

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH
PERIODS ENDED 30 SEPTEMBER 2023
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

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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 financial statements of Yanbu Cement Company, a Saudi Joint Stock Company ("the Company" or "the Parent Company") and its subsidiary (collectively referred to as "the Group") which comprises the interim condensed consolidated statement of financial position as at 30 September 2023 and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, that is endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.

Maher Al-Khatieb
Certified Public Accountant
License Number 514



Jeddah on 2 November 2023 (G)
Corresponding to: 18 Rabi al Thani 1445 (H)

Yanbu Cement Company (A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Profit or Loss
For the three-month and nine-month periods ended 30 September 2023

		For the three- month period ended 30 September 2023 SR	For the three- month period ended 30 September 2022 SR	For the nine- month period ended 30 September 2023 SR	For the nine- month period ended 30 September 2022 SR
	Note	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	4	189,059,749	262,096,136	586,621,103	741,899,800
Cost of revenue		<u>(150,437,790)</u>	<u>(172,849,386)</u>	<u>(420,557,809)</u>	<u>(534,567,652)</u>
GROSS PROFIT		38,621,959	89,246,750	166,063,294	207,332,148
Selling and distribution expenses		(3,173,539)	(4,057,837)	(10,585,542)	(11,163,745)
General and administrative expenses		<u>(10,611,527)</u>	<u>(9,996,461)</u>	<u>(33,686,882)</u>	<u>(29,949,439)</u>
PROFIT FROM OPERATIONS		24,836,893	75,192,452	121,790,870	166,218,964
(loss) / Gain on derivative instruments at fair value through profit or loss		(272,937)	1,229,306	(618,555)	4,698,931
Finance cost		(5,314,504)	(2,008,853)	(11,314,361)	(5,902,614)
Other income		832,065	696,427	2,859,233	7,139,121
Other expense		(2,354,596)	-	(3,905,181)	(4,500,000)
Finance income		615,021	535,192	1,574,173	665,325
PROFIT BEFORE ZAKAT		18,341,942	75,644,524	110,386,179	168,319,727
Zakat	5	<u>(2,799,879)</u>	<u>(6,373,103)</u>	<u>(8,557,700)</u>	<u>(12,075,970)</u>
NET PROFIT FOR THE PERIOD		15,542,063	69,271,421	101,828,479	156,243,757
EARNINGS PER SHARE					
Basic and diluted earnings per share	13	<u>0.10</u>	<u>0.44</u>	<u>0.65</u>	<u>0.99</u>

The accompanying notes from 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 Comprehensive Income
For the three-month and nine-month periods ended 30 September 2023

	For the three- month period ended 30 September 2023 SR Unaudited	For the three- month period ended 30 September 2022 SR Unaudited	For the nine- month period ended 30 September 2023 SR Unaudited	For the nine- month period ended 30 September 2022 SR Unaudited
NET PROFIT FOR THE PERIOD	15,542,063	69,271,421	101,828,479	156,243,757
Other Comprehensive Income <i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Re-measurement gain / (loss) on employees benefits' liabilities	2,356,809	(1,456,907)	2,356,809	(1,456,907)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	17,898,872	67,814,514	104,185,288	154,786,850

The accompanying notes from 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 30 September 2023

		30 September 2023 SR Unaudited	31 December 2022 SR Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,296,407,005	2,398,067,922
Intangible assets		1,279,115	1,802,689
Investment in associate		312,278	312,278
Other non-current assets		23,836,584	32,904,342
TOTAL NON-CURRENT ASSETS		<u>2,321,834,982</u>	<u>2,433,087,231</u>
CURRENT ASSETS			
Inventories	7	740,396,374	594,985,500
Trade receivables	8	164,254,541	157,065,253
Prepayments, advances and other receivables		58,370,626	37,955,186
Financial derivatives	16	3,893,114	4,511,669
Short-term murabaha deposit		-	21,000,000
Cash and cash equivalents	9	87,265,974	100,681,866
TOTAL CURRENT ASSETS		<u>1,054,180,629</u>	<u>916,199,474</u>
TOTAL ASSETS		<u>3,376,015,611</u>	<u>3,349,286,705</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	1,575,000,000	1,575,000,000
Statutory reserve	11	787,500,000	787,500,000
Retained earnings		274,125,392	406,190,104
TOTAL EQUITY		<u>2,636,625,392</u>	<u>2,768,690,104</u>
NON-CURRENT LIABILITIES			
Bank borrowings	10(a)	69,500,000	91,500,000
Provision for employees benefits		99,235,530	95,983,900
Lease liability		4,989,756	5,444,625
TOTAL NON-CURRENT LIABILITIES		<u>173,725,286</u>	<u>192,928,525</u>
CURRENT LIABILITIES			
Trade payables		43,050,200	52,386,278
Current portion of bank borrowings	10(a)	28,739,284	23,737,659
Short term financing	10(b)	267,155,246	50,041,713
Dividend payable		82,038,633	81,072,268
Accrued expenses and other current liabilities		133,384,613	164,467,883
Zakat payable	5	11,296,957	15,962,275
TOTAL CURRENT LIABILITIES		<u>565,664,933</u>	<u>387,668,076</u>
TOTAL LIABILITIES		<u>739,390,219</u>	<u>580,596,601</u>
TOTAL EQUITY AND LIABILITIES		<u>3,376,015,611</u>	<u>3,349,286,705</u>

