CITY CEMENT COMPANY

A SAUDI JOINT STOCK COMPANY

THE CONSOLIDATED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

<u>FOR THE YEAR ENDED 31 DECEMBER 2024</u>

CITY CEMENT COMPANY
A Saudi Joint Stock Company

INDEX OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

الدكتور محمد العمري وشركاه
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INDEPENDENT AUDITOR'S REPORT

To The Shareholders of
City Cement Company
A Saudi Joint Stock Company

Riyadh - Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of City Cement Company - a Saudi Joint Stock Company ("the Company") and its subsidiary (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, which include significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization of 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 is relevant to our audit of the consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 Consolidated Financial Statements of City 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 Group's revenue amounted to 520.8 million Saudi Riyals for the year ended on 31 December 2024. As described in Note (4-4), the Group applies International Financial Reporting Standard No. (15) – Revenue from Contracts with Customers. Which require to recognize revenue when the customer obtain the control of the goods sold. Revenue is considered one of the key indicators for measuring performance, and this inherently carries the risk of recognizing revenue at more than its actual value to increase profitability. Therefore, the revenue recognition process has been considered a key audit matter.	- Assessed the appropriateness of the company's accounting policies related to revenue recognition, as well as the extent of compliance with the requirements of International Financial Reporting Standard (IFRS) No. 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 revenues are recorded at the correct amounts and in the appropriate periods.

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Independent Auditor's Report on the Audit of the Consolidated Financial Statements of City 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 described in Note (11), the carrying value of the Group's inventory as at 31 December 2024 amounted to 156,419,480 SR. The carrying value includes work in progress inventory - clinker by an amount of 68,569,080 SR as at 31 December 2024. Since the weighing of this inventory is not practicable, management assesses the quantities on hand at the year-end by obtaining measurements of the stockpiles and converting these measurements to unit of volume; in doing so the management appoints inspection team, who employs certain scientific systematic measurements calculations which are applied for similar stock in the cement industry. We have considered the existence of inventory to be a key audit matter as the inventory balance is material, and the estimation it entails in determining final quantities of work in progress inventory - Clinker at the end of the year. For further details, please refer to the accounting policies outlined in Note (4-10).	- Obtained management's physical inventory count instructions to understand and assess their instructions and procedures regarding the cut off procedures (details of inventory movement just prior to, during and after the count), and the recording of the actual results of the Group's inventory count. - Evaluated the competency, capabilities, and objectivity of the inspection team appointed by management in the count of the clinker inventory. - Attended the physical inventory count conducted by the Group to observe the implementation of the management's procedures for the count, the identification of obsolete, damaged items of inventory, in addition to our test counts performed. - Obtained a copy of the final listing of the Group's physical inventory, and inspected that it is accurate, complete and reflects the actual inventory counts. - Based on our accumulated audit knowledge and experience, 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 disclosures included in the accompanying consolidated 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 Consolidated Financial Statements of City Cement Company for the Year Ended 31 December 2024 (Continued)

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.

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Independent Auditor's Report on the Audit of the Consolidated Financial Statements of City Cement Company for the Year Ended 31 December 2024 (Continued)

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

- 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 Group 's 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 the management 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements of the current period 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.

Gihad Mohamed Al-Amri
Certified Public Accountant
License Number 362

Date: 10 Ramadan 1446 (H)
Corresponding to: 10 March 2025 (G)

CITY CEMENT COMPANY
A Saudi Joint Stock Company
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(In Saudi Riyals)

	Notes	Balance As at 31 December 2024	2023
Assets			
Non-current assets			
Property, plant and equipment	6	**1,190,962,122**	1,240,681,556
Right of use assets	7	**2,420,497**	2,875,300
Investments in equity instruments at fair value through other comprehensive income	8	**3,130,801**	3,683,295
Investments in Joint Venture	9	**3,607,539**	1,971,000
Intangible assets	10	**7,602,920**	7,726,701
Total non-current assets		**1,207,723,879**	1,256,937,852
Current assets			
Inventory	11	**156,419,480**	180,224,665
Trade receivables	12	**44,143,524**	36,246,410
Investments in Financial instruments at fair value through profit or loss	13	**214,976,744**	132,358,210
Prepayments and other receivables	14	**13,193,235**	19,158,214
Short term time deposit	15	**216,000,000**	196,000,000
Cash and cash equivalents	16	**42,358,215**	43,293,906
Total current assets		**687,091,198**	607,281,405
Total assets		**1,894,815,077**	1,864,219,257
Equity and Liabilities			
Equity			
Share capital	1-4	**1,400,000,000**	1,400,000,000
Statutory reserve	17	**-**	211,199,871
Other reserves		**(438,342)**	(1,264,866)
Retained earnings		**395,568,374**	166,248,570
Total equity		**1,795,130,032**	1,776,183,575
Liabilities			
Non-current liabilities			
Employees' end-of-service benefits	18	**19,430,653**	19,427,072
Non-current portion of lease liability	19	**-**	1,213,772
Provision for rehabilitation of areas subject to franchise license	20	**7,544,794**	7,254,605
Total non-current liabilities		**26,975,447**	27,895,449
Current liabilities			
Trade payables		**29,739,991**	25,221,557
Current portion of lease liability	19	**1,695,396**	1,169,900
Accrual and other payables	21	**28,470,457**	21,681,035
Provision for zakat	22	**12,803,754**	12,067,741
Total current liabilities		**72,709,598**	60,140,233
Total liabilities		**99,685,045**	88,035,682
Total equity and liabilities		**1,894,815,077**	1,864,219,257

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Deputy CEO - CFAO	CEO and Board Member	Chairman
Abdulaziz Bin Mohamed Alsuwaidan	Majed Bin Abdulrahman Al-Osailan	Bader Bin Omar Al-Abdullatif

The accompanying notes from (1) to (36) form an integral part of these consolidated financial statements

CITY CEMENT COMPANY
A Saudi Joint Stock Company
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(In Saudi Riyals)

