

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

**CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**  
For the three months and six-month periods ended 30 June 2024  
with  
**INDEPENDENT AUDITORS' REPORT ON REVIEW**



## KPMG Professional Services

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

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed interim financial statements

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

## Introduction

We have reviewed the accompanying 30 June 2024 condensed interim financial statements of **Southern Province Cement Company** ("the Company") which comprises:

- the condensed statement of financial position as at 30 June 2024;
- the condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2024;
- the condensed statement of changes in equity for the six-month period ended 30 June 2024;
- the condensed statement of cash flows for the six-month period ended 30 June 2024; and
- the notes to the condensed interim financial statements.

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

## Scope of review

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

# Independent auditor's report on review of condensed interim financial statements (continued)

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2024 condensed interim financial statements of **Southern Province Cement Company** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Professional Services

Abdullah Oudah Althagafi  
License No. 455



Jeddah, 11 August 2024  
Corresponding to 7 Safar 1446H

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

**CONDENSED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2024

(Saudi Riyals)

|   | Note | 30 June<br>2024<br>(Unaudited) | 31 December<br>2023<br>(Audited) |
|---|------|--------------------------------|----------------------------------|
| <b>ASSETS</b>                               |      |                                |                                  |
| <b>Net non-current assets</b>               |      |                                |                                  |
| Property, plant and equipment               | 7    | 2,863,005,602                  | 2,826,226,343                    |
| Investment properties                       |      | 5,476,376                      | 5,437,625                        |
| <b>Total non-current assets</b>             |      | <b>2,868,481,978</b>           | <b>2,831,663,968</b>             |
| <b>Current assets</b>                       |      |                                |                                  |
| Inventories                                 | 8    | 878,956,291                    | 744,786,614                      |
| Trade receivables                           |      | 138,766,150                    | 97,475,209                       |
| Prepayments and other receivables           | 9    | 51,611,147                     | 46,353,008                       |
| Cash and cash equivalents                   | 10   | 219,582,823                    | 363,096,531                      |
| <b>Total current assets</b>                 |      | <b>1,288,916,411</b>           | <b>1,251,711,362</b>             |
| <b>Total assets</b>                         |      | <b>4,157,398,389</b>           | <b>4,083,375,330</b>             |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b> |      |                                |                                  |
| <b>Equity:</b>                              |      |                                |                                  |
| Share capital                               |      | 1,400,000,000                  | 1,400,000,000                    |
| Statutory reserve                           |      | 700,000,000                    | 700,000,000                      |
| Retained earnings                           |      | 1,187,327,510                  | 1,186,204,368                    |
| <b>Total shareholders' equity</b>           |      | <b>3,287,327,510</b>           | <b>3,286,204,368</b>             |
| <b>Liabilities</b>                          |      |                                |                                  |
| <b>Non Current liabilities</b>              |      |                                |                                  |
| Bank facilities                             | 11   | 427,450,469                    | 361,164,949                      |
| Employees' defined benefit obligation       |      | 116,772,727                    | 116,804,570                      |
| Quarry rehabilitation provision             |      | 1,140,000                      | 1,140,000                        |
| <b>Total non-current liabilities</b>        |      | <b>545,363,196</b>             | <b>479,109,519</b>               |
| <b>Current liabilities</b>                  |      |                                |                                  |
| Bank facilities                             | 11   | 1,808,057                      | 1,211,640                        |
| Accrued expenses and other payables         |      | 58,376,593                     | 60,996,752                       |
| Trade payables                              |      | 91,840,717                     | 76,482,127                       |
| Dividend payables                           | 12   | 159,345,889                    | 159,375,577                      |
| Zakat provision                             | 13   | 13,336,427                     | 19,995,347                       |
| <b>Total current liabilities</b>            |      | <b>324,707,683</b>             | <b>318,061,443</b>               |
| <b>Total liabilities</b>                    |      | <b>870,070,879</b>             | <b>797,170,962</b>               |
| <b>Total equity and liabilities</b>         |      | <b>4,157,398,389</b>           | <b>4,083,375,330</b>             |

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

  
Executive Vice President  
of Finance

  
Chief Executive Officer

  
Chairman

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

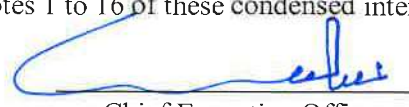
**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**