The accompanying notes from 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 Equity
For the nine-month period ended 30 September 2023

	Attributable to the owners of the parent			Non-controlling interests SR	Total equity SR	
	Share capital SR	Statutory reserve SR	Retained earnings SR			Total SR
As at 1 January 2023 (Audited)	1,575,000,000	787,500,000	406,190,104	2,768,690,104	-	2,768,690,104
Net profit for the period	-	-	101,828,479	101,828,479	-	101,828,479
Other comprehensive income for the period	-	-	2,356,809	2,356,809	-	2,356,809
Total comprehensive income for the period	-	-	104,185,288	104,185,288	-	104,185,288
Dividends (note 12)	-	-	(236,250,000)	(236,250,000)	-	(236,250,000)
Balance at 30 September 2023 (Unaudited)	1,575,000,000	787,500,000	274,125,392	2,636,625,392	-	2,636,625,392

	Attributable to owners of the parent			Non-controlling interests SR	Total equity SR	
	Share capital SR	Statutory reserve SR	Retained earnings SR			Total SR
As at 1 January 2022 (Audited)	1,575,000,000	787,500,000	432,334,210	2,794,834,210	32,331,437	2,827,165,647
Net profit for the period	-	-	156,243,757	156,243,757	-	156,243,757
Other comprehensive loss for the period	-	-	(1,456,907)	(1,456,907)	-	(1,456,907)
Total comprehensive income for the period	-	-	154,786,850	154,786,850	-	154,786,850
Increase in ownership interest of the subsidiary	-	-	-	-	(32,331,437)	(32,331,437)
Dividends (note 12)	-	-	(118,125,000)	(118,125,000)	-	(118,125,000)
Balance at 30 September 2022 (Unaudited)	1,575,000,000	787,500,000	468,996,060	2,831,496,060	-	2,831,496,060

The accompanying notes from 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 nine-month period ended 30 September 2023

		For the nine- month period ended 30 September 2023 SR	For the nine- month period ended 30 September 2022 SR
	Note	Unaudited	Unaudited
OPERATING ACTIVITIES			
Profit before zakat		110,386,179	168,319,727
Adjustments to reconcile operating income to net cash flows:			
Depreciation of property, plant and equipment	6	125,150,058	123,164,172
Amortization of intangible assets		523,574	523,574
Finance cost		11,314,361	5,902,614
Loss on disposal of property, plant and equipment		23,206	-
Loss / (gain) on derivative instruments at fair value through profit or loss		618,555	(4,698,931)
Allowance for spare parts obsolescence	7	3,905,181	4,500,000
Allowance for expected credit losses	8	350,000	-
Provision for employees benefits		9,580,751	7,111,442
		<u>261,851,865</u>	<u>304,822,598</u>
Working capital changes:			
Inventories		(149,316,055)	(30,143,324)
Trade receivables		(7,539,288)	3,594,916
Prepayments, advances and other receivables		(11,347,682)	5,486,313
Trade payables		(9,336,078)	14,226,415
Accrued expenses and other current liabilities		(31,083,270)	85,301,728
		<u>53,229,492</u>	<u>383,288,646</u>
Zakat paid	5	(13,223,018)	(11,519,693)
Employees benefits paid		(3,972,312)	(2,162,113)
Finance cost paid		(11,119,230)	(5,695,932)
Net cash generated from operating activities		<u>24,914,932</u>	<u>363,910,908</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(23,512,347)	(21,761,391)
Short term murabaha deposit encashed		21,000,000	-
Payment made for the ownership interest of the subsidiary		-	(32,331,437)
Net cash used in investing activities		<u>(2,512,347)</u>	<u>(54,092,828)</u>
FINANCING ACTIVITIES			
Payment of lease liability		(650,000)	(1,260,000)
Net movement of bank borrowings		(16,998,375)	(5,944,444)
Net movement of short-term financing		217,113,533	(44,293,587)
Dividends paid	12	(235,283,635)	(118,084,953)
Net cash used in financing activities		<u>(35,818,477)</u>	<u>(169,582,984)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the period	9	100,681,866	60,605,196
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>87,265,974</u>	<u>200,840,292</u>

