

**SOUTHERN PROVINCE CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**CONDENSED INTERIM**  
**FINANCIAL STATEMENTS (UNAUDITED)**  
For the three months and six-month periods ended June 30, 2022  
with  
**INDEPENDENT AUDITORS' REPORT ON REVIEW**



## KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 4030290792

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال  
شارع الأمير سلطان  
ص.ب 55078  
جده 21534  
المملكة العربية السعودية  
سجل تجاري رقم 4030290792  
المركز الرئيسي في الرياض

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

To the Shareholders of Southern Province Cement Company  
(A Saudi Joint Stock Company)  
Abha - Kingdom of Saudi Arabia

## Introduction

We have reviewed the accompanying June 30, 2022 condensed interim financial statements of **Southern Province Cement Company** (the "Company"), which comprise of:

- the interim condensed statement of financial position as at June 30, 2022;
- the condensed statements of profit or loss and other comprehensive income for the three-month and six-month periods ended June 30, 2022;
- the condensed interim statement of changes in equity for the six-month period ended June 30, 2022;
- the condensed interim statement of cash flows for the six-month period ended June 30, 2022; and
- the notes to the condensed interim financial statements.

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

## Scope of review

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

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia, with the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة منقولة، مسجلة في المملكة العربية السعودية، رأس ماله (25,000,000) ريال سعودي، مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون"، وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة الجازبية محدودة بضمان. جميع الحقوق محفوظة

Commercial Registration of the headquarters in Riyadh is 1010425494.



# INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

To the Shareholders of Southern Province Cement Company  
(A Saudi Joint Stock Company)  
Abha - Kingdom of Saudi Arabia

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying June 30, 2022 condensed interim financial statements of **Southern Province Cement Company** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

### For KPMG Professional Services

Ebrahim Oboud Baeshen  
License No. 382



Jeddah, August 8, 2022  
Corresponding to Muharram 10, 1444H


**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

As at June 30, 2022  
(Saudi Riyal)

	Note	June 30, 2022 (Unaudited)	December 31, 2021 (Audited) (Restated – Note 15)
<b>Asset</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	2,776,691,879	2,820,875,678
Investment property		5,437,625	5,437,625
<b>Total non-current assets</b>		<b>2,782,129,504</b>	<b>2,826,313,303</b>
<b>Current assets</b>			
Inventories	7	653,809,834	573,381,462
Trade receivables		59,240,607	50,715,235
Prepayments and other receivables		48,756,522	50,712,007
Cash and cash equivalents	8	322,877,885	503,597,996
<b>Total current assets</b>		<b>1,084,684,848</b>	<b>1,178,406,700</b>
<b>Total assets</b>		<b>3,866,814,352</b>	<b>4,004,720,003</b>
<b>Shareholders' equity and liabilities</b>			
<b>Equity:</b>			
Share capital	1	1,400,000,000	1,400,000,000
Statutory reserve		700,000,000	700,000,000
Retained earnings		1,049,904,318	1,075,114,653
<b>Total equity</b>		<b>3,149,904,318</b>	<b>3,175,114,653</b>
<b>Liabilities</b>			
<b>Non Current liabilities</b>			
Loans and facilities	9	213,397,000	253,397,000
Employees' defined benefit obligation		121,786,332	117,864,488
<b>Total non current liabilities</b>		<b>335,183,332</b>	<b>371,261,488</b>
<b>Current liabilities</b>			
Loans and facilities	9	77,500,000	75,000,000
Accrued expenses and other payables		86,230,755	124,907,704
Trade payable		48,423,333	53,410,969
Dividend payables	10	160,101,594	161,586,672
Provision for zakat	11-b	9,471,020	43,438,517
<b>Total current liabilities</b>		<b>381,726,702</b>	<b>458,343,862</b>
<b>Total liabilities</b>		<b>716,910,034</b>	<b>829,605,350</b>
<b>Total equity and liabilities</b>		<b>3,866,814,352</b>	<b>4,004,720,003</b>

The attached notes 1 to 16 of these condensed interim financial statements.