	Notes	For the year ended 31 December 2024	2023
Revenues		**520,836,291**	356,469,662
Cost of Revenues	23	**(332,295,633)**	(246,039,753)
Gross profit		**188,540,658**	110,429,909
Expenses and Charges:			
Selling and marketing expenses	24	**(15,409,393)**	(8,852,046)
General and administrative expenses	25	**(37,238,004)**	(28,714,549)
Operating profit		**135,893,261**	72,863,314
Other (Expenses)/ Income:			
Gains of changes in fair value of investments in financial instruments through profit or loss	13	**8,735,090**	6,255,349
Group shares in losses from joint venture	9	**(430,382)**	-
Other revenues - net	26	**14,574,183**	16,714,443
Finance cost	27	**(1,300,119)**	(1,292,021)
provision for expected credit losses	12	**(240,000)**	(240,000)
Profit for the year before zakat		**157,232,033**	94,301,085
Zakat expense	22	**(13,112,100)**	(12,300,000)
Profit for the year		**144,119,933**	82,001,085
Items of other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss			
(Losses)/Gains of changes in fair value of investment in equity instruments	8	**(552,494)**	426,140
Actuarial Gain on re-measurement of end of service benefits	18	**1,379,018**	668,853
Total comprehensive income for the year		**144,946,457**	83,096,078
Earnings per share			
Basic and diluted earnings per share	28	**1.03**	0.59

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Deputy CEO - CFAO	CEO and Board Member	Chairman
Abdul-Aziz Bin Mohamed Al-Suwaidan	Majed Bin Abdulrahman Al-Osailan	Bader Bin Omar Al-Abdullatif

The accompanying notes from (1) to (36) form an integral part of these consolidated financial statement

CITY CEMENT COMPANY
A Saudi Joint Stock Company

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(In Saudi Riyals)

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total equity
For the year ended 31 December 2024					
Balance as at 1 January 2024	1,400,000,000	211,199,871	(1,264,866)	166,248,570	1,776,183,575
Profit for the year	-	-	-	144,119,933	144,119,933
Items of other comprehensive income for the year	-	-	826,524	-	826,524
Total comprehensive income	-	-	826,524	144,119,933	144,946,457
Transfer of statutory reserve balance to retained earnings (note 17)	-	(211,199,871)	-	211,199,871	-
Dividends (Note 29)	-	-	-	(126,000,000)	(126,000,000)
Balance as at 31 December 2024	1,400,000,000	-	(438,342)	395,568,374	1,795,130,032
For the year ended 31 December 2023					
Balance as at 1 January 2023	1,400,000,000	202,999,762	(2,359,859)	218,447,594	1,819,087,497
Profit for the year	-	-	-	82,001,085	82,001,085
Items of Other comprehensive income for the year	-	-	1,094,993	-	1,094,993
Total comprehensive income	-	-	1,094,993	82,001,085	83,096,078
Transfer to statutory reserve	-	8,200,109	-	(8,200,109)	-
Dividends (Note 29)	-	-	-	(126,000,000)	(126,000,000)
Balance as at 31 December 2023	1,400,000,000	211,199,871	(1,264,866)	166,248,570	1,776,183,575

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Deputy CEO - CFAO	CEO and Board Member	Chairman
Abdul-Aziz Bin Mohamed Al-Suwaidan	Majed Bin Abdulrahman Al-Osailan	Bader Bin Omar Al-Abdullatif

The accompanying notes from (1) to (36) form an integral part of these consolidated financial statements.

CITY CEMENT COMPANY
A Saudi Joint Stock Company
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(In Saudi Riyals)

	Note	For the year ended 31 December 2024	2023
Operating activities			
Profit for the year before zakat		**157,232,033**	94,301,085
Adjustments			
Depreciation	**6,7,10**	**90,736,760**	82,703,027
Gains of changes in fair value of investments in financial instruments through profit or loss	**13**	**(8,735,090)**	(6,255,349)
Provision for expected credit losses	**12**	**240,000**	240,000
Allowance for obsolescence inventory	**11**	**300,000**	300,000
Employees' end-of-service benefits	**18**	**1,926,493**	2,167,396
Group share in losses from joint venture	**9**	**430,382**	-
Finance cost	**27**	**1,300,119**	1,292,021
Changes in:			
Inventory		**23,505,185**	(26,711,497)
Trade receivables		**(8,137,114)**	(5,299,241)
Prepayments and other receivables		**5,964,979**	9,647,558
Trade payables		**4,518,434**	(2,384,444)
Accrual and other payables		**6,789,421**	(31,020,733)
Cash from operation		**276,071,602**	118,979,823
Zakat paid	**22**	**(12,376,087)**	(12,068,897)
Employees' end-of-service benefits paid	**18**	**(1,487,404)**	(2,187,003)
Net cash flows generated from operating activities		**262,208,111**	104,723,923
Investing activities			
Purchase of Investments in Financial instruments at fair value through profit or loss	**13**	**(220,900,000)**	(147,200,000)
Ka. Proceeds from the Sale of Investments in Financial instruments at fair value through profit or loss	**13**	**147,016,556**	201,000,000
Purchase of short-term time deposit		**(20,000,000)**	(25,000,000)
Purchase of property, plant and equipment and Capital work in progress	**5**	**(39,116,033)**	(13,183,284)
Payment in Investments in joint venture	**5**	**(2,066,921)**	-
Proceeds from the disposal of Property, Plant and Equipment		**-**	968,167
Purchase of intangible assets		**(341,084)**	-
Net cash flows (used in) / generated from investing activities		**(135,407,482)**	16,584,883
Financing activities			
Dividends paid	**29**	**(126,000,000)**	(126,000,000)
Repayments of lease liability		**(1,736,320)**	(1,542,392)
Net cash flows used in financing activities		**(127,736,320)**	(127,542,392)
Net change in cash and cash equivalents		**(935,691)**	(6,233,586)
Cash and cash equivalents at the beginning of the year		**43,293,906**	49,527,492
Cash and cash equivalents at the end of the year		**42,358,215**	43,293,906
Non-Cash transactions from investing activities:			
Investments in joint venture through transfer of assets		**-**	(1,971,000)
Transferred from capital work in progress		**12,123,291**	181,607

Deputy CEO - CFAO	CEO and Board Member	Chairman
Abdul-Aziz Bin Mohamed Al-Suwaidan	Majed Bin Abdulrahman Al-Osailan	~~Bader Bin Omar~~ Al-Abdullatif

The accompanying notes from (1) to (36) form an integral part of these consolidated financial statements.

