

CITY CEMENT COMPANY
A SAUDI JOINT STOCK COMPANY

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2024
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 2024 (UNAUDITED)**

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

To the Shareholders of
CITY CEMENT COMPANY
A Saudi Joint Stock Company
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **City Cement Company**, a Saudi Joint Stock Company ("the" Company"), and its subsidiary (together the "Group") as of September 30 2024, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, for the three-month and nine-month periods then ended, and the interim condensed consolidated statement of changes in equity and cash flows for the nine-month period then ended, including a summary of significant accounting policies and other explanatory notes.

The management is responsible for the preparation and fair presentation of these interim condensed 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 interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated financial statements consist of making inquiries, primarily to 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS (34), 'Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.

Gihad Mohamed Al-Amri
Certified Public Accountant
License No. 362



Riyadh, on: 8 Jumada al Ula 1446 (H)
Corresponding to: 10 November 2024 (G)

CITY CEMENT COMPANY
A Saudi Joint Stock Company

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)

		Balance As at	
	Notes	30 September 2024(Unaudited)	31 December 2023 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	5	1,197,792,279	1,240,681,556
Right of use assets	6	2,830,730	2,875,300
Investments in equity instrument at fair value through other comprehensive income - FVTOCI	7	3,024,767	3,683,295
Investments in Joint Venture	8	1,991,400	1,971,000
Intangible assets		7,482,086	7,726,701
Total non-current assets		1,213,121,262	1,256,937,852
Current assets			
Inventory		177,517,400	180,224,665
Trade receivables		42,435,793	36,246,410
Investments in equity instruments at fair value through profit or loss - FVTPL	9	147,059,241	132,358,210
Prepayments and other receivables		11,859,341	19,158,214
Due from related party	10	2,046,523	-
Short term time deposit		196,000,000	196,000,000
Cash and cash equivalents		50,737,949	43,293,906
Total current assets		627,656,247	607,281,405
Total assets		1,840,777,509	1,864,219,257
Equity and Liabilities			
Equity			
Share capital		1,400,000,000	1,400,000,000
Statutory reserve	12	-	211,199,871
Other reserves		(1,923,395)	(1,264,866)
Retained earnings		354,480,816	166,248,570
Total equity		1,752,557,421	1,776,183,575
Liabilities			
Non-current liabilities			
Employees' end-of-service benefits		20,246,796	19,427,072
Non-current portion of lease liability		481,625	1,213,772
Provision for rehabilitation of areas subject to franchise license	11	7,472,247	7,254,605
Total non-current liabilities		28,200,668	27,895,449
Current liabilities			
Trade payables		19,231,625	24,426,871
Current portion of lease liability		1,202,652	1,169,900
Accrual and other payables		30,031,964	22,475,721
Provision for zakat		9,553,179	12,067,741
Total current liabilities		60,019,420	60,140,233
Total liabilities		88,220,088	88,035,682
Total equity and liabilities		1,840,777,509	1,864,219,257

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
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The accompanying notes from (1) to (21) form an integral part of these condensed interim consolidated financial statements

CITY CEMENT COMPANY
A Saudi Joint Stock Company

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

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2024	2023	2024	2023
Sales		130,110,462	70,683,285	361,219,557	256,723,210
Cost of sales		(84,233,593)	(57,697,801)	(227,334,019)	(179,910,477)
Gross profit		45,876,869	12,985,484	133,885,538	76,812,733
Selling and marketing expenses		(3,283,135)	(2,398,957)	(10,021,051)	(6,766,470)
General and administrative expenses		(10,854,441)	(7,610,568)	(29,119,990)	(21,143,061)
Operating profit		31,739,293	2,975,959	94,744,497	48,903,202
Gains on changes in fair value investments in equity instruments	9	2,202,204	1,441,680	6,317,586	4,746,280
Other income, net		3,522,505	3,655,164	12,085,957	12,636,849
Finance cost		(83,564)	(94,160)	(272,942)	(304,435)
Provision for expected credit loss expense		(60,000)	(60,000)	(180,000)	(180,000)
Net profit for the period before zakat		37,320,438	7,918,643	112,695,098	65,801,896
Zakat expense		(3,662,723)	(3,500,000)	(9,662,723)	(9,500,000)
Net profit for the period		33,657,715	4,418,643	103,032,375	56,301,896
Items of other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
(Loss) / Gain on changes in fair value of investment in equity instruments	7	(89,292)	279,040	(658,529)	294,260
Total comprehensive income for the period		33,568,423	4,697,683	102,373,846	56,596,156
Earnings per share					
Basic and diluted earnings per share of net profit for the period	13	0,24	0,03	0,74	0,40

