UMM AL-QURA CEMENT COMPANY

SAUDI JOINT STOCK COMPANY

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

BDO الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of UMM AL-QURA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
Riyadh - Kingdom of Saudi Arabia

Opinion

We have audited the financial statements of **Umm Al-Qura Cement Company**, a Saudi Joint Stock Company ("the Company"), which comprise the statement of financial position as at 31 December 2024, and the statements of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended, in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report on the Audit of the Financial Statements of Umm Al-Qura Cement Company for the year ended 31 December 2024 (continued)

Key audit matters (continued)

Revenue recognition	
Key audit matter	**How the matter was addressed during our audit**
The Company generated revenue amounted to SAR 265,59 million for the year ended 31 December 2024. As mentioned in accounting policy (3-21) – The Company applies IFRS (15) – Revenue from Contracts with Customers، which requires revenue recognition when the customer obtains control over the goods sold. Revenue is a key indicator for measuring performance and this inherently carries the risk of recognizing revenue at more than it's actual value to increase profitability. Therefore, the revenue recognition has been considered a key audit matter. For further details, please refer to Note (18).	- Assessed the appropriateness of the Company's accounting policies related to revenue recognition, as well as the extent of compliance with the requirements of IFRS 15. - Evaluated the design and implementation of internal control procedures related to revenue recognition, including anti-fraud control measures. - Performed analytical review procedures for revenue, including comparing sales quantities and prices for the current year with the previous year, and identifying whether there are any significant differences or material fluctuations in light of our understanding of current market conditions. - Conducted a sample-based examination of revenue transactions along with their supporting documents to verify that revenue is recorded at the correct amounts and in the appropriate periods. - Reviewed the adequacy of the Company's disclosures included in the accompanying financial statements for compliance with accounting standards.

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Independent Auditor's Report on the Audit of the Financial Statements of Umm Al-Qura Cement Company for the year ended 31 December 2024 (continued)

Key audit matters (continued)

Existence of inventory	
Key audit matter	**How the matter was addressed during our audit**
As disclosed in Note (8), the carrying value of the Company's inventory amounted to SAR 438,287,750 as at 31 December 2024. The carrying value includes clinker inventory (work in progress) amounting to SAR 378,812,150 as at 31 December 2024. Since the weighting of this inventory is not practicable, management assesses the quantities on hand at the year-end by obtaining the measurements of the stock piles and converting these measurements to unit of volume; in doing so, management appoints an independent expert to estimate the quantities using some scientific methodological measurement calculations, applied to similar types of inventory used in the cement industry. We have considered the existence of inventory to be a key audit matter as the inventory closing balance is material and the estimation it entails in determining the final quantities of inventory - clinker (work in progress) at the end of the year. For further details of the accounting policies, refer to Note (3-9).	- Obtained management's physical inventory count instructions to understand and assess their instructions and procedures regarding cut-off procedures (details of inventory movements before, during, and after the count) and the recording of the Company's actual inventory counts. - Evaluated the competence, capabilities and objectivity of the independent expert appointed by the Company. - Attended the physical inventory count conducted by the Company to observe the implementation of the management's procedures for counting, the identification of obsolete, damaged items of inventory, in addition to our test counts performed. - Obtained a copy of the final listing of the Company's physical inventory, and inspected that it is accurate, complete and reflects the actual inventory counts. - Based on our accumulated audit knowledge and experience, we evaluated the appropriateness and reasonableness of the procedures used for estimating the physical quantity of clinker inventory piles, and tested the arithmetical accuracy of the used model. - Reviewed the adequacy of the Company's disclosures included in the accompanying financial statements for compliance with accounting standards that are relevant to inventory.

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Independent Auditor's Report on the Audit of the Financial Statements of Umm Al-Qura Cement Company for the year ended 31 December 2024 (continued)

Other information

Other information consists of the information included in the Company's annual report for the year 2024, other than the financial statements and auditor's report thereon. Management is responsible for the other information in its annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance, in particular the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists.Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent Auditor's Report on the Audit of the Financial Statements of Umm Al-Qura Cement Company for the year ended 31 December 2024 (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Dr. Mohamed Al-Amri & Co.,

د. محمد العمري وشركاه - محاسبون قانونيون
س. ت : ١٠١٠٤٣٣٩٨٢
Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Ahmed Fahad Al-Jumah
Certified Public Accountant
License No. 621

Riyadh, on 18 Ramadan 1446 (H)
Corresponding to: 18 March 2025 (G)

UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	31 December 2024 SAR	31 December 2023 SAR
Assets			
Non current assets			
Property, plant and equipment	4	**692,424,468**	737,759,432
Intangible assets	5	**1,027,972**	1,223,994
Right of use assets	6-A	**1,712,194**	822,327
Financial investments at fair value through OCI	7	**203,510**	130,042
Total non current assets		**695,368,144**	739,935,795
Current assets			
Inventory	8	**438,287,750**	388,388,265
Accounts receivable, prepaid expenses and other receivables	9	**15,509,876**	11,362,595
Cash and cash equivalents	10	**35,039,724**	44,780,815
Total current assets		**488,837,350**	444,531,675
Total assets		**1,184,205,494**	1,184,467,470
Equity and Liabilities			
Equity			
Share capital	1	**550,000,000**	550,000,000
Statutory reserve	11	**-**	32,070,228
Retained earnings		**263,418,003**	183,863,150
Reserve for revaluation of Financial investments at fair value through OCI	7	**175,174**	101,706
Total equity		**813,593,177**	766,035,084
Liabilities			
Non current liabilities			
Saudi Industrial Development Fund loan- non current portion	12	**200,095,467**	277,037,520
Provision for rehabilitation of areas subject to franchise license	14	**17,423,202**	16,166,971
Lease liabilities - non-current portion	6-B	**994,329**	281,894
Employees' benefit liabilities	15	**4,080,618**	3,452,990
Total non-current liabilities		**222,593,616**	296,939,375
Current liabilities			
Saudi Industrial Development Fund loan- current portion	12	**76,942,053**	35,956,171
Lease liabilities - current portion	6-B	**396,942**	409,415
Accounts payable, accrued expenses and other payables	16	**62,380,062**	75,668,710
Zakat provision	17	**8,299,644**	9,458,715
Total current liabilities		**148,018,701**	121,493,011
Total liabilities		**370,612,317**	418,432,386
Total equity and liabilities		**1,184,205,494**	1,184,467,470

Finance Manager | Chief Executive Officer | Chairman

M. Alhouri

The accompanying notes (1) to (27) form an integral part of these financial statements.

UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

		For the year ended 31 December	
	Note	**2024 SAR**	2023 SAR
Sales	18	**265,590,348**	168,947,617
Cost of sales	18	**(182,667,667)**	(136,057,401)
Gross profit		**82,922,681**	32,890,216
Selling and marketing expenses	19	**(3,621,424)**	(3,418,916)
General and administrative expenses	20	**(14,030,415)**	(14,343,116)
Operation profit		**65,270,842**	15,128,184
Finance costs	21	**(11,863,724)**	(12,646,619)
Profits / (losses) from foreign currency exchange		**162,355**	(89,718)
Gains from adjustment of financial liabilities		-	8,761,365
Losses on disposal of Property, plant and equipment		**(1,553)**	(5,286)
Other income	22	**2,357,249**	2,168,192
Net profit for the year before Zakat		**55,925,169**	13,316,118
Zakat	17	**(8,205,985)**	(9,365,055)
Net profit for the year		**47,719,184**	3,951,063
<u>Other comprehensive income</u>			
Items that will not be reclassified subsequently to profit or loss			
Unrealized gains of revaluation of financial investments at fair value through OCI	7	**73,468**	53,130
Actuarial (Losses)/ Gains from re-measurement of employees' benefit liabilities	15	**(234,559)**	(110,743)
Total other comprehensive (Losses) / Income for the year		**(161,091)**	(57,613)
Total comprehensive income for the year		**47,558,093**	3,893,450
Earnings per share			
Basic and diluted earnings per share in net profit for the year	25	**0.87**	0.07

Finance Manager | Chief Executive Officer | Chairman

M. Alhoum

The accompanying notes (1) to (27) form an integral part of these financial statements.

UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

For the year ended 31 December 2024	Share capital SAR	Statutory reserve SAR	Retained earnings SAR	Reserve for revaluation of financial investments at fair value through OCI SAR	Total equity SAR
Balance as at 1 January 2024	**550,000,000**	**32,070,228**	**183,863,150**	**101,706**	**766,035,084**
Net profit for the year	**-**	**-**	**47,719,184**	**-**	**47,719,184**
Items of ther comprehensive income for the year	**-**	**-**	**(234,559)**	**73,468**	**(161,091)**
Total comprehensive income for the year	**-**	**-**	**47,484,625**	**73,468**	**47,558,093**
Transfer of statutory reserve balance to retained earnings (Note 11)	**-**	**(32,070,228)**	**32,070,228**	**-**	**-**
Balance as at 31 December 2024	**550,000,000**	**-**	**263,418,003**	**175,174**	**813,593,177**
For the year ended 31 December 2023					
Balance as at 1 January 2023	550,000,000	31,675,122	180,417,936	48,576	762,141,634
Net profit for the year	-	-	3,951,063	-	3,951,063
Items of ther comprehensive income for the year	-	-	(110,743)	53,130	(57,613)
Total comprehensive income for the year	-	-	3,840,320	53,130	3,893,450
Transfer to the statutory reserve	-	395,106	(395,106)	-	-
Balance as at 31 December 2023	550,000,000	32,070,228	183,863,150	101,706	766,035,084

Finance Manager   Chief Executive Officer   Chairman

M. Alhowei

The accompanying notes (1) to (27) form an integral part of these financial statements.

UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 SAR	2023 SAR
Cash flows from operating activities		
Net profit for the year before Zakat	**55,925,169**	13,316,118
Adjustments to reconcile net profit for the year before zakat:		
Depreciations of property, plant and equipment	**51,360,017**	52,253,646
Amortizations of intangible assets	**196,022**	194,664
Depreciation of right of use assets	**1,081,061**	838,384
Finance costs	**11,863,724**	12,646,619
Letter of guarantee cover returns	-	(707,167)
Losses on disposal of property, plant and equipment	**1,553**	5,286
Gains from adjustment of financial liabilities	-	(8,761,365)
Provision for employees' benefits liabilities	**771,167**	787,221
Inventory impairment	**760,889**	-
	121,959,602	70,573,406
Changes in:		
Inventory	**(50,660,374)**	(53,379,123)
Accounts receivable, prepaid expenses and other receivables	**(4,147,281)**	(62,906)
Change in Deposit against guarantee cover	-	51,034,237
Accounts payable, accrued expenses and other payables	**(13,284,820)**	2,674,059
Cash generated from operationg activities	**53,867,127**	70,839,673
Employees defined benefits liabilities paid	**(378,098)**	(524,988)
Finance costs paid	**(6,512,000)**	(6,748,000)
Zakat paid	**(9,365,056)**	(7,956,431)
Net cash generated from operating activities	**37,611,973**	55,610,254
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	**(6,026,606)**	(15,786,780)
Payment for purchase of intangible assets	-	(11,700)
Proceeds from the sale of property, plant and equipment	-	3,000
Net cash used in investing activities	**(6,026,606)**	(15,795,480)
Cash flows from financing activities		
Repayment of Saudi Industrial Development Fund Loan	**(40,000,000)**	-
Lease liabilities paid	**(1,326,458)**	(925,435)
Net cash used in financing activities	**(41,326,458)**	(925,435)
Net change in cash and cash equivalents	**(9,741,091)**	38,889,339
Cash and cash equivalents at the beginning of the year	**44,780,815**	5,891,476
Cash and cash equivalents at end of the year	**35,039,724**	44,780,815
<u>Non-cash transactions in investment activities:</u>		
Revaluation reserve of financial investments at fair value through OCI	**73,468**	53,130
Additions to right of use assets corresponding to related lease liabilities	**1,970,928**	77,678
<u>Non-cash transactions in operating activities:</u>		
Actuarial (Losses) from re-measurement of employees' benefit liabilities	**(234,559)**	(110,743)

Finance Manager

Chief Executive Officer

M. Alhowi

Chairman

The accompanying notes (1) to (27) form an integral part of these financial statements.

1- ESTABLISHMENT AND ACTIVITIES

Umm Al-Qura Cement Company was registered as a Saudi Joint Stock Company under Commercial Registration number 1010382514 issued in Riyadh on 28 Shaban 1434 H (corresponding to 7 July 2013).The share capital of the Company is SAR 550,000,000 divided into 55,000,000 shares with a nominal value of SAR 10 each.

The activities of the Company include the manufacture of ordinary cement (Portland), the manufacture of salt-resistant cement, the manufacture of agglomerated cement (clinker), the manufacture of white cement.

The financial statements include the assets, liabilities and results of the Company's operations and its branches as below:

Branch Name	CR No.	City	Activity
Umm Al-Qura Cement Company Plant	**4032044432**	**Taif**	White cement manufacturing, ordinary (Portland) cement manufacturing, salt-resistant cement manufacturing, and agglomerated cement (clinker) manufacturing.
Umm Al-Qura Cement Company	**4032254452**	**Taif**	Wholesale of cement, plaster and similar materials , retail sale of building materials, including cement, bricks, gypsum, cement tiles, etc.

The head office of the Company is in Riyadh King Abdulaziz Road, Al-Sahafa District, P.O. Box 4286, Riyadh 13321, Riyadh, kingdom of Saudi Arabia.The Company's plant is located in Taif.

On 27 October 2024, the Company announced that it had entered into an implementation agreement with City Cement Company regarding a securities exchange transaction between the two companies. Under this agreement, City Cement Company will make an offer to the shareholders of Umm Al-Qura Cement to acquire all its shares in exchange for issuing new shares in City Cement, in accordance with Article (26) of the Merger and Acquisition Regulations and the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority, as well as the terms and conditions set forth in the implementation agreement.

2- BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2-1 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (hereinafter referred to as “IFRS that are endorsed in KSA”).

2-2 Preparation of the financial statements

The financial statements have been prepared on a historical cost basis except when IFRS requires the use of another measurement basis, as indicated in the material accounting policies (Note 3), and in accordance with the accrual principle of accounting policies and going concern.

2-3 Functional and presentation currency

These financial statements are presented in Saudi Riyals (SAR), which is the Company's functional currency and the amounts in these financial statements are rounded to the nearest Saudi Riyal.

3- MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise stated. In addition, the Company adopted the disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2) effective 1 January 2024. The amendments require disclosure of 'material' accounting policies instead of 'significant' accounting policies. Although the amendments did not result in any changes in the accounting policy itself, they affected the accounting policy information that was disclosed in some cases.

3-1 New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board ("IASB") that are effective in future accounting periods that the Company has decided not to adopt early.

IFRS	Summary	Effective date
IAS 21	Amendment – Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments	1 January 2026
Annual improvements to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability	1 January 2027

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not expect any standard issued by IASB that are yet to be effective, to have a material impact on the Company..