(All amounts in Saudi Riyals unless otherwise stated)

1- OVERVIEW ABOUT THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS ACTIVITIES

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 12/5/1426H (corresponding to: 18/6/2005) and registered in Riyadh under Commercial Register No. 1010210441 dated 14/5/1426 (corresponding to: 20/6/2005) and Industrial License No. 1163/ dated 3/6/1426H (corresponding to:9/7/2005) and renewed with No. 590 dated 10/2/1438H (corresponding to:10/11/2016). 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: 12/9/2004) and its duration is thirty Hijra years 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 obtained the following branch commercial registration:

		Date	
Branch name	**CR No.**	**Hijri**	**Georgian**
Branch of City Cement Company for Contracting	**1010356028**	**16-1-1434**	**29-11-2012**

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 continually 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 reductions 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 Company's activity

The Company's activity represented by 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 on the Saudi capital market. Its share capital was SAR 1,892,000,000 divided into 189,200,000 shares with a nominal value of 10 Saudi Riyals each. In accordance with the decision of the Extraordinary General Assembly on 25 August 2021, the capital was reduced by Saudi Riyals 492,000,000 by distributing the amount in cash to the shareholders.

The Company's Article of Association has been amended on 5 Jumada II 1442H corresponding to 18 January 2020, and the Company's share capital has become Saudi Riyals l,400,000,000 divided into 140 million shares of equal value with a nominal value of 10 Saudi Riyals each, all of the Company's shares are cash and ordinary shares, and the procedures for accreditation in the commercial register were completed on 18 Jumada II, 1442H, corresponding to 31 January 2021.

These Consolidated Financial Statements include the assets, liabilities and business results of the work of its subsidiary which is Green Solutions for Environmental Services.

Green Solutions for Environmental Services Company – (The subsidiary)

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 year 2024, 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.

-On October 6, 2024, the subsidiary company "Nizak for Mining" was established—a limited liability company wholly owned (100%) by City Cement Company—under Commercial Registration No. (1009112679). The subsidiary specializes in providing mining services.

-On October 8, 2024, City Cement Company, through its subsidiary "Nizak for Mining," signed a partnership agreement with Next Generation SCM Company. This agreement aims to establish a company specialized in processing natural raw materials using environmentally friendly technologies for use in construction activities.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (hereinafter referred to as the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia).

2.2 Financial statements preparation

The consolidated financial statements are prepared on a historical cost basis, except for the following significant items included in the statement of consolidated financial position:

- The investments in equity instruments at fair value through other comprehensive income, which are measured at fair value.
- The investments in financial instruments at fair value through profit or loss, which are measured at fair value.
- End of service benefits for employees using the expected unit credit method.
- Provision for the rehabilitation of areas subject to a franchise license which is measured at present value.

These Consolidated financial statements are presented in Saudi Riyals ("SAR"), which is the functional and the presentation currency of the Group.

3. BASIS OF CONSOLIDATETION OF FINANCIAL STATEMENT

The consolidated financial statements comprise the financial statements of the Company and its subsidiary (together referred to as the "Group") located in the Kingdom of Saudi Arabia as at 31 December 2024.

Subsidiary Company Name	Legal Entity	Ownership as of 31 December 2024
Green Solutions for Environmental Services Company	One Person 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 the exercise of its power over the investee. In particular, the Group controls an investee only when it has:

- Has power over the investee (having rights to give the Group the ability to direct the activities related to the investee company).
- Is exposed to risk, or has rights to variable returns from its involvement with the investee and
- Has 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 (OCI) are attributed to the share holders of the Group.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in 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.

(All amounts in Saudi Riyals unless otherwise stated)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise. In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2024. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances

4.1 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 7 and IFRS 7	Amendment – Supplier Finance Arrangements	1 January 2024

4.2 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, 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 their amendments. The company does not expect any standard issued by the International Accounting Standards Board that has not yet come into effect to have a material impact on the company.

4.3 Financial instruments

The Group initially recognises financial instruments on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following financial assets:

Financial Assets at Amortised Cost

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the consolidated statement of profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method through consolidated statement of profit or loss.

Financial assets at fair value through other comprehensive income

The debt instrument is measured at fair value by other comprehensive income only if it meets the following conditions and is not recognized at fair value through consolidated statement of profit and loss:

- The asset is held in a business model that is designed to hold assets to collect contractual cash flows and sell the financial assets.
- The contractual terms of the financial asset lead on specific dates to cash flows that are only the payments from the principal amount and interest on the principal amount due.

Debt instruments measured at fair value through other comprehensive income are subsequently measured at fair value while recognizing the profits and losses resulting from changes in fair value in other comprehensive income. Financing income, foreign exchange gains and losses are carried at the consolidated statement of profit or loss.

Equity instruments: On initial recognition, to invest in non-traded shares, the Group may apply an irrevocable option to make subsequent changes in fair value in other comprehensive income. The presented amounts in other comprehensive income are not subsequently transferred to the consolidated statement of profit or loss.

Financial assets at fair value through changes in the consolidated profit and loss statement

All other financial assets are classified as measured at fair value through the consolidated statement of profit or loss (for example: shares held for trading and debt securities that are not classified based on amortized cost or at fair value through other comprehensive income).

Impairment of financial assets

For accounts receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Expected loss rates were derived from historical information of the Group and are adjusted to reflect the expected future outcome.

Financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
Financial liabilities of the Group comprise of lease liability, Trade Payables and Accruals and other payables.

Amortized cost for financial asset or liability

The amortized cost of a financial asset or a financial liability is the amount at which the financial asset or financial liability is measured at initial recognition less prepayments of the principal amount, plus or less the cumulative amortization using the effective interest method of any difference between that initial amount and the amount at the due date.