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
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The accompanying notes from (1) to (21) 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)

(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total equity
For the nine-month period ended 30 September 2024					
Balance as at 1 January 2024 (Audited)	1,400,000,000	211,199,871	(1,264,866)	166,248,570	1,776,183,575
Net profit for the period	-	-	-	103,032,375	103,032,375
Other comprehensive income	-	-	(658,529)	-	(658,529)
Total comprehensive income for the period	-	-	(658,529)	103,032,375	102,373,846
Transferred from Statutory Reserve to Retained Earnings (Note 12)	-	(211,199,871)	-	211,199,871	-
Dividends (Note 19)	-	-	-	(126,000,000)	(126,000,000)
Balance as at 30 September 2024 (Unaudited)	1,400,000,000	-	(1,923,395)	354,480,816	1,752,557,421
For the nine-month period ended 30 September 2023					
Balance as at 1 January 2023 (Audited)	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
Total comprehensive income for the period	-	-	294,260	56,301,896	56,596,156
Dividends (Note 19)	-	-	-	(126,000,000)	(126,000,000)
Balance as at 30 September 2023 (Unaudited)	1,400,000,000	202,999,762	(2,065,599)	148,749,490	1,749,683,653

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 (21) 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)
(All amounts in Saudi Riyals unless otherwise stated)

	For the nine-month period ended 30 September	
	2024	2023
<u>Operating activities</u>		
Net profit for the period before zakat	112,695,098	65,801,896
<u>Adjustments:</u>		
Depreciation	66,858,954	61,990,282
Gain on changes in fair value of investment in equity instruments	(6,317,586)	(4,746,280)
Provision for expected credit loss expense	180,000	180,000
Provision for obsolescence inventory expense	225,000	225,000
Employees' end-of-service benefits	1,769,127	877,537
Finance cost	272,942	304,435
<u>Changes in:</u>		
Inventory	2,482,265	(19,313,044)
Trade receivables	(6,369,383)	(7,014,228)
Prepayments and other receivables	7,351,912	(6,610,709)
Due from related party	(2,046,523)	-
Trade payables	(4,897,277)	7,230,990
Accrual and other payables	7,126,039	(18,068,094)
Cash from operation	179,330,568	80,857,785
Zakat paid	(12,098,089)	(12,068,897)
Employees' end-of-service benefits paid	(949,403)	(1,078,758)
Net cash flows generated from operating activities	166,283,076	67,710,130
<u>Investing activities</u>		
Purchase of investment in equity instruments at FVTPL	(171,723,078)	(114,346,280)
Sale of investment in equity instruments at FVTPL	163,339,633	205,746,281
Purchase of short time deposit	-	(25,000,000)
Purchase of property, plant and equipment	(22,595,368)	(9,595,383)
Change in investments at joint ventures	(20,400)	-
Purchase of intangible assets	(103,500)	-
Net cash flows (used in) / generated from investing activities	(31,102,713)	56,804,618
<u>Financing activities</u>		
Dividends paid	(126,000,000)	(126,000,000)
Repayments of lease liability	(1,736,320)	(1,465,873)
Net cash flows used in financing activities	(127,736,320)	(127,465,873)
Net change in cash and cash equivalents	7,444,043	(2,951,125)
Cash and cash equivalents at the beginning of the period	43,293,906	49,527,492
Cash and cash equivalents at the end of the period	50,737,949	46,576,367
<u>Non-cash transactions from investing activities:</u>		
Transfer from capital work in progress to property, plant and equipment	23,005,871	2,047,250

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 (21) 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 2024 (UNAUDITED)

(All amounts in Saudi Riyals unless otherwise stated)

1. THE COMPANY, ITS SUBSIDIARY AND ACTIVITY

1.1 Establishment of the Company

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

The Company has the following branches:

Branch name	CR No.	Date	
		Hijri	Georgian
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 27/7/1442 H (corresponding to 10/3/2021), the company's board of directors approved the establishment of a 100% owned one-person limited liability company, headquartered in Riyadh, with a capital of 500,000 Saudi riyals, after obtaining the necessary approvals and licenses from the relevant authorities.

During the year 2021, the company announced the completion of the issuance of the articles of incorporation and commercial registration for its subsidiary company under Commercial Registration No. 1010664201.