New standards, interpretations, and amendments effective in the current year

The following are the new standards, interpretations and amendments to standards that are effective in the current year but they have no impact on these financial statements.

IFRS	Summary	Effective date
IFRS 16	Amendment – Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
IAS 1	Amendment – Non-current Liabilities with Covenants	1 January 2024
IAS 7and IFRS 7	Amendment – Supplier Finance Arrangements	1 January 2024

3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3-2 Use of judgement and estimates

The preparation of the financial statements in accordance with IFRS Accounting Standard endorsed in Saudi Arabia requires management to make judgments, estimates and assumptions that affect application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. These estimates and underlying assumptions are based on past experience and various other factors that are considered reasonable under the current circumstances. Their outcomes serve as the basis for judgments regarding the carrying amount of assets and liabilities that are not readily apparent from their sources. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.Adjustments to accounting estimates are recognized prospectively.

A. Estimate useful lives of property, plant and equipment

Management estimates the useful lives of property, plant and equipment and intangible assets to calculate depreciation and amortization. These estimates are determined after taking into account the expected use of assets, obsolescence and damage. Management reviews the residual value and useful lives annually and changes in depreciation and amortization expenses in current and future periods, -if any- are adjusted.

B. Allowance for slow moving inventory

Management makes an allowance for slow-moving and obsolete inventory items.Inventory is measured at cost or net realizable value and estimates of net realizable value are based on the most reliable evidence at the time of the estimates.These estimates take into account price fluctuations or costs directly related to events occurring after the date of the financial statements.

C. Strategic spare parts

The Company maintains a strategic and reserve inventory of spare parts for the production line in its plant, and management aims to hold it for longer periods of more than one year. Management believes that all property, plant and equipment will provide future economic benefits from the future use of strategic spare parts.Management reviews the spare parts in the reserve and strategic equipment, which should be available when needed and consumed with the expected life of the related asset.

D. Employee end of service benefits liability

Employee end-of-service benefits liability is determined according to a defined unfunded benefit plan and measured using actuarial evaluation. The actuarial valuation includes many assumptions that may differ from the actual developments in the future. These assumptions include the determination of the discount rate, future salary increases and turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined unfunded benefit liability is highly sensitive to changes in these assumptions. Thus, all assumptions are reviewed once a year or more often, as necessary.

E. Provision for rehabilitation of areas subject to franchise license

The provision for rehabilitation of areas subject to franchise license is recognized at the present value of the expected cost of re-leveling the site of the Company’s plant land.The present value of the provision was estimated and the provision was recognized at the expected present value at the end of the plant’s life. The Company relied on renewing the current quarry license after its expiry when initially measuring the present value of the provision.

3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3-3 Impairment of non-financial assets

Impairment exists when the asset's or cash-generating unit's ("CGU") carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell or its value in use. The fair value of an asset is estimated based on sales transactions, conducted at arm's length for identical assets or observable market prices of similar assets, less any additional costs to sell. The value in use is calculated based on the present value of the asset's expected cash flows over the next five years. These projected cash flows do not include restructuring activities to which the Company is not yet committed or significant future investments that would enhance the performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for value-in-use estimation purposes.

Impairment of non-derivative financial assets

The Company recognizes loss allowances according to the expected credit loss model on financial assets recognized at amortized cost, such as trade receivables.The Company evaluates future credit losses based on the expected credit loss model for financial assets carried at amortized cost. For trade receivables, the Company applies the simplified approach, which requires recognizing lifetime expected credit losses on trade receivables from the date of initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates were calculated based on the Company's historical data and adjusted to reflect the expected future result, which also includes forward-looking information on macroeconomic factors such as inflation and GDP growth rate.

Other financial assets such as employee receivables and bank balances have low credit risk, and the application of the expected credit loss model is considered insignificant.

Measuring the fair value of financial instruments including derivative financial instruments

Where the fair value of financial assets and liabilities recorded in the statement of financial position cannot be measured on the basis of prices quoted in the active market and where international standards require that such assets or liabilities be valued at their fair value, their fair value is determined using valuation methods, including the use of the present value of expected cash flows from those assets or using other methods as stipulated in IFRS 13. Inputs for these methods are taken from active markets whenever possible. However, when this is not feasible, a certain degree of estimation is required to determine fair value. These estimates take into account liquidity risk, credit risk, and volatility. Changes in assumptions regarding these factors can affect the reported fair value of financial instruments.

Derecognition

The Company derecognizes a financial asset only when the contractual rights to receive cash flows from the asset expire or when substantially all the risks and rewards of ownership are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset.

3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3-3 Impairment of non-financial assets (continued)

Fair value

Fair value is the price at which an asset would be sold or a liability would be settled between willing parties in an arm’s length transaction on the measurement date. Fair value definition includes the assumption that the Company will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

A financial instrument is considered to be listed in an active market if quoted prices are readily and regularly available from a foreign exchange dealer, broker, industry group, pricing service, or regulatory authority, and these prices represent actual and regularly occurring market transactions on a commercial basis. Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted market prices in active markets for identical assets.

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.

Classification of assets and liabilities from 'current' to 'non-current'

The Company presents assets and liabilities in the statement of financial position on a current / non-current basis.The asset is considered current when it is:

- Expected to be realized, intended to be sold or or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the financial year; or
- Cash and cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial year.
- All other assets are classified as “non-current”.

The liability is considered current when it is:

- expected to be settled during the normal business cycle;
- Held primarily for the purpose of trading;
- it is due within twelve months after the financial year; or
- there is no unconditional right to defer the settlement of liabilities for at least twelve months after the after the financial year.
- All other liabilities are classified as "non-current".

3-4 Property, plant, and equipment

Property, plant and equipment are stated at cost less accumulated depreciations and any impairment losses, if any.Cost includes expenditure that is directly attributable to acquisition of asset.If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Expenditures on maintenance and repairs are expensed, while expenditures for improvements are capitalized.Depreciation is computed using the straight line method based on the estimated useful lives of the assets.Leasehold improvements are amortized on a straight-line basis over the useful life of the improvements or the lease term, whichever is shorter. Sold or disposed asset and its accumulated depreciation are written-off at the date of sale or disposal.

3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3-4 Property, plant and equipment (continued)

Profit or loss on disposal is recognized in the statement of profit or loss.The estimated useful lives of the principal classes of assets are:

Asset	Years
Buildings and roads	10-30
Machinery and equipment	4-20
Furniture and fixtures	5-20
Trucks and forklifts	7

Depreciation method and useful lives are reviewed periodically to ensure that depreciation method is appropriate with the expected economic benefits of property, plant and equipment.

3-5 Projects under construction

The cost of projects under construction is calculated on the basis of the actual cost and is shown as projects under construction until they are completed and then transferred to the various items within the property, plant and equipment, and then their depreciation begins

3-6 Impairment of assets

At each reporting date, the Company reviews property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If there is any indication that assets have suffered an impairment loss, the recoverable amount of any affected asset (or group of assets) is estimated and compared the its carrying amount.If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses other than goodwill, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3-7 Intangible assets

Intangible assets, including software and quarry exploration fees acquired by the Company, with a useful life of 5 to 10 years, are measured at cost less accumulated amortization and any accumulated impairment losses, if any.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in a specific asset to which they relate, and all other expenses that are internally generated are recognized in the statement of profit or loss when incurred.Amortization of the cost of intangible assets, net of residual value, is calculated using the straight-line method over their estimated useful lives and is recognized in the statement of profit or loss.