For the three-month and six-month periods ended 30 June 2024  
(Saudi Riyals)

|   | Note | For the three-month period<br>ended 30 June |                     | For the six-month period<br>ended 30 June |                     |
|---|------|---|---------------------|---|---------------------|
|   |      | 2024<br>(Unaudited)                         | 2023<br>(Unaudited) | 2024<br>(Unaudited)                       | 2023<br>(Unaudited) |
| Revenue   |      | 214,315,123                                 | 226,005,105         | 464,987,942                               | 525,850,454         |
| Cost of revenue   |      | (159,769,843)                               | (189,405,683)       | (317,894,709)                             | (418,462,765)       |
| <b>Gross profit</b>   |      | <b>54,545,280</b>                           | <b>36,599,422</b>   | <b>147,093,233</b>                        | <b>107,387,689</b>  |
| Provision for expected credit loss  |      | (562,302)                                   | --                  | (2,172,189)                               | --                  |
| Selling and distribution expenses   |      | (1,907,276)                                 | (4,617,458)         | (3,662,688)                               | (9,036,068)         |
| General and administrative expenses                                       |      | (18,880,376)                                | (8,675,852)         | (39,122,655)                              | (21,598,410)        |
| <b>Operating income</b>   |      | <b>33,195,326</b>                           | <b>23,306,112</b>   | <b>102,135,701</b>                        | <b>76,753,211</b>   |
| Finance income  |      | 4,425,110                                   | 3,686,667           | 5,577,059                                 | 5,411,407           |
| Finance costs   |      | (1,351,441)                                 | (1,936,922)         | (3,845,766)                               | (5,925,719)         |
| Other income / (expenses)   |      | 41,040                                      | (36,274)            | 809,630                                   | 595,386             |
| <b>Profit before zakat</b>  |      | <b>36,310,035</b>                           | <b>25,019,583</b>   | <b>104,676,624</b>                        | <b>76,834,285</b>   |
| Zakat   |      | (6,309,945)                                 | (5,984,636)         | (12,553,482)                              | (8,909,940)         |
| <b>Period profit</b>  |      | <b>30,000,090</b>                           | <b>19,034,947</b>   | <b>92,123,142</b>                         | <b>67,924,345</b>   |
| <b>Other comprehensive income</b>   |      |   |                     |   |                     |
| <i>Items that will not be reclassified under profit or loss:</i>          |      |   |                     |   |                     |
| Remeasurement of employees' defined benefits obligation                   |      | --  | --                  | --  | --                  |
| <b>Total comprehensive income</b>   |      | <b>--</b>                                   | <b>--</b>           | <b>--</b>                                 | <b>--</b>           |
| <b>Total comprehensive income</b>   |      | <b>30,000,090</b>                           | <b>19,034,947</b>   | <b>92,123,142</b>                         | <b>67,924,345</b>   |
| <u>Earnings per share to net income for the period</u><br>(Saudi Riyals): | 14   |   |                     |   |                     |
| <b>Basic</b>  |      | <b>0.21</b>                                 | 0.14                | <b>0.66</b>                               | 0.49                |
| <b>Diluted</b>  |      | <b>0.21</b>                                 | 0.14                | <b>0.66</b>                               | 0.49                |

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

  
Executive Vice President  
of Finance

  
Chief Executive Officer

  
Chairman

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

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


For the six-month period ended 30 June 2024  
(Saudi Riyals)

|   | <u>Note</u> | <u>Share capital</u> | <u>Statutory reserve</u> | <u>Retained earnings</u> | <u>Total</u>  |
|---|-------------|----------------------|--------------------------|--------------------------|---------------|
| <b>The six-month period ended 30 June 2023:</b> |             |                      |                          |                          |               |
| Balance at 1 January 2023 (audited)             |             | 1,400,000,000        | 700,000,000              | 1,105,593,835            | 3,205,593,835 |
| Profit for the period                           |             | --                   | --                       | 67,924,345               | 67,924,345    |
| Other comprehensive income                      |             | --                   | --                       | --                       | --            |
| Total comprehensive income for the period       |             | --                   | --                       | 67,924,345               | 67,924,345    |
| Transactions with shareholders of the Company   |             | --                   | --                       | --                       | --            |
| Dividends                                       | 12          | --                   | --                       | (70,000,000)             | (70,000,000)  |
| Balance at 30 June 2023 (Unaudited)             |             | 1,400,000,000        | 700,000,000              | 1,103,518,180            | 3,203,518,180 |
| <b>Six-month period ended 30 June 2024:</b>     |             |                      |                          |                          |               |
| Balance at 1 January 2024 (audited)             |             | 1,400,000,000        | 700,000,000              | 1,186,204,368            | 3,286,204,368 |
| Profit for the period                           |             | --                   | --                       | 92,123,142               | 92,123,142    |
| Other comprehensive income                      |             | --                   | --                       | --                       | --            |
| Total comprehensive income for the period       |             | --                   | --                       | 92,123,142               | 92,123,142    |
| Transactions with shareholders of the Company   |             | --                   | --                       | --                       | --            |
| Dividends                                       | 12          | --                   | --                       | (91,000,000)             | (91,000,000)  |
| Balance at 30 June 2024 (Unaudited)             |             | 1,400,000,000        | 700,000,000              | 1,187,327,510            | 3,287,327,510 |