  
Executive Vice President  
of Finance

  
Chief Executive Officer

**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

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

For the three-month and six-month periods ended June 30, 2022

(Saudi Riyal)

	Note	For the three-month period ended June 30,		For the six-month period ended June 30,	
		2022 (Unaudited)	2021 (Unaudited) (Restated – note 15)	2022 (Unaudited)	2021 (Unaudited) (Restated – note 15)
Revenue		233,940,542	287,330,057	563,914,210	726,669,269
Cost of revenue		(177,828,937)	(184,059,792)	(401,460,552)	(439,245,643)
<b>Gross profit</b>		<b>56,111,605</b>	<b>103,270,265</b>	<b>162,453,658</b>	<b>287,423,626</b>
Selling and distribution expenses		(1,967,888)	(1,659,264)	(4,549,590)	(4,587,946)
General and administrative expenses		(11,282,640)	(10,822,092)	(24,370,984)	(21,030,474)
<b>Operating income</b>		<b>42,861,077</b>	<b>90,788,909</b>	<b>133,533,084</b>	<b>261,805,206</b>
Finance costs		(2,360,636)	(2,331,723)	(4,081,418)	(4,657,011)
Other income		2,978,111	1,449,512	3,299,511	6,587,323
<b>Profit before Zakat</b>		<b>43,478,552</b>	<b>89,906,698</b>	<b>132,751,177</b>	<b>263,735,518</b>
Zakat	11-a	17,038,488	(2,440,273)	17,038,488	(7,126,286)
<b>Period profit</b>		<b>60,517,040</b>	<b>87,466,425</b>	<b>149,789,665</b>	<b>256,609,232</b>
<b>Other Comprehensive income</b>					
<i>Items that will not be reclassified under profit or loss:</i>					
Remeasurement of employees' defined benefits obligation		--	--	--	--
<b>Total other comprehensive income</b>		<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total comprehensive income</b>		<b>60,517,040</b>	<b>87,466,425</b>	<b>149,789,665</b>	<b>256,609,232</b>
<b><u>Earnings per share to net income for the period (Saudi Riyals):</u></b>	12				
Basic		0.43	0.62	1.07	1.83
Diluted		0.43	0.62	1.07	1.83

The attached notes 1 to 16 of these condensed interim financial statements.

  
Executive Vice President  
of Finance

  
Chief Executive Officer

**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

For the six-month period ended June 30, 2022

(Saudi Riyal)

	Note	Share capital	Statutory reserve	Retained earnings	Total
<b><u>The six-month period ended June 30, 2022:</u></b>					
Balance as at January 1, 2022 (audited) (as previously reported)		1,400,000,000	700,000,000	1,107,491,974	3,207,491,974
Correction of previous years' errors (note 15)		--	--	(32,377,321)	(32,377,321)
Balance as at January 1, 2022 (restated Note 15)		<u>1,400,000,000</u>	<u>700,000,000</u>	<u>1,075,114,653</u>	<u>3,175,114,653</u>
Period profit		--	--	149,789,665	149,789,665
Other comprehensive income		--	--	--	--
<b>Total comprehensive income for the period</b>		--	--	<u>149,789,665</u>	<u>149,789,665</u>
<b>Transactions with shareholders of the Company</b>					
Dividends	10	--	--	(175,000,000)	(175,000,000)
<b>Balance at June 30, 2022 (Unaudited)</b>		<u><u>1,400,000,000</u></u>	<u><u>700,000,000</u></u>	<u><u>1,049,904,318</u></u>	<u><u>3,149,904,318</u></u>
<b><u>The Six-months period ended June 30, 2021:</u></b>					
<b>Balance at January 1, 2021 (audited)</b>		1,400,000,000	700,000,000	1,179,712,771	3,279,712,771
Period profit (Restated note 15)		--	--	256,609,232	256,609,232
Other comprehensive income		--	--	--	--
<b>Total comprehensive income for the period (restated note 15)</b>		--	--	<u>256,609,232</u>	<u>256,609,232</u>
<b>Transactions with shareholders of the Company</b>					
Dividends	10	--	--	(350,000,000)	(350,000,000)
<b>Balance at June 30, 2021 (unaudited) (restated note 15)</b>		<u><u>1,400,000,000</u></u>	<u><u>700,000,000</u></u>	<u><u>1,086,322,003</u></u>	<u><u>3,186,322,003</u></u>

The attached notes 1 to 16 of these condensed interim financial statements.