3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3-8 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that relate directly to the purchase or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through the statement of profit or loss) are added to the fair value of financial assets and financial liabilities or deducted from them, as appropriate, upon initial recognition.Transaction costs that are directly related to the purchase of financial assets and liabilities and are measured at fair value through the statement of profit or loss are recognized directly in the statement of profit or loss.

First: Financial assets

Financial assets are classified into the following categories.Financial assets at fair value through PL, fair value through OCI, and financial assets measured at amortized cost.The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.All regular way purchases and sales of financial assets are recognized on a trade date basis.Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

A) Financial assets at fair value through profit or loss (fair value through PL)

Financial assets are classified at fair value through profit or loss when they are acquired for trading purposes or designated to be classified as such.

Financial assets are classified as held for trading if:

- they were acquired mainly to be sold in the near future.
- they represent part of a known financial portfolio managed by the Company and include the actual pattern of a financial instrument that generates profits in the short term.
- they represent a derivative but not classified or effective as a hedging instrument.

Financial assets designated at fair value through the statement of profit or loss are stated at their fair value, and any gain or loss resulting from the revaluation is recognized in profit or loss.

Net profit or loss includes any dividends or interest due from the financial asset and is included in the statement of profit or loss.

B) Financial assets at amortized cost

Accounts receivable, including trade and other receivables, bank balances and cash are measured at amortized cost using the effective interest method less any impairment loss, and charged to profit or loss.

Interest income is determined using the effective interest rate, except for short-term receivables when the discount effect is insignificant.

3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3-8 Financial instruments (continued)

C) Financial assets at fair value through other comprehensive income (fair value through OCI)

Gains and losses arising from changes in fair value are recognized under other comprehensive income items, which are added to the accumulated changes in fair value of investments under equity, except for impairment losses, which are recognized in profit or loss. If investment is disposed or suffered an impairment, gains or losses resulted from previous evaluation which were recognized in investment revaluation reserve are included in the statement of other comprehensive income.

Dividends income from equity instruments measured at fair value through other comprehensive income is recognized when the Company's right to receive payments for dividends from those investments arises. It is recognized as income in the statement of profit or loss unless the dividends clearly represent a recovery of part of the investment cost. Other gains and losses are recognized in statement of other comprehensive income and are never reclassified to the statement of profit or loss.

Second: Financial liabilities

Financial liabilities (including loans and accounts payable) are measured initially and subsequently at amortised cost using the effective interest method.

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired.The difference between the carrying amount of disposed financial liabilities and amount paid is charged to the statement of profit or loss.

Effective interest rate method

The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for distributing interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received, which form an integral part of the effective interest rate, transaction costs, other premiums or discounts) over the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3-9 Inventory

Inventories are valued at the lower of cost or net realisable value, and cost is determined using the weighted average method.The cost of finished goods and work-in-process includes the cost of materials, labour and indirect manufacturing overheads that contribute to converting raw materials into finished goods.Net realisable value represents the estimated selling price in the ordinary course of business less any costs to complete the sale. A provision is made for obsolete and slow-moving items based on management's estimates at the date of preparing the financial statements (if any), at each reporting date.

3-10 Related parties

A related party is a person or entity associated with the Company that prepares its financial statements.

A) If the person or a member of his family is closely related to the Company whose financial statements are prepared:

- Has control or joint control over the Company preparing the financial statements;
- Has a material impact on the Company that prepares its financial statements; or
- He is a member of the senior management of the Company that prepares its financial statements.

3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3-10 Related parties (continued)

B) If the entity is related to the Company that prepares its financial statements if any of the following conditions are met:

- The entity and the company that prepares its financial statements are members of the same company (which means that both the parent company, subsidiaries and associates have a relationship with the other).
- One of the companies is an associate or a joint venture of the other company (or an associate or a joint venture of a member of a group to which the other company belongs).
- Both companies are joint ventures of the same third party.
- One of the companies is a joint venture of a third company, and the other company is an associate of the third company.
- The Company is controlled or jointly controlled by a specific person as outlined in paragraph (a).
- The person identified in paragraph (a) (1) has a material influence on the company or is a member of the top management in the company (or the parent company).
- The company or any member of the company provides part of the services of senior management personnel of the company that prepares its financial statements or to the parent of the company that prepares its financial statements.

3-11 Accounts receivable

Accounts receivable are stated at the original amount of invoice, less allowance for expected credit losses.An allowance for expected credit losses is made when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.Bad debts are written off as incurred against related receivables.Provisions are charged to the statement of profit or loss.Any receivables recovered subsequently that were previously written off are recorded under other income in the statement of profit or loss.

3-12 Cash and cash equivalents

Cash and cash equivalent comprise cash on hand and bank balances, time deposits and other highly liquid short-term investments with original maturities of three months or less from the acquisition date which are available to the Company without restrictions that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3-13 Loans

Borrowings are initially recognised at the fair value (being proceeds received), net of eligible transaction costs incurred, if any.Subsequent to initial recognition, long-term borrowings are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the amount of recovery is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.Qualifying assets are assets that necessarily take a substantial period of time to be ready for their intended use or sale.Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.Other borrowing costs are expensed in the period in which they are incurred.

3-14 Provision for rehabilitation of areas subject to franchise license

Provision for rehabilitation of areas subject to franchise license is measured at the present value of the expected cost of restoring the site subject to franchise license using the discount rate as at the start date of the franchise license contract.

3-15 Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be reliably measured.

Provisions are measured based on the best estimate of the amount required to settle the obligation as of the date of the statement of financial position, taking into account the risks and uncertainties surrounding the obligation. A provision is also measured using the estimated cash flows required to settle the present obligation. A receivable is recognized as an asset if the receipt and replacement of the amount are certain and can be reliably measured.

3-16 Employees' benefits liabilities

End of service benefits

End-of-service benefits are determined using the projected unit credit method, with an actuarial valuation conducted at the end of each financial period. Remeasurements, including actuarial gains and losses, are recognized in the statement of financial position, while gains and losses are recorded in other comprehensive income in the period in which they are incurred. Remeasurements recognized in other comprehensive income are immediately included in retained earnings and are not reclassified to profit or loss.

Retirement benefits

The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. These payments are expensed when incurred.

3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3-16 Employees' benefits liabilities (continued)

Short-term employee benefits

The liability for employee benefits, including wages, salaries, annual leave, and sick leave, is recognized in the period in which the related service is provided. The liability is measured at the undiscounted amount of benefits expected to be paid for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the amount of the benefits expected to be paid in exchange for the related service.

3-17 Accounts payable and other payables

Liabilities are recognized for amounts to be paid in the future for services received, whether billed by suppliers or not.

3-18 Value added tax (VAT)

Expenses and assets are recognized net of VAT, except in the following cases:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the Zakat, Tax, and Customs Authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When accounts receivable and accounts payable are recorded with the VAT amount.

3-19 Zakat provision

The estimated Zakat is an obligation of the Company and is reflected in the accompanying financial statements by being charged to the statement of profit or loss, in accordance with the Zakat standards and the guidance issued by SOCPA. It is calculated for the year on an accrual basis.

Zakat is calculated at the end of the year based on the higher of the adjusted net income or the Zakat base, in accordance with the regulations of the Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia.

Differences between the provision and the final assessment are accounted for in the year the assessment is received.

3-20 Board of directors remunerations

According to the international financial reporting standards adopted in the Kingdom of Saudi Arabia, the remuneration of the members of the Board of Directors is recorded through the statement of profit or loss

3-21 Recognition of revenue from contracts with customers

Revenue is measured at the fair value of the consideration received from cash customers or receivable from cash customers for goods sold, net of returns, trade discounts, and rebates granted to customers, in accordance with the five steps outlined in IFRS 15:

Step (1) - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations, and sets out the criteria to be met for each contract.

