SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS
For the year ended 31 December 2023
with
INDEPENDENT AUDITOR'S REPORT

KPMG Professional Services
Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 403029792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
مركز زهران للأعمال
شارع الأميرسلطان
ص. ب. 55078
جـده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's report

To the Shareholders of Southern Province Cement Company

Opinion

We have audited the financial statements of **Southern Province Cement Company (a Saudi joint stock Company) ("the Company")**, which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Key Audit Matters

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

Independent Auditor's report (continued)

To the Shareholders of Southern Province Cement Company

Key Audit Matter

Existence and valuation of inventory

With reference to Note (4) regarding the use of judgments and estimates in respect of the impairment of inventories, as well as Note (9) regarding disclosure of inventories.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2023, the book value of the spare parts inventory amounted to SR 271 million, and the in-progress products inventory balance amounted to SR 428 million (mainly consisting of clinkers stored in the form of piles in yards built for this purpose) for the year ended 31 December 2023. The impairment evaluation requires judgment in assessing whether the carrying value of spare parts inventories is not higher than their net realizable value at year-end. Also, significant judgment is required in determining the inventory obsolescence allowance, as it is based on the assessment of historical use of spare parts inventory and physical obsolescence. Changes to these assumptions could result in a material change in the carrying value of inventory. Determining the weight of this in-progress products inventory is not practically possible, therefore, the management estimates the quantities available at the end of the year by measuring the inventory piles and converting the measurements into unit volumes using the angle of repose and quantitative density. To do this, the management estimates the quantities using some methodological measurement calculations and apply density conversion methods applied to similar types of inventory that are used in the cement industry. Given the importance of the inventory balances and related estimates used in determining, the existence of in-progress products inventory and valuation of spare parts inventory was considered as a key audit matter.	Our audit procedures included, among others, based on our judgment, the following: - Attending the physical inventory count conducted by the Company. - Assessed the appropriateness of accounting policies related to spare parts and in-progress products inventory, as well as evaluating the extent of compliance with the requirements of applicable accounting standards. - Evaluated the design, implementation and effectiveness of internal control procedures related to the evaluation of spare parts and in-progress inventory. - On a sample basis, testing the inventory valuation at the end of the year, and assessing judgments and estimates used in estimating the net realizable value of impairment by management. - Involving our specialists to assess the reasonableness of in-progress inventory piles measurements carried out by management during the physical count and recalculate the conversion of volumes into quantities. - Evaluated the appropriateness of the main assumptions used by management in estimating the impairment of spare parts inventory. - Assessing the completeness and adequacy of the disclosures related to inventory for the year ended 31 December 2023.

Independent Auditor's report (continued)

To the Shareholders of Southern Province Cement Company

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance, the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent Auditor's report (continued)

To the Shareholders of Southern Province Cement Company

Auditor's Responsibilities for the Audit of the 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 Company'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 management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' 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.

KPMG Professional Services

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ترخيص رقم ٤٦
س.ت: ٤٠٣٠٢٩٠٧٩٢
KPMG Professional Services

Jeddah, 21 March 2024
Corresponding to 11 Ramadan 1445H

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2023
(Saudi Riyal)

	Note	**31 December 2023**	31 December 2022
Assets			
Property plant and equipment	7	**2,826,226,343**	2,756,241,761
Investment properties	8	**5,437,625**	5,437,625
Non-current assets		**2,831,663,968**	2,761,679,386
Inventories	9	**744,786,614**	669,301,241
Trade receivables	10	**97,475,209**	78,122,596
Prepayments and other receivables	11	**46,353,008**	42,497,140
Cash and cash equivalent	12	**363,096,531**	320,213,283
Current assets		**1,251,711,362**	1,110,134,260
Total assets		**4,083,375,330**	3,871,813,646
Equity and liabilities			
Equity			
Share capital	13	**1,400,000,000**	1,400,000,000
Statuary reserve	14	**700,000,000**	700,000,000
Retained earnings		**1,186,204,368**	1,105,593,835
Total equity		**3,286,204,368**	3,205,593,835
Liabilities			
Loans and facilities	15	**361,164,949**	173,397,000
Employees' defined benefit obligation	16	**116,804,570**	119,519,688
Quarry rehibition provision		**1,140,000**	--
Non-current liabilities		**479,109,519**	292,916,688
Loans and facilities	15	**1,211,640**	80,000,000
Accrued expenses and other payables	17	**60,996,752**	65,800,847
Trade payables		**76,482,127**	48,323,134
Dividend payables	18	**159,375,577**	160,845,204
Zakat provision	19	**19,995,347**	18,333,938
Current liabilities		**318,061,443**	373,303,123
Total liabilities		**797,170,962**	666,219,811
Total equity and liabilities		**4,083,375,330**	3,871,813,646

Executive Vice President of Finance — Chief Executive Officer — Chairman

The accompanying notes 1 to 34 of these financial statements.

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31December 2023
(Saudi Riyal)

	Note	For the year ended 31 December 2023	2022
Revenues	21	**1,070,264,178**	1,222,409,001
Cost of sales	21	**(793,757,825)**	(861,353,686)
Gross profit		**276,506,353**	361,055,315
Selling and distribution expenses	22	**(16,277,310)**	(13,558,717)
General and administration expenses	23	**(60,239,627)**	(49,539,915)
Other income	24	**2,552,424**	1,350,961
Operating profit		**202,541,840**	299,307,644
Finance income	26	**10,356,492**	7,281,019
Finance costs	25	**(14,981,542)**	(14,056,051)
Profit before Zakat		**197,916,790**	292,532,612
Zakat	19	**(2,515,345)**	8,175,570
Profit for the year		**195,401,445**	300,708,182
Other comprehensive income			
Items that will not be reclassified under profit or loss:			
Remeasurement of employee defined benefit obligation	16	**4,209,088**	(1,581,904)
Total other comprehensive income		**199,610,533**	299,126,278
Earnings per share to net income for the year (SR):			
Basic	20	**1.40**	2.15
Diluted	20	**1.40**	2.15

Executive Vice President of Finance

Chief Executive Officer

Chairman

The accompanying notes 1 to 34 of these financial statements.

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
For the year ended 31 December 2023
(Saudi Riyal)

	Note	**Share capital**	**Statutory reserve**	**Retained earnings**	**Total**
Balance at 31 December 2021		1,400,000,000	700,000,000	1,086,467,557	3,186,467,557
Profit for the year		--	--	300,708,182	300,708,182
Other comprehensive income		--	--	(1,581,904)	(1,581,904)
Total comprehensive income for the year		--	--	299,126,278	299,126,278
Transactions with shareholders of the Company					
Dividends	17	--	--	(280,000,000)	(280,000,000)
Balance at 31 December 2022		1,400,000,000	700,000,000	1,105,593,835	3,205,593,835
Balance at 1 January 2023		**1,400,000,000**	**700,000,000**	**1,105,593,835**	**3,205,593,835**
Profit for the year		--	--	**195,401,445**	**195,401,445**
Other comprehensive income		--	--	**4,209,088**	**4,209,088**
Total comprehensive income for the year		--	--	**199,610,533**	**199,610,533**
Transactions with shareholders of the Company					
Dividends	17			**(119,000,000)**	**(119,000,000)**
Balance at 31 December 2023		**1,400,000,000**	**700,000,000**	**1,186,204,368**	**3,286,204,368**

Executive Vice President of Finance

Chief Executive Officer

Chairman

The accompanying notes 1 to 34 of these financial statements.