  
Executive Vice President  
of Finance

  
Chief Executive Officer


**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

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

For the six-month period ended June 30, 2022  
(Saudi Riyals)

	Note	2022 (Unaudited)	2021 (Unaudited) (Restated – note 15)
<b><u>Operating activities:</u></b>			
Profit for the period before Zakat		132,751,177	263,735,518
<b><u>Adjustments:</u></b>			
Depreciation on property, plant and equipment	6	110,668,416	100,742,268
Loss from disposal / (profit from sale) of property, plant and equipment		983,865	(2,731,179)
Employee defined benefit obligation charge for the period		9,002,671	5,969,094
		<u>253,406,129</u>	<u>367,715,701</u>
<b><u>Change in working capital:</u></b>			
Trade receivables		(8,525,372)	(9,078,581)
Inventories		(80,428,372)	(3,785,490)
Prepayments and other receivables		1,955,485	3,759,659
Trade payable		(4,987,636)	(3,727,459)
Accrued expenses and other payables		(38,676,949)	27,514,201
Employees defined benefits - paid		(5,080,827)	(3,296,974)
Zakat paid	11-b	(16,929,009)	(16,910,664)
<b>Net cash generated from operating activities</b>		<u>100,733,449</u>	<u>362,190,393</u>
<b><u>Investing activities:</u></b>			
Additions of property, plant and equipment	6	(67,468,482)	(19,244,515)
Proceeds from sale of property plant and equipment		--	2,676,264
<b>Net cash used in investing activities</b>		<u>(67,468,482)</u>	<u>(16,568,251)</u>
<b><u>Financing activities:</u></b>			
Paid from facilities	9	(37,500,000)	(35,000,000)
Dividends paid	10	(176,485,078)	(347,247,968)
<b>Net cash used in financing activities</b>		<u>(213,985,078)</u>	<u>(382,247,968)</u>
Change in cash and cash equivalents during the year		(180,720,111)	(36,625,826)
Cash and cash equivalents at beginning of the period		503,597,996	542,534,970
<b>Cash and cash equivalents at the end of the period</b>	8	<u>322,877,885</u>	<u>505,909,144</u>
<b><u>Significant non-cash transactions</u></b>			
Transfer from projects in progress to property, plant and equipment	6	316,060	--

The attached notes 1 to 16 of these condensed interim financial statements.

  
Executive Vice President  
of Finance

  
Chief Executive Officer

**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

As at June 30, 2022  
(Saudi Riyal)

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**1. GENERAL**

Southern Province Cement Company was established as a Saudi Joint Stock Company (“the Company”) under the Royal Decree No. M/3 on 24/3/1397H based on the Council of Ministers Resolution No. 1074 on 10/8/1394H and is registered in Abha City under the Commercial Registration No. 5850001443 on 27/04/1399H pursuant to the Ministry of Industry and Electricity Resolution No. 67/S dated 17/3/1396H.

The Company's main activity is to manufacture and produce cement, its derivatives and accessories, and to trade in those products and to carry out all works related directly to the realization of these purposes. The Company may have an interest or participate in any way with entities and companies that carry out works similar to their work or which may cooperate to achieve their purpose. It may own, or purchase shares in these companies, and to merge it or to merge into or to purchase them. The Company may have an interest or participate in any form with other companies, provided that it does not exceed 20% of its free reserves and does not exceed 10% of the share capital of the Company in which it participates. The total number of such shares shall not exceed the value of these reserves and the Ordinary General Assembly shall be informed in their first meeting.

As at June 30, 2022, the authorized, subscribed and fully-paid-up share capital 1.4 billion (2021: SR 1.4 billion) divided into 140 million ordinary shares (2021: 140 million shares) of SR 10 each (2021: SR 10).

