

**CITY CEMENT COMPANY**  
A SAUDI JOINT STOCK COMPANY

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

**FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**  
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**CITY CEMENT COMPANY**

A Saudi Joint Stock Company

**INDEX OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

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<b>Contents</b>	<b>Page</b>
Independent auditor's review report of the Condensed interim consolidated financial information	2
Condensed interim consolidated statement of financial position	3
Condensed interim consolidated statement of profit or loss and other comprehensive income	4
Condensed interim consolidated statement of changes in equity	5
Condensed interim consolidated statement of cash flows	6
Notes to the condensed interim consolidated financial statements	7 - 18

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

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

**Riyadh - Kingdom of Saudi Arabia**

### Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of **City Cement Company** (the "Company") a Saudi Joint Stock Company, and its subsidiary (together the "Group"), as of 30 September 2023, and the related condensed interim consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, the condensed interim consolidated statement of changes in equity, and statement of cash flows for the nine-months period then ended, including a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard (IAS 34) 'Interim Financial Reporting', that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

### Scope of review

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

### Conclusion

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

**For Dr. Mohamed Al-Amri & Co.**

Gihad Mohamed Al-Amri  
Certified Public Accountant  
License Number 362



Date: 21 Rabi' II 1445 (H)  
Corresponding to: 5 November 2023 (G)

## CITY CEMENT COMPANY

A Saudi Joint Stock Company

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In Saudi Riyals)

	Notes	Balance As at	
		30 September 2023 (Unaudited)	31 December 2022 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,262,325,039	1,313,366,413
Right of use assets	6	3,231,440	4,299,860
Investments in equity instruments at fair value through other comprehensive income	7	3,551,415	3,257,155
Intangible assets		5,791,089	6,076,194
<b>Total non-current assets</b>		<b>1,274,898,983</b>	<b>1,326,999,622</b>
<b>Current assets</b>			
Inventory		172,901,212	153,813,168
Trade receivables		38,021,397	31,187,169
Investments in equity instruments at fair value through profit or loss	8	93,249,140	179,902,861
Prepayments and other receivables		35,416,481	28,805,772
Short term Time deposit		196,000,000	171,000,000
Cash and cash equivalents		46,576,367	49,527,492
<b>Total current assets</b>		<b>582,164,597</b>	<b>614,236,462</b>
<b>Total assets</b>		<b>1,857,063,580</b>	<b>1,941,236,084</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital		1,400,000,000	1,400,000,000
Statutory reserve		202,999,762	202,999,762
Other reserves		(2,065,599)	(2,359,859)
Retained earnings		148,749,490	218,447,594
<b>Total equity</b>		<b>1,749,683,653</b>	<b>1,819,087,497</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' end-of-service benefits		19,021,086	19,222,307
Non-Current portion of lease liability		1,202,653	2,274,967
Provision for rehabilitation of areas subject to franchise license	9	7,184,848	6,975,577
<b>Total non-current liabilities</b>		<b>27,408,587</b>	<b>28,472,851</b>
<b>Current liabilities</b>			
Trade payables		34,836,991	27,606,001
Current portion of lease liability		1,232,934	1,531,329
Accrual and other payables		34,633,674	52,701,768
Provision for zakat		9,267,741	11,836,638
<b>Total current liabilities</b>		<b>79,971,340</b>	<b>93,675,736</b>
<b>Total liabilities</b>		<b>107,379,927</b>	<b>122,148,587</b>
<b>Total equity and liabilities</b>		<b>1,857,063,580</b>	<b>1,941,236,084</b>

Finance and information technology Director	CEO and Board Member	Vice Chairman of Board of Directors and Managing Director
Abdulaziz Mohamed Al-Suwaidan	Majed Bin Abdulrahman Al-Osailan	Bader Bin Omar Al Abdullatif

The accompanying notes from (1) to (17) form an integral part of these condensed interim consolidated financial

**CITY CEMENT COMPANY**

A Saudi Joint Stock Company

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

(In Saudi Riyals)