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2023
(Saudi Riyal)

	Note	For the year ended 31 December 2023	2022
Profit for the year before zakat		**197,916,790**	292,532,612
Adjustments:			
Depreciation on property, plant and equipment	7	**196,388,649**	212,663,591
Provision / (reversal) for write down in the value of inventory	9	**998,443**	(4,029,475)
Losses on disposal of property, plant and equipment	24	**24**	16,860
Reversal for Expected credit loss provision	10	**(70,490)**	--
Finance costs		**14,981,542**	14,056,051
Loan rescheduling losses		**7,642,389**	--
Quarry rehibition provision		**1,140,000**	--
Employee defined benefit obligation charge for the year	16	**9,212,889**	9,089,322
		428,210,236	524,328,961
Changes in working capital:			
Trade receivable		**(19,282,123)**	(27,407,361)
Inventory		**(76,483,816)**	(91,890,304)
Prepayments and other receivables		**(3,855,868)**	8,214,867
Trade payables		**28,158,993**	(5,087,835)
Accrued expenses and other payables		**(6,836,540)**	(47,753,953)
Finance costs paid		**(7,339,153)**	(10,349,650)
Zakat paid	19	**(853,936)**	(16,929,009)
Employees defined benefit obligations - paid	16	**(13,328,863)**	(12,722,427)
Net cash provided by operating activities		**328,388,930**	320,403,289
Investing activities			
Additions of property, plant and equipment	7	**(266,373,255)**	(148,046,534)
Net cash used in investing activities		**(266,373,255)**	(148,046,534)
Financing activities			
Repayment of principle loan	15	**(20,000,000)**	(75,000,000)
Received from facilities	15	**121,337,200**	--
Dividends distributed	18	**(120,469,627)**	(280,741,468)
Net cash used in financing activities		**(19,132,427)**	(355,741,468)
Change in cash and cash equivalents during the year		**42,883,248**	(183,384,713)
Cash and cash equivalents at beginning of the year	12	**320,213,283**	503,597,996
Cash and cash equivalents at the end of the year	12	**363,096,531**	320,213,283
<u>Significant non-cash transactions</u>			
Transfer from projects in progress to property, plant and equipment	7	**54,727,981**	57,439,247

Executive Vice President of Finance | Chief Executive Officer | Chairman

The accompanying notes 1 to 34 of these financial statements.

1. CORPORATE INFORMATION

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/R 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.

The registered address of the Company is as follows:

Southern Province Cement Company
Abha City
P.O. Box 548
Jeddah, Kingdom of Saudi Arabia

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

Jazan, Ahad Al Masarihah City
Aseer, Bisha
Mecca Region, Al Qunfudhah - Thaloth Emara.

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

Factory	Industrial license No.	Industrial license date
Ahad Al Masarihah - Jazan area	451102131374	20/09/1445H
Bisha - Aseer area	441110123631	24/07/1449H
Tehama - Makkah area	451110129097	27/02/1446H

The Company's shares are listed in the Capital Market Authority in the Kingdom of Saudi Arabia. The Public Investment Fund owns 37,4%, while 62,6% is owned by other shareholders as at 31 December 2022 (31 December 2022: 37,4% by Public Investment Fund and 62,6% by other shareholders).

2. BASIS OF PREPERATION

a) Statement of compliance

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

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law”) came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The Company presented the amended Articles of bylaws to the shareholders in their Extraordinary/Annual General Assembly meeting for their ratification on 6 December 2023.

b) Basis of measurement

The accompanying financial statements are prepared on the historical cost basis, except for the defined benefit obligation is measured at the present value of future obligations using the projected unit credit method using the accrual basis of accounting and the going concern concept.

3. FUNCTIONAL AND PRESENTATION CURRENCY

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

4. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the 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 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 made by the management upon the adopting the Company’s accounting policies correspond to the disclosed policies in last year’s financial statements.

Information about significant estimates and uncertainties and significant judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Measurement of employee benefits obligation

The cost of post-employment defined benefits is the present value of the related obligation, as determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. With respect to determining the appropriate discount rate, yield and duration of high-quality bonds obligation, as designated by an internationally acknowledged rating agency are considered, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

Impairment of inventory

The management estimates the impairment in the inventory to reach the net realizable value if its cost is not recoverable or it becomes damaged as a whole or a part of it, or if its selling price is less than its cost or if there are any other factors that may lead to a decrease in its realizable value for less than its cost. Estimates of net realizable value of inventory is based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the financial statements date to the extent that such events confirm conditions existing at the end of period.

Impairment of trade and other receivables

The Company’s management recognizes loss allowance for ECLs on financial assets measured at amortized cost. ECLs are a probability weighted estimate of credit losses. Company’s ECL computation uses historical trends and a forward-looking element to compute percentage allowance to be recorded as impairment loss on financial assets.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances of forecast economic conditions. The Company’s historical credit loss experience and forecast of economic conditions may also not be representative of customers’ actual default in the future.

Impairment of non-financial assets

The Company reviews the carrying amounts of non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset’s fair value less cost to sell and value in use .

Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. A reversal of an impairment loss is recognized as income immediately in the statement of statement of profit or loss and other comprehensive income.

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives of property, plant and equipment with finite useful lives for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the depreciation and methods and useful lives annually and current and future years depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates and to ensure that the methods and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

The Company's management reviews the useful lives, residual value and method of depreciation annually for any significant changes and any resultant changes to the depreciation charge are adjusted in current and future periods.

Fair value of assets and liabilities

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 in the principal or, in its absence, the most advantageous market to which the access is available at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into 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 level I 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 assets and liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at 31 December 2023 and 31 December 2022, there are no transfers between levels.

The carrying values and fair values of financial assets and liabilities including their fair value hierarchy are disclosed. It doesn't include information about fair value of financial assets and financial liabilities not measured at fair value if book value reasonably equals fair value in note (31).

Rehabilitation provision

In accordance with the applicable Company legal requirements, the Company estimates a provision and a provision has been recognized to rehabilitate the sites to their natural condition upon expiration of the contract (refer to note 17).

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Provision of zakat

The estimate of zakat provision involves significant management judgement that involves calculation of the zakat base and zakatable profits in accordance with the zakat and income tax regulations enforced in the Kingdom of Saudi Arabia, which may be subject to different interpretations. The final assessment amount could be significantly different from the declarations and appeals filed by the Company. In determining the best estimate of the amount payable to Zakat, Tax and Customs Authority ("ZATCA"), the Company has applied judgement and interpretation of the ZATCA requirements for calculating Zakat.

5. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise. In addition, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 01 January 2023. 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.

Foreign currencies

Transactions in foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of profit or loss and other comprehensive income.

Revenues from contracts with customers

Revenue is recognized at the allocated price when the customers obtain control of the products that is when the goods are collected from the factory by the customer. Upon collection of goods by the customer from factory the Company consider that the performance obligation is satisfied.

This is defined as the point in time when control of the products has been transferred to the customer, the amount of revenue can be measured reliably, and collection is probable. The transfer of control to customers takes place according to trade agreement terms. Revenue represents the fair value of the consideration received or receivable for goods sold and trade discounts. Discounts are provided on a monthly basis based on the approved policy in line with the quantity purchased.

5. MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits

Evaluation methodology and key assumptions for the actuarial study
In compliance with the requirements of IAS 19 “Employee Benefits”, the end of service indemnity is determined by actuarial valuation using the projected unit credit actuarial cost method at the end of each financial year. The gain or loss arising from actuarial revaluation is recognized in the statement of comprehensive income for the period in which the revaluation occurred. Re-measurement recognized in comprehensive income is immediately reflected in retained earnings and is not included in profit or loss. The cost of the previous service (past cost) is recognized in profit or loss during the plan adjustment period. Interest is calculated by applying the discount rate at the beginning of the period to the specified employee benefit asset or liability.

The cost of the current service of the defined benefit plan is recognized in the statement of profit or loss and other comprehensive income under employee benefit expense to reflect the change in the liability resulting from staff services for the current year and the cases of change, reduction or adjustment of benefits. Service costs for the previous years are directly are recognized in other comprehensive income.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged in equity in the statement of other comprehensive income in the period in which they arise.

Defined benefit costs are classified as follows:

- cost of service (including current service costs, past service cost, as well as gains and losses resulting from the scaling up and reimbursement of staff benefits);
- interest cost, and
- remeasurement.

Short-term employee benefits
Liabilities are recognized and measured for benefits in respect of wages, salaries, annual leave and sick leave in the period in which they are rendered in the undiscounted amounts of the benefits expected to be paid for these services.

Retirement benefit costs
The Company contributes to the retirement benefits of employees in accordance with the regulations of the General Organization for Social Insurance and is calculated as a percentage of the employees' remuneration. Payments to retirement benefit plans are charged as an expense when due.

Finance income and finance costs

Finance income comprise of interest income from murabaha which is recognized in profit or loss using the effective interest rate.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of profit or loss using the effective interest method.

5. MATERIAL ACCOUNTING POLICIES (continued)

Zakat

Zakat is provided for in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in Saudi Arabia. Zakat is provided for the period ratably and charged separately in the statement of profit or loss. Zakat liabilities, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized.

The Company withholds taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with Zakat, Tax and Customs Authority ("ZATCA") regulations in the Kingdom of Saudi Arabia.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories cost is calculated using the weighted average method, which includes expenditure incurred in bringing inventories to their existing location and condition and in case of manufactured inventories and work in progress, inventories are charges with an appropriate share of production overheads based on normal operation capacity of the company. Net realisable value is the estimated selling price in the Company's ordinary course of business, less the estimated costs of completion and selling.

Property, plant and equipment

Recognition and Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Cost includes expenses that are directly attributable to the acquisition of the asset. For internally established assets, cost of asset includes materials and direct labor costs and other direct costs required to operate these assets in the location and purpose which they are acquired for.

If a significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses from disposal of an item of property tools and equipment are determined based on the deference between net proceeds from selling and book value of disposed items of property, plant and equipment and they are carried on in the statement of profit or loss and other comprehensive income at the same period at which the disposal takes place.

Subsequent costs

The cost of replacing part of the item of property, plant and equipment is recognized in the carrying amount of the item if the future economic benefits of the Company in that segment are probable and the cost can be measured reliably. Book value of the replaced item is disposed. The costs of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss and other comprehensive income as incurred.

Major inspections and overhauls are identified and accounted for as a separate component if that component is used over more than one period. The carrying amount of such component is determined with reference to the current market price of such overhauls.

5. MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation
Depreciation is an organized distribution of depreciable value of property, plant and equipment items (asset's cost less asset's residual value) along the asset's useful life.

Depreciation charge is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated on the lower of lease period or the useful life. Freehold lands are not depreciated. When the useful lives of items of property and equipment differ, they are accounted for as separate items.

The estimated useful lives of the items of properties, plant and equipment for the current year and the comparative years are as follow:

Item	Useful lives
Buildings and constructions	33
Roads and utilities	12.5 - 33 years
Plant and equipment	4-30 years
Furniture and office equipment	5-10 years
Vehicles and heavy equipment	4-5 years

The Company reviews depreciation methods, useful lives and residual value of property, plant and equipment (if any) at the end of each financial year and in case there are any differences, they are considered as change in accounting estimates (in the change year and the subsequent years).

Projects in progress
The cost of under construction projects are accounted on actual cost basis and presented under property, plant and equipment item till these projects are ready to use, then they are transferred under property, plant and equipment and its depreciation starts to be accounted in accordance with expected useful lives. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required substantially to complete and prepare those assets for its intended use, if the recognition criteria are met.

Investment properties
Investment property is property acquired either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business of the Company, and it shall not be used in the production or supply of goods or services or for administrative purposes. Investment properties are initially presented at cost including transaction costs, measured later in accordance with the cost model (at historical cost less accumulated depreciation – except lands which are measured at their cost - and accumulated impairment losses).

5. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments

Non-derivative financial instruments

a) Non-Derivative Financial Assets

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). For Investments designated as FVOCI and for which management has an intention to sell such investments within a period of 12 months from the financial year end, are classified under current assets.

The Company initially recognises financial assets on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company 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 Company 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 Company 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 Company has the following non-derivative 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 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.

5. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Non-derivative financial instruments (continued)

a) Non-Derivative Financial Assets (continued)

Financial Assets at FVOCI
The Company has elected to recognise changes in the fair value of investments in equity shares in OCI. These changes are accumulated within the 'other reserve' classified under equity. The Company may transfer this amount from other reserve to retained earnings when the relevant shares are derecognised.

Dividends from such investments continue to be recognised in the Statement of Profit or Loss as other income when the Company's right to receive payments is established. Accumulated gains and losses on these financial assets are never recycled to the Statement of Profit or Loss.

b) Non-Derivative Financial Liabilities

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

The Company 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 Statement of Financial Position when, and only when, the Company 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 Company classifies non-derivative financial liabilities into the other financial liabilities category. Such 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.

Non-derivative financial liabilities of the Company comprise of bank borrowings and trade and other payables.

Financial assets- subsequent measurement - profits or losses:

Financial assets at amortised cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see below). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss is recognized in profit or loss.
FVOCI (Equity instruments)	These assets are subsequently measured at fair value. Dividends are recognized as revenues in the statement of profit or loss, unless these dividends represent recoverable amounts for part of the investment cost. Any other profits or losses are recognized in the statement of other comprehensive income and shall not be reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net profits or losses, including any benefits or dividends are recognized in the statement of profits or loss.

5. MATERIAL ACCOUNTING POLICIES (continued)

Reclassification

When an entity changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with the above-mentioned classification requirements.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention for the Company to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments (“derivatives”) (“interest rate swaps”) to hedge against risks related to interest rates and are recognized as cash flows hedges. Initially, these derivatives are initially recognized at fair value at the date of signing the contract of the derivative instrument, and then remeasured at fair value. Derivatives are carried at books as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives not eligible for hedge accounting are directly recognized in the statement of profit or loss.

At the beginning of hedging process, the Company determines and documents the process that the Company wants to apply the hedging accounting on, as well as the objectives of risk management and hedging strategy. Documents include the hedging instrument definition and the item or process hedged for, it also include the risks’ nature and how would the entity evaluate effectiveness of hedge instrument against exposure to changes in the item’s cash flows and risks return. These hedges are expected to be highly effective in decreasing changes in cash flows and are continually evaluated to determine its effectiveness during periods of preparing financial statements.

Current portion of profit or loss arising from cash flows hedges, which matches hedging accounting requirements are directly recognized in equity, while any non-current portion are directly recognized in and the statement of profit or loss and other comprehensive income.