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

  
Executive Vice President  
of Finance

  
Chief Executive Officer

  
Chairman

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

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

For the six-month period ended 30 June 2024

(Saudi Riyals)

|   | <u>Note</u> | <u>2024</u><br>(Unaudited) | <u>2023</u><br>(Unaudited) |
|---|-------------|----------------------------|----------------------------|
| <b><u>Operating activities:</u></b>                                 |             |                            |                            |
| Profit for the period before Zakat                                  |             | 104,676,624                | 76,834,285                 |
| <b><u>Adjustments:</u></b>  |             |                            |                            |
| Depreciation on property, plant and equipment                       | 7           | 103,197,072                | 98,687,601                 |
| Amortization of loan rescheduling losses                            | 11          | (596,417)                  | --                         |
| Loss from disposal of property, plant and equipment                 | 7           | --                         | 24                         |
| Reverse for write down of inventory                                 |             | (1,096,842)                | --                         |
| Provision for expected credit losses                                |             | 2,172,189                  | --                         |
| Finance cost  |             | 3,845,766                  | --                         |
| Employee defined benefit obligation charge for the period           |             | 4,313,298                  | 4,914,868                  |
|   |             | <u>216,511,690</u>         | <u>180,436,778</u>         |
| Change in working capital:  |             |                            |                            |
| Trade receivables   |             | (43,463,130)               | (16,615,400)               |
| Inventories   |             | (133,072,835)              | (45,407,547)               |
| Prepayments and other receivables                                   |             | (5,258,139)                | 1,819,329                  |
| Trade payables  |             | 15,358,590                 | 20,877,341                 |
| Accrued expenses and other payables                                 |             | (6,465,925)                | (1,890,033)                |
| Employees defined benefits - paid                                   |             | (4,345,141)                | (8,184,400)                |
| Zakat paid  |             | (19,212,402)               | (853,935)                  |
| <b>Net cash generated from operating activities</b>                 |             | <u>20,052,708</u>          | <u>130,182,133</u>         |
| <b><u>Investing activities:</u></b>                                 |             |                            |                            |
| Additions of property, plant and equipment                          | 7           | (139,976,331)              | (147,574,631)              |
| Additions to investment properties                                  |             | (38,751)                   | --                         |
| <b>Net cash used in investing activities</b>                        |             | <u>(140,015,082)</u>       | <u>(147,574,631)</u>       |
| <b><u>Financing activities:</u></b>                                 |             |                            |                            |
| Repayment from facilities   | 11          | --                         | (40,012,429)               |
| Proceeds from facilities  | 11          | 67,478,354                 | 78,600,000                 |
| Dividends paid  | 12          | (91,029,688)               | (70,446,335)               |
| <b>Net cash used in financing activities</b>                        |             | <u>(23,551,334)</u>        | <u>(31,858,764)</u>        |
| Change in cash and cash equivalents during the period               |             | <u>(143,513,708)</u>       | <u>(49,251,262)</u>        |
| Cash and cash equivalents at beginning of the period                |             | 363,096,531                | 320,213,283                |
| <b>Cash and cash equivalents at the end of the period</b>           | 10          | <u>219,582,823</u>         | <u>270,962,021</u>         |
| <b><u>Significant non-cash transactions</u></b>                     |             |                            |                            |
| Transfer from projects in progress to property, plant and equipment | 7           | 35,400,628                 | 26,357,693                 |

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

  
Executive Vice President  
of Finance

  
Chief Executive Officer

  
Chairman

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

As at 30 June 2024

(Saudi Riyals)

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**1. GENERAL**

Southern Province Cement Company was established as a Saudi Joint Stock Company (“the Company”) under the Royal Decree No. M/3 on 12/2/1398H based on the companies law and executive regulations from the Ministry of Commerce.