The company's articles of incorporation were issued on 27 Shawwal 1442 H (corresponding to 8 June 2021).

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

Collecting materials for recycling, transporting municipal waste, operating municipal waste dumping sites for disposal purposes, treating organic waste for the purpose of disposal, recycling and reusing municipal waste.

During the prior year 2023, 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 Saudi riyals 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 (Related Party) 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.

The financial year of the company is twelve months from the beginning of January until the end of December of each year.

CITY CEMENT COMPANY

A Saudi Joint Stock Company

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2024 (UNAUDITED)

(All amounts in Saudi Riyals unless otherwise stated)

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 share 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 has 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").

This condensed interim consolidated financial statements has been prepared on the historical cost basis except for the following material items in the condensed consolidated statement of Financial Position:

- Investments in equity instruments at fair value through other comprehensive income which is measured at fair value.

- Investments in equity instruments at fair value through profit or loss which is measured at fair value.

- Employees' end-of-service benefits which is measured using the projected unit credit method.

- Provision for rehabilitation of areas subject to franchise license which is measured at present value.

These Condensed Interim consolidated Financial Statements are presented in Saudi Riyals "SR", which is the Group's functional 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 2024 (UNAUDITED)

(All amounts in Saudi Riyals unless otherwise stated)

2.1 Basis of consolidation

The condensed interim consolidated financial statements include the financial statements of the Company and its subsidiary (Referred as “Group”) as at 30 September 2024:

Name of Subsidiary	Legal statue	Ownership percentage as at 30 September 2024
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.

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 2024 (UNAUDITED)

(All amounts in Saudi Riyals unless otherwise stated)

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual consolidated financial statements as of 31 December 2023.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied to the condensed Interim consolidated financial statements are the same as those accounting policies applied for annual financial statements as of 31 December 2023. The Group's financial risk management policies and objectives are consistent with those disclosed in consolidated financial statements as of 31 December 2023.

New standards, amendments to standards, and interpretation

New standards and a set of amendments to standards have been issued that are effective from January 1, 2024 and have been reflected in the Company's annual consolidated financial statements for the year ended December 31, 2023, but they do not have a material impact on the Company'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 2024 (UNAUDITED)**

(All amounts are in Saudi Riyals unless otherwise stated)

5 PROPERTY, PLANT AND EQUIPMENT

	Land	Machinery and equipment	Buildings and roads	Mobile equipment	Vehicles	Furniture and fixtures	Capital work in progress	Total
Cost:								
Balance as at 1 January 2023	3,600,000	1,596,698,981	612,789,029	129,690,559	12,359,808	17,143,748	10,207,745	2,382,489,870
Additions	-	4,050,043	1,467,979	903,162	659,242	340,065	5,762,793	13,183,284
Transferred to intangible assets	-	-	-	-	-	-	(2,047,250)	(2,047,250)
Transferred from Capital work in progress	-	-	181,607	-	-	-	(181,607)	-
Disposals	-	-	-	-	-	-	(2,939,167)	(2,939,167)
Balance as at 31 Dec 2023	3,600,000	1,600,749,024	614,438,615	130,593,721	13,019,050	17,483,813	10,802,514	2,390,686,737
Additions	-	2,604,090	829,173	395,059	-	729,619	18,038,008	22,595,949
Transferred from Capital work in progress	-	23,005,871	-	-	-	-	(23,005,871)	-
Balance as at 30 September 2024	3,600,000	1,626,358,985	615,267,788	130,988,780	13,019,050	18,213,432	5,834,651	2,413,282,686
Accumulated depreciation:								
Balance as at 1 January 2023	-	720,919,090	232,418,450	87,571,093	11,956,480	16,258,344	-	1,069,123,457
Depreciation	-	57,136,711	17,952,593	5,255,462	235,444	301,514	-	80,881,724
Balance as at 31 Dec 2023	-	778,055,801	250,371,043	92,826,555	12,191,924	16,559,858	-	1,150,005,181
Depreciation	-	47,490,745	13,517,834	3,840,844	191,804	443,999	-	65,485,226
Balance as at 30 September 2024	-	825,546,546	263,888,877	96,667,399	12,383,728	17,003,857	-	1,215,490,407
Net book value:								
As at 30 September 2024	3,600,000	800,812,439	351,378,911	34,321,381	635,322	1,209,575	5,834,651	1,197,792,279
As at 31 December 2023	3,600,000	822,693,223	364,067,572	37,767,166	827,126	923,955	10,802,514	1,240,681,556