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

1 CORPORATE INFORMATION

Yanbu Cement Company (“the Company” or “the Parent Company”) - a Saudi Joint Stock Company has been established in the Kingdom of Saudi Arabia by the Royal Decree No. M/10 dated on 4 Rabi' I 1397H (corresponding to 22 February 1977). It is registered in Yanbu city under Commercial Registration (CR) No. 470000233 dated 21 Dhul-Qi'dah 1398H (corresponding to 24 October 1978). The Company's shares are listed in the stock exchange of the Kingdom of Saudi Arabia. These interim condensed consolidated financial statements comprise the Company and its subsidiary, Yanbu Saudi Kuwaiti Paper Products Company Limited (the “Subsidiary”) (together referred to as the “Group”).

During 2022, the Company acquired 40% additional shares of the Subsidiary. Consequently, the Company became 100% owner of it.

The Parent Company's authorized and paid-up capital is divided into 157,500,000 shares of SR 10 each as at 30 September 2023 (31 December 2022: 157,500,000 shares of SR 10 each).

The Company is mainly engaged in manufacturing, producing and trading in cement and its related products as per industrial license No. 451110128256 renewed on 5 Muharram 1445H (corresponding to 23 July 2023) which ends on 13 Rabi ul Awal 1450H (corresponding to 4 August 2028). The Subsidiary is mainly engaged in manufacturing and wholesale trading of cement Paper as per industrial license No. 431110118935 issued on 23 Sha'ban 1425H (corresponding to 7 October 2004) and ending on 26 Dhu'l-Hijjah 1448H (corresponding to 01 September 2027) and registered in Yanbu city under Commercial Registration (CR) No. 4700009036 dated on 17 Dhul-Qi'dah 1425H (corresponding to 29 December 2004).

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 a branch in Jeddah with CR numbers 4030021367.

Investment 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 FLSmidth Company.

2 BASIS OF PREPARATION AND BASIS OF MEASUREMENT

2.1 Statement of compliance

These 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 and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and therefore should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. In addition, results for the interim period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2.2 Basis of measurement

These 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. These interim condensed consolidated financial statements are presented in Saudi Riyals (“SR”), which is the functional currency of the Group.

2 BASIS OF PREPARATION AND BASIS OF MEASUREMENT (Continued)

2.3 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 key sources of estimation uncertainty were the same as those described in the consolidated financial statements of the Group 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.

2.4 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:

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

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 on or after 1 January 2024 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 consolidated 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)
For the nine-month period ended 30 September 2023

4 REVENUE

The Group's revenue is described below:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023 SR	2022 SR	2023 SR	2022 SR
Product type	Unaudited	Unaudited	Unaudited	Unaudited
Bulk cement	79,061,054	125,057,937	280,580,102	345,863,737
Packed cement	57,788,455	68,194,110	173,728,886	211,765,353
Cement bags	12,112,542	389,700	30,730,266	12,690,750
Raw cement (clinker)	40,097,698	68,454,389	101,581,849	171,579,960
Total revenue (*)	<u>189,059,749</u>	<u>262,096,136</u>	<u>586,621,103</u>	<u>741,899,800</u>
Geographical markets				
Total revenue inside the Kingdom of Saudi Arabia	148,962,051	193,641,747	485,039,254	570,319,840
Total revenue outside the Kingdom of Saudi Arabia	40,097,698	68,454,389	101,581,849	171,579,960
Total revenue	<u>189,059,749</u>	<u>262,096,136</u>	<u>586,621,103</u>	<u>741,899,800</u>

(*) 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:

	30 September 2023 SR Unaudited	31 December 2022 SR Audited
Balance at beginning of the period / year	15,962,275	12,003,418
Charged during the period / year	8,557,700	15,478,550
Paid during the period / year	(13,223,018)	(11,519,693)
Balance at the end of the period / year	<u>11,296,957</u>	<u>15,962,275</u>

Zakat for the period ended 30 September 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 orders for the years 2019 and 2020, claiming additional zakat of SR 23.4 million. The Company paid an amount of SR 11.7 million for the appeal to be accepted as per ZATCA regulations and filed its objection to the said assessments. Subsequently the claim was reduced to SR 13.5 million.