Step (2) - Determine the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step (3) – Determine the transaction price: The transaction price is the amount of consideration that the Company expects to receive in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties.

3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3-21 Recognition of revenue from contracts with customers (continued)

Step (4) – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step (5) - Revenue is recognized when (or whenever) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognizes revenue when the customer obtains control of the goods at a specified point in time (i.e., when the goods are delivered and acknowledged), and the goods are sold at substantial retrospective discounts based on total sales over a 12-month period.Revenue from these sales is recognized based on the price specified in the contract less the estimated volume discounts.Accumulated experience is used to estimate and provide discounts using expected value and revenue is recognized to the extent reasonably probable that there will be no material reversal.The related liability (included under trade and other payables) is recognized for expected discounts on amounts payable to customers in respect of sales made during the year.

The Company sells bulk and packaged cement, under specific and independent sales invoices entered into with the customers. There is no financing component present as sales are made either on cash or on term credit in line with market practice.

Sale of goods:

For invoices with customers for which the sale of cement is generally expected to be the sole performance obligation by the Company, revenue from the sale is recognized at the time when control of the asset is transferred to the customer at a specified point in time, which is usually on delivery.

The Company considers the following indicators in evaluating the transfer of control over the asset towards the customer:

- The Company has an immediate right to a payment for the assets.
- The customer has legal ownership of the asset.
- The company has transferred the actual ownership of the asset.
- The customer bears the significant risks and rewards of ownership of the asset.
- Customer acceptance of the contract.

3-22 Expenses

General and administrative expenses include all expenses that are not directly related to the cost of revenue or selling and marketing expenses. Common expenses are allocated when necessary. Selling and marketing expenses include all costs associated with the sales and marketing function.

3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3-23 Leases

The company is a lessor

Lease payments under operating leases are recognized in the statement of profit or loss on a straight-line basis over the relevant lease term.

The Company as lessee

Upon initiation of non-cancellable operating leases, the leased asset is identified and defined as the "right to use the leased asset" and is measured at cost with an appropriate discount on the relevant components of the lease term and payment obligations including the initial direct cost, terms and incentives mentioned in the basic lease agreement. After initial measurement and recognition, the "right to use the leased asset" is subsequently measured periodically using a cost model that includes initial measurement and any re-measurement adjustments minus accumulated depreciation.

The Company depreciates the right of use asset over the estimated term of the lease using the straight-line method.

At the lease commencement date, the net present value of all unpaid lease payments as of that date is determined, discounted using an appropriate rate. After initial measurement, 'lease liabilities' are measured periodically by increasing the carrying cost to reflect the interest cost on future unpaid lease liabilities and any re-measurement adjustment minus the lease payments made up to that date.

An appropriate depreciation rate and an appropriate profit rate are applied to the "right to use the leased asset" and the "lease liability" respectively.This depreciation, interest and financing expenses are charged to the statement of profit or loss.

3-24 Short-term and low-value leases

The Company has chosen not to recognize the assets (right of use) and lease liabilities for short-term leases of 12 months or less and low-value leased. The Company recognizes the lease payments associated with these leases as expenses in the statement of profit or loss on a straight-line basis over the lease term.

3-25 Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements but are disclosed, unless the likelihood of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statementsbut disclosed when an inflow of economic benefits is probable.

3-26 Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3-27 Earnings per share

Basic and diluted earnings per share are calculated based on the weighted average number of shares outstanding as of year-end.

3-28 Segment information

The Company carries out its activity in one operating sector in the production of cement and is fully operating in the Kingdom of Saudi Arabia.The financial information has not been segmented into different business or geographical sectors.

3-29 Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Saudi Riyals at the exchange rates prevailing at year’s end. Gains and losses arising from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

4- PROPERTY, PLANT AND EQUIPMENT

	Buildings and roads SAR	Machinery and equipment SAR	Furniture and fixtures SAR	Trucks and forklifts SAR	Water wells SAR	Projects under construction SAR	Total SAR
Cost							
Balance as at 1 January 2023	310,350,707	752,952,375	1,640,472	38,023,826	1,003,012	-	1,103,970,392
Additions during the year	4,315,773	11,129,749	341,258	-	-	-	15,786,780
Disposals during the year	(18,000)	(14,049)	(170,926)	-	(1,003,012)	-	(1,205,987)
Balance as at 31 December 2023	314,648,480	764,068,075	1,810,804	38,023,826	-	-	**1,118,551,185**
Additions during the year	**239,796**	**5,294,847**	**450,949**	**26,764**	**-**	14,250	**6,026,606**
Disposals during the year	**-**	**(720)**	**(152,779)**	**-**	**-**	-	**(153,499)**
Balance as at 31 December 2024	**314,888,276**	**769,362,202**	**2,108,974**	**38,050,590**	**-**	14,250	**1,124,424,292**
Accumulated depreciation							
Balance as at 1 January 2023	63,527,744	231,376,534	1,423,635	32,404,883	1,003,012	**-**	329,735,808
Charge for the year	10,654,725	38,116,744	96,107	3,386,070	-	**-**	52,253,646
Disposals during the year	(9,762)	(14,049)	(170,878)	-	(1,003,012)	**-**	(1,197,701)
Balance as at 31 December 2023	74,172,707	269,479,229	1,348,864	35,790,953	-	-	380,791,753
Charge for the year	**10,783,208**	**40,337,086**	**162,164**	**77,559**	**-**	**-**	**51,360,017**
Disposals during the year	**-**	**(720)**	**(151,226)**	**-**	**-**	**-**	**(151,946)**
Balance as at 31 December 2024	**84,955,915**	**309,815,595**	**1,359,802**	**35,868,512**	**-**	**-**	**431,999,824**
Net book value:							
As at 31 December 2024	**229,932,361**	**459,546,607**	**749,172**	**2,182,078**	**-**	14,250	**692,424,468**
As at 31 December 2023	240,475,773	494,588,846	461,940	2,232,873	-	-	737,759,432

- The land, on which the plant is constructed under a raw material quarry license granted to the Company by the Ministry of Industry and Mineral Resources for the exploitation of limestone to manufacture ordinary Portland cement from Hurra Hodun location (2), in Taif which is part of the Makkah Region. The area of the land is 24,537 square kilometers.
- The entire plant, its buildings, machinery, equipment and related accessories are mortgaged as a guarantee for SIDF loan (Note 12).

5- INTANGIBLE ASSETS

The intangible assets item consists of the system used in the Company's operating activities, "SAP," in addition to exploration costs for the quarry used to extract limestone. These costs are amortized over a period ranging from 5 years to 10 years.