The registered address of the Company is as follows:

Southern Province Cement Company  
Abha City  
PO Box 548  
Jeddah, Kingdom of Saudi Arabia

The Company operates through three factories, which are as follows:

- a) Jazan, Ahad Al Masarihah city.
- b) Aseer, Bisha.
- c) Mecca Region, Al Qunfudhah - Thaloth Emara

The following factories operate under separate industrial licenses that are numbered and dated as follows:

<u>Factory</u>	<u>Industrial license No.</u>	<u>Industrial license date</u>
Ahad Al Masarihah - Jazan area	٤١١١.٢١.١٠٧٠	29/04/1441H
Bisha - Aseer area	١١	8/4/1441H
Tehama - Makkah area	٤١١١.٢١.٢٦٩٣	18/06/1441H

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
As at June 30, 2022  
(Saudi Riyal)

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**2. BASIS OF PREPERATION**

**a) Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard No. 34 “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants. These condensed interim financial statements should be read in conjunction with the financial statements of the last annual financial statements of the Company as in as at December 31, 2021 (“Previous Year Financial Statements”). These financial statements do not include all the information required to prepare a complete set of financial statements in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, however some accounting policies and explanatory notes have been included to explain the events and transactions that are important to understand the changes in the financial position and financial performance of the Company from the financial statements of the previous year. In addition, the results for the six-month period ended June 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022.

**b) Basis of measurement**

The condensed interim financial statements have been prepared on historical cost basis, except for the following major items presented in condensed interim statement of financial position:

- Accruals for employee defined benefit obligations that are measured at the present value of future liabilities are recognized using the projected unit credit method. Using the accrual basis of accounting and the going concern concept.

**c) Functional and presentation currency**

These condensed interim financial statements have been presented in Saudi Arabian Riyals (SR) which is the Company’s functional and presentation currency.

**3. USE OF JUDGEMENTS AND ESTIMATES**

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.

Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are also reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.

Significant judgments and estimates made by the management upon the adopting the Company’s accounting policies correspond to the disclosed policies in last year’s financial statements.

**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

As at June 30, 2022

(Saudi Riyal)

**4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Company in preparing the financial statements are consistent with those followed in preparing the annual financial statements of the Company for the year ended December 31, 2021, and there are no new standards that were issued, however, there are a number of amendments to the standards which are effective from 1 as of January 1, 2022, which did not have a material impact on the financial statements.

**5. SEGMENT INFORMATION**

The presentation of key segments is determined on the basis that the risks and rewards of the Company are substantially affected by the differences in the products of those segments. These segments are organized and managed separately according to the nature of the services and products, each forming a separate unit. The operational segments set out below are determined by distinguishing operating segments from which the Company generates revenues and incurs costs. The economic characteristics are reviewed and the operating segments are aggregated on the basis of the assessment made by the Chief Operating Decision Maker at least every quarter and reviewed by senior management. The Company has one operational sector, represented in the production of cement (ordinary cement, in both bulk and packed types, and resistant cement, in both bulk and packed types). The Company is operating its activities in the Kingdom of Saudi Arabia through three basic activities as follows:

	<u>Jazan factory</u>	<u>Besha factory</u>	<u>Tehama factory</u>	<u>Head office</u>	<u>Total</u>
<u>As at June 30, 2022</u> <u>(unaudited):</u>					
Total non-current assets	<u>219,165,540</u>	<u>999,690,822</u>	<u>1,551,542,672</u>	<u>11,730,470</u>	<u>2,782,129,504</u>
<u>For the period ended</u> <u>June 30, 2022:</u> <u>(Unaudited)</u>					
Revenue	<u>216,225,819</u>	<u>154,288,215</u>	<u>193,400,176</u>	<u>--</u>	<u>563,914,210</u>
Cost of revenue	<u>169,450,392</u>	<u>99,846,822</u>	<u>132,163,338</u>	<u>--</u>	<u>401,460,552</u>
Profit / (loss) for the period	<u>46,775,427</u>	<u>54,441,393</u>	<u>61,236,838</u>	<u>(12,663,993)</u>	<u>149,789,665</u>
<u>As at December 31, 2021 (audited):</u>					
Total non-current assets	<u>198,404,888</u>	<u>1,009,468,624</u>	<u>1,606,814,412</u>	<u>11,625,379</u>	<u>2,826,313,303</u>
<u>For the period ended</u> <u>June 30, 2021</u> <u>(Unaudited):</u>					
Revenue	<u>212,078,183</u>	<u>224,796,780</u>	<u>289,794,306</u>	<u>--</u>	<u>726,669,269</u>
Cost of revenue (restated - Note 15)	<u>141,571,968</u>	<u>128,315,950</u>	<u>169,357,725</u>	<u>--</u>	<u>439,245,643</u>
Profit / (loss) for the period (restated - Note 15)	<u>70,506,215</u>	<u>96,480,830</u>	<u>120,436,581</u>	<u>(30,814,394)</u>	<u>256,609,232</u>

