

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

**FINANCIAL STATEMENTS**  
For the year ended 31 December 2024  
with  
**INDEPENDENT AUDITOR'S REPORT**



## KPMG Professional Services Company

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

Headquarters in Riyadh

## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

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

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 2024, 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 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 Matters (continued)

### Existence and valuation of inventory

With reference to Note (4) regarding the use of judgments and estimates in respect of the existence and impairment of inventories, as well as Note (10) regarding disclosure of inventories.

#### The key audit matter

As at 31 December 2024, the book value of the spare parts inventory amounted to SR 266 million, and the in-progress products inventory balance amounted to SR 672 million mainly consisting of clinkers stored in the form of piles in yards built for this purpose for the year ended 31 December 2024.

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. Significant judgment is required in determining the net realizable value (NRV) provision for inventory, as it is based on the expected utilisation of the spares in the production process. Changes to these assumptions could result in a material change in the carrying value of inventory.

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 involves their expert and 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.

Inventory was considered a key audit matter due to the significant judgment involved in estimating inventory balances, including the quantities of in-progress product inventory and the valuation of spare parts.

#### How the matter was addressed in our audit

Our audit procedures included, among others, based on our judgment, the following:

- Attended the physical inventory count conducted by the Company .
- Evaluated the design, implementation and tested the operating effectiveness of key control procedures related to the valuation of spare parts and quantities of in-progress inventory.
- On a sample basis, tested the year-end inventory valuation and assessed the judgments and estimates used by management in determining the net realizable value (NRV).
- Involved our specialists to assess the reasonableness of in-progress inventory piles measurements carried out by management during the physical count and recalculated the conversion of volumes into quantities.
- Assessed the completeness and adequacy of the disclosures related to inventory for the year ended 31 December 2024.



# 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 auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## 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 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.
- 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.



# Independent Auditor's report (continued)

To the Shareholders of Southern Province Cement Company

## Auditor's Responsibilities for the Audit of the Financial Statements (continued)


- 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 Company



Abdullah Oudah Althagafi  
License No. 455

Jeddah, 8 April 2025  
Corresponding to 10 Shawwal 1446H



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

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2024

(Saudi Riyal)

	Note	31 December 2024	31 December 2023
<b>Assets</b>			
Property plant and equipment	7	3,086,225,242	2,826,226,343
Intangible assets	8	905,957	--
Investment properties	9	5,476,376	5,437,625
<b>Non-current assets</b>		<b>3,092,607,575</b>	<b>2,831,663,968</b>
Inventories	10	959,097,904	744,786,614
Trade receivables	11	135,832,318	97,475,209
Prepayments and other receivables	12	54,408,314	46,353,008
Cash and cash equivalent	13	186,413,978	363,096,531
<b>Current assets</b>		<b>1,335,752,514</b>	<b>1,251,711,362</b>
<b>Total assets</b>		<b>4,428,360,089</b>	<b>4,083,375,330</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	1,400,000,000	1,400,000,000
Statutory reserve	15	700,000,000	700,000,000
Other comprehensive income		12,551,903	283,831
Retained earnings		1,258,916,874	1,185,920,537
<b>Total equity</b>		<b>3,371,468,777</b>	<b>3,286,204,368</b>
<b>Liabilities</b>			
Loans and facilities	16	607,550,536	361,164,949
Employees' defined benefit obligation	17	106,197,155	116,804,570
Quarry rehabilitation provision	18	3,944,150	1,140,000
<b>Non-current liabilities</b>		<b>717,691,841</b>	<b>479,109,519</b>
Loans and facilities	16	41,607,924	1,211,640
Accrued expenses and other payables	19	67,317,554	60,996,752
Trade payables		74,270,474	76,482,127
Dividend payables	20	128,738,188	159,375,577
Zakat provision	21	27,265,331	19,995,347
<b>Current liabilities</b>		<b>339,199,471</b>	<b>318,061,443</b>
<b>Total liabilities</b>		<b>1,056,891,312</b>	<b>797,170,962</b>
<b>Total equity and liabilities</b>		<b>4,428,360,089</b>	<b>4,083,375,330</b>

The accompanying notes 1 to 36 of these financial statements.