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 or indirectly to the realization of these purposes.

As at March 31, 2024, the company’s authorized, subscribed and fully paid capital amounted to SR 1.4 billion (2023: SR 1.4 billion) distributed into 140 million ordinary shares (2023: 140 million ordinary shares) each valued at SR 10 (2023: SR 10).

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.

The registered address of the Company is as follows:  
Southern Province Cement Company  
Abha City  
PO Box 548  
Jeddah, Kingdom of Saudi Arabia

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

1. Jazan, Ahad Al Masarihah city.
2. Aseer, Bisha.
3. Mecca Region, Al Qunfudhah - Thaloith Emarah.

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

| <u>Factory</u>                 | <u>Industrial license No.</u> | <u>Industrial license date</u>                   |
|--------------------------------|-------------------------------|--|
| Ahad Al Masarihah - Jazan area | 451102131374                  | 20/09/1445H corresponding to<br>30 March 2024    |
| Bisha - Aseer area             | 441110123631                  | 24/07/1449H corresponding to<br>23 December 2027 |
| Tehama - Makkah area           | 451110129097                  | 27/02/1446H corresponding to<br>2 September 2024 |

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

As at 30 June 2024

(Saudi Riyals)

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**2. BASIS OF PREPARATION**

**a) Statement of compliance**

These condensed interim financial statements have been prepared in accordance with IAS No. 34 “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants. These condensed interim financial statements should be read in conjunction with the financial statements of the last annual financial statements of the Company as in as at 31 December 2023 (“Previous Year Financial Statements”). These financial statements do not include all the information required to prepare a complete set of financial statements in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, however some accounting policies and explanatory notes have been included to explain the events and transactions that are important to understand the changes in the financial position and financial performance of the Company from the financial statements of the previous year. In addition, the results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the year ended 31 December 2024.

**b) Basis of measurement**

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

- Accruals for employee defined benefit obligations that are measured at the present value of future liabilities are recognized using the projected unit credit method. Using the accrual basis of accounting and the going concern concept.
- The provision for quarry rehabilitation is measured at the present value of the expected cost of resurfacing the site using the discount rate as at the contract inception date.

**c) Functional and presentation currency**

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

**3. USE OF JUDGEMENTS AND ESTIMATES**

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

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

The significant judgments and estimates made by management in applying the Company's accounting policies are consistent with those disclosed in the annual financial statements.

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

As at 30 June 2024

(Saudi Riyals)

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Company in preparing the financial statements are consistent with those followed in preparing the annual financial statements of the Company for the year ended 31 December 2023.

**5. NEW STANDARDS AND AMENDMENTS TO STANDARDS**

**5.1 New standards and amendments to standards**

The following amendments to existing standards and framework have been applied by the Company in preparation of these condensed interim financial statements. The adoption of the following did not result in changes to the previously reported profit or equity of the Company.

| <b><u>Standard / Interpretation</u></b> | <b><u>Description</u></b>                               | <b><u>Effective date</u></b> |
|---|---|------------------------------|
| IAS 1                                   | Classification of liabilities as current or non-current | January 01, 2024             |
| IAS 1                                   | Non-current Liabilities with Covenants                  | January 01, 2024             |
| IFRS 16                                 | Lease Liability in a Sale and Leaseback                 | January 01, 2024             |
| IAS 7 and IFRS 7                        | Supplier finance arrangements                           | January 01, 2024             |

Following are the new IFRS sustainability disclosure standards that are not yet endorsed by SOCPA.

| <b><u>Standard / Interpretation</u></b> | <b><u>Description</u></b>   | <b><u>Effective from periods beginning on or after the following date</u></b> |
|---|---|---|
| IFRS S1                                 | General requirements for disclosure of sustainability-related financial information | January 01, 2024  |
| IFRS S2                                 | Climate-related disclosures   | January 01, 2024  |

**5.2 Standards issued but not yet effective**

The standards, interpretations, and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial statements are disclosed below. The Company is currently assessing the implications on the Company's condensed interim financial statements on adoption. The Company intends to adopt these standards, where applicable, when they become effective.