**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

As at June 30, 2022

(Saudi Riyal)

**6. PROPERTY, PLANT AND EQUIPMENT**

- 1) For the purposes of preparing the condensed statement of cash flows, the movement in property, plant and equipment during the six-month period is as follows:

	<b>June 30, <u>2022</u> (Unaudited)</b>	<b>June 30, <u>2021</u> (Unaudited)</b>
Depreciation on property, plant and equipment	110,668,416	100,742,268
Additions of property, plant and equipment	67,468,482	19,244,515
Transfer from projects in progress to property, plant and equipment	316,060	--
Disposal of property, plant and equipment	<b>2,319,797</b>	<b>14,885,677</b>

- 2) During the year ended December 31, 2021, the Company's management took a decision to replace the two production lines of Jazan factory and to establish a production line with a production capacity of 10 thousand tons per day, provided that the replacement process would be completed by January 2025. Accordingly, the Company's management reviewed the estimated useful lives of the two production lines of Jizan factory, which led to a change in the estimated useful life of those lines. Accordingly, the useful life of the two production lines has been reduced from 10 years to 3 years to be depreciated over the remaining useful life of those lines. The change in the actual and estimated depreciation expense included in the cost of sales was as follows:

	<u>2022</u>	<u>Estimated 2023</u>	<u>2024</u>
Depreciation before adjustment	1,213,234	1,211,145	752,205
Increase in depreciation expenses	<u>13,116,044</u>	<u>12,132,341</u>	<u>10,166,901</u>

- 3) Company's property, plant and equipment are not pledged against standing loans as at June 30, 2022 and December 31, 2021.

**7. INVENTORIES**

Inventories comprise the following:

	<b>June 30, <u>2022</u> (Unaudited)</b>	<b>December 31, <u>2021</u> (Audited)</b>
Spare parts	273,790,262	275,949,509
Production under processing	356,405,057	301,472,223
Raw, filling and packaging materials	81,700,953	54,046,168
	<u>711,896,272</u>	<u>631,467,900</u>
Less: Allowance for slow moving inventory items	<b>(58,086,438)</b>	<b>(58,086,438)</b>
	<b><u>653,809,834</u></b>	<b><u>573,381,462</u></b>

**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

As at June 30, 2022  
(Saudi Riyal)

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**7. INVENTORIES (continued)**

Movement in provision for slow-moving inventory items is as follows:

	<b>June 30, <u>2022</u> (Unaudited)</b>	<b>December 31, <u>2021</u> (Audited)</b>
Balance at the beginning of the period/ year	<b>58,086,438</b>	49,886,438
Charge during the period / year	<u>—</u>	<u>8,200,000</u>
	<b><u>58,086,438</u></b>	<b><u>58,086,438</u></b>

**8. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the following:

	<u>Note</u>	<b>June 30, <u>2022</u> (Unaudited)</b>	<b>December 31, <u>2021</u> (Audited)</b>
Cash in hand and at banks		<b>87,877,885</b>	68,597,996
Islamic deposits	8-1	<b><u>235,000,000</u></b>	<u>435,000,000</u>
		<b><u>322,877,885</u></b>	<b><u>503,597,996</u></b>

8.1 Represent deposits placed with local commercial banks and their original maturity periods not exceeding three months from the date of the original maturity.

**9. BANK FACILITIES**

The Company has bank facilities with a local bank with a total amount of SR 772.4 million as at June 30, 2022 (December 31, 2021: SR 772.4 million), and the utilized balance of facilities at June 30, 2022 amounted to SR 290.9 million (December 31, 2021: SR 328.4 million) to be paid in variable quarterly installments until the end of the year 2025.