  
Executive Vice President  
of Finance

  
Chief Executive Officer

  
Chairman

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2024

(Saudi Riyal)

	Note	For the year ended 31 December	
		2024	2023
Revenues	23	935,028,850	1,070,264,178
Cost of sales	23	(591,711,662)	(793,757,825)
<b>Gross profit</b>		<b>343,317,188</b>	<b>276,506,353</b>
Selling and distribution expenses	24	(9,722,499)	(16,277,310)
General and administration expenses	25	(71,993,874)	(60,239,627)
Other income	26	6,417,146	2,552,424
<b>Operating profit</b>		<b>268,017,961</b>	<b>202,541,840</b>
Finance income	28	6,651,819	10,356,492
Finance costs	27	(4,441,057)	(14,981,542)
<b>Profit before Zakat</b>		<b>270,228,723</b>	<b>197,916,790</b>
Zakat	21	(26,482,386)	(2,515,345)
<b>Profit for the year</b>		<b>243,746,337</b>	<b>195,401,445</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified under profit or loss:</i>			
Remeasurement of employee defined benefit obligation	17	12,268,072	4,209,088
<b>Total other comprehensive income</b>		<b>256,014,409</b>	<b>199,610,533</b>
<b>Earnings per share to net income for the year (SR):</b>			
Basic	22	1.74	1.40
Diluted	22	1.74	1.40

The accompanying notes 1 to 36 of these financial statements.

  
Executive Vice President  
of Finance

  
Chief Executive Officer

  
Chairman

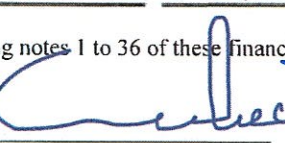
**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**  
For the year ended 31 December 2024  
(Saudi Riyal)

	Note	Share capital	Statutory reserve	Other comprehensive income	Retained earnings	Total
<b>Balance at 31 December 2022</b>		1,400,000,000	700,000,000	(3,925,257)	1,109,519,092	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		--	--	4,209,088	195,401,445	199,610,533
<b>Transactions with shareholders of the Company</b>						
Dividends	20	--	--	--	(119,000,000)	(119,000,000)
<b>Balance at 31 December 2023</b>		1,400,000,000	700,000,000	283,831	1,185,920,537	3,286,204,368
<b>Balance at 1 January 2024</b>		1,400,000,000	700,000,000	283,831	1,185,920,537	3,286,204,368
Profit for the year		--	--	--	243,746,337	243,746,337
Other comprehensive income		--	--	12,268,072	--	12,268,072
Total comprehensive income for the year		--	--	12,268,072	243,746,337	256,014,409
Dividends	20	--	--	--	(161,000,000)	(161,000,000)
Other movement in equity	34	--	--	--	(9,750,000)	(9,750,000)
<b>Balance at 31 December 2024</b>		1,400,000,000	700,000,000	12,551,903	1,258,916,874	3,371,468,777

The accompanying notes 1 to 36 of these financial statements.

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

**STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2024  
(Saudi Riyal)

	Note	For the year ended 31 December	
		2024	2023
Profit for the year before zakat		270,228,723	197,916,790
<b>Adjustments:</b>			
Other movement in equity	34	(9,750,000)	--
Depreciation on property, plant and equipment	7	197,220,282	196,388,649
Amortization of intangible assets	8	20,813	--
(reversal) / provision for write down in the value of inventory	10	(2,641,633)	998,443
(Gain) / Loss on disposal of property, plant and equipment		(661,565)	24
Reversal for Expected credit loss provision	11	(279,099)	(70,490)
Finance costs		5,652,696	7,339,153
Loan rescheduling (amortization) / losses	16	(1,211,639)	7,642,389
Murabaha income	28	(7,840,577)	(11,672,573)
Quarry rehabilitation provision	18	2,804,150	1,140,000
Employee defined benefit obligation charge for the year	17	9,219,773	9,212,889
		<b>462,761,924</b>	<b>408,895,274</b>
<b>Changes in working capital:</b>			
Trade receivable		(38,078,010)	(19,282,123)
Inventory		(211,669,657)	(76,483,816)
Prepayments and other receivables		(8,055,306)	(3,855,868)
Trade payables		(2,211,653)	28,158,993
Accrued expenses and other payables		6,320,802	(4,804,095)
Finance costs paid		--	(1,729,209)
Zakat paid	21	(19,212,402)	(853,936)
Employees defined benefit obligations – paid	17	(13,211,812)	(13,328,863)
<b>Net cash provided by operating activities</b>		<b>176,643,886</b>	<b>316,716,357</b>
<b>Investing activities</b>			
Additions of property, plant and equipment	7	(457,219,216)	(266,373,255)
Addition of intangible assets	8	(926,770)	--
Investment properties addition		(38,751)	--
Interest received		7,840,577	11,672,573
Proceeds from sale property, plant and equipment		661,600	--
<b>Net cash used in investing activities</b>		<b>(449,682,560)</b>	<b>(254,700,682)</b>
<b>Financing activities</b>			
Repayment of principle loan	16	--	(20,000,000)
Received from facilities	16	287,993,510	121,337,200
Dividends distributed	20	(191,637,389)	(120,469,627)
<b>Net cash generated from / (used in) financing activities</b>		<b>96,356,121</b>	<b>(19,132,427)</b>
Change in cash and cash equivalents during the year		(176,682,553)	42,883,248
Cash and cash equivalents at beginning of the year	13	363,096,531	320,213,283
<b>Cash and cash equivalents at the end of the year</b>	13	<b>186,413,978</b>	<b>363,096,531</b>