| <b><u>Standard / Interpretation</u></b> | <b><u>Description</u></b>   | <b><u>Effective from periods beginning on or after the following date</u></b> |
|---|---|---|
| IAS 21                                  | Lack of exchangeability (amendments to IAS 21)  | January 01, 2025  |
| IFRS 18                                 | Presentation and disclosure in financial statements   | January 01, 2027  |
| IFRS 10 and IAS 28                      | Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28) | Available for optional adoption / effective date deferred indefinitely        |

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

As at 30 June 2024

(Saudi Riyals)

**6. SEGMENT INFORMATION**

The Company has one main product, which is packed and unpacked 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:

|                                    | <u>Jazan</u> | <u>Bisha</u> | <u>Tehama</u> | <u>Unallocated</u> | <u>Total</u> |
|------------------------------------|--------------|--------------|---------------|--------------------|--------------|
| <b><u>For the period ended</u></b> |              |              |               |                    |              |
| <b><u>30 June 2024:</u></b>        |              |              |               |                    |              |
| Revenue from selling cement        | 127,506,826  | 131,661,540  | 182,559,284   | --                 | 441,727,650  |
| Revenue from selling Clinker       | 23,260,292   | --           | --            | --                 | 23,260,292   |
| Total revenue                      | 150,767,118  | 131,661,540  | 182,559,284   | --                 | 464,987,942  |
| Depreciation                       | 22,092,875   | 29,202,852   | 51,474,960    | 426,385            | 103,197,072  |
| Finance income                     | --           | --           | --            | 5,577,059          | 5,577,059    |
| Finance cost                       | --           | --           | --            | 3,845,766          | 3,845,766    |
| Profit / (loss) before zakat       | 34,526,427   | 42,221,555   | 66,458,178    | (38,529,536)       | 104,676,624  |
| Zakat expense                      | --           | --           | --            | 12,553,482         | 12,553,482   |
| Profit for the period              | 34,526,426   | 42,221,555   | 66,458,179    | (51,083,018)       | 92,123,142   |
|                                    | <u>Jazan</u> | <u>Bisha</u> | <u>Tehama</u> | <u>Unallocated</u> | <u>Total</u> |

**For the period ended**  
**30 June 2023:**

|                              |             |             |             |              |             |
|------------------------------|-------------|-------------|-------------|--------------|-------------|
| Revenue from selling cement  | 144,262,631 | 141,081,717 | 179,478,176 | --           | 464,822,524 |
| Revenue from selling Clinker | 29,437,807  | 1,583,192   | 30,006,931  | --           | 61,027,930  |
| Total revenue                | 173,700,438 | 142,664,909 | 209,485,107 | --           | 525,850,454 |
| Depreciation                 | 17,174,014  | 27,559,366  | 53,599,246  | 354,975      | 98,687,601  |
| Finance revenue              | --          | --          | --          | 5,411,407    | 5,411,407   |
| Finance cost                 | --          | --          | --          | 5,925,719    | 5,925,719   |
| Profit / loss before zakat   | 26,400,218  | 38,984,581  | 42,002,890  | (30,553,404) | 76,834,285  |
| Zakat expense                | --          | --          | --          | (8,909,940)  | (8,909,940) |
| Profit for the period        | 26,400,218  | 38,984,581  | 42,002,890  | (39,463,344) | 67,924,345  |

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

As at 30 June 2024

(Saudi Riyals)

**6. SEGMENT INFORMATION (continued)**

| <u>As at 30 June 2024:</u>     | <u>Jazan</u>       | <u>Bisha</u>         | <u>Tehama</u>        | <u>Unallocated</u> | <u>Total</u>         |
|--------------------------------|--------------------|----------------------|----------------------|--------------------|----------------------|
| Total assets                   | <u>597,680,568</u> | <u>1,378,223,767</u> | <u>1,797,677,545</u> | <u>383,816,509</u> | <u>4,157,398,389</u> |
| Total liabilities              | <u>88,071,114</u>  | <u>63,113,650</u>    | <u>118,788,096</u>   | <u>600,098,019</u> | <u>870,070,879</u>   |
|                                | <u>Jazan</u>       | <u>Bisha</u>         | <u>Tehama</u>        | <u>Unallocated</u> | <u>Total</u>         |
| <u>As at 31 December 2023:</u> |                    |                      |                      |                    |                      |
| Total assets                   | <u>625,377,204</u> | <u>1,300,130,589</u> | <u>1,782,827,730</u> | <u>375,039,807</u> | <u>4,083,375,330</u> |
| Total liabilities              | <u>91,864,170</u>  | <u>61,811,260</u>    | <u>80,901,465</u>    | <u>562,594,067</u> | <u>797,170,962</u>   |