On 2 January 2022, the Company filed an appeal with the Tax Committees for Resolution of Tax Violations and Disputes (TVDR) against ZATCA's revised assessment appealing on two items aggregated to SR 6 million (i.e, the balance of the allowance for the obsolescence of spare parts not intended for sale and advance payment to customers) and accepted remaining items. In 16 November 2022, the Company raised its appeal to the Tax Violation and Dispute Appellate Committee ("TVDAC") against the decision for the same items appealed to TVDR which is in process. The Management did not recognize additional provision for the assessment as they believe that their Zakat calculation is consistent with applicable laws and regulations.

5 ZAKAT (Continued)

Status of assessments (Continued)

Subsidiary:

The Company has submitted the zakat returns for the financial year ended 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 0.20 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 30 September 2023.

6 PROPERTY, PLANT AND EQUIPMENT

For the purpose of preparing the interim condensed consolidated statement of cash flows, movement in property, plant and equipment during the nine-month period ended 30 September is as follows:

	<u>For the nine-month period ended 30 September</u>	
	2023	2022
	SR	SR
	<u>Unaudited</u>	<u>Unaudited</u>
Depreciation	125,150,058	123,164,172
Additions to property, plant and equipment	23,512,347	21,761,391

The plants are situated on leased land 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

	30 September	31 December
	2023	2022
	SR	SR
	<u>Unaudited</u>	<u>Audited</u>
Spare parts	285,486,510	257,948,576
Finished goods	6,763,238	8,118,375
Work in process	487,243,290	355,829,879
Raw materials	37,889,984	33,911,788
Fuel	11,053,364	9,808,398
Packaging materials	4,654,805	9,115,177
Goods in transit (Fuel)	6,429,529	6,421,778
Goods in transit (Raw materials)	-	9,068,787
Other materials	336,291	318,198
	<u>839,857,011</u>	<u>690,540,956</u>
Less: allowance for spare parts	<u>(99,460,637)</u>	<u>(95,555,456)</u>
	<u>740,396,374</u>	<u>594,985,500</u>

As at 30 September 2023, allowance against slow-moving spare parts amounted to SR 99.46 million (31 December 2022 : SR 95.56 million).

8 TRADE RECEIVABLES

	30 September	31 December
	2023	2022
	SR	SR
	<u>Unaudited</u>	<u>Audited</u>
Trade receivables	167,720,319	160,181,031
Allowance for expected credit losses	<u>(3,465,778)</u>	<u>(3,115,778)</u>
	<u>164,254,541</u>	<u>157,065,253</u>

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)
For the nine-month period ended 30 September 2023

9 CASH AND CASH EQUIVALENTS

	30 September 2023 SR Unaudited	31 December 2022 SR Audited
Cash on hand	<u>190,608</u>	15,119
Bank balances	<u>87,075,366</u>	100,666,747
	<u>87,265,974</u>	<u>100,681,866</u>

10 BANK BORROWINGS

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

	30 September 2023 SR Unaudited	31 December 2022 SR Audited
Gulf International Bank loan (Note i)	-	80,237,659
SAB loan (Note ii and iii)	<u>98,239,284</u>	35,000,000
	<u>98,239,284</u>	115,237,659
Current portion	<u>(28,739,284)</u>	(23,737,659)
Non-current portion	<u>69,500,000</u>	91,500,000

- i) During 2021, the Parent Company entered into a bank facility contract with Gulf International Bank amounted to SR 100 million to cover the financing of the project to raise the production capacity of the fourth line. The loan was repayable in quarterly instalments of SR 5 million each and last payment was due in December 2026. However, the Company has fully paid the outstanding balance during the period ended 30 September 2023.
- ii) During 2022, the Parent Company entered into a bank facility agreement with SAB amounted 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.
- iii) During 2023, the Parent Company entered into a murabaha finance agreement with SAB amounted to SR 70 million. The loan is subject to repayment of quarterly installments of SR 5 million each, starting from September 2023 until February 2027. 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 ended 30 September 2023, the Parent Company has entered into non-conventional financing facilities contracts with various banks to meet the working capital requirements with the total amount of SR 715 million (31 December 2022: SR 350 million). These loans are subject to financing costs according to the prevailing market rate among Saudi banks (SIBOR) plus a fixed commission rate. As at 30 September 2023, the outstanding balance of SR 267.16 million (31 December 2022: SR 50.04 million) was classified under current liabilities due to the fact that it is due for repayment within 12 months from the reporting date i.e. 30 September 2023.