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2023	2022	2023	2022
Revenues		<b>70,683,285</b>	100,082,087	<b>256,723,210</b>	297,421,384
Cost of revenues		<b>(57,697,801)</b>	(71,642,515)	<b>(179,910,477)</b>	(209,829,762)
<b>Gross profit</b>		<b>12,985,484</b>	28,439,572	<b>76,812,733</b>	87,591,622
Selling and marketing expenses		<b>(2,398,957)</b>	(1,815,840)	<b>(6,766,470)</b>	(6,531,370)
General and administrative expenses		<b>(7,610,568)</b>	(5,959,123)	<b>(21,143,061)</b>	(18,571,270)
<b>Operating profit</b>		<b>2,975,959</b>	20,664,609	<b>48,903,202</b>	62,488,982
Gains on changes in fair value investments in equity instruments		<b>1,441,680</b>	1,259,937	<b>4,746,280</b>	3,481,363
Other income, net		<b>3,655,164</b>	2,191,866	<b>12,636,849</b>	4,990,707
Finance cost		<b>(94,160)</b>	(104,258)	<b>(304,435)</b>	(334,690)
Provisions no longer required		-	3,562,500	-	3,562,500
Provision for expected credit loss expense		<b>(60,000)</b>	(60,000)	<b>(180,000)</b>	(180,000)
Net profit for the period before zakat		<b>7,918,643</b>	27,514,654	<b>65,801,896</b>	74,008,862
Zakat expense		<b>(3,500,000)</b>	(2,250,742)	<b>(9,500,000)</b>	(6,750,742)
<b>Net profit for the period</b>		<b>4,418,643</b>	25,263,912	<b>56,301,896</b>	67,258,120
<b>Items of other comprehensive income</b>					
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
Gains on changes in fair value of investment in equity instruments	7	<b>279,040</b>	(299,333)	<b>294,260</b>	335,293
<b>Total comprehensive income for the period</b>		<b>4,697,683</b>	24,964,579	<b>56,596,156</b>	67,593,413
<b>Earnings per share</b>					
<b>Basic and diluted earnings per share of net profit for the period</b>	10	<b>0.03</b>	<b>0.18</b>	<b>0.40</b>	<b>0.48</b>

Finance and information technology Director Abdulaziz Mohamed Al-Suwaidan	CEO and Board Member Majed Bin Abdulrahman Al-Osailan	Vice Chairman of Board of Directors and Managing Director Bader Bin Omar Al-Abdullatif
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The accompanying notes from (1) to (17) form an integral part of these condensed interim consolidated financial statements.

**CITY CEMENT COMPANY**  
A Saudi Joint Stock Company

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

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total equity
<b>For the nine-month period ended 30 September 2023</b>					
<b>Balance as at 1 January 2023 (Audited)</b>	1,400,000,000	202,999,762	(2,359,859)	218,447,594	1,819,087,497
Net profit for the period	-	-	-	56,301,896	56,301,896
Items of other comprehensive income	-	-	294,260	-	294,260
<b>Total comprehensive income for the period</b>	-	-	294,260	56,301,896	56,596,156
Dividends (Note 16)	-	-	-	(126,000,000)	(126,000,000)
<b>Balance as at 30 September 2023 (Unaudited)</b>	<b>1,400,000,000</b>	<b>202,999,762</b>	<b>(2,065,599)</b>	<b>148,749,490</b>	<b>1,749,683,653</b>
<b>For the nine-month period ended 30 September 2022</b>					
<b>Balance as at 1 January 2022 (Audited)</b>	1,400,000,000	191,498,719	(2,314,643)	240,938,210	1,830,122,286
Net profit for the period	-	-	-	67,258,120	67,258,120
Items of other comprehensive income	-	-	335,293	-	335,293
<b>Total comprehensive income for the period</b>	-	-	335,293	67,258,120	67,593,413
Dividends (Note 16)	-	-	-	(126,000,000)	(126,000,000)
<b>Balance as at 30 September 2022 (Unaudited)</b>	<b>1,400,000,000</b>	<b>191,498,719</b>	<b>(1,979,350)</b>	<b>182,196,330</b>	<b>1,771,715,699</b>