**Significant non-cash transactions**

Transfer from projects in progress to property, plant and equipment 7 113,321,919 54,727,981

The accompanying notes 1 to 36 of these financial statements.

Executive Vice President  
of Finance

Chief Executive Officer

Chairman

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2024

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**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 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 31 December 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).

The registered address of the Company is as follows:

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

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

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

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

<u>Factory</u>	<u>Industrial license No.</u>	<u>Industrial license date</u>
Ahad Al Masariyah - Jazan area	1397100191146	20/09/1445H, corresponding to 30 March 2024
Bisha - Aseer area	441110123631	24/07/1449H, corresponding to 23 December 2027
Tehama - Makkah area	1424100183192	6/03/1451H, corresponding to 18 July 2029

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 2024 (31 December 2023: 37,4% by Public Investment Fund and 62,6% by other shareholders).

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2024

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**2. BASIS OF PREPERATION**

**a) Statement of compliance**

These financial statements have been prepared in accordance with IFRS 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. The amendment of the company's by-laws was approved in accordance with the new company's system.

**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:

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2024

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**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 Company holds spare parts inventory for the machinery of its plant and these spare parts are held for no longer than one reporting period. Management estimate the appropriate level of provisioning for spare parts at the end of each reporting period based on management's expectations for future utilization in the process of production, disposal or sale plans for the spare parts.

**Quantity of inventory**

Inventories comprise of purchased raw materials (limestone, sand, gypsum and iron ore) and work in progress (mainly clinker which are stored in purpose built shed and stockpiles). Since the weighing of these inventories is not practicable, management assesses the quantities on hand at the year-end by obtaining measurements of the stockpiles and converting these measurements to unit of volumes by using the angle of repose and the bulk density. In doing so, management appoints an independent surveyor to estimate the quantities by using certain scientific systematic measurements calculations and applying the density conversion methods which are applied for similar stock in the cement industry.

**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 .

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2024

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**4. USE OF JUDGMENTS AND ESTIMATES (continued)**

**Impairment of non-financial assets (continued)**

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 recognized. A reversal of an impairment loss is recognized as income immediately in the statement of profit or loss and other comprehensive income.

**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 2024 and 31 December 2023, there are no transfers between levels.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2024

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**4. USE OF JUDGMENTS AND ESTIMATES (continued)**

**Fair value of assets and liabilities (continued)**

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).

**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.

**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 upon collection of goods by the customer from factory wherein the risk and rewards pertaining to the products are transferred to the customer. . 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2024

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**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. Remeasurement 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 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.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of specific assets. All other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs consist of commission and other costs that an entity incurs in connection with the borrowing of funds.

**NOTES TO THE FINANCIAL STATEMENTS**

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**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 charged 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31December 2024

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**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:

<u>Item</u>	<u>Useful lives</u>
Buildings and constructions	33
Roads and utilities	12.5 - 33 years
Plant and equipment	10-30 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.

**Intangible Assets**

Intangible assets acquired individually are initially measured at cost. The cost of intangible assets acquired through business combinations is their fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. As for intangible assets developed internally (except for capitalized development costs), they are not capitalized, and the expenses are recognized in the profit or loss statement as they are incurred.

Gains or losses arising from the disposal of intangible assets are measured as the difference between the net proceeds from the disposal and the carrying amount of the asset, and they are recognized in the profit or loss statement when the asset is disposed of.

The estimated useful lives of intangible assets are as follows:

<u>Item</u>	<u>Useful lives</u>
Computers software	8

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2024

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**5. MATERIAL ACCOUNTING POLICIES (continued)**

**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)

**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 amortized 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 recognizes financial assets on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes 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 recognized 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 realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets:

***Financial Assets at Amortized 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 amortized cost. A gain or loss on a debt investment subsequently measured at amortized cost and not part of a hedging relationship is recognized in the Statement of Profit or Loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

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**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 recognize 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 derecognized.

Dividends from such investments continue to be recognized 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 recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes 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 realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized 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 amortized 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2024

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**5. MATERIAL ACCOUNTING POLICIES (continued)**

**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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**5. MATERIAL ACCOUNTING POLICIES (continued)**

**Impairment (continued)**

**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.

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.