4.4 Recognition of revenues from contracts with customers

Revenue is represented in the fair value of the consideration received from cash customers or due from customers on credit for goods sold, net after deducting returns, trade discounts and rebates granted to customers and within the framework of the five steps specified by International Financial Reporting Standard No. (15) and they are:

Step (1) - Define the contract(s) with the customer: A contract is defined as an agreement between two or more parties that establishes enforceable rights and obligations and specifies the criteria that must 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 the transfer of goods or services promised to the customer, excluding amounts collected on behalf of third parties.

Step (4) - Allocate the transaction price to the performance obligations in the contract: For a contract that includes more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that specifies the amount of contract consideration that the Company expects to receive in exchange for fulfilling 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 (ie 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.

<u>Sale of goods:</u>

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

- The group has an immediate right to a payment for the asset.
- The customer has legal ownership of the asset.
- The Group 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 asset.

4.5 Property, plant and equipment

Property, Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment loss, if any. Cost comprises of expenditure that is directly attributable to the acquisition of the asset. Cost includes the reclassifications from equity of any gains or losses on qualifying cash flow hedges relating to purchases of Property, Plant and Equipment. Cost includes expenditures that are directly attributable to the acquisition / growing of the plant till its maturity. Any gain or loss on disposal of an item of Property, Plant and Equipment is recognised in the consolidated statement of profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and amount can be measured reliably.

The Group has strategic and reserve spare parts that must be available for the production lines at its plant, and are classified under property and equipment, and subject to depreciation over the useful life of the asset associated with those spare parts.

The useful life of property, plant and equipment are reviewed at the end of each year. If the estimated useful life is different from previously estimated, the carrying amount of the asset is depreciated over the remaining useful life after reassessment of the year in which the revision was made.

The cost less estimated residual value is depreciated on a straight-line basis over the following estimated useful lives of the assets by using the following annual depreciation rates:

Machinery and Equipment	**4 %**
Buildings and roads	**3% – 10 %**
Mobile equipment	**6.67 %**
Vehicles	**20 %**
Furniture and fixtures	**16% - 20%**

Land and capital work in progress are not depreciated.

Capital work in progress at year end includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant assets categories and are depreciated once they are available for their intended use.

The assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

If significant parts of an item of property, plant and equipment have different useful lives then they are accounted for as separate items of property, plant and equipment.

4.6 Leases

The Group assesses whether a contract is a lease or contains a lease. The contract is a lease or contains a lease if it gives the right of use a specific asset for a period of time in exchange for a compensation.

Right-of-use assets and lease liabilities

Assets and liabilities arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and - restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items relating to office equipment.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

In determining the lease term, the management generally considers certain factors including historical lease durations and major improvements to leased properties over the lease term that have significant economic benefit to the Group's operations, the importance of the leased asset to the Group's operations, and whether alternatives are available to the Group and business disruptions that require the replacement of the leased asset.

4.7 Investments in Joint Ventures

A joint venture is a form of joint arrangement under which the parties that have joint control of the arrangement have rights to the net assets of the joint ventures. Joint control represents the contractually agreed sharing of control of an arrangement, and exists only when decisions about relevant activities require unanimous consent of the parties sharing control.
The matters considered in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's investment in the joint venture is calculated using the equity method.

Under the equity method, the investment in the joint venture is originally recognized at cost and the book value of the investment is adjusted to reflect changes in the company’s share in the net assets of the joint venture since the date of acquisition. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment independently.

The statement of profit or loss reflects the company's share of the results of joint venture operations. Any change in other comprehensive income of those investees is shown as part of the Company's other comprehensive income. In addition, if any change is recognized directly in the equity of joint ventures, the company shall record its share of any changes, when applicable, in the statement of changes in equity.

Unrealized gains and losses arising from transactions between the Company and joint ventures are eliminated to the extent of the Company's interest in the joint ventures.

After applying the equity method, the company determines whether it is necessary to recognize any impairment loss in the value of its investment in the joint venture. At the date of preparing each financial statements, the company determines whether there is objective evidence of a decline in the value of the investment in the joint project. When such evidence exists, the company calculates the amount of the decrease based on the difference between the recoverable value of the joint project and its book value, and records the loss in the statement of profit or loss.

Upon loss of joint control of the joint venture, the Company measures and recognizes the retained investment at its fair value. The difference between the carrying value of the joint venture upon loss of joint control and the fair value of the retained investment as well as the disposal proceeds is recognized in profit or loss.

When the company's share of losses exceeds its share in the joint venture, the book value of that share, including long-term investments, is reduced to nothing, and any additional losses are discontinued to the extent of the company's corresponding legal obligation.

4.8 Intangible assets

Intangible assets that include software programs, which acquired by the Group and have a finite useful life (5 years), are measured at cost less accumulated amortization and any accumulated impairment losses.

The Group applies annual depreciation rates to its intangible assets:

- Software licenses 20%

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses incurred internally are recognized in the consolidated profit or loss when incurred.

Amortization

Amortization is charged to the cost of intangible assets less the residual value using the straight-line method over their estimated useful lives, and recognized in the consolidated statement of profit or loss.

The residual values of intangible assets, their useful lives and impairment indicators are reviewed at the end of each financial year and adjusted prospectively where necessary.

4.9 Impairment of non-financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss or reversal of impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of consolidated profit or loss.

When an impairment loss subsequently reverses, 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 recognised for the asset (or cash- generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

4.10 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost comprises all direct manufacturing expenditure based on the normal level of activity and transportation and handling costs. Net realisable value comprises estimated selling price less further production costs to completion and appropriate selling and distribution costs. Allowance is made, where necessary for slow moving inventories. Cost of inventories is recognised as an expense and included in cost of sales.

Spare parts are measured at lower of cost or net realizable value. Cost is determined on the weighted average cost basis. An allowance for obsolete and slow-moving items, if any, is estimated at each reporting date.

4.11 Cash and cash equivalents

For the purpose of statement of cash flows, cash and bank balances include bank balances, cheques in hand and deposits with original maturities of three months or less, if any.