Finance and information technology  
Director

Abdulaziz Mohamed Al-Suwaidan

CEO and Board Member

Majed Bin Abdulrahman Al-Osailan

Vice Chairman of Board of Directors and Managing Director

Bader Bin Omar Al-Abdullatif

The accompanying notes from (1) to (17) form an integral part of these condensed interim consolidated financial statements

**CITY CEMENT COMPANY**

A Saudi Joint Stock Company

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

(In Saudi Riyals)

	<b>For the nine-month period ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
<b><u>Operating activities</u></b>		
Net profit for the period before zakat	65,801,896	74,008,862
<b><u>Adjustments:</u></b>		
Depreciation	61,990,282	61,250,229
Gains on changes in fair value of investment in equity instruments	(4,746,280)	(3,481,363)
Provision for expected credit loss expense	180,000	180,000
Provision for obsolescence inventory expense	225,000	1,312,500
Provisions no longer required	-	(3,562,500)
Employees' end-of-service benefits	877,537	1,544,581
Finance cost	304,435	334,690
<b><u>Changes in:</u></b>		
Inventory	(19,313,044)	(26,506,230)
Trade receivables	(7,014,228)	(11,086,959)
Prepayments and other receivables	(6,610,709)	(2,233,235)
Trade payables	7,230,990	(6,425,736)
Accrual and other payables	(18,068,094)	(3,499,149)
<b>Cash from operation</b>	<b>80,857,785</b>	<b>81,835,690</b>
Zakat paid	(12,068,897)	(10,854,748)
Employees' end-of-service benefits paid	(1,078,758)	(1,447,992)
<b>Net cash flows generated from operating activities</b>	<b>67,710,130</b>	<b>69,532,950</b>
<b><u>Investing activities</u></b>		
Purchase of investment in equity instruments at FVTPL	(114,346,280)	(536,068,739)
Sale of investment in equity instruments at FVTPL	205,746,281	656,078,420
Purchase of property, plant and equipment and Capital work in progress	(9,595,383)	(8,716,000)
Purchase of intangible assets	-	(2,446,081)
Time Deposit	(25,000,000)	(30,000,000)
<b>Net cash flows generated from investing activities</b>	<b>56,804,618</b>	<b>78,847,600</b>
<b><u>Financing activities</u></b>		
Dividends paid	(126,000,000)	(126,000,000)
Repayments of lease liability	(1,465,873)	(1,456,121)
<b>Net cash flows used in financing activities</b>	<b>(127,465,873)</b>	<b>(127,456,121)</b>
Net change (Decrease) / Increase in cash and cash equivalents	(2,951,125)	20,924,429
Cash and cash equivalents at the beginning of the period	49,527,492	55,737,832
<b>Cash and cash equivalents at the end of the period</b>	<b>46,576,367</b>	<b>76,662,261</b>
<b><u>Non-cash transactions from investing activities:</u></b>		
Transfer from capital work in progress to property, plant and equipment	(2,047,250)	(2,939,167)

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Finance and information  
technology Director  
**Abdulaziz Bin Mohamed  
Alsuwaidan**

CEO and Board Member  
**Majed Bin Abdulrahman Al-Osailan**

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

The accompanying notes from (1) to (17) form an integral part of these condensed interim consolidated financial statements

# CITY CEMENT COMPANY

A Saudi Joint Stock Company

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

(All amounts in Saudi Riyals unless otherwise stated)

### 1. THE COMPANY, ITS SUBSIDIARY AND ACTIVITY

#### 1.1 Establishment of the Company

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

The Company has the following branch:

<u>Branch name</u>	<u>CR No.</u>	<u>Date</u>	
		<u>Hijri</u>	<u>Georgians</u>
Branch of City Cement Company for contracting	1010356028	16-1-1434	29-11-2012

These condensed interim consolidated financial statements include the assets, liabilities and results of the work of its subsidiary which owned 100%, Green Solutions for environmental services.