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**5. MATERIAL ACCOUNTING POLICIES (continued)**

**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.

**Expenses**

Selling and marketing expenses arising from the Company's efforts underlying the marketing and selling 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
- It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period

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.

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**5. MATERIAL ACCOUNTING POLICIES (continued)**

**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 issued but not yet effective:**

The standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, interpretations and amendments if applicable, when they become effective.

<b><u>Standard / interpretation</u></b>	<b><u>Description</u></b>	<b><u>Effective date</u></b>
IAS 21	Lack of exchangeability (amendments to IAS 21)	01 January 2025
IFRS 7 and IFRS 9	Classification and measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7)	01 January 2026
IFRS 18	Presentation and disclosure in financial statements	01 January 2027
IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption

**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 2024, but they did not have a material effect on the Company's financial statements:

<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 (amendments to IAS 1)	01 January 2024
IFRS 16	Lease Liability in a Sale and Leaseback (amendments to IFRS 16)	01 January 2024
IAS 7 and IFRS 7	Supplier finance arrangements (amendments to IAS 7 and IFRS 7)	01 January 2024
IAS 1	Non-current Liabilities with Covenants (amendments to IAS 1)	01 January 2024

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**7. PROPERTY, PLANT AND EQUIPMENT**

a) Movement in property, plant and equipment for the year ended 31 December 2024 are as follows:

	Note	<u>Lands</u>	<u>Buildings and constructions</u>	<u>Roads and utilities</u>	<u>Plant and Equipment</u>	<u>Furniture and office equipment</u>	<u>Vehicles and heavy equipment</u>	<u>Projects in progress</u>	<u>Total</u>
<b><u>Cost:</u></b>									
Balance at 1 January 2024		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
Additions		--	67,198	3,986,063	23,410,278	1,679,455	11,195,971	416,880,251	457,219,216
Disposal		--	--	--	(48,000)	(39,320)	(10,564,849)	--	(10,652,169)
Transferred from projects in progress		--	1,825,302	345,000	111,102,547	18,760	30,310	(113,321,919)	--
Balance at 31 December 2024		<u>6,613,641</u>	<u>1,606,664,657</u>	<u>119,669,062</u>	<u>4,903,921,168</u>	<u>62,094,105</u>	<u>413,616,874</u>	<u>529,220,098</u>	<u>7,641,799,605</u>
<b><u>Accumulated depreciation:</u></b>									
Balance at 1 January 2024		--	912,931,526	87,700,157	2,943,013,015	50,803,485	374,558,032	--	4,369,006,215
Depreciation charged on the year	7.c	--	37,007,998	2,072,094	141,362,867	1,781,926.00	14,995,397	--	197,220,282
Disposals		--	--	--	(48,000)	(39,311)	(10,564,823)	--	(10,652,134)
Balance at 31 December 2024		<u>--</u>	<u>949,939,524</u>	<u>89,772,251</u>	<u>3,084,327,882</u>	<u>52,546,100</u>	<u>378,988,606</u>	<u>--</u>	<u>4,555,574,363</u>
<b><u>Net book value:</u></b>									
At 31 December 2024		<u>6,613,641</u>	<u>656,725,133</u>	<u>29,896,811</u>	<u>1,819,593,286</u>	<u>9,548,005</u>	<u>34,628,268</u>	<u>529,220,098</u>	<u>3,086,225,242</u>

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**7. PROPERTY, PLANT AND EQUIPMENT (continued)**

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

	<u>Note</u>	<u>Lands</u>	<u>Buildings and constructions</u>	<u>Roads and utilities</u>	<u>Plant and Equipment</u>	<u>Furniture and office equipment</u>	<u>Vehicles and heavy equipment</u>	<u>Projects in progress</u>	<u>Total</u>
<u>Cost:</u>									
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		<u>6,613,641</u>	<u>1,604,772,157</u>	<u>115,337,999</u>	<u>4,769,456,343</u>	<u>60,435,210</u>	<u>412,955,442</u>	<u>225,661,766</u>	<u>7,195,232,558</u>
<u>Accumulated depreciation:</u>									
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		<u>--</u>	<u>912,931,526</u>	<u>87,700,157</u>	<u>2,943,013,015</u>	<u>50,803,485</u>	<u>374,558,032</u>	<u>--</u>	<u>4,369,006,215</u>
<u>Net book value:</u>									
At 31 December 2023		<u>6,613,641</u>	<u>691,840,631</u>	<u>27,637,842</u>	<u>1,826,443,328</u>	<u>9,631,725</u>	<u>38,397,410</u>	<u>225,661,766</u>	<u>2,826,226,343</u>