4.12 Zakat provision

Zakat is provided for in accordance with Zakat, Tax and Customs Authority (“ZATCA”) regulations. Adjustments arising from final zakat assessments are recorded in the period in which such assessments are made.

4.13 Employee end of service benefits

Employee end of service benefits are payable to all employees employed under the terms and conditions of the Labour Laws applicable on the Group, on termination of their employment contracts.

The Group’s obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value.

The Group sets the assumptions used in determining the key elements of the costs of meeting such future obligations. These assumptions are set after consultation with the Group's actuaries and include those used to determine regular service costs and the financing elements related to the liabilities. The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method.

Re-measurement of defined benefit liability, which comprise of actuarial gains and losses are recognised immediately in the consolidated statement of other comprehensive income. The Group determines interest expense on the defined benefit obligation for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, considering any change in the net defined benefit obligation during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit are recognised in the consolidated statement of profit or loss.

4.14 Provisions

A provision is recognised if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

4.15 Earnings per share

Basic and diluted earnings per share (if any) are presented for ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted by the number of ordinary shares repurchased or issued during the period. The diluted earnings per share are adjusted by adjusting the profit or loss attributable to ordinary equity holders of the Group and the weighted average number of shares outstanding during the year with the effect of all potential dilutive ordinary shares.

4.16 Segmental reporting

Operating segment is a component of the Group that engages in business activities from which it earns revenue and incurs costs including income and expenses related to transactions with any other elements of the Group.

4.17 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industrial Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
When measuring the fair value, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4.18 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 consolidated financial position date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement profit or loss.

4.19 Dividends

Dividends is recognized in the consolidated financial statements when it is approved by the General Assembly of shareholders for annual distributions.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in accordance with International Financial Reporting Standards requires management to use judgments, estimates and assumptions that affect the amounts of income, expenses, assets and liabilities appearing in the consolidated financial statements, the accompanying notes attached to the consolidated financial statements, and the disclosure of contingent assets and liabilities, However, the uncertainty involved in these assumptions and estimates may lead to significant adjustments to the carrying amount of assets or liabilities that may be affected in future periods.

In the context of applying the Group's accounting policies, management has made judgments that have a material impact on the amounts recognized in the consolidated financial statements. In addition to the main assumptions that have been considered when assessing the impact of future conditions on the figures appearing in the consolidated financial statements and the related disclosures at the date of preparing the consolidated financial statements, which have substantial risks associated with them that may cause significant adjustments to the carrying values of assets and liabilities during the next financial year. The Group relied in its estimates and assumptions on the existing conditions and available information when preparing the consolidated financial statements. However, existing circumstances and assumptions about foreseeable developments may change as a result of market changes and circumstances beyond the control of the Group. These changes are reflected in the assumptions as they occur.

A) Estimated useful life of property, plant and equipment

The cost of property, plant and equipment depreciated over the estimated useful life of the asset based on the expected use and obsolescence of the asset, the maintenance and repair program, technical obsolescence and the recoverable value considerations of the asset. Management reviews the residual value of property, plant and equipment and useful lives annually and change in depreciation charges where the management believe that the useful life differs than the past estimates.

B) Strategic and critical spare parts

The Group maintains strategic and critical spare parts inventory for two production lines in its plant, the management aims to maintain such inventory for longer periods (i.e. more than one year). The management believes that all spare parts will be provided with future economic benefits from the future use of all property, plant and equipment. The management reviews spare parts of the equipment, which should be available as needed and depreciated with the estimated useful life of the associated asset.

C) Actuarial valuation of employees' end of service benefits liabilities

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

F) Provision for Slow moving spare parts

The company maintains an inventory of spare parts for its factory machinery, which are held for a period longer than one reporting period. Management estimates the appropriate level of spare parts allocation at the end of each reporting period. Factors influencing this estimate include management's expectations of future usage, plans for disposal, or the sale of spare parts.

E) Joint Venture

The acquisition of joint arrangements requires the application of management's judgment to determine whether there is control, joint control, or significant influence over investments in joint arrangements or associates. Judgments are also applied in determining whether control over an entity is exercised through voting rights, potential voting rights, or other rights granted through contractual arrangements. This includes considering the purpose and design of the entity, among other factors. Judgments are further applied in assessing whether joint control over the arrangement is exercised by all parties or a group of parties through making decisions about relevant activities by unanimous consent of the parties participating in control. Additionally, judgments are applied in determining whether the joint arrangement is classified as a joint venture or a joint operation.

F) Provision for rehabilitation of areas subject to franchise license

The provision for rehabilitation of areas subject to franchise license is recognised at the present value of the expected cost of rehabilitation of the site and the Company's factory land. The current value of the provision estimated at the expected present value of the end of the life of the plant, and the Company relied on the renewal of the current quarry license after its expiry at the initial measurement of the current value of the provision.

(All amounts in Saudi Riyals unless otherwise stated)

6 PROPERTY, PLANT, AND EQUIPMENT

	Lands	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 during the year	-	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 during the year	-	-	-	-	-	-	(2,939,167)	(2,939,167)
Balance as at 31 December 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 during the year	-	26,803,288	831,472	510,707	131,821	880,695	9,958,050	39,116,033
Transferred from capital work in progress	-	12,123,291	-	-	-	-	(12,123,291)	-
Balance as at 31 December 2024	3,600,000	1,639,675,603	615,270,087	131,104,428	13,150,871	18,364,508	8,637,273	2,429,802,770
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 of the year	-	57,136,711	17,952,593	5,255,462	235,444	301,514	-	80,881,724
Balance as at 31 December 2023	-	778,055,801	250,371,043	92,826,555	12,191,924	16,559,858	-	1,150,005,181
Depreciation of the year	-	64,687,836	18,084,808	5,139,532	266,725	656,566	-	88,835,467
Balance as at 31 December 2024	-	842,743,637	268,455,851	97,966,087	12,458,649	17,216,424	-	1,238,840,648
Net book value:								
As at 31 December 2024	**3,600,000**	**796,931,966**	**346,814,236**	**33,138,341**	**692,222**	**1,148,084**	**8,637,273**	**1,190,962,122**
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

(All amounts in Saudi Riyals unless otherwise stated)

7 RIGHT - OF - USE ASSETS

	leased land	leased building	Total
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 during the year *	981,625	-	981,625
Balance as at 31 December 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	286,309	1,150,119	1,436,428
Balance as at 31 December 2024	**286,309**	**4,025,418**	**4,311,727**
Net book value:			
As at 31 December 2024	**695,316**	**1,725,181**	**2,420,497**
As at 31 December 2023	**-**	2,875,300	2,875,300

* The additions during the year is represented by the lease contract for the operation and maintenance of the damaged tire recycling unit in the city of Buraidah (Al-Qassim).