#### Green Solutions for environmental services

On 27 Rajab 1442 H (corresponding to 10 March 2021 G), the City Cement Company's Board of Directors approved the establishment of a subsidiary, Green Solutions for environmental services limited liability company wholly owned with its registered office in Riyadh with a “capital” of SR 500,000 specialized, upon obtaining the required approvals and licenses from the relevant authorities.

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

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

The nature of the Company's activities are as follows: Collection of materials for recycling, transportation of municipal waste, operation of municipal waste dumping sites for disposal purposes, treatment of organic waste for disposal, recycling and reuse of municipal waste.

During the period, City Cement Company, through its subsidiary, “Green Solutions Company for Environmental Services,” participated in establishing the Innovative Alternatives Company for Environmental Services, with a “capital” of 6,770,000 SR and an ownership percentage of 29.4%, for the Green Solutions Company for Environmental Services, in partnership with “Tadweer Company for Environmental Services,” with an ownership percentage of 51%, owned by the Saudi Investment and Recycling Company (SIRC) and with Lichtenberg Middle East Environmental Services Company with an ownership percentage of 19.6%, which is 80% owned by Al-Abdullatif Holding Group and 20% by Lichtenberg Holding Company, so that the new company will produce alternative fuels from waste and market them locally and internationally.



# **CITY CEMENT COMPANY**

A Saudi Joint Stock Company

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

(All amounts in Saudi Riyals unless otherwise stated)

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### **1.2 Climate change**

The Group is subject to short-term and long-term climate change related risks, these risks are inherent part of operating a cement industry. The Group is continuously working to reduce environmental impact from the business, in part, due to inherent risks.

Rising fuel costs and the greenhouse gas emissions associated with fuel and electricity consumption have an impact not only on the environment but also on the Group's net financial profit. Climate change also leads to risks to cement production through reduction in fuel consumption, diseases, etc., that pose challenges for sustaining and increasing production levels.

The Group has developed a sustainability strategy, outlining how it will improve its energy performance through efficient energy consumption and generation from sustainable sources. The strategy focuses on electricity generation and fuel efficiency measures powered by alternative fuels.

### **1.3 The nature of the Company's activity**

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

### **1.4 Company's capital**

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

### **1.5 Fiscal year**

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

## **2. BASIS OF PREPARATION**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement as issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

They condensed interim consolidated financial statement have been prepared on the historical cost basis except for the following material items in the condensed interim consolidated statement of financial position:

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

These condensed interim consolidated financial statements are presented in Saudi Riyals "SR", which is the Group's functional and Group's presentation currency.

## CITY CEMENT COMPANY

A Saudi Joint Stock Company

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

(All amounts in Saudi Riyals unless otherwise stated)

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#### 2.1 Basis of consolidation

The condensed interim consolidated financial statements include the financial statements of the Company and its subsidiary (together as the “Group”) as at 30 September 2022:

Name of Subsidiary	Legal status	Ownership percentage as at 30 September 2023
Green Solutions for environmental services	A single shareholder limited liability company	100%

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

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

#### 3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

## **CITY CEMENT COMPANY**

A Saudi Joint Stock Company

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

(All amounts in Saudi Riyals unless otherwise stated)

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These condensed interim consolidated financial statements should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended 31 December 2022, and do not include all of the information required for a complete set of financial statements under IFRS that are endorsed by SOCPA. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual audited consolidated financial statements.

The interim results may not be an indicator to the annual results of the group.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the unaudited financial statements as at 31 December 2022.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied to the condensed interim consolidated financial statements are the same as those accounting policies applied for unaudited financial statements as at 31 December 2022. The Group's financial risk management policies and objectives are consistent with those disclosed in unaudited financial statements as at 31 December 2022.

The results for the three and nine-month periods ended on September 30, 2023 are not necessarily indicative of the results that can be expected for the year ending on December 31, 2023.

These interim condensed consolidated financial statements should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2022. These statements do not include all the information required for the full set of financial statements under IFRS, however, selected explanatory notes are included to explain events and transactions that are significant to understanding changes in the Group's financial position and performance since the last annual audited consolidated financial statements. Preliminary results may not be indicative of annual group results.

