in hand	195,070	15,119
Bank balances	88,736,631	100,666,747
	<u>88,931,701</u>	<u>100,681,866</u>

10 BANK BORROWINGS

a) The outstanding bank borrowings as at period / year end are as follows:

	<i>31 March</i> 2023 SR <i>Unaudited</i>	<i>31 December</i> 2022 SR <i>Audited</i>
Gulf International Bank Loan (Note i)	75,800,890	80,237,659
SAB Loan (Note ii)	35,000,000	35,000,000
	<u>110,800,890</u>	<u>115,237,659</u>
Current portion	(27,800,890)	(23,737,659)
Non-current portion	<u>83,000,000</u>	<u>91,500,000</u>

i) During 2021, the Parent Company entered into a bank facility contract with Gulf International Bank in the amount of 100 million Saudi riyals to cover the financing of the project to raise the production capacity of the fourth line. The loan is subject to repayable in quarterly installments of 5 million Saudi riyals each and the last payment is due in December 2026. The loan is subject to interest costs as per prevailing Saudi rates (SIBOR) plus fixed commission rate.

ii) During 2022, the Parent Company entered into a bank facility agreement with SAB in the amount of SR 35 million to cover the acquisition of 40% of the remaining shares of the Subsidiary Company. The loan is subject to repayment of quarterly installments of SR 1.75 million each, starting from July 2023 until June 2028. The loan entails financing costs as per prevailing Saudi rates (SIBOR) in addition to a fixed commission rate.

b) Short term financing

During the period, the Parent Company has entered into Islamic financing facilities contract to meet the working capital requirements with Gulf Bank and Saudi Fransi with the total amount of SR 350 million (31 December 2022: Gulf Bank, Al Bilad, Al Jazira and Saudi Fransi with a total amount of SR 530 million). Where the loan is subject to financing costs according to the prevailing market rate among Saudi banks (SIBOR) plus a fixed commission rate. Where the balance used as on 31 March 2023 amounted to SR 84.5 million (31 December 2022: SR 145.4 million), and the financing was classified under current liabilities due to the fact that it is due for repayment within 12 months from the date of the statement of financial position.

11 STATUTORY RESERVE

In accordance with the Parent Company's By-laws, the Parent Company is required to transfer at least 10% of the profit to the statutory reserve. The Parent Company may cease such transfers when the statutory reserve equals 30% of the share capital. The Parent Company has voluntarily decided to maintain the statutory reserves at 50% of the share capital.

12 DIVIDENDS

No dividends are proposed by the Board of Directors of the Parent Company during the current and prior period ended 31 March 2023 and 31 March 2022 respectively.

13 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit for the period attributable to equity holders in the Parent Company by the weighted average number of ordinary shares which are 157.5 million shares. The table below reflects the details of the net profit for the period and the number of shares used in calculating basic and diluted earnings per share:

Yanbu Cement Company (A Saudi Joint Stock Company)  
 NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 (UNAUDITED) (Continued)  
 For the three-month period ended 31 March 2023

13 EARNINGS PER SHARE (Continued)

	<i>For the three-month period ended 31 March</i>	
	<i>2023</i>	<i>2022</i>
	<i>Unaudited</i>	<i>Unaudited</i>
Profit for the period attributable to ordinary shareholders of the Parent Company (SR' 000)	51,012	38,928
The weighted average number of outstanding ordinary shares (000' shares)	157,500	157,500
Basic and diluted earnings per share attributable to shareholders of the Parent Company (Saudi Riyals)	0.32	0.25

There has been no item of dilution affecting the weighted average number of ordinary shares.

14 CONTINGENCIES AND COMMITMENTS

As at 31 March 2023, the contingencies against banks' letter of guarantees issued on behalf of the Group amounted to SR 20.3 million (31 December 2022: SR 23.47 million).

As at 31 March 2023, the Group has bank letter of credits amounting to SR 4.2 million (31 December 2022: SR 29.75 million) issued from a bank in the Kingdom of Saudi Arabia.

15 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represents major shareholders, Board of Directors, the Group's key management personnel and enterprises managed or significantly influenced by those parties. The following are the details of major-related parties' transactions during the three-month period ended 31 March 2023:

*Allowances and compensation of the Board of Directors and senior executives*

The Group's senior management includes key management personnel and executives, Board of Directors, having authorities and responsibilities for planning, directing and controlling the activities of the Group.

Board of Directors and committees' compensation charged and accrued during the three-month period ended 31 March 2023 amounting to SR 0.935 million (31 March 2022: SR 0.953 million).

Key management personnel compensation comprised the following

	<i>For the three-month period ended 31 March</i>	
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
	<i>Unaudited</i>	<i>Unaudited</i>
Short term employee benefits	1,948,374	1,706,350
Post-employment benefits	115,563	95,453
	<b>2,063,937</b>	<b>1,801,803</b>

The Group entered into transaction with its associate under mutually agreed terms and conditions:

<u>Associate</u>	<u>Amount of transaction</u>		<u>Due (from) / to related party</u>	
	<u>31 March</u>	<u>31 December</u>	<u>31 March</u>	<u>31 December</u>
<i>(Nature of transaction)</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>
Training cost charges by associate	-	2,240,559	(334,420)	569,426

**16 FAIR VALUE MEASUREMENT**

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Suppose the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy. In that case, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

<i>Liabilities measured at fair value</i>	<i>Date of valuation</i>	<i>Total SR</i>	<i>Fair value measurement using</i>		
			<i>Quoted prices in active markets (Level 1) SR</i>	<i>Significant observable inputs (Level 2) SR</i>	<i>Significant unobservable inputs (Level 3) SR</i>
Financial derivatives	31 March 2023 (Unaudited)	3,996,367	-	-	3,996,367
Financial derivatives	31 December 2022 (Audited)	4,511,669	-	-	4,511,669

The Group enters into derivative financial instrument principally with financial institutions having investment-grade credit ratings. Derivatives valued using valuation techniques with observable market inputs is interest rate swaps. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.

As at 31 March 2023 and 31 December 2022, the fair values of the Group's financial instruments are estimated to approximate their carrying values and are classified under level 3 of the fair value hierarchy. The fair value of trade receivables as at 31 March 2023 and 31 December 2022 is carrying amount because of short term nature of the balance.

Fair values of the Group's borrowings are determined by using Discounted Cash Flows (DCF) method using a discount rate that reflects the borrowing rate as at the end of the reporting period. As at 31 March 2023 and 31 December 2022, the carrying amounts of borrowings were not materially different from their calculated fair values.

During the three-month period ended 31 March 2023 and year ended 31 December 2022, there were no movements between the levels.

**17 EVENTS AFTER THE REPORTING PERIOD**

In the opinion of the management, there have been no subsequent events since the period ended 31 March 2023 which would have a material impact on the financial position of the Group reflected in these interim condensed consolidated financial statements.

**18 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements for the Group for the three month period ended 31 March 2023, were approved by the Board of Directors on 27 Shawal 1443H (corresponding to 17 May 2023).