The movement of intangible assets as at 31 December 2024 is as follows:

	Software SAR	Exploration fee SAR	Total SAR
Cost			
Balance at the beginning of the year	1,794,015	1,244,810	3,038,825
Additions during the year	-	-	-
Balance at the end of the year	1,794,015	1,244,810	3,038,825
Accumulated amortization			
Balance at the beginning of the year	1,685,233	129,598	1,814,831
Charged during the year	**71,542**	**124,480**	**196,022**
Balance at the end of the year	**1,756,775**	**254,078**	**2,010,853**
Net book value as at 31 December 2024	**37,240**	**990,732**	**1,027,972**
Net book value as at 31 December 2023	108,782	1,115,212	1,223,994

6- RIGHT OF USE ASSETS

The following table shows the movement during the year for both right of use assets and lease liabilities:

A. Movement in the right of use assets

	Right of use assets (Buildings) SAR	Right of use assets (Cars) SAR	Total right of use assets SAR
Cost			
Balance as at 1 January 2024	2,962,622	983,160	3,945,782
Additions during the year	**1,582,834**	**388,094**	**1,970,928**
Disposals during the year *	**(2,733,868)**	**-**	**(2,733,868)**
Balance as at 31 December 2024	**1,811,588**	**1,371,254**	**3,182,842**
Accumulated depreciation			
Balance as at 1 January 2024	2,748,776	374,679	3,123,455
Charge for the year	**695,119**	**385,942**	**1,081,061**
Disposals during the year	**(2,733,868)**	**-**	**(2,733,868)**
Balance as at 31 December 2024	**710,027**	**760,621**	**1,470,648**
Net book value:			
As at 31 December 2024	**1,101,561**	**610,633**	**1,712,194**
As at 31 December 2023	213,846	608,481	822,327

*** Disposal during year 2024 are represented in termination of some leased buildings.**

6- RIGHT OF USE ASSET (CONTINUED)

B. Movement in lease liabilities:

	31 December 2024 SAR	31 December 2023 SAR
Balance at the beginning of the year	**691,309**	1,492,149
Additions during the year	**1,970,928**	77,678
Amortization of interest during the year (note 21)	**55,492**	46,917
Payment made during the year	**(1,326,458)**	(925,435)
Balance at the end of the year	**1,391,271**	691,309

Lease liabilities are classified as follows:

	31 December 2024 SAR	31 December 2023 SAR
Non-current portion	**994,329**	281,894
Current portion	**396,942**	409,415
	1,391,271	691,309

7- FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OCI

Financial investments at fair value through OCI consist of investments in equity instruments of a listed company, which are accounted for at fair value. Below is a description of the investment:

	As at 31 December	
	2024	2023
International Water and Energy Works Company (Aqua Power)	**130,042**	76,912
Gains on change in fair value	**73,468**	53,130
	203,510	130,042

- Reserve for revaluation of financial investments at fair value through OCI

	As at 31 December	
	2024	2023
Opening balance of the reserve	**101,706**	48,576
Gains on change in fair value	**73,468**	53,130
Closing balance of the reserve	**175,174**	101,706

8- INVENTORY

	31 December 2024 SAR	31 December 2023 SAR
Work in progress*	**380,765,874**	344,569,282
Spare parts	**26,795,197**	24,084,494
Raw materials	**7,881,510**	7,820,993
Finished goods	**4,875,877**	5,484,466
Fuel and oil	**16,169,969**	4,323,372
Packing materials	**2,560,212**	2,105,658
Impairment in spare parts inventory**	**(760,889)**	-
	438,287,750	388,388,265

* Working in progress consists mainly of clinker, with a balance of SAR 378.81 million as at 31 December 2024 (31 December 2023: SAR 342.73 million). Clinker is one of the main materials used in the production of cement (the Company's finished goods). These materials are stored in large yards within the plant premises, where they can maintain their quality for up to five years, according to the Company's production management estimates.

** The amount of impairment in spare parts inventory was charged to cost of sales during the year.

9- ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND OTHER RECEIVABLES

	31 December 2024 SAR	31 December 2023 SAR
Accounts receivable	**8,353,243**	7,305,427
(Less): Allowance for expected credit losses	**(872,929)**	(872,929)
Accounts receivable, net	**7,480,314**	6,432,498
Prepaid expenses	**1,990,707**	2,121,240
	9,471,021	8,553,738
Advances to contractors and supplier	**6,038,855**	2,808,857
	15,509,876	11,362,595

The following table presents the movement of the allowance for expected credit losses:

	31 December 2024 SAR	31 December 2023 SAR
Balance at the beginning of the year	872,929	872,929
Balance at the end of the year	872,929	872,929

The following table presents the aging of the Company's accounts receivable:

	31 December 2024 SAR	31 December 2023 SAR
1 to 90 days	**7,508,162**	4,144,517
91 to 180 days	**98,870**	2,376,889
181 to 360 days	**-**	-
Over 360 days	**746,211**	784,021
	8,353,243	7,305,427

10- CASH AND CASH EQUIVALENTS

	31 December 2024 SAR	31 December 2023 SAR
Cash at banks	**7,492,195**	14,241,646
Cash on hand	**32,664**	39,680
Highly liquid financial investments*	**27,514,865**	30,499,489
	35,039,724	44,780,815

* The amount represents investments in units of the Al Rajhi Commodities Mudaraba Fund, in addition to investments in treasury operations and the Islamic return account at Riyad Bank. These are highly liquid investments with a low risk rate. Profits from these investments were made during the year ended 31 December 2024, amounting to SAR 1,608,631 (31 December 2023: SAR 857,612), and are included under "Other Income" (Note 22).

11- STATUTORY RESERVE

During the second quarter of 2024, the Company transferred the balance of the statutory reserve amounting to SAR 32,070,228, as shown in the financial statements for the year ended 31 December 2023, to the retained earnings account. This was based on the approval of the Extraordinary General Assembly meeting held on 29 April 2024, to amend the Company's Articles of Association in line with the new Companies Law. The new Articles of Association were approved by the Ministry of Commerce on 9 May 2024.

12- SAUDI INDUSTRIAL DEVELOPMENT FUND LOAN

Movement of the Saudi Industrial Development Fund Loan is as follows:

	31 December 2024 SAR	31 December 2023 SAR
Balance as at the beginning of the year	**323,000,000**	323,000,000
Repayment of loan during the year	**(40,000,000)**	-
Balance as at the end of the year	**283,000,000**	323,000,000
(Less): Deferred administrative finance costs*	**(5,962,480)**	(10,006,309)
Balance as at the end of the year	**277,037,520**	312,993,691
Loan balance is classified as follows:		
SIDF loan: current portion	**76,942,053**	35,956,171
SIDF loan: non-current portion	**200,095,467**	277,037,520

12- SAUDI INDUSTRIAL DEVELOPMENT FUND LOAN (CONTINUED)

* The following table shows the movement in deferred administrative finance costs:

	31 December 2024	31 December 2023
	SAR	SAR
Balance at the beginning of the year	**10,006,309**	5,369,282
Amortization of deferred administrative finance costs	**(4,043,829)**	(4,124,338)
Gains on adjustment of financial liabilities	**-**	8,761,365
Balance at the end of the year	**5,962,480**	10,006,309

– On May 21, 2014, the Company signed a long-term loan agreement with the Saudi Industrial Development Fund (SIDF) for an amount of SAR 678,000,000 to finance the construction of a cement production plant. The loan is secured by a mortgage on the Company's buildings, machinery, and equipment to the Fund. The loan agreement includes terms regarding the Company's commitment to certain financial ratios and conditions. The loan is to be repaid in sixteen installments, with the first installment due on 15 Safar 1439H (corresponding to 4 November 2017) and the final installment due on 15 Sha'ban 1446H (corresponding to 14 February 2025).

– On 23 Dhul-Qi'dah 1438H (corresponding to 15 August 2017), a letter was signed to amend certain terms of the original loan agreement. This included a reduction in the loan amount to SAR 656,876,000, modification of the repayment schedule to fifteen unequal semi-annual installments, and the adjustment of the first installment repayment date to 15 Sha'ban 1439H (corresponding to 1 May 2018), without amending the final installment repayment date.

– Deferred finance costs costs represent the amounts deducted in advance upon receipt of the loan. These fees are amortized over the term of the related loan using the effective interest rate method. The follow-up fees are incurred on the obligations of that loan.