The Group's financial risk management policies and objectives are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2022.

#### **New standards, amendments to standards, and interpretation**

There are no new standards issued, however, there are number of amendments to standards, which are effective from 1 January 2023 and has been explained in annual audited financial statements, but they do not have a material effect on the Group's condensed interim consolidated financial statements.

**CITY CEMENT COMPANY**

A Saudi Joint Stock Company

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

(All amounts in Saudi Riyals unless otherwise stated)

**5. Property, plant and equipment**

	<u>Land</u>	<u>Machinery and equipment</u>	<u>Buildings and roads</u>	<u>Mobile equipment</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Capital work in progress</u>	<u>Total</u>
<b>Cost:</b>								
Balance as at 1 January 2022	3,600,000	1,590,635,502	612,579,029	128,502,337	12,822,437	17,078,371	6,701,211	2,371,918,887
Additions	-	6,063,479	210,000	1,188,222	-	65,377	3,506,534	11,033,612
Disposals	-	-	-	-	(462,629)	-	-	(462,629)
<b>Balance as at 31 Dec 2022</b>	<b>3,600,000</b>	<b>1,596,698,981</b>	<b>612,789,029</b>	<b>129,690,559</b>	<b>12,359,808</b>	<b>17,143,748</b>	<b>10,207,745</b>	<b>2,382,489,870</b>
Additions during the year	-	3,200,239	751,725	249,793	115,000	337,367	4,941,259	9,595,383
Transfers	-	-	-	-	-	2,047,250	(2,047,250)	-
<b>Balance as at 30 September 2023</b>	<b>3,600,000</b>	<b>1,599,899,220</b>	<b>613,540,754</b>	<b>129,940,352</b>	<b>12,474,808</b>	<b>19,528,365</b>	<b>13,101,754</b>	<b>2,392,085,253</b>
<b>Accumulated depreciation:</b>								
Balance as at 1 January 2022	-	664,399,537	214,521,485	82,562,442	12,161,094	15,754,281	-	989,398,839
Depreciation	-	56,519,553	17,896,965	5,008,651	258,015	504,063	-	80,187,247
Disposals	-	-	-	-	(462,629)	-	-	(462,629)
<b>Balance as at 31 Dec 2022</b>	<b>-</b>	<b>720,919,090</b>	<b>232,418,450</b>	<b>87,571,093</b>	<b>11,956,480</b>	<b>16,258,344</b>	<b>-</b>	<b>1,069,123,457</b>
Depreciation	-	42,794,098	13,461,413	3,964,960	189,651	226,635	-	60,636,757
<b>Balance as at 30 September 2023</b>	<b>-</b>	<b>763,713,188</b>	<b>245,879,863</b>	<b>91,536,053</b>	<b>12,146,131</b>	<b>16,484,979</b>	<b>-</b>	<b>1,129,760,214</b>
<b>Net book value:</b>								
<b>As at 30 September 2023</b>	<b>3,600,000</b>	<b>836,186,032</b>	<b>367,660,891</b>	<b>38,404,299</b>	<b>328,677</b>	<b>3,043,386</b>	<b>13,101,754</b>	<b>1,262,325,039</b>
As at 31 December 2022	<b>3,600,000</b>	<b>875,779,891</b>	<b>380,370,579</b>	<b>42,119,466</b>	<b>403,328</b>	<b>885,404</b>	<b>10,207,745</b>	<b>1,313,366,413</b>

\* The Company uses quarries of raw materials leased from the Ministry of Industry and Mineral Resources under a license of raw materials query for a 30-year Hijri from 15/9/1426 H.