8 INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		As at 31 December	
	No. of Shares	**2024**	2023
Saudi Arabian Oil Company (Aramco) a Saudi joint stock company	**111,615 Shares**	**3,683,295**	3,257,155
(Losses)/Gains oF change in fair value		**(552,494)**	426,140
Total investment in shares		**3,130,801**	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 SAR 2,951,840. This is from the Company's own sources and in accordance with its future flows and plans.
- On May 08, 2023, the Extraordinary General Assembly of the Saudi Arabian Oil Company (Aramco) – a Saudi joint stock company, announced the 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.

(All amounts in Saudi Riyals unless otherwise stated)

9 INVESTMENTS IN JOINT VENTURE:

Company	**Number of Shares**	**Ownership Percentage**	**Balance as at 31 December 2023**	**Additions**	**Share in Results of Operations**	**Balance as at 31 December 2024**
Innovative Alternatives company for Environmental Services	19,914	29.40%	1,971,000	2,066,921	(430,382)	3,607,539
Total Investment in Shares			1,971,000	2,066,921	(430,382)	3,607,539

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 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.

10 INTANGIBLE ASSETS:

	Software	**Resource Planning Software**	**Total**
Cost:			
Balance as at 1 January 2024	1,394,079	7,989,114	9,383,193
Additions	-	341,084	341,084
Balance as at 31 December 2024	**1,394,079**	**8,330,198**	**9,724,277**
Accumulated depreciation:			
Balance as at 1 January 2024	1,279,079	377,413	1,656,492
Depreciation	43,609	421,256	464,865
Balance as at 31 December 2024	**1,322,688**	**798,669**	**2,121,357**
Net book value:			
As at 31 December 2024	**71,391**	**7,531,529**	**7,602,920**
As at 31 December 2023	115,000	7,611,701	7,726,701

11 INVENTORY

	As at 31 December	
	2024	2023
Work in progress	**68,569,080**	75,428,758
Finished goods	**61,353**	45,048
Packing Material	**4,086,845**	5,256,564
Raw materials	**7,914,413**	10,680,611
Spare parts	**79,387,789**	92,113,684
	160,019,480	183,524,665
Less: Allowance for obsolescence inventory	**(3,600,000)**	(3,300,000)
	156,419,480	180,224,665

The movement of allowance for obsolescence in inventory is as follow:

	As at 31 December	
	2024	2023
Balance at the beginning of the year	**3,300,000**	3,000,000
Charged during the year	**300,000**	300,000
Balance at the end of the year	**3,600,000**	3,300,000

12 TRADE RECEIVABLES

	As at 31 December	
	2024	2023
Trade receivables	**46,594,628**	38,457,514
Provision for Expected credit losses	**(2,451,104)**	(2,211,104)
	44,143,524	36,246,410

The movement of the expected credit losses provision is as follow:

	As at 31 December	
	2024	2023
Balance at the beginning of the year	**2,211,104**	1,971,104
Charged during the year	**240,000**	240,000
Balance at the end of the year	**2,451,104**	2,211,104

The trade receivables are fully covered by bank guarantees amounted to SAR 22,620,000 and promissory notes amounted to SAR 25,800,000.

13 INVESTMENTS IN FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2024	2023
Balance at the beginning of the year	**132,358,210**	179,902,861
Purchases during the year	**220,900,000**	147,200,000
Sales during the year	**(147,016,556)**	(201,000,000)
Gains of change in fair value	**8,735,090**	6,255,349
Balance at the end of the year	**214,976,744**	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 realized from short-term investments in Saudi Riyals.

(All amounts in Saudi Riyals unless otherwise stated)

14 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
Advances to suppliers	**5,041,999**	8,699,963
Accrued interest	**3,285,167**	1,063,038
Prepaid expenses	**3,184,458**	7,979,447
LGs Cash Cover	**1,248,493**	774,298
Others	**433,118**	641,468
	13,193,235	19,158,214

15 SHORT TERM TIME DEPOSIT

The balance as at 31 December 2024, amounted to 216 million Saudi Riyals (compared to 196 million Saudi Riyals in 2023), represents deposits and Sukuk held with banks, with maturities of more than 90 days.

16 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2024	2023
Cash at bank – current accounts- Saudi Riyals	**33,540,384**	36,048,762
Cash at bank – current accounts- foreign currency	**8,704,970**	7,129,614
Cash in hand	**112,861**	115,530
	42,358,215	43,293,906

17 STATUTORY RESERVE

During the second quarter of 2024, the Group transferred the statutory reserve balance of 211,199,871 Saudi Riyals, as shown in the consolidated financial statements for the fiscal year ending on December 31, 2023, to the retained earnings account. This action was based on the approval of the extraordinary general assembly held on 30 June 2024, to amend the Group's Article of Association to comply with the new Companies Law. The new Article of Association of the Group was approved by the Ministry of Commerce on 17 September 2024.

18 EMPLOYEES' END-OF-SERVICE BENEFITS

The Group's policy stated that the end-of-service benefit is due to all employees who complete the qualifying period of service under the Saudi Labour Law.

The annual employee's end of service liability is based on actuarial evaluation, and the most recent actuarial evaluation was conducted by an appointed independent expert by the Group's management, using the actuarial methodology of the expected credit unit as at 31 December 2024.