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**7. PROPERTY, PLANT AND EQUIPMENT (continued)**

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

	<u>Note</u>	<b>31 December 2024</b>	31 December 2023
Cost of sales	23	<b>196,354,698</b>	195,628,134
General and administration expenses	25	<b>826,886</b>	692,712
Selling and distribution expenses	24	<b>38,698</b>	67,803
		<b><u>197,220,282</u></b>	<u>196,388,649</u>

d) The Company's property, plant and equipment as at 31 December 2024 includes projects in progress amounting to SR 529.2 million (31 December 2023: SR 225.7 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 16 million using a rate of 7% which related to projects in progress. (2023: The Company capitalized borrowing cost amounting to SR 14 million using a rate of 7%.)

**8. INTANGIBLE ASSETS**

Movement in the Carrying Amount of Intangible Assets:

<u>Description</u>	<u>Note</u>	<b>31 December 2024</b>	31 December 2023
<b><u>Cost:</u></b>			
Balance as at 1 January 2024		--	--
Additions		<b>926,770</b>	--
Balance as at 31 December 2024		<b><u>926,770</u></b>	<u>--</u>
<b><u>Accumulated Amortization:</u></b>			
Balance as at 1 January 2024		--	--
Amortizing	25	<b>20,813</b>	--
Balance as at 31 December 2024		<b><u>20,813</u></b>	<u>--</u>
<b>Net book value:</b>		<b><u>905,957</u></b>	<u>--</u>

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**9. INVESTMENT PROPERTIES**

The Company has a land classified as investment properties. The investment properties is measured at cost. The fair value of real estate investments amounted to SR 14.1 million as on 31 December 2024 (31 December 2023: SR 10,5 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 recognized in profit or loss are Nil. No amount existed or restricted on the realizability 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.

The key assumptions used are as per below:

<b>Key assumptions</b>	<b>Value</b>
Rent per square meter for exhibitions	2024: SR 790 2023: SR 750
Rent per square meter for Office space	2024: SR 395 2023: SR 320
Occupancy rate	2024: 100% 2023: 90% - 100%
Operation and maintenance ratio	2024: 25% 2023: 15%
Rate of return	2024: 9% 2023: 8%

	<b>31 December <u>2024</u></b>	31 December <u>2023</u>
Cost as at 1 January 2024	<b>5,437,625</b>	5,437,625
Addition during year	<b>38,751</b>	--
	<b>5,476,376</b>	<u>5,437,625</u>
Opening depreciation	--	--
Depreciation during the year	--	--
Closing depreciation	--	--
Opening impairment	--	--
Impairment during the year	--	--
Closing Impairment	--	--
Net book value	<b>5,476,376</b>	<u>5,437,625</u>
Fair value	<b>14,087,165</b>	<u>10,571,462</u>

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**10. INVENTORIES**

a) Inventories as at 31 December comprise the following:

	<u>Note</u>	<b>31 December 2024</b>	31 December <u>2023</u>
Spare parts		266,336,124	271,987,127
Production under processing	10.b	671,818,371	428,159,407
Raw, filling and packaging materials		<u>73,357,182</u>	<u>99,695,486</u>
		<b>1,011,511,677</b>	799,842,020
Less: write down inventory items	10.c	<u>(52,413,773)</u>	<u>(55,055,406)</u>
		<b><u>959,097,904</u></b>	<b><u>744,786,614</u></b>

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:

	<b>31 December 2024</b>	31 December <u>2023</u>
Balance at the beginning of year	55,055,406	54,056,963
(Reversal) / provided during the year	<b>(2,641,633)</b>	998,443
Balance at the end of the year	<b><u>52,413,773</u></b>	<u>55,055,406</u>

**11. TRADE RECEIVABLES**

a) Trade receivables comprise the following:

	<u>Note</u>	<b>31 December 2024</b>	31 December <u>2023</u>
Trade receivables		135,893,316	97,815,306
Allowance for expected credit losses (ECL)	11.b	<u>(60,998)</u>	<u>(340,097)</u>
		<b><u>135,832,318</u></b>	<b><u>97,475,209</u></b>

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

	<u>Note</u>	<b>31 December 2024</b>	31 December <u>2023</u>
Balance at the beginning of year		340,097	410,587
Reversal for Expected credit loss provision	24	<b>(279,099)</b>	(70,490)
Balance at the end of the year		<b><u>60,998</u></b>	<u>340,097</u>

c) Additional information related to the Company's exposure to credit and market risk is disclosed in note (32).