- 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

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2024
(UNAUDITED)**

(All amounts are in Saudi Riyals unless otherwise stated)

6 RIGHT OF USE ASSETS

	<u>Leased land</u>	<u>Leased building</u>	<u>Total</u>
Cost:			
Balance as at 1 January 2023	1,372,201	5,750,599	7,122,800
Disposals during the year	(1,372,201)	-	(1,372,201)
Balance as at 31 December 2023	-	5,750,599	5,750,599
Additions	981,625	-	981,625
Balance as at 30 September 2024	981,625	5,750,599	6,732,224
Accumulated depreciation:			
Balance as at 1 January 2023	1,097,760	1,725,180	2,822,940
Depreciation	274,441	1,150,119	1,424,560
Disposals during the year	(1,372,201)	-	(1,372,201)
Balance as at 31 December 2023	-	2,875,299	2,875,299
Depreciation	163,605	862,590	1,026,195
Balance as at 30 September 2024	163,605	3,737,889	3,901,494
Net book value:			
As at 30 September 2024	818,020	2,012,710	2,830,730
As at 31 December 2023	-	2,875,300	2,875,300

- The additions during the period are represented in the lease contract for the operation and maintenance of the damaged tire recycling unit in the city of Buraydah (Qassim).

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 2024
(UNAUDITED)**

(All amounts are in Saudi Riyals unless otherwise stated)

**7 INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER
COMPREHENSIVE INCOME – FVOCI:**

Saudi Arabian Oil Company (Aramco) a Saudi Joint Stock Company	No of Shares	As at 30 September 2024	As at 31 December 2023
Balance at the beginning of the period / year	111,615	3,683,295	3,257,155
(Loss) / Gains on change in fair value		(658,529)	426,140
Balance at the end of the period/year		3,024,767	3,683,295

- 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 May 8, 2023, the Extraordinary General Assembly of the Saudi Arabian Oil Company (Aramco), a Saudi joint stock company, announced its approval of the Board of Directors' recommendation to increase the company's capital by granting shareholders one (1) share for every ten (10) shares owned in the company, to reach the number of subscribed shares reached 111,615 shares.

8 INVESTMENTS IN JOINT VENTURE:

	No. of Shares	As at 30 September 2024	As at 31 December 2023
Innovative Alternatives Company for Environmental Services	19,914	1,971,000	1,971,000
Paid during period/ year		20,400	-
Total investment in shares		1,991,400	1,971,000

- During the prior year 2023, 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 Saudi riyals 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 (Related Party) 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. Since the Innovative Alternatives Company have been recently established, the company has not yet operated and has not achieved any revenues or incurred any expenses.
- During the third quarter of the current year 2024, City Cement Company, through its subsidiary, paid the remaining portion of the investment value, so that the total investment in the joint venture as of September 30, 2024 amounted to SAR 1,991,400 (December 31, 2024: SAR 1,971,000).

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**9 INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS
– FVTPL:**

	As at 30 September 2024	As at 31 December 2023
Balance at the beginning of the period / year	132,358,210	179,902,861
Purchases during the period / year	171,723,078	147,200,000
Sales during the period / year	(163,339,633)	(201,000,000)
Gains on change in fair value	6,317,586	6,255,349
Balance at the end of the period / year	147,059,241	132,358,210

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.

10 DUE FROM RELATED PARTIES

	Contributions Percentage	Nature of the transaction	As at 30 September 2024	As at 31 December 2023
Innovative Alternatives Company for Environmental Services	29.4%	Funds	2,046,523	-
			2,046,523	-

11 PROVISION FOR REHABILITATION OF AREAS SUBJECT TO FRANCHISE LICENSE

Movement the provision is as follow:

	As at 30 September 2024	As at 31 December 2023
Balance at the beginning of the period / year	7,254,605	6,975,577
Effective interest	217,642	279,028
Balance at the end of the period / year	7,472,247	7,254,605

12 STATUTORY RESERVE

During the second quarter of 2024, the Group transferred the balance of statutory reserve amounted 211,199,871 SAR as shown in consolidated financial statements for the year ended December 31, 2023 to the retained earnings account, based on the approval of the extraordinary general assembly meeting held on June 30, 2024 the new Articles of Association of the Group were approved by the Ministry of Commerce on September 17, 2024.