– In 2023, a rescheduling agreement was made between the company and the Saudi Industrial Development Fund to extend the loan repayment period. The remaining amount will be repaid in eight semi-annual installments, with the first installment due on 15 Safar 1446H (corresponding to 19 August 2024), and the final installment due on 15 Sha'ban 1449H (corresponding to 12 January 2028).

– In accordance with the requirements of IFRS 9, the Company assessed whether the rescheduling constituted a significant modification of the existing financial liability terms. The study revealed that it did not represent a significant modification of the loan terms. The Company recognized a gain of SAR 8,761,365 in the statement of profit or loss and other comprehensive income for the year 2023. This gain represents the difference between the discounted present value of the cash flows under the new terms, using the original effective interest rate, and the discounted present value of the remaining cash flows under the original terms of the financial liability.

12- SAUDI INDUSTRIAL DEVELOPMENT FUND LOAN (CONTINUED)

- **Below are maturities of SIDF loan after rescheduling:**

Year	31 December 2024 SAR	31 December 2023 SAR
2024	-	40,000,000
2025	80,000,000	80,000,000
2026	80,000,000	80,000,000
2027	80,000,000	80,000,000
2028	43,000,000	43,000,000
	283,000,000	323,000,000

13- CREDIT FACILITIES

A Sharia-compliant credit facility agreement was signed with Riyad Bank on 23 April 2019, and renewed on 28 November 2023, for an amount of SAR 50 million. The facility period ends on 28 November 2026, with a promissory note of SAR 54 million provided by the Company in favor of the bank granting the facility. The purpose of the facility is to finance the Company's working capital, capital expenditures, and letters of credit. The company utilized this facility to issue a a letter of credit in favor of a foreign supplier for the purchase of one of the basic pieces of equipment for the Company's plant.

14- PROVISION FOR REHABILITATION OF AREAS SUBJECT TO FRANCHISE LICENSE

The provision for rehabilitation of areas subject to franchise license represents the present value of the expected cost of re-leveling the concession site, specifically the land of the Company's plant. In 2018, the Company appointed a specialized expert in estimating the present values of provisions and the remaining values of properties, machinery, and equipment (Astroplan) to estimate the present value of the rehabilitation provision.

On 17 December 2022, Ministerial Resolution No. 503/3/1444 was issued granting the Company a mining license to exploit limestone ore for industry from a site in Radwan – the main Taif-Riyadh road in the Taif Governorate, part of the Makkah Region. The duration of the license granted to the Company is ten years. The cost of rehabilitating the quarry after the exploitation period ends is SAR 6,727,147, based on an estimate and calculation by a specialized expert in mining fields.

14- PROVISION FOR REHABILITATION OF AREAS SUBJECT TO FRANCHISE LICENSE (CONTINUED)

The movement in the provision for rehabilitation is as follows:

	31 December 2024 SAR	31 December 2023 SAR
Present value of the provision rehabilitation	**4,105,867**	4,105,867
Additions to the present value of the new quarry rehabilitation provision during the year	**3,756,403**	3,756,403
Total present value of the provision for rehabilitation	**7,862,270**	7,862,270
Actual interest		
Actual interest at the beginning of the year	**8,304,701**	6,973,708
Actual interest charged for the year	**1,256,231**	1,330,993
Actual interest at the end of the year	**9,560,932**	8,304,701
Net present value of the provision for rehabilitation	**17,423,202**	16,166,971

15- EMPLOYEES' BENEFITS LIABILITIES

A. The Company determines the present value of employee benefits liabilities by conducting an actuarial assessment using the projected unit credit method, taking into account the following set of assumptions:

	31 December 2024	31 December 2023
Discount rate	5,25٪	4,60٪
Benefits increase rate	6,75٪	5.60٪

B. The movement in the employee benefits liabilities is as follows:

	31 December 2024 SAR	31 December 2023 SAR
Employees benefits liabilities balance the beginning of the year	**3,452,990**	3,080,014
Included in profit or loss		
Current service cost	**610,562**	631,167
Interest cost	**160,605**	156,054
Included in items of other comprehensive income		
Actuarial losses from re-measurement of employee benefits liabilities	**234,559**	110,743
Payment made during the year	**(378,098)**	(524,988)
Employees benefits liabilities balance at the end of the year	**4,080,618**	3,452,990

15- EMPLOYEES' BENEFITS LIABILITIES (CONTINUED)

C. Employees' benefits liabilities sensitivity

		31 December 2024 SAR	31 December 2023 SAR
	bp		
	+ 0,5% Increase	**4,159,072**	3,516,121
Rate of change in salaries	- 0,5% Decrease	**4,005,969**	3,392,725
	bp		
	+ 0,5% Increase	**3,978,724**	3,370,538
Discount rate	- 0,5% Decrease	**4,188,591**	3,540,116
Assumption of a statistical study for the employees' membership data			
Average age of employees (years)		**39**	40
Average years of past experience		**15**	15

16- ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2024 SAR	31 December 2023 SAR
Contractors and suppliers payables	**25,235,521**	30,191,742
Exploitation fees - Ministry of Industry and Mineral Resources (A)	**25,524,464**	32,534,668
Retention amounts for maintenance works (B)	**1,661,415**	5,365,300
Accrued expenses	**2,778,356**	3,146,631
Follow-up fees of SIDF Loan (C)	**1,939,006**	1,942,831
Employees' accruals	**1,501,082**	1,632,233
Advance from customers	**641,278**	852,113
VAT and withholding tax	**3,098,940**	3,192
	62,380,062	75,668,710

A) Represents amount due to Ministry of Industry and Mineral Resources , according to the license granted to the Company for the exploitation of Limestone in the licensed area.

B) The amount is represented in provision made for maintenance of the Company's silos and production line during the subsequent period.

C) SIDF loan follow-up fees represent amounts due on the loan granted by the SIDF to the Company for monitoring the project, in accordance with the agreement signed with SIDF.

17- ZAKAT PROVISION

A) The major components of the Zakat base are as follows:

	31 December 2024 SAR	31 December 2023 SAR
Equity, provisions at the beginning of the year, and other adjustments	1,057,959,238	1,100,169,449
Long-term assets	(727,493,181)	(765,736,557)
Adjusted profit for the year	(9,365,056)	15,434,332

B) The following is the movement in estimated Zakat provision:

	31 December 2024 SAR	31 December 2023 SAR
Balance as at the beginning of the year	**9,458,715**	8,050,091
Charged during the year	**8,205,985**	9,006,480
Charged during the year from Zakat assessments	**-**	358,575
Payment made during the year	**(9,365,056)**	(7,956,431)
Balance as at the end of the year	**8,299,644**	9,458,715

Zakat status:

C) The Company has submitted zakat returns for previous years up to the year 2023 and obtained the zakat certificates for those years. ZATCA issued zakat assessments for the years 2021 and 2022, demanding the Company to pay zakat differences amounting to SAR 358,575. The Company settled the due amount and obtained the final assessment.

D) ZATCA conducted an inspection up to the year 2023 and issued a final assessment up to that year 2023 without issuing any additional zakat assessments.

18- SALES AND COST OF SALES

- The Company's revenue consists of sales from bulk and packaged cement, and there are no other products for the Company. The Company's products are sold inside the Kingdom of Saudi Arabia. The Company sells its products entirely through distributors and individuals, and the sales occur at a single point in time, not over a period of time. The Company’s sales as at 31 December 2024 amounted to SAR 265,590,348 (2023: SAR 168,947,617).
- The cost of sales primarily consists of the cost of raw materials, direct labor, fuel and energy, spare parts, packing, other industrial expenses, and consumables. The cost of sales as at 31 December 2024 amounted to SAR 182,667,667 (2023: SAR 136,057,401).