**CITY CEMENT COMPANY**

A Saudi Joint Stock Company

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023****(UNAUDITED)**

(All amounts in Saudi Riyals unless otherwise stated)

**6. Right of use assets**

	<u>Leased land</u>	<u>Leased building</u>	<u>Total</u>
<b>Cost:</b>			
<b>Balance as at 1 January 2022</b>	<b>1,372,201</b>	<b>5,750,599</b>	<b>7,122,800</b>
<b>Balance as at 31 December 2022</b>	<b>1,372,201</b>	<b>5,750,599</b>	<b>7,122,800</b>
<b>Balance as at 30 September 2023</b>	<b>1,372,201</b>	<b>5,750,599</b>	<b>7,122,800</b>
<b>Accumulated depreciation:</b>			
Balance as at 1 January 2022	(823,320)	(575,059)	(1,398,379)
Depreciation	(274,440)	(1,150,121)	(1,424,561)
<b>Balance as at 31 December 2022</b>	<b>(1,097,760)</b>	<b>(1,725,180)</b>	<b>(2,822,940)</b>
Depreciation	(205,830)	(862,590)	(1,068,420)
<b>Balance as at 30 September 2022</b>	<b>(1,303,590)</b>	<b>(2,587,770)</b>	<b>(3,891,360)</b>
<b>Net book value:</b>			
<b>As at 30 September 2023</b>	<b>68,611</b>	<b>3,162,829</b>	<b>3,231,440</b>
As at 31 December 2022	274,441	4,025,419	4,299,860

## CITY CEMENT COMPANY

A Saudi Joint Stock Company

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

(All amounts in Saudi Riyals unless otherwise stated)

#### 7. Investments in equity instruments at fair value through OCI

Saudi Arabian Oil Group (Aramco) a Saudi joint stock company	Shares	As at 30 September 2023	As at 31 December 2022
Balance at the beginning of the period / year	101,469	3,257,155	3,302,371
Gain/(loss) on change in fair value		294,260	(45,216)
Total investment in shares		3,551,415	3,257,155

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

On 20 March 2022, The Saudi Arabian Oil Company (Aramco), announced the distribution of cash dividends for the fourth quarter of the year 2021 equivalent to 0.3518 SR per share, which resulted in dividend income amounted to SR 32,452 which is included in other income.

On 15 May 2022 the Extraordinary General Assembly Meeting of Saudi Arabian Oil Company (Saudi Aramco) announces the approval of the Board of Director's recommendation to increase the Company's capital by way of granting shareholders one (1) share for every ten (10) shares owned in Saudi Aramco.

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

	As at 30 September 2023	As at 31 December 2022
Balance at the beginning of the period / year	179,902,861	248,276,792
Purchases during the period / year	114,346,280	582,861,371
Sales during the period / year	(205,746,281)	(656,078,421)
Gain on change in fair value	4,746,280	4,843,119
Balance at the end of the period / year	93,249,140	179,902,861

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

## CITY CEMENT COMPANY

A Saudi Joint Stock Company

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

(All amounts in Saudi Riyals unless otherwise stated)

#### 9. Provision for rehabilitation of areas subject to franchise license

The provision movement is as follow:

	<u>As at 30 September 2023</u>	<u>As at 31 December 2022</u>
Balance at the beginning of the period / year	6,975,577	6,707,401
Effective interest	209,271	268,176
<b>Balance at the end of the period / year</b>	<b><u>7,184,848</u></b>	<b><u>6,975,577</u></b>

#### 10. Earnings per share

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

	<u>For the three-months period ended 30 September</u>		<u>For the nine-months period ended 30 September</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net profit for the period	<u>4,418,643</u>	25,263,912	<u>56,301,896</u>	67,258,120
	<u>Share</u>	<u>Share</u>	<u>Share</u>	<u>Share</u>
Weighted average number of shares	<u>140,000,000</u>	140,000,000	<u>140,000,000</u>	140,000,000
	<u>SAR / Share</u>	<u>SAR / Share</u>	<u>SAR / Share</u>	<u>SAR / Share</u>
Basic and diluted earnings per share from the net profit of the period	<u>0.03</u>	0.18	<u>0.40</u>	0.48

#### 11. Financial facilities

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

#### 12. Contingent liabilities

The contingent liabilities against letters of credit are SR 3,213,073 as at 30 September 2023.

The contingent liabilities against letters of guarantee are SR 7,770,846 as at 30 September 2023.