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

- On 28 May 2023 (corresponding to 8 Dhu-Al Qa'dah 1444), the Board of Directors of the Parent Company decided to distribute interim cash dividends amounting to SR 236.25 million (SR 1.50 per share) for the first half of the year ending 31 December 2023 which represent 15% of the nominal value of shares.
- On 1 June 2022 (corresponding to 2 Dhu-Al Qa'dah 1443), the Board of Directors of the Parent Company decided to distribute interim cash dividends amounting to SR 118.1 million (SR 0.75 per share) for the first half of the year ending 31 December 2022 which represent 7.5% of the nominal value of shares.

During the period ended 30 September 2023, the Group paid dividends amounting to SR 235.28 million (30 September 2022: SR 118.08 million).

13 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the period by the weighted average number of ordinary shares which are 157.50 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:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023 <u>Unaudited</u>	2022 <u>Unaudited</u>	2023 <u>Unaudited</u>	2022 <u>Unaudited</u>
Net profit for the period - SR	<u>15,542,063</u>	<u>69,271,421</u>	<u>101,828,479</u>	<u>156,243,757</u>
Weighted average number of outstanding ordinary shares	<u>157,500,000</u>	<u>157,500,000</u>	<u>157,500,000</u>	<u>157,500,000</u>
Basic and diluted earnings per share - SR	<u><u>0.10</u></u>	<u><u>0.44</u></u>	<u><u>0.65</u></u>	<u><u>0.99</u></u>

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

14 CONTINGENCIES AND COMMITMENTS

As at 30 September 2023, the contingencies against banks' letter of guarantees issued on behalf of the Group are amounted to SR 20.30 million (31 December 2022: SR 23.47 million).

As at 30 September 2023, the Group has bank letter of credits which are amounting to SR 3.20 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 nine-month period ended 30 September 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 nine-month period ended 30 September 2023 amounting to SR 2.84 million (30 September 2022: SR 2.70 million).

15 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Key management personnel compensation comprised the following

	For the three-month period ended		For the nine-month period ended	
	30 September		30 September	
	2023	2022	2023	2022
	SR	SR	SR	SR
	Unaudited	Unaudited	Unaudited	Unaudited
Short term employee benefits	1,990,374	1,706,350	5,929,122	5,119,050
Post-employment benefits	117,553	95,453	350,670	286,359
	<u>2,107,927</u>	<u>1,801,803</u>	<u>6,279,792</u>	<u>5,405,409</u>

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

Knowledge Centre for Cement Training Limited - (the "associate")	Amount of transaction	
	30 September 2023	30 September 2022
(Nature of transaction)	SR	SR
	Unaudited	Unaudited
Training cost charges by associate	263,063	861,638
Paid on behalf of associate	422,583	675,165

Knowledge Centre for Cement Training Limited - associate

Balances	30 September 2023	31 December 2022
	SR	SR
	Unaudited	Audited
Due (from) / to related party balance *	(556,377)	569,426

* The due from related party balance is included in prepayments, advances and other receivables whereas the due to related party balance is included in accrued expenses and other current liabilities.

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.

16 FAIR VALUE MEASUREMENT (Continued)

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:

Assets measured at fair value	Date of valuation	Total SR	Fair value measurement using		
			Quoted prices in active markets (Level 1) SR	Significant observable inputs (Level 2) SR	Significant unobservable inputs (Level 3) SR
Financial derivatives	30 September 2023 (Unaudited)	3,893,114	-	-	3,893,114
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 30 September 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 30 September 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 30 September 2023 and 31 December 2022, the carrying amounts of borrowings were not materially different from their calculated fair values.

During the nine-month period ended 30 September 2023 and year ended 31 December 2022, there were no movements between the levels.

17 EVENTS AFTER THE REPORTING PERIOD

Management believe that there are no significant subsequent events that either require disclosure or adjustments to the accompanying interim condensed consolidated financial statements.

18 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements of the Group for the nine month period ended 30 September 2023, were approved by the Board of Directors on 15 Rab Al-Thani 1445H (corresponding to 30 October 2023).