**7. PROPERTY, PLANT AND EQUIPMENT**

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

|   | <b>30 June<br/>2024<br/>(Unaudited)</b> | 30 June<br>2023<br>(Unaudited) |
|---|---|--------------------------------|
| Depreciation on property, plant and equipment                       | <b>103,197,072</b>                      | 98,687,601                     |
| Additions of property, plant and equipment                          | <b>139,976,331</b>                      | 147,574,631                    |
| Transfer from projects in progress to property, plant and equipment | <b>35,400,628</b>                       | 26,357,693                     |
| Disposal of property, plant and equipment                           | --                                      | 24                             |

2. Company's property, plant and equipment are not pledged against standing loans as at 30 June 2024 and 31 December 2023.

**8. INVENTORIES**

Inventories comprise the following:

|                                      | <b>30 June<br/>2024<br/>(Unaudited)</b> | 31 December<br>2023<br>(Audited) |
|--------------------------------------|---|----------------------------------|
| Spare parts                          | <b>279,586,384</b>                      | 271,987,127                      |
| Production under processing          | <b>561,480,763</b>                      | 428,159,407                      |
| Raw, filling and packaging materials | <b>91,847,708</b>                       | 99,695,486                       |
|                                      | <b>932,914,855</b>                      | 799,842,020                      |
| Less: write down inventory items     | <b>(53,958,564)</b>                     | (55,055,406)                     |
|                                      | <b>878,956,291</b>                      | 744,786,614                      |

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

As at 30 June 2024

(Saudi Riyals)

**8. INVENTORIES (continued)**

Movement in write down inventory items as follows:

|   | <b>30 June<br/>2024<br/>(Unaudited)</b> | 31 December<br>2023<br>(Audited) |
|---|---|----------------------------------|
| Balance at the beginning of the period / year | <b>55,055,406</b>                       | 54,056,963                       |
| (Reversal) / charge during the period / year  | <b>(1,096,842)</b>                      | 998,443                          |
|   | <b><u>53,958,564</u></b>                | <u>55,055,406</u>                |

**9. PREPAYMENTS AND OTHER RECEIVABLES**

Prepayments and other receivables comprise of the following:

|                            | <b>30 June<br/>2024<br/>(Unaudited)</b> | 31 December<br>2023<br>(Audited) |
|----------------------------|---|----------------------------------|
| Payments to suppliers      | <b>41,488,017</b>                       | 32,676,180                       |
| Prepaid expenses           | <b>3,078,473</b>                        | 4,977,215                        |
| Other receivables balances | <b>7,044,657</b>                        | 8,699,613                        |
|                            | <b><u>51,611,147</u></b>                | <u>46,353,008</u>                |

- 9.1 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.

**10. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the following:

|                  | <u>Note</u> | <b>30 June<br/>2024<br/>(Unaudited)</b> | 31 December<br>2023<br>(Audited) |
|------------------|-------------|---|----------------------------------|
| Cash at banks    |             | <b>119,521,169</b>                      | 143,031,856                      |
| Cash in hand     |             | <b>61,654</b>                           | 64,675                           |
|                  |             | <b><u>119,582,823</u></b>               | <u>143,096,531</u>               |
| Islamic deposits | 10.1        | <b>100,000,000</b>                      | 220,000,000                      |
|                  |             | <b><u>219,582,823</u></b>               | <u>363,096,531</u>               |

- 10.1 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.

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

As at 30 June 2024

(Saudi Riyals)

**11. BANK 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 30 June 2024 (31 December 2023: SR 1.63 billion), and the utilized balance of facilities at 30 June 2024 amounted to SR 429 million (31 December 2023: SR 362.4 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:

|   | <b>30 June<br/>2024<br/>(Unaudited)</b> | 31 December<br>2023<br>(Audited) |
|---|---|----------------------------------|
| Current portion under current liabilities         | 1,808,057                               | 1,211,640                        |
| Non-current portion under non-current liabilities | 427,450,469                             | 361,164,949                      |
|   | <u>429,258,526</u>                      | <u>362,376,589</u>               |