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**12. PREPAYMENTS AND OTHER RECEIVABLES**

Prepayments and other receivables comprise of the following:

	<u>Note</u>	<b>31 December 2024</b>	31 December <u>2023</u>
Advance Payments to suppliers		<b>29,832,978</b>	32,676,180
Prepaid expenses		<b>4,525,189</b>	4,977,215
Other debit balances	12-1	<b>20,050,147</b>	8,699,613
		<b><u>54,408,314</u></b>	<u>46,353,008</u>

12.1 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.

**13. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents compromise of following:

	<u>Note</u>	<b>31 December 2024</b>	31 December <u>2023</u>
Cash at banks - current accounts		<b>106,376,457</b>	143,031,856
Cash in hand		<b>37,521</b>	64,675
<b>Cash</b>		<b><u>106,413,978</u></b>	<u>143,096,531</u>
Islamic deposits	13 (a)	<b>80,000,000</b>	220,000,000
<b>Cash and cash equivalents</b>		<b><u>186,413,978</u></b>	<u>363,096,531</u>

(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.

**14. SHARE CAPITAL**

	<b>No. of shares</b>	<b>31 December 2024</b>	31 December <u>2023</u>
Authorised capital	<b><u>140,000,000</u></b>	<b><u>1,400 million</u></b>	<u>1,400 million</u>
Share capital	<b><u>140,000,000</u></b>	<b><u>1,400 million</u></b>	<u>1,400 million</u>

At 31 December 2024, the Company share capital is SR 1,400 million consists of 140 million fully paid shares of SR 10 each (31 December 2023: SR 1,400 million consists of 140 million shares of SR 10 each).

**15. 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.

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**16. 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, 2024 (December 31, 2023: SR 1,63 billion), resulting in loan rescheduling losses of SAR 7.6 million and the utilized balance of facilities at December 31, 2024 amounted to SR 651,7 million (December 31, 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.

The facility agreements with bank contain some undertakings, which include the following covenants:

- The liquidity ratio shall not be less than 1:1 based on the latest audited annual financial statements.
- The debt coverage ratio (income from main business / total repayments due from the facility principal) shall not be less than 1:1.75.
- In the event that the bank's commitment coincides with the dividend distribution date, the bank shall be paid first.
- The company undertakes to give the first right to the Bank to hedge against the volatility of the lending rate or to reject if the bank's offer is identical to or higher than the offers of other banks.
- The company undertakes to submit expected cash flows for the Jazan project in line with the requirements of the Bank and to approve them.

The Company has complied with all covenants as of 31 December 2024.

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>31 December 2024</b>	31 December 2023
Current portion under current liabilities	<b>41,607,924</b>	1,211,640
Non-current portion under non-current liabilities	<b>607,550,536</b>	361,164,949
	<b><u>649,158,460</u></b>	<u>362,376,589</u>

The financing movement during the year is as follows:

	<b>31 December 2024</b>	31 December 2023
Balance at the beginning of year	<b>362,376,589</b>	253,397,000
Received during the year	<b>287,993,510</b>	121,337,200
Loan rescheduling losses	--	7,642,389
Amortization of loan rescheduling losses	<b>(1,211,639)</b>	--
Payment	--	(20,000,000)
	<b><u>649,158,460</u></b>	<u>362,376,589</u>

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**17. 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 2024 and 31 December 2023 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:

	<b>31 December 2024</b>	31 December <u>2023</u>
Discount rate	<b>5.83%</b>	4.85%
Salary increase rate	<b>4.50%</b>	4.50%
Assumed Retirement Age	<b>Till 65 years old</b>	60
Withdrawal rate	<b>Age based (2%-15%)</b>	Age based (2%-15%)

**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:

	<b>31 December 2024</b>	31 December <u>2023</u>
Present value of the obligation as at the beginning of the year	<b>116,804,570</b>	119,519,688
<b><u>Components of cost charged on year in statement of profit or loss:</u></b>		
Current service cost	<b>9,219,773</b>	9,212,889
Interest cost	<b>5,652,696</b>	5,609,944
<b>Total expense charged to statement of profit or loss</b>	<b>14,872,469</b>	14,822,833
<b><u>Items within statement of other comprehensive income:</u></b>		
Re-assessment of employee benefit obligations	<b>(12,268,072)</b>	(4,209,088)
Actual benefits paid during the year	<b>(13,211,812)</b>	(13,328,863)
<b>Current value of the obligation at the end of the year</b>	<b>106,197,155</b>	116,804,570