**CITY CEMENT COMPANY**

A Saudi Joint Stock Company

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023****(UNAUDITED)**

(All amounts in Saudi Riyals unless otherwise stated)

**13. Segment reporting**

<u>Geographical area</u>	<b>For the nine-month period ended 30 September</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Cement sales</b>	<b>Revenue from environmental services</b>	<b>Cement sales</b>	<b>Revenue from environmental services</b>
Kingdom of Saudi Arabia	<b>256,723,210</b>	<b>4,332,694</b>	297,421,384	2,345,371
Total	<b>256,723,210</b>	<b>4,332,694</b>	297,421,384	2,345,371

**14. Transactions with related parties**

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

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

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

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

<u>Related parties</u>	<u>Nature of the transaction</u>	<b>For the nine-month period ended 30 September</b>	
		<b>2023</b>	<b>2022</b>
Members of Board of the directors and Key Management Personnel	Salaries, wages, and equivalent and board remuneration and attendance allowances	<b>7,214,323</b>	6,390,047



## **CITY CEMENT COMPANY**

A Saudi Joint Stock Company

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

(All amounts in Saudi Riyals unless otherwise stated)

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#### **15. Financial instruments and risk management**

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

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

##### **a) Market risk**

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

##### **Commission rate risk**

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

##### **Currency risk**

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

##### **b) Credit risk**

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

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

**CITY CEMENT COMPANY**

A Saudi Joint Stock Company

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023****(UNAUDITED)**

(All amounts in Saudi Riyals unless otherwise stated)

**c) Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted and include estimated interest payments.

<b>As at 30 September 2023</b>	<b>Book value</b>	<b>Less than one year</b>	<b>From 1 year to 5 years</b>	<b>Total</b>
Lease liability	2,435,587	1,232,934	1,202,653	2,435,587
Trade payables	34,836,991	34,836,991	-	34,836,991
Accrual and other payables	34,633,674	34,633,674	-	34,633,674
	<b>71,906,252</b>	<b>70,703,599</b>	<b>1,202,653</b>	<b>71,906,252</b>

<b>As at 31 December 2022</b>	<b>Book value</b>	<b>Less than one year</b>	<b>From 1 year to 5 years</b>	<b>Total</b>
Lease liability	3,806,296	1,531,329	2,274,967	3,806,296
Trade payables	27,606,001	27,606,001	-	27,606,001
Accrual and other payables	52,701,768	52,701,768	-	52,701,768
	<b>84,114,065</b>	<b>81,839,098</b>	<b>2,274,967</b>	<b>84,114,065</b>

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

## **CITY CEMENT COMPANY**

A Saudi Joint Stock Company

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

(All amounts in Saudi Riyals unless otherwise stated)

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#### **16. Dividends**

- On August 14, 2023, and based on a mandate from the Ordinary General Assembly, the Board of Directors decided to distribute cash dividends to shareholders for the first half of 2023 at the rate of 0.40 Saudi riyals per share, with a value of 56,000,000 Saudi riyals, at a rate of 4% of the group's capital.
  
- On March 16, 2023, and based on a mandate from the Ordinary General Assembly, the Board of Directors decided to distribute cash dividends to shareholders for the second half of 2022 at the rate of 0.50 Saudi riyals per share, with a value of 70,000,000 Saudi riyals, at a rate of 5% of the group's capital.
  
- On 8 September 2022, based on delegation from the general assembly meeting The Board of Directors have decided to distribute cash dividends to shareholders for the second half of 2022 (SAR 0.40 per share) amounted to SAR 56,000,000 and 4% of Group's share capital.
  
- On 9 March 2022, based on delegation from the general assembly meeting The Board of Directors have decided to distribute cash dividends to shareholders for the second half of 2021 (SAR 0.50 per share) amounted to SAR 70,000,000 and 5% of Group's share capital.

#### **17. Approval of the Condensed Interim Consolidated Financial Statements**

These condensed interim consolidated financial statements were approved by the Board of Directors of the Group on 17 Rabi' II 1445 (H) Corresponding to 1 November 2023 (G).