(All amounts in Saudi Riyals unless otherwise stated)

	As at 31 December	
	2024	2023
Balance as at 1 January	**19,427,072**	19,222,307
The consolidated statement of profit or loss		
Current service cost	**1,926,493**	2,167,396
Interest cost (Note 27)	**943,510**	893,225
Items of other comprehensive income		
Actuarial (gain)	**(1,379,018)**	(668,853)
Paid	**(1,487,404)**	(2,187,003)
Balance as at 31 December	**19,430,653**	19,427,072

- **Actuarial assumptions:**

During the year, actuarial assumptions were conducted under the expected credit unit method using the following important assumptions:

	As at 31 December	
	2024	**2023**
Financial assumption	**%-Year**	**%-Year**
Discount rate	5.26%	5,05%
Salary increases	4%	4%
Demographic assumptions:		
Withdrawal rates	From 5% to %20	From 5% to %20
Retirement age	65 Years	60 Years

Sensitivity in defined benefit obligation

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the employee retirement benefits are to material actuarial assumptions, the same method (present value of the employee retirement benefits calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the employee retirement benefits recognised in the consolidated statement of financial position as described below:

	Reasonable potential changes	**EMOLOYEES' END OF SERVICE BENIFITS LIABILITIY**	
		Increase	**Decrease**
Discount rate	**(- / +) (1%)**	**18,012,080**	20,961,412
Salary increases	**(- / +) (1%)**	**20,960,948**	18,011,859
Mortality rates	**(- / +) (1 year)**	**19,238,745**	19,616,084
Withdrawal rate	**(- / +) (10%)**	**19,421,297**	19,438,907

(All amounts in Saudi Riyals unless otherwise stated)

19 LEASE LIABILITY

	As at 31 December	
	2024	2023
Non-current portion of lease liability	**-**	1,213,772
Current portion of lease liability	**1,695,396**	1,169,900
	1,695,396	2,383,672

The amount of interest expense related to the lease liability for the year ended 31 December 2024 amounted to 66,420 SR (31 December 2023: 119,768 SR (Note 27).

20 PROVISION FOR REHABILITATION OF AREAS THAT SUBJECT TO FRANCHISE LICENSE

The provision movement is as follow:

	As at 31 December	
	2024	2023
Balance at the beginning of the year	**7,254,605**	6,975,577
Effective interest (Note 27)	**290,189**	279,028
	7,544,794	7,254,605
Balance at the end of the year		

21 ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2024	2023
Accrued expenses	**8,400,046**	6,666,949
Value added tax (VAT)	**6,548,801**	2,308,243
Accrued quarry fees	**5,412,084**	5,043,066
Advances from costumers	**3,217,889**	2,476,516
Board of directors remuneration	**1,400,000**	1,400,000
Retention held from subcontractors	**309,958**	309,958
Accrual for governmental authorities	**95,602**	265,121
Provision for vacation and travel tickets	**-**	871,286
Others	**3,086,077**	2,339,896
	28,470,457	21,681,035

(All amounts in Saudi Riyals unless otherwise stated)

22 ZAKAT PROVISION

A) The main elements of Zakat base are as follows:

	As at 31 December	
	2024	2023
Profit for the year before zakat	**157,232,033**	94,301,085
Non-current assets	**(1,329,118,523)**	(1,347,845,323)
Non-current liabilities	**26,975,447**	33,224,569
Equity	**1,651,010,099**	1,695,447,356
provision for the expected credit losses	**2,451,104**	2,211,104
Provision for zakat	**-**	2,070,849
Allowance for obsolescence in inventory	**3,600,000**	3,300,000
Zakat base	**512,150,160**	482,709,640
Zakat at rate of 2.5%	**12,803,754**	12,067,741

B) The movement in Zakat provision is as follows:

	As at 31 December	
	2024	2023
Balance at the beginning of the year	**12,067,741**	11,836,638
Paid during the year	**(12,376,087)**	(12,068,897)
Charged during the year	**13,112,100**	12,300,000
Balance at the end of the year	**12,803,754**	12,067,741

C) Zakat position:

-The Company submitted its zakat returns and paid the zakat due and obtained the zakat certificate till the year 2023.

-The Zakat, Tax and Custom Authority inspected the company till year 2022, and all Zakat differences were settled and they were found not material.

- The year 2023 is under inspection by the Zakat, Tax, and Customs Authority, and no zakat-related claims have been received by the Company.

D) Zakat Position Green Solution:

- The company has regularly submitted Zakat declarations and paid Zakat in accordance with these declarations up to the year 2023. The company has not yet been inspected by the Zakat, Tax, and Customs Authority

E) Value Added Tax:

- The Zakat, Tax and Custom Authority inspected the company till year 2023, and all VAT differences were settled and they were found is not material.

23 COST OF REVENUES

The cost of revenues mainly represents the cost of Raw Materials, Direct Wages, Fuel, Energy, Spare Parts and Consumables.

(All amounts in Saudi Riyals unless otherwise stated)

24 SELLING AND MARKETING EXPENSES

	For the year ended 31 December	
	2024	2023
Advertising and promotion	**6,830,471**	2,842,522
Salaries, wages and employee's benefits	**3,626,516**	3,526,694
Transportation expenses	**1,924,182**	1,904,560
Depreciation	**83,498**	89,484
Other marketing expenses	**2,944,726**	488,786
	15,409,393	8,852,046

25 GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2024	2023
Salaries, wages and employee's benefits	**21,905,545**	19,769,065
Professional and consulting fees	**6,346,421**	1,971,151
Subscriptions and fees	**2,078,736**	1,496,373
Depreciation	**1,824,823**	1,600,694
Board of directors' remuneration	**1,400,000**	1,400,000
Donations	**866,000**	905,000
Board of directors' attendance allowance	**596,235**	532,997
Withholding tax	**357,474**	28,997
Bank charges	**115,355**	60,714
Repair and maintenance	**11,167**	9,782
Others	**1,736,248**	939,776
	37,238,004	28,714,549