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**17. EMPLOYEE'S DEFINED BENEFIT OBLIGATIONS (continued)**

c) Defined benefit liability sensitivity

		<b>31 December <u>2024</u></b>	31 December <u>2023</u>
	Base		
Rate of change in salaries	Increase by 1%	<b>115,543,197</b>	127,516,015
	Decrease by 1%	<b>96,606,182</b>	106,001,068
	Base		
<b>Discount rate</b>	Increase by 1%	<b>97,202,415</b>	106,594,393
	Decrease by 1%	<b>115,009,534</b>	127,018,818
Assumption of a statistical study of employees			
Membership data			
	Number of employees	<b>1614</b>	1602
	Total monthly salaries qualifying for end of service benefit	<b>11,113,737</b>	11,174,386
	Average monthly salaries	<b>6,886</b>	6,975
	Average age of employees (years)	<b>41</b>	41
	Average years of past experience	<b>9.9</b>	10.4

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.

**18. QUARRY REHABILITATION PROVISION**

The quarry rehabilitation provision represents the present value of the expected cost of re-leveling the Company's concession site. The movement on the quarry rehabilitation provision is as follows:

	<b>31 December <u>2024</u></b>	31 December <u>2023</u>
Balance at the beginning of year	<b>1,140,000</b>	--
Financing costs of quarry rehabilitation	<b>2,804,150</b>	1,140,000
Balance as at 31 December 2024	<b><u>3,944,150</u></b>	<u>1,140,000</u>

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**19. ACCRUED EXPENSES AND OTHER PAYABLES**

Accrued expenses and other payables at comprise of the following:

	<u>Note</u>	<b>31 December 2024</b>	31 December <u>2023</u>
Accrued quarry utilization fees		<b>8,880,896</b>	12,684,022
Advances from customers	19 (a)	<b>24,069,434</b>	21,671,445
Value added tax		<b>2,550,467</b>	4,888,879
Accrual for a legal case		<b>1,437,916</b>	--
Committees bonus		--	4,544,500
Accrued expenses		<b>20,808,423</b>	6,680,833
Accrued loan interest		<b>3,486,506</b>	3,852,674
Board of directors remuneration		<b>2,700,000</b>	2,700,000
Others		<b>3,383,912</b>	3,974,399
		<b><u>67,317,554</u></b>	<u>60,996,752</u>

(a) The balance of advances from customers amounting to SAR 21.7 million as of 31 December 2023 was recognized as revenue during 2024.

**20. DIVIDEND PAYABLES**

The movement on the dividends payable as follows:

	<b>31 December 2024</b>	31 December <u>2023</u>
Balance January 1	<b>159,375,577</b>	160,845,204
Dividends declared during the year	<b>161,000,000</b>	119,000,000
Dividend payments during the year	<b>(191,637,389)</b>	(120,469,627)
	<b><u>128,738,188</u></b>	<u>159,375,577</u>

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 which was approved by the company's General Assembly in their meeting dated 10 Dhu al-Qi'dah 1444H corresponding to May 30, 2023.

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, representing 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 fiscal 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.

On August 8, 2024, the Company's Board of Directors decided to distribute cash dividends for the first half of the year 2024 amounting to SR 70 million, representing 5% of the paid-up capital at a rate of SR 0.50 (First half of 2023: SR 49 million, at a rate of 3.5% of the paid-up capital, at SR 0.35).

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**21. ZAKAT**

a) Charge for the year

	<u>Note</u>	<u>For the year ended 31 December</u>	
		<u>2024</u>	<u>2023</u>
Charge for the year	21 (b)	<b>26,482,386</b>	19,437,554
		<b><u>26,482,386</u></b>	<u>19,437,554</u>

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

	<u>For the year ended 31 December</u>	
	<u>2024</u>	<u>2023</u>
Balance at the beginning of year	<b>19,995,347</b>	18,333,938
Provided during the year	<b>26,482,386</b>	19,437,554
Provision no more required	--	(16,922,209)
Paid during the year	<b>(19,212,402)</b>	(853,936)
Balance at the end of the year	<b><u>27,265,331</u></b>	<u>19,995,347</u>