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13 EARNINGS PER SHARE

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

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2024	2023	2024	2023
Net profit for the period	33,657,715	4,418,643	103,032,375	56,301,896
	No of Share	No of Share	No of Share	No of Share
Weighted average number of shares	140,000,000	140,000,000	140,000,000	140,000,000
	SR / Share	SR / Share	SR / Share	SR / Share
Basic and diluted earnings per share from the net profit of the period	0.24	0.03	0.74	0.40

14 FINANCIEL FACILITIES

The Group has unused finance facilities from local banks amounting to SR 90.7 million that is guaranteed by promissory note, the group has not used until the date of these condensed interim consolidated financial statements, except for what was mentioned in note 15, and there are no obligations as a result of not using these facilities.

15 CONTINGENT LIABILITIES

- The contingent liabilities against letters of guarantee are SR 16,261,258 as at 30 September 2024.
- The contingent liabilities against letters of credits are SR 4,541,404 as at 30 September 2024.

16 SEGMENT REPORTING

	For the nine-month period ended 2024		For the nine-month period ended 2023	
		Revenue from environmental services		Revenue from environmental services
Geographical area	Cement sales		Cement sales	
Kingdom of Saudi Arabia	361,219,557	2,021,042	256,723,210	4,332,694
Total	361,219,557	2,021,042	256,723,210	4,332,694

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17 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties consist mainly of salaries, allowances and key management 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 and senior management employees.

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, Executives and Key Management Personnel.

Related parties	Nature of the transaction	For the nine-months period ended 30 September	
		2024	2023
Members of Board of the Directors and key management personnel	Salaries, wages, and equivalent and Board remuneration, attendance allowances and other committees' salaries	7,571,331	7,336,323

18 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, account receivable, and other liabilities.

a) **Market risk**

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

Commission rate risk

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

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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 cash and cash equivalent, time deposits 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.

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.

As at 30 September 2024	Book value	Less than one year	From 1 year to 5 years	Total
Lease liability	1,739,577	1,239,577	500,000	1,739,577
Trade payables	19,231,625	19,231,625	-	19,231,625
Accrual and other payables	30,031,964	30,031,964	-	30,031,964
	51,003,166	50,503,166	500,000	51,003,166
As at 31 December 2023	Book value	Less than one year	From 1 year to 5 years	Total
Lease liability	2,492,377	1,212,186	1,280,191	2,492,377
Trade payables	24,426,871	24,426,871	-	24,426,871
Accrual and other payables	22,475,721	22,475,721	-	22,475,721
	49,394,969	48,114,778	1,280,191	49,394,969

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 term's basis.

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19 DIVIDENDS

- On September 2, 2024, and based on the authorization of the Ordinary General Assembly, the Board of Directors decided to distribute cash dividends to shareholders for the first half of 2024 at the rate of 0.50 SR per share, with a value of 70,000,000 SR, at a rate of 5% of the group's capital.
- On February 14, 2024, and based on the authorization of the Ordinary General Assembly, the Board of Directors decided to distribute cash dividends to shareholders for the second half of 2023 at the rate of 0.40 SR per share, with a value of 56,000,000 SR, at a rate of 4% of the group's capital.
- On August 14, 2023, and based on the authorization of 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 SR per share, with a value of 56,000,000 SR, at a rate of 4% of the group's capital.
- On March 16, 2023, and based on the authorization of 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 SR per share, with a value of 70,000,000 SR, at a rate of 5% of the group's capital, and the actual dividends for shareholders date April 4, 2023.

20 SUBSEQUENT EVENTS TO THE DATE OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- On October 27, 2024, the company announced the signing of an acquisition execution agreement with Umm Al-Qura Cement Company regarding a shares exchange transaction between the two companies. Under this agreement, City Cement will make an offer to the shareholders of Umm Al-Qura Cement to acquire all shares of Umm Al-Qura Cement in exchange for the issuance of new shares in City Cement Co., in accordance with the provisions of Article (26) of the Merger and Acquisition Regulation and the rules for offering securities and continuous obligations issued by the Board of the Capital Market Authority, as well as the terms and conditions stipulated in the execution agreement.
- On October 6, 2024, the subsidiary company "NYZAK Mining" was established - (a limited liability company 100% owned by City Cement Company) under Commercial Register No. (7039751644), specializing in providing mining services.
- On October 8, 2024, City Cement Company, through its subsidiary "NYZAK Mining", signed a partnership agreement with Next Generation SCM. This agreement aims to establish a company specialized in processing natural raw materials with environmentally friendly technologies used in construction works.

21 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 2 Jumada I 1446 (H) Corresponding to 4 November 2024 (G).