Facilitation agreements with banks include certain covenants, states that the liquidity ratio should not be less than 1:1 based on the audited annual financial statements, and it also requires maintaining of some ratios and financial indicators.

A breach of these covenants in the future may lead to renegotiation. The management monitors the covenants on a monthly basis, and in case of the existence of a breach that is expected to occur in the future, the management takes the necessary measures to ensure compliance. The Company has fulfilled these covenants as at June 30, 2022.

All banking facilities carry agreed upon commissions according to the commercial rates prevailing in the market.

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**9. BANK FACILITIES (continued)**

The facilities are stated in the statement of financial position as follows:

	<b>June 30, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Current portion under current liabilities	77,500,000	75,000,000
Non-current portion under non-current liabilities	<u>213,397,000</u>	<u>253,397,000</u>
	<u><b>290,897,000</b></u>	<u><b>328,397,000</b></u>

The financing movement during the period / year is as follows:

	<b>June 30, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Balance at beginning of period/year	328,397,000	398,397,000
paid during the period/year	<u>(37,500,000)</u>	<u>(70,000,000)</u>
	<u><b>290,897,000</b></u>	<u><b>328,397,000</b></u>

**10. DIVIDEND PAYABLES**

The movement on the dividends payable as follows:

	<b>June 30, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Balance at January 1,	161,586,672	158,620,252
Dividends declared during the period / year	175,000,000	525,000,000
Dividend payments during the period / year	<u>(176,485,078)</u>	<u>(522,033,580)</u>
	<u><b>160,101,594</b></u>	<u><b>161,586,672</b></u>

On 3 March 2021, the Company's Board of Directors recommended distributing cash dividends to shareholders for the second half of the financial year ended December 31, 2020 amounting to of SR 350 million, which represents SR 2.5 per share, for the second half of the financial year ended on December 31, 2020 (second half of 2019: SR 315 million 2.25 Saudi riyals per share), which was approved during the forty-seventh ordinary general assembly meeting on 11 April 2021.

On 28 July 2021, the Company's Board of Directors approved to distribute cash dividends for the first half of the year 2021 amounting to SR 175 million and 12.5% of the paid-up capital at the rate of SR 1.25 (first half of 2020: 315 million at SR 2.25 per share).

On 2 March 2022, the Company's Board of Directors recommended to distribute cash dividends for the second half of the year 2021 amounting to SR 175 million represented 12.5% of the paid-up capital at the rate of SR 1.25 which was approved during the forty nine ordinary general assembly meeting on 12 April 2022.

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**11. ZAKAT**

**a) Charge of the period**

	<b>June 30, <u>2022</u> (Unaudited)</b>	June 30, <u>2021</u> (Unaudited)
Charged on the current period	<u>17,038,488</u>	<u>(7,126,286)</u>
	<u>17,038,488</u>	<u>(7,126,286)</u>

**b) Provision for zakat**

The movement in Zakat payable represented as follows:

	<b>June 30, <u>2022</u> (Unaudited)</b>	December 31, <u>2021</u> (Audited)
Balance at beginning of the period / year	<b>43,438,517</b>	43,813,703
Add: Charge of the period / year	<b>7,879,978</b>	17,109,412
Provision no more required	<b>(24,918,466)</b>	--
Less: Payments during the period / year	<u>(16,929,009)</u>	<u>(17,484,598)</u>
Balance at end of the period/year	<u><b>9,471,020</b></u>	<u>43,438,517</u>

- In the year 2021, the Company filed the zakat declaration and the financial statements and paid the zakat due accordingly, and obtained a certificate valid until 30 April 2023.
- In the years 2015, 2016 and 2018, the decision of the First Circle to settle income tax violations and disputes in the city of Dammam No. (IZD-2022-724) issued in suit No. (Z-39955-2021) regarding the grievance of the Southern Region Cement Company over the connection Zakat for the years 2015, 2016 and 2018, which was required by the Zakat, Tax and Customs Authority to pay the due zakat in the amount of SR 40,583,829. As the decision was in favor of the Company in its main clauses, which led to a decrease in the amount of zakat due for those years to SR 5,243, and the company and the Zakat, Tax and Customs Authority appealed against the decision. In light of the decision of the First Appeals Circuit for Income Tax Violations and Disputes No. (IR-2022-194) issued for the years from 2011 to 2013, according to which the company's point of view was supported, and due to the similarity of the items and the reasons in the main items, a similar decision is expected