Amounts presented in equity are transferred to statement of profit or loss when transaction starts to impact profit or loss, e.g., when hedging for an expense or revenue or when an expected selling takes place. If the hedged item represents the cost of non-financial assets or non-financial liabilities, then amounts registered in equity are transferred to original book value of non-financial assets or non-financial liabilities.

If hedge instrument has expired, disposed, terminated, used without being replaced or renewed (as a part of the hedge strategy), or in the case of hedge derecognition or if hedge instrument doesn’t meet the hedge accounting requirements any more, then accumulated profit or loss previously recognized in equity remains under a separate account in equity till the expected transaction takes place or the fixed obligation from the foreign currencies is met. If expected transaction and fixed obligation are not expected to take place, then all amounts previously recognized in equity are transferred to statement of profit or loss and other comprehensive income.

5. MATERIAL ACCOUNTING POLICIES (continued)

Impairment

Impairment of financial assets
IFRS 9 requires an entity to follow an expected credit loss model for the impairment of financial assets.

Expected credit loss should be measured for financial assets measured at amortized cost or fair value through other comprehensive income, except for equity instruments investments.

Under IFRS 9, loss allowances are measured on either of the following methods:
- 12-month ECL. These are ECLs that result from possible default events within the 12 months after the reporting date.
- Lifetime expected credit loss. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a credit asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Company can assume that credit risks on a financial instrument didn’t significantly increase since the initial recognition; if the financial instrument is previously determined as low credit risk instrument at the date of report. However, lifetime expected credit loss measurement is always applied on trade receivables and assets of the contracts without the presence of a significant finance item, in which the Company can adopt this policy to trade receivables with a non-significant finance item.

The Company elected to evaluate trade receivables impairment using expected credit loss model.

The carrying amount of financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, it is recognized in profit or loss in the period of recovery.

Impairment of non-financial assets
The carrying amounts of the Company’s non-financial assets, are reviewed at each reporting date to determine whether there is indication of impairment. If any such indication exists the asset’s recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

5. MATERIAL ACCOUNTING POLICIES (continued)

Impairment (continued)

Impairment losses are recognized in the statement of profit or loss and other comprehensive income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, if any, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An assessment is conducted at each reporting date to determine whether there is an evidence of impairment loss previously recorded or curtailed. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income.

Non-financial assets other than goodwill, if any, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Provisions

A provision is recognized if the Company has a present (legal or contractual) obligations at the reporting date arising from previous events and the payment of the obligation may result in outflow of economic benefits and can be reliably measured. Long-term provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to this liability.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less impairment.

For trade receivables, which are reported net after deducting the impairment, such provision is recorded in a separate account and offset by a loss that is recorded in the statement of profit or loss and other comprehensive income, when it is certain that the trade receivables will not be collected, the total book value of them is written off against the related provision.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with maturities of three months or less from the date of the original investment, which are available to the Company without any restrictions, and the statement of cash flows statement are prepared according to the indirect method.

Trade payables and accruals

Trade payables and other payables are recognized at fair value and are subsequently carried at amortized cost using the effective interest method. The Company derecognizes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished; that is, when the liability specified in the contract is discharged or canceled or expires.

5. MATERIAL ACCOUNTING POLICIES (continued)

Expenses
Selling and marketing expenses arising from the Company's efforts underlying the marketing, selling and distribution functions. All other expenses, excluding cost of sales and financial charges, are classified as administrative expenses. Allocation of common expenses between cost of sales, selling and distribution and general and administrative expenses, where required, is made on a consistent basis based on predetermined rates as appropriate by the Company with regards to the nature and circumstances of the common expenses.

Current / non-current classification
The Company classifies assets and liabilities in the statement of financial position based on current/non-current classification. Asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the date of financial position.

The Company classifies all other liabilities as non-current.

Segment information
An operating segment is a company of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that differ from those of other business segments and which are measured in accordance with the reports used by the executive management.

The Company conducts most of its activities inside the Kingdom of Saudi Arabia, and therefore the financial information is not separated into geographical sectors.

Dividends
Dividends are recorded in the period in which they are approved by the general assembly of shareholders.

Statutory reserve
In accordance with the company's bylaws, the ordinary general assembly, based on the proposal of the Board of Directors, may decide to form reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed dividend as much as possible to shareholders.

6. NEW STANDARDS, INTERPRETATIONS AND AMMENDMENTS

Standards, interpretations and amendments that became effective during the year

Following amendments to IFRS and International Accounting Standards were effective on or after 1 January 2023, but they did not have a material effect on the Company's financial statements:

Effective date	**New Standards or amendments**
1 January 2023	IAS 8 Definition to accounting estimates
1 January 2023	IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

New standards, interpretations and amendments issued but not adopted

The following is a brief on the IFRS and amendments to IFRS, effective for annual periods beginning on or after 1 January 2024. The Company has opted not to early adopt these pronouncements and they do not have a significant impact on the financial statements of the Company

Standard / amendments / interpretation	***Description***	***Effective date***
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	01 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	01 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	01 January 2024
Amendments to IAS 21	Lack of exchangeability	01 January 2025
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely

7. PROPERTY, PLANT AND EQUIPMENT

a) Movement in property, plant and equipment for the year ended 31 December 2023 are as follows:

	Note	Lands	Buildings and constructions	Roads and utilities	Plant and Equipment	Furniture and office equipment	Vehicles and heavy equipment	Projects in progress	Total
Cost:									
Balance at 1 January 2023		6,613,641	1,600,740,758	115,337,999	4,692,066,336	58,120,833	395,847,989	65,766,566	6,934,494,122
Additions		--	58,500	--	26,843,690	2,174,580	22,673,304	214,623,181	266,373,255
Disposal		--	--	--	(68,968)	--	(5,565,851)	--	(5,634,819)
Transferred from projects in progress		--	3,972,899	--	50,615,285	139,797	--	(54,727,981)	--
Balance at 31 December 2023		6,613,641	1,604,772,157	115,337,999	4,769,456,343	60,435,210	412,955,442	225,661,766	7,195,232,558
Accumulated depreciation:									
Balance at 1 January 2023		--	875,975,693	85,837,654	2,800,356,212	49,375,313	366,707,489	--	4,178,252,361
Depreciation charged on the year	7.c	--	36,955,833	1,862,503	142,725,768	1,428,172	13,416,373	--	196,388,649
Disposals		--	--	--	(68,965)	--	(5,565,830)	--	(5,634,795)
Balance at 31 December 2023		--	912,931,526	87,700,157	2,943,013,015	50,803,485	374,558,032	--	4,369,006,215
Net book value:									
At 31 December 2023		**6,613,641**	**691,840,631**	**27,637,842**	**1,826,443,328**	**9,631,725**	**38,397,410**	**225,661,766**	**2,826,226,343**

7. PROPERTY, PLANT AND EQUIPMENT (continued)

b) Movement in property, plant and equipment for the year ended 31 December 2022 are as follows:

	Note	Lands	Buildings and constructions	Roads and utilities	Plant and Equipment	Furniture and office equipment	Vehicles and heavy equipment	Projects in progress	Total
Cost:									
Balance at 1 January 2022		6,613,641	1,596,117,567	114,533,149	4,621,500,403	45,281,981	392,276,699	13,201,647	6,789,525,087
Additions		--	237,217	--	23,074,677	12,838,852	1,891,622	110,004,166	148,046,534
Disposals		--	--	--	(2,930,865)	--	(146,634)	--	(3,077,499)
Transferred from projects in progress		--	4,385,974	804,850	50,422,121	--	1,826,302	(57,439,247)	--
Balance at 31 December 2022		6,613,641	1,600,740,758	115,337,999	4,692,066,336	58,120,833	395,847,989	65,766,566	6,934,494,122
Accumulated depreciation:									
Balance at 1 January 2022		--	839,655,837	83,977,154	2,641,009,683	40,230,854	363,775,881	--	3,968,649,409
Depreciation charged on the year	7.c	--	36,319,856	1,860,500	162,260,719	9,144,459	3,078,057	--	212,663,591
Disposals		--	-	-	(2,914,190)	-	(146,449)	--	(3,060,639)
Balance at 31 December 2022		--	875,975,693	85,837,654	2,800,356,212	49,375,313	366,707,489	--	4,178,252,361
Net book value:									
At 31 December 2022		6,613,641	724,765,065	29,500,345	1,891,710,124	8,745,520	29,140,500	65,766,566	2,756,241,761

7. PROPERTY, PLANT AND EQUIPMENT (continued)

c) The depreciation for the year has been allocated as follows:

	Note	**31 December 2023**	31 December 2022
Cost of sales	21	**195,628,134**	211,161,730
General and administration expenses	23	**692,712**	1,435,150
Selling and distribution expenses	22	**67,803**	66,711
		196,388,649	212,663,591

d) The Company's property, plant and equipment as at 31 December 2023 includes projects in progress amounting to SR 225,7 million (31 December 2022: SR 65,7 million) mainly relates to works of Jizan third line production and energy renewal projects of the Bisha plant.

During the year ended 31 December 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 5 thousand tons per day, provided that the replacement process would be completed by 2026. 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 which will be ended in 2026. During the year, the Company capitalized borrowing cost amounting to SR 14 million using a rate of 7%.

8. INVESTMENT PROPERTIES

The Company has a land classified for investment purposes. The investment properties is measured at cost. The fair value of real estate investments amounted to SR 10,5 million as on 31 December 2023 (31 December 2022: SR 10,6 million). It was determined based on the evaluation provided by Mahd Al Tanmea Real Estate Establishment, an independent certified real estate evaluator (license number 1210000015). The fair value of the properties was determined based on the prevailing market prices for similar properties in that jurisdiction. The Company held these properties currently for undetermined future use. The amounts recognised in profit or loss are Nil. No amount existed or restricted on the realisability of investment property or the remittance of income and proceeds of disposal. In addition, no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

	31 December 2023	31 December 2022
Cost as at 31 December 2023 and 2022	**5,437,625**	5,437,625
Opening depreciation	**--**	--
Depreciation during the year	**--**	--
Closing depreciation	**--**	--
Opening impairment	**--**	--
Impairment during the year	**--**	--
Closing Impairment	**--**	--
Net book value	**5,437,625**	5,437,625
Fair value	**10,571,462**	10,658,000

9. INVENTORIES

a) Inventories as at 31 December comprise the following:

	Note	**31 December 2023**	31 December 2022
Spare parts		**271,987,127**	268,424,295
Production under processing	9.b	**428,159,407**	370,488,598
Raw, filling and packaging materials		**99,695,486**	84,445,311
		799,842,020	723,358,204
Less: write down inventory items	9.c	**(55,055,406)**	(54,056,963)
		744,786,614	669,301,241

b) This represents the Clinker product which is under process to the final cement product.

c) Movement in write down inventory during the year as follows:

	Note	**31 December 2023**	31 December 2022
Balance at the beginning of year		**54,056,963**	58,086,438
Provided during the year	21.b	**998,443**	--
Provision no more required	21.b	**--**	(4,029,475)
Balance at the end of the year		**55,055,406**	54,056,963

10. TRADE RECEIVABLES

a) Trade receivables comprise the following:

	Note	**31 December 2023**	31 December 2022
Trade receivables		**97,815,306**	78,533,183
Allowance for expected credit losses (ECL)	10.b	**(340,097)**	(410,587)
		97,475,209	78,122,596

b) The movement in allowance for expected credit losses is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of year	**410,587**	410,587
Reversal for Expected credit loss provision	**(70,490)**	--
Balance at the end of the year	**340,097**	410,587

c) Additional information related to the Company's exposure to credit and market risk is disclosed in note (30).

11. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables comprise of the following:

	Note	**31 December 2023**	31 December 2022
Advance Payments to suppliers		**32,676,180**	31,086,075
Prepaid expenses		**4,977,215**	3,542,285
Other debit balances, net	11-1	**8,699,613**	7,868,780
		46,353,008	42,497,140

11.1 Other receivable balances include an amount of SR 7 million deposited with the court in the name of a citizen in exchange for a plot of land. The Company has appealed against it. These amounts have been classified under other receivables until the issuance of final decision from the court.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents compromise of following:

	Note	**31 December 2023**	31 December 2022
Cash at banks - current accounts		**143,031,856**	120,175,062
Cash in hand		**64,675**	38,221
Cash		**143,096,531**	120,213,283
Islamic deposits	12 (a)	**220,000,000**	200,000,000
Cash and cash equivalents		**363,096,531**	320,213,283

(a) Investment in Islamic deposits represents time deposits, placed with commercial banks, and has a maturity of 3 months or less as at the original investment date, and on which a commission is generated according to the prevailing short-term deposit rates.

13. SHARE CAPITAL

	No. of shares	**31 December 2023**	31 December 2022
Authorised capital	**140,000,000**	**1,400 million**	1,400 million
Share capital	**140,000,000**	**1,400 million**	1,400 million

At 31 December 2023, the Company share capital is SR 1,400 million consists of 140 million fully paid shares of SR 10 each (31 December 2022: SR 1,400 million consists of 140 million shares of SR 10 each).

14. STATUTORY RESERVE

In accordance with the company's bylaws, the ordinary general assembly, based on the proposal of the Board of Directors, may decide to form reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed dividend as much as possible to shareholders.

15. LOANS AND FACILITIES

On 8 June 2023, the Company renewed the facilities agreement and rescheduled the bank facilities with a local bank, so that the total amount of the facilities amounted to SR 1,63 billion as at December 31, 2023 (December 31, 2022: SR 772.4 million), and the utilized balance of facilities at December 31, 2023 amounted to SR 357,3 million (December 31, 2022: SR 253,3 million). To be paid in variable quarterly installments starting on 6 October 2025 until the end of the year 2033. These facilities are secured by promissory note.

Facilitation agreements with banks include certain covenants, which among other things, state 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.

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

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

	31 December 2023	31 December 2022
Current portion under current liabilities	**1,211,640**	80,000,000
Non-current portion under non-current liabilities	**361,164,949**	173,397,000
	362,376,589	253,397,000

The financing movement during the year is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of year	**253,397,000**	328,397,000
Received during the year	**121,337,200**	--
Loan rescheduling losses	**7,642,389**	--
Payment	**(20,000,000)**	(75,000,000)
	362,376,589	253,397,000

16. EMPLOYEE'S DEFINED BENEFIT OBLIGATIONS

The Company is required by law to pay end of service benefits (defined benefit plan) in accordance with the Saudi Labor Law. The benefit of the end of service benefit equals half the salary of the last month of each of the first five years of service, including the fractions of the year, in addition to the salary of the last month in full for each year of the remaining / subsequent service, including fractions of the year. The end of service benefit plan is unfunded.