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

|   | <b>30 June<br/>2024<br/>(Unaudited)</b> | 31 December<br>2023<br>(Audited) |
|---|---|----------------------------------|
| Balance at the beginning of the period / year | 362,376,589                             | 253,397,000                      |
| Provided during the period / year             | 67,478,354                              | 121,337,200                      |
| Losses from loan restructuring                | --                                      | 7,642,389                        |
| Amortization of loan rescheduling losses      | (596,417)                               | --                               |
| Payments                                      | --                                      | (20,000,000)                     |
|   | <u>429,258,526</u>                      | <u>362,376,589</u>               |

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

As at 30 June 2024

(Saudi Riyals)

**12. DIVIDEND PAYABLES**

The movement on the dividends payable as follows:

|   | <b>30 June<br/>2024<br/>(Unaudited)</b> | 31 December<br>2023<br>(Audited) |
|---|---|----------------------------------|
| Balance at 1 January                        | <b>159,375,577</b>                      | 160,845,204                      |
| Dividends declared during the period / year | <b>91,000,000</b>                       | 119,000,000                      |
| Dividend payments during the period / year  | <b>(91,029,688)</b>                     | (120,469,627)                    |
|   | <b><u>159,345,889</u></b>               | <u>159,375,577</u>               |

The Board of Directors, at its meeting held on 5 Ramadan 1444H, corresponding to 27 March 2023, recommended cash dividends of SR 70 million for the second half of the financial year 2022 at SR 0.5 per share, which was approved by the Company's General Assembly in their meeting dated 10 Dhu al-Qi'dah 1444H, corresponding to 30 May 2023.

On 30 August 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).

The Board of Directors, in its meeting held on 3 Ramadan 1445H, corresponding to 13 March 2024, recommended cash dividends of SR 91 million for the second half of the financial year 2023 at SR 0.65 per share, which was approved by the Company's General Assembly in their meeting dated 12 Dhu al-Qi'dah 1445H, corresponding to 20 May 2024.

**13. ZAKAT**

**Zakat and tax status**

- In the years 2015, 2016 and 2018, the decision of the First Circuit for Settlement of Income Tax Violations and Disputes No. (IR-2023-133942) was issued regarding the appeal of the Company against the zakat assessment for the years referred to, in which the Zakat, Tax and Customs Authority, in its appeal submitted to the General Secretariat of the Zakat, Tax and Customs Committees, demanded the company to pay zakat amounted to SR 40,583,829. However, the appeal decision was upheld on several key points, which resulted in the amount of zakat owed by the company being reduced to 557,793 Saudi riyals.
- At the year 2022 and 2023, the Company filed the zakat declaration and the financial statements and paid the zakat due accordingly, and obtained a certificate valid until 30 April 2024.
- The Company has sufficient allocations to meet any potential zakat obligations that may arise from the final assessments, if any.

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

As at 30 June 2024

(Saudi Riyals)

**14. EARNINGS PER SHARE**

**a) Basic earnings per share**

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

|  | For the three-month<br>period ended |                        | For the six months<br>period ended |                        |
|--|-------------------------------------|------------------------|------------------------------------|------------------------|
|  | 30 June<br><u>2024</u>              | 30 June<br><u>2023</u> | 30 June<br><u>2024</u>             | 30 June<br><u>2023</u> |
| Profit for the period (SR)             | <u>30,000,090</u>                   | <u>19,034,947</u>      | <u>92,123,142</u>                  | <u>67,924,345</u>      |
| Number of shares (weighted<br>average) | <u>140,000,000</u>                  | <u>140,000,000</u>     | <u>140,000,000</u>                 | <u>140,000,000</u>     |
| Basic earnings per share (SR)          | <u>0.21</u>                         | <u>0.14</u>            | <u>0.66</u>                        | <u>0.49</u>            |

**b) Diluted EPS**

The calculation of diluted earnings per share has been based on the profit distributable to shareholders on ordinary shares and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any. During the period there are no factors diluting earnings per share.

**15. CONTINGENCIES AND CAPITAL COMMITMENTS**

- a) As at 30 June 2024, the contingent liabilities against issued banking letters of guarantee amounted to SR 49.2 million (30 June 2023: SR 39 million).
- b) As at 30 June 2024, the capital commitments related to projects in progress amounted to SR 1.1 billion (30 June 2023: 1.6 billion).
- c) There are cases against the Company that are still pending on the courts, and the Company's management and its legal advisor expects a financial obligation for these cases, and accordingly provision have been made against these cases.

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

The condensed interim financial statements were authorized for issue by the audit committee on 4 August 2024, corresponding to 29 Muharam 1446H.