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**11. ZAKAT (continued)**

- The years 2011 till 2013, the decision of the First Appeals Circuit for Income Tax Violations and Disputes No. (IR-2022-194), issued on the appeal of the Southern Province Cement Company and the Zakat, Tax and Customs Authority on the decision of the First Circuit in the settlement of income tax violations and disputes in Jeddah No. IZJ-2020-141 related to the assessment of zakat and withholding tax for the years from 2011 to 2013, which ZATCA requires to pay zakat differences, withholding tax and delay fines in the amount of SR 45,319,700. The decision came in general in support of the Company's point of view, by accepting the appeal submitted by the Company, and rejecting the appeal of the Zakat, Tax and Customs Authority. Thus, the decision of the First Appeals Circuit and Income Tax Violations and Disputes No. (IR-2022-194) is considered final and enforceable by the Zakat, Tax and Customs Authority, and in light of the decision, the zakat and tax dues on the Company decreased to become overpaid amounts of SR 39,566,720.
- In the years 2019 and 2020, the Company filed the zakat returns, and they were reviewed by the Zakat, Tax and Customs Authority and issued letters of amendment for the years 2019 and 2020 with zakat differences in the amount of SR 573,933, which were paid by the Company.
- The Company has sufficient allocations to meet any potential zakat obligations that may arise from the final assessments, if any.

**12. EARNING PER SHARE**

**a) Basic earnings per share**

The calculation of basic earnings per share has been based the distributable earnings attributable to shareholders of ordinary shares and the weighted average number of ordinary shares outstanding at the date of the financial statements.

	<u>For the three-months period ended</u>		<u>For the six months period ended</u>	
	<u>June 30,</u> <u>2022</u>	June 30, <u>2021</u> (Restated - Note 15)	<u>June 30,</u> <u>2022</u>	June 30, <u>2021</u> (Restated - Note 15)
Profit for the period (SR)	<u>60,517,040</u>	<u>87,466,425</u>	<u>149,789,665</u>	<u>256,609,232</u>
Number of shares (weighted average)	<u>140,000,000</u>	<u>140,000,000</u>	<u>140,000,000</u>	<u>140,000,000</u>
Basic earnings per share (SR)	<u>0.43</u>	<u>0.62</u>	<u>1.07</u>	<u>1.83</u>

**b) Diluted EPS**

The calculation of diluted earnings per share has been based on the profit distributable to shareholders on ordinary shares and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any.

During the period there are no factors diluting earnings per share.

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**13. CONTINGENCIES AND CAPITAL COMMITMENTS**

- a) As at June 30, 2022, the contingent liabilities against issued banking letters of guarantee amounted to SR 71,2 million (30 June 2021: SR 46 million).
- b) As at 30 June 2022, the capital contingencies related to projects in progress amounted to SR 64,3 million (30 June 2021: SR Nil).
- c) There are cases against the Company that are still pending before the courts, and neither the Company's management nor its legal advisor expects an expected financial obligation to be paid for these cases at the present time, and accordingly no provisions have been made against these cases.

**14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related party transactions mainly represent transaction with companies related to BOD members, salaries, allowances and bonuses of senior executives.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Directors and shareholders (whether executive or otherwise).

<u>Description</u>	<u>Nature of relation</u>
Saudi Chemical Company Limited	A company related to BOD members
Company's BOD members	Executive management of the Company
Key management and senior executives	Executive management of the Company

- a) The following table shows the balances of related parties, which are recognized in trade payables as on June 30, 2022 and December 31, 2021:

<u>Transactions with</u>	<u>Nature of transaction</u>	<u>Volume of transactions</u>		<u>Closing balance</u>	
		<u>June 30, 2022</u> (Unaudited)	<u>December 31, 2021</u> (Audited)	<u>June 30, 2022</u> (Unaudited)	<u>December 31, 2021</u> (Audited)
Saudi Chemical Company Limited	Purchases of raw material	7,447,272	13,347,900	289,409	415,265

The salaries, wages and related costs benefits for the period ended June 30, 2022 and December 31, 2021 include the following:

<u>Transactions with</u>	<u>Nature of the transaction</u>	<u>June 30, 2022</u> (Unaudited)	<u>December 31, 2021</u> (Audited)
Key management personnel	Salaries, wages and equivalentents	5,051,574	6,911,526
BOD members	BOD's remunerations	1,800,000	1,800,000

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**15. CORRECTION OF PREVIOUS YEARS' ERRORS**

During the first quarter of 2022, the Company became aware of an error in calculating the entitlement of the limestone extraction expense, which is due in favor of the Ministry of Industry and Mineral Resources, based on the quantities extracted for the financial year ended December 31, 2021, as well as for the period ended June 30, 2021, as a result of the issuance of an update to the executive regulations of the mining investment, corresponding to 09/05/1442H, which the Company did not implement at the time. Accordingly, the Company's management has re-presented its statements by amending the items of the previous financial statements that were affected by this error in line with the requirements of IAS (8) "Change in Accounting Policies, Change in Accounting Estimates and Accounting Errors".

The following table summarizes the impact on the Company's statement of financial position as at December 31, 2021 and the statement of profit or loss and other comprehensive income and the statement of cash flows for the year ended June 30, 2021:

<b>Statement of financial position</b>	<b>As of December 31, 2021</b>		
	<b>Balance as previously reported</b>	<b>Adjustments</b>	<b>Balance after adjustment</b>
<b>Accrued expenses and other payables</b>	92,530,383	32,377,321	124,907,704
Total current liabilities	425,966,541	32,377,321	458,343,862
Total liabilities	797,228,029	32,377,321	829,605,350
Retained earnings	1,107,491,974	(32,377,321)	1,075,114,653
Total shareholders' equity	3,207,491,974	(32,377,321)	3,175,114,653
	<b>For the six-month period ended June 30, 2021</b>		
<b>Condensed statement of profit or loss and other comprehensive income</b>	<b>Balance as previously reported</b>	<b>Adjustments</b>	<b>Balance after adjustment</b>
Cost of revenue	425,837,953	13,407,690	439,245,643
Gross profit	300,831,316	(13,407,690)	287,423,626
Operating income	275,212,896	(13,407,690)	261,805,206
Profit before zakat	277,143,208	(13,407,690)	263,735,518
Period profit	270,016,922	(13,407,690)	256,609,232
Total comprehensive income	270,016,922	(13,407,690)	256,609,232
<b>Earnings per share to net income for the period (Saudi Riyals):</b>	<b>1.93</b>	<b>0.10</b>	<b>1.83</b>

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**15. CORRECTION OF PREVIOUS YEARS' ERRORS (continued)**

Condensed statement of profit or loss and other comprehensive income	For the three-month period ended June 30, 2021		
	Balance as previously reported	Adjustments	Balance after adjustment
Cost of revenue	176,355,583	7,704,209	184,059,792
Gross profit	110,974,474	(7,704,209)	103,270,265
Operating income	98,493,118	(7,704,209)	90,788,909
Profit before zakat	97,610,907	(7,704,209)	89,906,698
Period profit	95,170,634	(7,704,209)	87,466,425
Total comprehensive income	95,170,634	(7,704,209)	87,466,425
<u>Earnings per share to net income for the period (Saudi Riyals):</u>	<u>0.68</u>	<u>(0,06)</u>	<u>0.62</u>

Condensed statement of cash flows (unaudited)	For the six-month period ended June 30, 2021		
	Balance as previously reported	Adjustments	Balance after adjustment
<b><u>Operating activities:</u></b>			
Profit for the period before Zakat	277,143,208	(13,407,690)	263,735,518
<b><u>Change in working capital:</u></b>			
Accrued expenses and other payables	14,106,511	13,407,690	27,514,201

Condensed statement of changes in equity (unaudited)	For the six-month period ended June 30, 2021		
	Balance as previously reported	Adjustments	Balance after adjustment
Retained earnings	1,099,729,693	(13,407,690)	1,086,322,003
Total equity	3,199,729,693	(13,407,690)	3,186,322,003

**16. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The condensed interim financial statements were approved by the audit committee on August 8, 2022, corresponding to Muharram 10, 1444H.