An independent actuarial exercise has been conducted by the Company as of 31 December 2023 and 31 December 2022 to ensure the adequacy of the provision for employees end of service benefits in accordance with the rules stated under Saudi Arabian labor law by using the projected unit credit method as required under International Accounting Standards 19: Employee Benefits.

a) The valuation was prepared by an independent external actuarial (Allied Actuarial Consultancy) using the following key assumptions:

	31 December 2023	31 December 2022
Discount rate	**4.85%**	4.72%
Salary increase rate	**4.50%**	4.50%
Assumed Retirement Age	**60**	60

Risk Exposure:
The Company is exposed to a number of risks, the most significant of which are detailed below:

Inflation risk:
The majority of the plan's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities.

Changes in bond yields:
Decrease in corporate bond yields will increase plan liabilities.

b) The movement in the employee benefit obligations is as follows:

	31 December 2023	31 December 2022
Present value of the obligation as at the beginning of the year	**119,519,688**	117,864,488
Components of cost charged on year in statement of profit or loss:		
Current service cost	**9,212,889**	9,089,322
Interest cost	**5,609,944**	3,706,401
Total expense charged to statement of profit or loss	**14,822,833**	12,795,723
Items within statement of other comprehensive income:		
Re-assessment of employee benefit obligations	**(4,209,088)**	1,581,904
Actual benefits paid during the year	**(13,328,863)**	(12,722,427)
Current value of the obligation at the end of the year	**116,804,570**	119,519,688

16. EMPLOYEE'S DEFINED BENEFIT OBLIGATIONS (continued)

c) Defined benefit liability sensitivity

		31 December 2023	31 December 2022
	Base		
Rate of change in salaries	Increase by 1%	**127,516,015**	130,441,170
	Decrease by 1%	**106,001,068**	108,542,567
	Base		
Discount rate	Increase by 1%	**106,594,393**	109,138,178
	Decrease by 1%	**127,018,818**	129,947,390
Assumption of a statistical study of employees			
Membership data			
Number of employees		**1602**	1625
Total monthly salaries qualifying for end of service benefit		**11,174,386**	11,027,715
Average monthly salaries		**6,975**	6,786
Average age of employees (years)		**41**	41
Average years of past experience		**10.4**	11

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

17. ACCRUED EXPENSES AND OTHER PAYABLES

Accrued expenses and other payables at comprise of the following:

	31 December 2023	31 December 2022
Accrued quarry utilization fees	**12,684,022**	14,041,435
Advances from customers	**21,671,445**	26,032,691
Value added tax	**4,888,879**	4,192,545
Accrued revenue	**--**	5,132,848
Committees bonus	**4,544,500**	3,302,500
Accrued expenses	**6,680,833**	6,920,210
Accrued loan interest	**3,852,674**	--
Board of directors renumeration	**2,700,000**	1,800,000
Others	**3,974,399**	4,378,618
	60,996,752	65,800,847

18. DIVIDEND PAYABLES

The movement on the dividends payable as follows:

	31 December 2023	31 December 2022
Balance January 1	**160,845,204**	161,586,672
Dividends declared during the year	**119,000,000**	280,000,000
Dividend payments during the year	**(120,469,627)**	(280,741,468)
	159,375,577	160,845,204

The Board of Directors, at its meeting held on Ramadan 5, 1444H, corresponding to March 27, 2023, recommended cash dividends of SR 70 million for the second half of the financial year 2022 at SR 0.5 per share .

On August 30, 2023, the Company's Board of Directors decided to distribute cash dividends for the first half of the year 2023 amounting to SR 49 million and 3.5% of the paid-up capital at the rate of SR 0.35. (First half of 2022: SR 105 million, at a rate of 7.5% of the paid-up capital, at SR 0.75).

19. ZAKAT

a) Charge for the year

	For the year ended 31 December **2023**	2022
Charge for the year	**19,437,554**	16,742,896
	19,437,554	13,269,208

b) The movement in zakat provision for the year ended 31 December is as follows:

	For the year ended 31 December **2023**	2022
Balance at the beginning of year	**18,333,938**	43,438,517
Provided during the year	**19,437,554**	16,742,896
Provision no more required	**(16,922,209)**	(24,918,466)
Paid during the year	**(853,936)**	(16,929,009)
Balance at the end of the year	**19,995,347**	18,333,938

19. ZAKAT (continued)

c) The significant components of Zakat base for the year ended 31 December comprise of the following:

	31 December 2023	31 December 2022
Additions		
Share capital	**1,400,000,000**	1,400,000,000
Retained earnings	**985,124,208**	826,750,506
Bank facilities	**357,313,000**	253,397,000
Net adjusted income	**211,188,884**	292,532,612
Statuary reserve	**700,000,000**	700,000,000
Provisions	**178,067,888**	198,914,842
Advances to customers	**17,397,970**	13,873,307
Others	**3,058,941**	3,369,704
Total additions	**3,852,150,891**	3,688,837,971
Discounts		
Property, plant and equipment (net)	**(2,814,290,958)**	(2,690,475,195)
Real estate investments - lands	**(5,437,625)**	(5,437,625)
Projects in progress	**--**	(65,766,566)
Spare parts	**(271,987,127)**	(268,424,295)
Total deductions	**(3,091,715,710)**	(3,030,103,681)
Total zakat base	**777,502,156**	658,734,290
Total zakat due	**19,437,554**	16,742,896

d) Zakat and tax status

In the years 2015, 2016, and 2018, the First Chamber for Resolving Income Tax Disputes and Violations issued Decision No. (IR-2023-133942) regarding the appeal of the Southern Region Cement Company against the zakat assessment for the years 2015, 2016, and 2018The Zakat, Tax and Customs Authority (ZATCA) had demanded in its appeal filed with the General Secretariat of Zakat, Tax and Customs Committees that the company pay a due zakat of 40,583,829 Saudi Riyals however, the appeal decision supported the company in its main points, which reduced the amount of zakat due on the company to 557,793 Saudi Riyals.

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.

19. ZAKAT (continued)

d) Zakat and tax status (continued)

At the year 2022, the Company filed the zakat declaration and the financial statements and paid the zakat due accordingly, and obtained a certificate valid until April 30, 2024.

The Company has sufficient allocations to meet any potential zakat obligations that may arise from the final assessments, if any.

20. EARNINGS PER SHARE (EPS)

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.

	31 December 2023	31 December 2022
Profit for the year	**195,401,445**	300,708,182
Number of shares (weighted average)	**140,000,000**	140,000,000
Basic earnings per share (SR)	**1.40**	2.15

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 year there were no diluted shares, accordingly the diluted earnings per share was the same as the basic.

21. REVENUE AND COST OF SALES

a) Any other classifications of revenues have not been disclosed since the Company is selling two types of products (cement and clinker) and no significant differences have appeared between the sale prices and production cost for different types of Cement, whether packed or non-packed. The selling is conducted at a certain point in time, not over time. Below is the breakup of revenue by product:

	Year ended 31 December 2023	Year ended 31 December 2022
Cement	**932,398,412**	1,104,533,378
Clinker	**137,865,766**	117,875,623
	1,070,264,178	1,222,409,001

b) The cost of sales is mainly represents cost of raw materials, direct wages, fuel, energy, spare parts and consumables.

22. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the year ended 31 December comprise the following:

	Note	**Year ended 31 December 2023**	Year ended 31 December 2022
Salaries, wages and equivalents		**4,476,261**	4,760,022
Export fees		**10,552,723**	7,600,797
Reversal of expected credit loss provision		**(70,490)**	--
Depreciation	7.c	**67,803**	66,711
Others		**1,251,013**	1,131,187
		16,277,310	13,558,717

23. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year ended 31 December are as follow:

	Note	**Year ended 31 December 2023**	Year ended 31 December 2022
Salaries, wages and equivalents		**29,849,627**	28,116,486
Consultancy fee		**11,138,545**	4,266,803
Donations and aids		**2,522,000**	2,477,000
Subscription		**1,702,925**	2,109,359
Board of directors' remunerations		**3,042,500**	1,800,000
Depreciation	7.c	**692,712**	1,435,150
Allowance for attending committee sessions and remuneration		**3,702,000**	3,347,500
Others		**7,589,318**	5,987,617
		60,239,627	49,539,915

24. OTHER INCOME

The other income for the year ended 31 December comprises of as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Scrap	**1,372,637**	483,893
Human resource development fund	**122,549**	377,425
Rents collected	**188,000**	130,000
Losses on disposal of property and equipment	**(24)**	(16,860)
Others	**869,262**	376,503
	2,552,424	1,350,961

25. FINANCE COST

The finance cost for the year ended 31 December comprises of as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Finance cost charged on the statement of profit or loss under borrowings	**1,729,189**	10,349,650
Loan rescheduling losses	**7,642,389**	--
Finance cost charged on the statement of profit or loss under employee's benefits obligations (note 16.b)	**5,609,964**	3,706,401
	14,981,542	14,056,051

26. FINANCE INCOME

The finance income for the year ended 31 December comprises of as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Murabaha income	**11,672,573**	5,979,097
(Loss) / income from currency differences	**(1,316,081)**	1,301,922
	10,356,492	7,281,019

27. CONTINGENCIES AND CAPITAL COMMITMENTS

a) As at 31 December 2023, the capital contingencies related to projects in progress amounted to SR 1,2 Billion (2022: SR 40,6 million).
b) As at 31 December 2023, the contingent liabilities against issued banking letters of guarantee amounted to SR 659,3 million (2022: SR 44million).
c) There are labor cases filed against the company with a fixed value and other labor cases with an unspecified value that are still pending before the judiciary, and neither the Company's management or its legal advisor cannot reliably anticipate the obligations that may result from them at the present time, and accordingly no provisions have been made against these cases.

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include the Company's shareholder, entities with significant influence, key management personnel of the Company. Pricing policies and terms of these transactions are approved by the Company's management. All outstanding balances with these related parties are priced on mutually agreed terms. The major shareholder of the Company is Public Investment Fund (PIF). The Government of Kingdom of Saudi Arabia controls PIF which exercises joint control over the Company due to its shareholding ownership of 37.4%. As a result, the Government of Saudi Arabia, semi-Government and other entities with Government ownership or control, including, but not limited to ministries, regulatory bodies and authorities are related parties of the Company. In accordance with the exemption in IAS 24, the management has adopted a partial exemption for disclosure of transactions and balances for government-related entities as required under IAS 24.

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Significant related party transactions with major shareholder, entities with significant influence and other related parties for the year and balance arising there from are described as under:

Nature of transaction	**For the year ended**	
	31 December 2023	31 December 2022
Purchases	**103,503,182**	116,526,180
Services	**1,610,430**	1,567,666
Loan and facility	**123,916,000**	--
Bank charges	**466,523**	882,249
Finance cost	**16,243,374**	10,349,650

	Closing balance	
	31 December 2023	31 December 2022
Trade payables	**7,350,380**	7,602,916
Loans and facilities	**365,816,008**	253,397,000

The salaries, wages and related costs benefits during the year ended 31 December include the following:

Transactions with	**Nature of transaction**	**31 December 2023**	31 December 2022
Short-term			
Key management personnel	Salaries, wages and equivalents	**8,243,073**	7,922,481
BOD members	Board of directors' remunerations	**2,700,000**	1,800,000
Long-term			
Key management personnel	Salaries, wages and equivalents	**--**	--
BOD members	Board of directors' remunerations	**--**	--
Outstanding Balances			
Key management personnel	Salaries, wages and equivalents	**--**	--

29. SEGMENT INFORMATION

The Company has one main product, which is packed and unpackaged cement. The main sectors of the Company are presented according to geographical sectors. These segments are organized and managed separately according to the geographical location, each forming a separate unit. The geographical segments set out below are determined by distinguishing business activities from which the Company generates revenues and incurs costs. The economic characteristics are reviewed and the method of determining the geographical sectors is reconsidered in light of the evaluation made by the Chief Operating Decision Maker at least every quarter, provided that they are approved by the Company's Board of Directors. The Company is operating its activities in the Kingdom of Saudi Arabia through the following geographic areas:

As at and for the year ended 31 December 2023:	**Jazan**	**Bisha**	**Tehama**	**Unallocated**	**Total**
Revenue from selling cement	274,017,733	292,277,087	366,103,592	--	932,398,412
Revenue from selling clinker	90,066,057	--	47,799,709	--	137,865,766
Total revenues	**364,083,790**	**292,277,087**	**413,903,301**	**--**	**1,070,264,178**
Depreciation	30,715,893	56,424,480	108,487,760	760,516	196,388,649
Murabaha income	--	--	--	11,672,573	11,672,573
Finance cost	--	--	--	14,981,542	14,981,542
Profit before Zakat	**74,966,105**	**85,445,765**	**116,094,489**	**(78,589,569)**	**197,916,790**
Zakat expense	--	--	--	(2,515,345)	2,515,345
Profit for the year	**74,966,105**	**85,445,765**	**116,094,489**	**(81,104,914)**	**195,401,445**

As at and for the year ended 31 December 2022	Jazan	Bisha	Tehama	Unallocated	Total
Revenue from selling cement	375,727,736	324,469,192	404,336,450	--	1,104,533,378
Revenue from selling clinker	75,256,776	--	42,618,847	--	117,875,623
Total revenues	**450,984,512**	**324,469,192**	**446,955,297**	**--**	**1,222,409,001**
Depreciation	44,109,207	55,802,118	111,252,727	1,499,539	212,663,591
Finance income	--	--	--	5,979,097	5,979,097
Finance cost	--	--	--	10,349,650	10,349,650
Profit before Zakat	**89,193,732**	**112,036,673**	**156,118,509**	**(64,816,302)**	**292,532,612**
Zakat expense	--	--	--	8,175,570	8,175,570
Profit for the year	**89,193,732**	**112,036,673**	**156,118,509**	**(56,640,732)**	**300,708,182**

29. SEGMENT INFORMATION (continued)

As at and for the year ended 31 December 2023:	Jazan	Bisha	Tehama	Unallocated	Total
Total assets	**625,377,204**	**1,300,130,589**	**1,782,827,730**	**375,039,807**	**4,083,375,330**
Total liabilities	**91,864,170**	**61,811,260**	**80,901,465**	**562,594,067**	**797,170,962**

As at and for the year ended 31 December 2022	Jazan	Bisha	Tehama	Unallocated	Total
Total assets	473,287,419	1,237,926,792	1,840,386,151	320,213,284	3,871,813,646
Total liabilities	87,985,239	55,663,011	70,928,954	451,642,607	666,219,811

30. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value and cash flow, interest rate risks and price risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial risk management framework
Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges against financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The risk committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Financial instruments carried on the balance sheet include cash and cash equivalents, trade and other receivables, financial assets, borrowings, trade and other payables, other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

30. FINANCIAL INSTRUMENTS (continued)

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: Interest rate risk, currency risk and other price risk.