19- SELLING AND MARKETING EXPENSES

	2024 SAR	2023 SAR
Salaries, wages, and other benefits	**3,016,824**	2,788,897
Depreciation of right-of-use assets	**191,502**	196,962
Rentals	**13,638**	20,603
Depreciation on property, plant and equipment	**21,680**	20,246
Others	**377,780**	392,208
	3,621,424	3,418,916

20- GENERAL AND ADMINISTRATIVE EXPENSES

	2024 SAR	2023 SAR
Salaries, wages, and other benefits	**6,575,509**	7,220,846
Allowances and remunerations of members of the BOD and its committees	**2,029,500**	1,892,000
Consulting and professional fees	**2,874,911**	2,654,109
Shareholders' register management expenses	**500,886**	506,582
Depreciation of right-of-use assets	**665,005**	390,553
Technical support for computer software	**497,623**	429,359
Government fees	**72,319**	32,300
Medical insurance	**364,652**	459,808
Amortization of intangible assets	**7,552**	6,192
Depreciation on property, plant and equipment	**53,850**	42,541
Others	**388,608**	708,826
	14,030,415	14,343,116

21- FINANCE COSTS

	2024 **SAR**	2023 SAR
SIDF loan follow-up fees	**6,508,172**	6,640,661
Amortization of deferred administrative finance costs for the SIDF loan	**4,043,829**	4,124,338
Present value discount of the provision for rehabilitation of areas subject to franchise license	**1,256,231**	1,330,993
Additions to lease liabilities interest	**55,492**	46,917
Bank fees for renewing letter of guarantee	**-**	503,710
	11,863,724	12,646,619

22- OTHER INCOME

	2024 **SAR**	2023 SAR
Profit of LG cash cover deposits	**-**	707,168
Gains on highly liquid financial investments	**1,608,631**	857,612
Others	**748,618**	603,412
	2,357,249	2,168,192

23- RISK MANAGEMENT AND FAIR VALUE

Liquidity risk

Liquidity risks are those that the Company may face in providing the necessary liquidity to fulfill its obligations related to financial instruments it is committed to on behalf of others.

To minimize liquidity risks and the associated losses on the Company's business operations, the Company maintains, whenever possible, sufficient highly liquid current assets under all business conditions. The Company avoids financing long-term capital requirements through short-term borrowing. Currently, long-term projects are financed only through long-term loans. The Company also has a policy for forecasting highly dynamic cash flows and a system that allows the estimation of the due dates of its liabilities, enabling the development of appropriate plans to provide the resources needed to meet these liabilities on time.

23- RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

Below is the maturity of assets and liabilities as at 31 December 2024, and 31 December 2023:

31 December 2024	3 months or less SAR	More than 3 months to 1 year SAR	More than 1 year up to 10 years SAR	No specific maturity dates SAR	Total SAR
Assets					
Accounts receivable	**8,353,243**	**-**	**-**	**-**	**8,353,243**
Total	**8,353,243**	**-**	**-**	**-**	**8,353,243**
Liabilities					
Saudi Industrial Development Fund (SIDF) Loan	**40,000,000**	**40,000,000**	**203,000,000**	**-**	**283,000,000**
Provision for rehabilitation of areas subject to franchise license	**-**	**-**	**4,530,976**	**12,892,226**	**17,423,202**
Lease liabilities	**122,811**	**287,292**	**1,062,355**	**-**	**1,472,458**
Employee benefits liabilities	**-**	**-**	**-**	**4,080,618**	**4,080,618**
Accounts payable, accrued expenses and other playable	**62,380,062**	**-**	**-**	**-**	**62,380,062**
Provision for Zakat	**-**	**8,299,644**	**-**	**-**	**8,299,644**
Total	**102,502,873**	**48,586,936**	**208,593,331**	**16,972,844**	**376,655,984**

31 December 2023	3 months or less SAR	More than 3 months to 1 year SAR	More than 1 year up to 10 years SAR	No specific maturity dates SAR	Total SAR
Assets					
Accounts receivable	7,305,427	-	-	-	7,305,427
Total	7,305,427	-	-	-	7,305,427
Liabilities					
Saudi Industrial Development Fund (SIDF) Loan	-	40,000,000	283,000,000	-	323,000,000
Provision for rehabilitation of areas subject to franchise license	-	-	4,162,483	12,004,488	16,166,971
Lease liabilities	168,086	352,344	208,582	-	729,012
Employee benefits liabilities	-	-	-	3,452,990	3,452,990
Accounts payable, accrued expenses and other playable	75,668,710	-	-	-	75,668,710
Provision for Zakat	-	9,458,715	-	-	9,458,715
Total	75,836,796	49,811,059	287,371,065	15,457,478	428,476,398

23- RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

Credit risk

Credit risks represent the failure of one party in financial instrument contracts to fulfill its contractual obligations, leading to financial losses for the Company. The Company is exposed to credit risks on its bank balances and accounts receivable as follows:

	31 December 2024	31 December 2023
	SAR	SAR
Cash at banks	**35,039,724**	44,741,135
Accounts receivable, net	**7,480,314**	6,432,498
	42,520,038	51,173,633

Market price risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market rates have 3 types: Interest rate risk, currency risk and and other price risks, such as share price risks and commodity price risks, include financial liabilities that are affected by market price risks, such as loans, receivables, and payables.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in the market interest rate The Company's financial assets and liabilities as at the balance sheet date, with the exception of long-term loans, are not exposed to interest rate risk. Long-term loans carry interest in addition to credit margin based on prevailing market interest rates.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's primary transactions are in Saudi riyals and US dollars. Management monitors currency fluctuations.

Fair value

The fair value of the Company's financial assets and liabilities is not materially different from carrying amounts that are included in the financial statements.

24- TRANSACTIONS WITH RELATED PARTIES

Related parties include the members of the Board of Directors and the senior management personnel of the Company. Senior management personnel are those who exercise authority and responsibility in planning, managing, and overseeing the Company's activities, either directly or indirectly, including the directors. Transactions for the year ended 31 December are:

Related parties	Nature of transaction	31 December 2024 SAR	31 December 2023 SAR
Senior management, members of the Board of Directors, and other committees	Salaries, wages, and other benefits, Board of Directors' remuneration, attendance allowances, and other committees salaries	5,597,034	5,938,637

25- EARNINGS PER SHARE

Basic and diluted earnings per share was calculated by dividing the year's net profit by the number of shares outstanding during the year as follows:

	For the year ended 31 December	
	2024	2023
Net profit for the year	**47,719,184**	3,951,063
	Share	Share
Number of shares	**55,000,000**	55,000,000
	SAR / Share	SAR / Share
Basic and diluted earnings per share	**0,87**	0,07

26- CAPITAL COMMITMENTS

The Company has contingent liabilities arising from an existing letter of credit as at 31 December 2024, amounting to SAR 4.9 million (31 December 2023: Nil). This contingent liability is related to a letter of credit issued to a foreign supplier for the purchase of essential equipment for the Company's plant, and this contingent liability is covered by the credit facility agreement with Riyadh Bank (Note 13).

The Company also has capital commitments related to the purchase of essential equipment for the plant amounting to SAR 1.9 million. An amount of SAR 0.6 million has been paid from the total cost, with the remaining balance being SAR 1.3 million.

27- APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 12 Ramadan 1446 H (corresponding to 12 March 2025).