26 OTHER REVENUES - NET

	For the year ended 31 December	
	2024	2023
Revenue from environmental services	**2,025,031**	4,662,317
Income from bank deposits	**12,180,353**	10,991,911
Losses on foreign currency translation differences	**(295,519)**	(217,222)
Dividends on investments at fair value through OCI	**128,778**	169,193
Others	**535,540**	1,108,244
	14,574,183	16,714,443

(All amounts in Saudi Riyals unless otherwise stated)

27 FINANCE COST

	For the year ended 31 December	
	2024	2023
Interest cost on employees end of service benefits	**943,510**	893,225
Interest cost on lease liability	**66,420**	119,768
Interest cost of provision for rehabilitation of areas subject to franchise license	**290,189**	279,028
	1,300,119	1,292,021

28 EARNINGS PER SHARE

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

	For the year ended 31 December	
	2024	2023
Net profit of the year	**144,119,933**	82,001,085
	Share	**Share**
Number of shares	**140,000,000**	**140,000,000**
	SAR / Share	**SAR / Share**
Basic and diluted earnings per share	**1.03**	0.59

29 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.

30 FINANCIAL FACILITIES

The Company has available financial facilities from local banks amounted to Saudi Riyals 90.6 million guaranteed by promissory note, the Company has not used until the date of the consolidated financial statements, and there are no obligations as a result of not using these facilities.

(All amounts in Saudi Riyals unless otherwise stated)

31 CONTINGENT LIABILITIES

- The contingent liabilities against letters of credit amounted to SAR 4,222,459 as at 31 December 2024.

- The contingent liabilities against letters of guarantee amounted to SAR 16,809,326 as at 31 December 2024.

32 SEGMENT REPORTING

	For the year ended at 31 December 2024		For the year ended at 31 December 2023	
Geographical area	**Cement sales**	**Revenue from environmental services (Note: 26)**	Cement sales	Revenue from environmental services (Note: 26)
Kingdom of Saudi Arabia	**520,836,291**	**2,025,031**	356,469,662	4,662,317
Total	**520,836,291**	**2,025,031**	356,469,662	4,662,317

33 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 the board of directors.

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.

		For the year ended at 31 December	
Related parties	**Nature of the transaction**	**2024**	2023
Members of Board of directors, Key Management Personnel and Other Committees	Salaries, wages, and equivalent and board remuneration and attendance allowances and Other Committees Salaries	**9,129,589**	10,161,666

34 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 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.

(All amounts in Saudi Riyals unless otherwise stated)

a) Market risk

Market 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 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 currency. The Group exposure to foreign currency risk is primarily limited to transactions in United State Dollars (“USD”) and Euro.

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 the financial instruments as follows:

	As at 31 December	
	2024	2023
Cash and cash equivalents	**42,358,215**	43,293,906
Trade receivables	**46,594,628**	38,457,514
	88,952,843	81,751,420

The carrying amount of financial assets represents the maximum credit exposure.

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.

The movement of the provision for the expected credit losses related to the trade receivables is as follows:

	As at 31 December	
	2024	2023
Balance as at 1 January	**2,211,104**	1,971,104
Charged during the year	**240,000**	240,000
Balance as at 31 December	**2,451,104**	2,211,104

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.

(All amounts in Saudi Riyals unless otherwise stated)

As at 31 December 2024	Book value	Less than one year	From 1 year to 5 years	Total
Lease liability	**1,695,396**	**1,736,320**	**-**	**1,736,320**
Trade payables	**29,739,991**	**29,739,991**	**-**	**29,739,991**
Accrual and other payables	**28,470,457**	**28,470,457**	**-**	**28,470,457**
	59,905,844	**59,946,768**	**-**	**59,946,768**
As at 31 December 2023				
Lease liability	2,383,672	1,542,392	1,236,320	2,778,712
Trade payables	25,221,557	25,221,557	-	25,221,557
Accrual and other payables	21,681,035	21,681,035	-	21,681,035
	49,286,264	48,444,984	1,236,320	49,681,304

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.

d) Financial instruments at fair value

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Fair Value			
2024	**Book value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Investment in equity instruments at fair value through other comprehensive income (Note 8)	**3,130,801**	**3,130,801**	**-**	**-**	**3,130,801**
Investment in financial instruments at fair value through profit or loss (Note 13)	**214,976,744**	**214,976,744**	**-**	**-**	**214,976,744**
	218,107,545	**218,107,545**	**-**	**-**	**218,107,545**

		Fair Value			
2023	**Book value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Investment in equity instruments at fair value through other comprehensive income (Note 8)	3,683,295	3,683,295	-	-	3,683,295
Investment in financial instruments at fair value through profit or loss (Note 13)	132,358,210	132,358,210	-	-	132,358,210
	136,041,505	136,041,505	-	-	136,041,505

- There were no transfers between the fair value levels during the year.

- The carrying value of financial assets and financial liabilities at amortized cost are approximately equal to their fair value at the date of the consolidated financial position.

35 SIGNIFICANT EVENTS TO THE DATE OF THE CONSOLIDATED FINANCIAL STATEMENS:

- On October 27, 2024, the Company announced the execution of an acquisition agreement with Umm Al-Qura Cement. Under this agreement, City Cement Company will make an offer to the shareholders of Umm Al-Qura Cement to acquire all of its shares in exchange for issuing new shares in City Cement Company, in accordance with Article (26) of the Mergers and Acquisitions Regulations and the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority (CMA). The agreement is also subject to the terms and conditions outlined in the execution agreement.

- On December 31, 2024, the Company announced that the General Authority for Competition issued a no-objection letter on December 30, 2024, to complete the economic concentration resulting from the transaction. The announcement of the execution agreement indicated that the transaction is subject to several conditions, including obtaining a no-objection from the General Authority for Competition. The Company noted that the transaction remains subject to other conditions, including approval from the Capital Market Authority (CMA) and Saudi Tadawul, as well as shareholder approval at the extraordinary general assembly meetings of both City Cement Company and Umm Al-Qura Cement, among other conditions outlined in the execution agreement announcement

36 APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 4 Ramadan 1446 (H) Corresponding to 4 March 2025 (G).