Interest rate risk cost
The loans obtained by the Company are carried at variable interest rates based at prevailing market interest rates.

	31 December 2023	31 December 2022
Variable rate instruments		
Loans	**362,376,589**	253,397,000

Sensitivity analysis for variable rate instruments
Change in 100 basis points in interest rates, with all other variables held constant, would have increased, or decreased the equity and profit before Zakat for the year by SR 362 million (2022: SR 253 million).

Foreign currency risks
Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Company is not significantly exposed to fluctuations in foreign exchange rates during its normal course of business, as the Company's core transactions during the period were denominated in Saudi Riyals and US Dollars. Thus, there are no significant risks associated with transactions and balances denominated in US Dollars.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers, which are based on comprehensive customer ratings and past repayment rates.

The management also continuously monitors the credit exposure related to its customers and makes provision against those balances considered doubtful of recovery. Standing balances of customers are continuously monitored. Cash at banks balances are held with banks with sound credit ratings ranging from BBB- and above.. Trade and other receivables are basically due from customers in local markets and most balances are pledged against effective bank guarantees from local banks with sound credit ratings. Trade and other receivables are stated at their estimated realizable values.

The Management considers reasonable and supportive forward-looking information such as:

a) Actual or expected significant adverse changes in business.
b) actual or expected significant changes in the operating results of the counterparty.
c) financial or economic conditions that are expected to cause a significant change to the counterparty’s ability to meet its obligations.
d) significant increase in credit risk on other financial instruments of the same counterparty,
e) significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

30. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

The Company's gross maximum exposure to credit risk is as follows:

	31 December 2023	31 December 2022
Financial assets		
Trade receivables	**97,475,209**	78,122,596
Cash and cash equivalent	**363,096,531**	320,213,283
	460,571,740	398,335,879

	31 December 2023	31 December 2022
Financial assets		
Secured	**460,571,740**	398,335,879
	460,571,740	398,335,879

Customer credit risk is managed by management subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The Company provides its goods to a large number of customers. The largest customers account 73% of outstanding trade receivables as at 31 December 2023 (2022: 60%). Further, trade receivable for all customers are guaranteed by letter of guarantee.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, service type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Loss rates are calculated using flow rate method based on the probability of a receivable progressing through successive stages of delinquency. Flow rates are calculated separately for exposures in different class of customers based on the common credit risk characteristics.

The ageing of trade receivables as at the reporting date is as follows:

	31 December 2023		31 December 2022	
Duration	**Balance**	**Impairment**	Balance	Impairment
	SR	**SR**	SR	SR
Not past due	**92,666,127**	**109,263**	76,097,300	--
From 1 to 60 days	**4,317,657**	**57,169**	2,257,210	242,913
From 61 to 90 days	**326,243**	**24,770**	178,673	167,674
More than 90 days	**505,279**	**148,895**	--	--
	97,815,306	**340,097**	78,533,183	410,587

30. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Loss rates are based on historical credit loss experience and are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Company's future commitments.

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date, based on contractual undiscounted repayment obligations. The contractual maturities of liabilities have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that most counter parties will not request repayment on the earliest date the Company could be required to pay and the table does not reflect the expected cash flows indicated by the Company's history.

	Undiscounted contractual cash flows				
31 December 2023	**Less than 1 year**	**1 year to 3 years**	**Over 3 years**	**Total contractual maturity**	**Total Carrying Amount**
Loans	**1,211,640**	**104,525,837**	**275,461,286**	**381,198,763**	**362,376,589**
Trade payables	**76,482,127**	**--**	**--**	**--**	**76,482,127**
Accrued and other liabilities	**31,674,723**	**--**	**--**	**--**	**31,674,723**
Dividends payable	**159,375,577**	**--**	**--**	**--**	**159,375,577**
	268,744,067	**104,525,837**	**275,461,286**	**381,198,763**	**629,909,016**

	Undiscounted contractual cash flows				
31 December 2022	Less than 1 year	1 year to 3 years	Over 3 years	Total contractual maturity	Total Carrying Amount
Loans	81,251,404	176,109,370	--	257,360,774	253,397,000
Trade payables	48,323,134	--	--	--	48,323,134
Accrued and other liabilities	34,603,854	--	--	--	34,603,854
Dividends payable	160,845,204	--	--	--	160,845,204
	323,772,192	176,109,370	--	257,360,774	497,169,192

- It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

30. FINANCIAL INSTRUMENTS (continued)

Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. and to maintain a strong capital base to support the sustained development of its businesses.

The Company’s adjusted net liabilities to equity ratio was as follows:

	31 December 2023	31 December 2022
Total liabilities	**797,170,962**	666,219,811
Less: Cash and cash equivalent	**(363,096,531)**	(320,213,283)
Net liabilities	**434,074,431**	346,006,528
Total shareholders’ equity	**3,286,204,368**	3,205,593,835
Net liabilities to equity ratio	**0.13**	0.11

31. MEASURING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	31 December 2023					
	Carrying amount		**Fair value**			
Financial assets	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Trade receivables	**97,475,209**	**97,475,209**	**--**	**--**	**--**	**--**
Cash and cash equivalents	**363,096,531**	**363,096,531**	**--**	**--**	**--**	**--**
	460,571,740	**460,571,740**	**--**	**--**	**--**	**--**
Financial liabilities						
Loans and facilities	**362,376,589**	**362,376,589**	**--**	**--**	**--**	**--**
Trade payables, accrued expense and other payables	**137,478,879**	**137,478,879**	**--**	**--**	**--**	**--**
	499,855,468	**499,855,468**	**--**	**--**	**--**	**--**

31. MEASURING THE FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	31 December 2022					
	Carrying amount		Fair value			
Financial assets	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Trade receivables	78,122,596	78,122,596	--	--	--	--
Cash and cash equivalents	320,213,283	320,213,283	--	--	--	--
	398,335,879	398,335,879	--	--	--	--
Financial liabilities						
Loans and facilities	253,397,000	253,397,000	--	--	--	--
Trade payables, accrued expense and other payables (restated - note 27)	114,123,981	114,123,981	--	--	--	--
	367,520,981	367,520,981	--	--	--	--

32. COMPARATIVE FIGURES

The comparative figures for the year ended on 31 December 2022 have been reclassified to conform with the current presentation of the financial statements, and this reclassification has no impact on the profit or equity for the year ended on 31 December 2022.

33. SUBSEQUENT EVENTS

The Board of Directors, at its meeting held on 3 Ramadan 1445, corresponding to 13 March 2024, recommended cash dividends of SR 91 for the second half of the financial year 2023 at SR 0.65 per share. Provided that the dividends are attributable to the shareholders of the Company who own shares on the maturity date registered in the registry of the Company’s shareholders’ in the Securities Depository Center (Edaa) at the end of the second trading day following the day of the Company's General Assembly meeting, the date of which will be announced later, after taking the necessary approvals.

34. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 13 March 2024, corresponding to 3 Ramadan 1445H.