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

	<u>31 December</u>	<u>31 December</u>
	<u>2024</u>	<u>2023</u>
<b><u>Additions</u></b>		
Share capital	<b>1,400,000,000</b>	1,400,000,000
Retained earnings	<b>1,280,225,383</b>	985,124,208
Bank facilities	<b>607,550,536</b>	357,313,000
Net adjusted income	<b>217,363,777</b>	211,188,884
Statuary reserve	<b>700,000,000</b>	700,000,000
Provisions	<b>106,197,155</b>	178,067,888
Advances to customers	--	17,397,970
Others	<b>68,424,335</b>	3,058,941
<b>Total additions</b>	<b><u>4,379,761,186</u></b>	<u>3,852,150,891</u>
<b><u>Discounts</u></b>		
Property, plant and equipment (net)	<b>(3,082,478,300)</b>	(2,814,290,958)
Intangible assets (net)	<b>(905,957)</b>	--
Real estate investments - lands	<b>(5,476,376)</b>	(5,437,625)
Spare parts	<b>(266,336,124)</b>	(271,987,127)
<b>Total deductions</b>	<b><u>(3,355,196,757)</u></b>	<u>(3,091,715,710)</u>
<b>Total zakat base</b>	<b><u>1,024,564,429</u></b>	<u>760,435,181</u>
<b>Total zakat due</b>	<b><u>26,482,386</u></b>	<u>19,437,554</u>

d) Zakat and tax status

The Company filed the zakat declaration for the years 2021, 2022 and 2023 and paid the zakat due accordingly, and obtained the certificate.

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**22. 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.

	<b>31 December <u>2024</u></b>	31 December <u>2023</u>
Profit for the year	<u>243,746,337</u>	<u>195,401,445</u>
Number of shares (weighted average)	<u>140,000,000</u>	<u>140,000,000</u>
Basic earnings per share (SR)	<u><u>1.74</u></u>	<u><u>1.40</u></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 year there were no diluted shares, accordingly the diluted earnings per share was the same as the basic.

**23. 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:

	<b>Year ended 31 December <u>2024</u></b>	Year ended 31 December <u>2023</u>
Cement	<u>890,935,440</u>	932,398,412
Clinker	<u>44,093,410</u>	137,865,766
	<u><u>935,028,850</u></u>	<u><u>1,070,264,178</u></u>

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

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**24. SELLING AND DISTRIBUTION EXPENSES**

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

	<u>Note</u>	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
Salaries, wages and equivalents		5,056,296	4,476,261
Export fees		4,514,971	10,552,723
Reversal of expected credit loss provision	11	(279,099)	(70,490)
Depreciation	7.c	38,698	67,803
Others		391,633	1,251,013
		<u>9,722,499</u>	<u>16,277,310</u>

**25. GENERAL AND ADMINISTRATIVE EXPENSES**

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

	<u>Note</u>	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
Salaries, wages and equivalents		47,630,025	29,849,627
Consultancy fee		4,619,065	11,138,545
Donations and aids		1,793,625	2,522,000
Subscription		2,999,224	1,702,925
Board of directors' remunerations		2,950,000	3,042,500
Depreciation	7.c	826,886	692,712
Amortization	8	20,813	--
Allowance for attending committee sessions and remuneration		3,887,000	3,702,000
Others		7,267,236	7,589,318
		<u>71,993,874</u>	<u>60,239,627</u>

**26. OTHER INCOME**

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

	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
Insurance compensation	4,878,578	--
Scrap	135,015	1,372,637
Human resource development fund	197,029	122,549
Rents collected	147,000	188,000
Losses on disposal of property and equipment	661,565	(24)
Others	397,959	869,262
	<u>6,417,146</u>	<u>2,552,424</u>

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**27. FINANCE COST**

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

	<b>Year ended 31 December <u>2024</u></b>	Year ended 31 December <u>2023</u>
Finance cost charged on the statement of profit or loss under borrowings	--	1,729,209
Loan rescheduling losses	<b>(1,211,639)</b>	7,642,389
Finance cost charged on the statement of profit or loss under employee's benefits obligations (note 16.b)	<b>5,652,696</b>	5,609,944
	<b><u>4,441,057</u></b>	<b><u>14,981,542</u></b>

**28. FINANCE INCOME**

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

	<b>Year ended 31 December <u>2024</u></b>	Year ended 31 December <u>2023</u>
Murabaha income	<b>7,840,577</b>	11,672,573
Loss from currency valuation differences	<b>(1,188,758)</b>	(1,316,081)
	<b><u>6,651,819</u></b>	<b><u>10,356,492</u></b>

**29. CONTINGENCIES AND CAPITAL COMMITMENTS**

- a) As at 31 December 2024, the capital contingencies related to projects in progress amounted to SR 1,3 Billion (2023: SR 1,2 Billion).
- b) As at 31 December 2024, the contingent liabilities against issued banking letters of guarantee amounted to SR 45 million (2023: SR 659,3 million).
- 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.

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

Related parties include the Company's shareholders, 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, and the Company is an associate to PIF 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.



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**31. SEGMENT INFORMATION (continued)**

	<u>Jazan</u>	<u>Bisha</u>	<u>Tehama</u>	<u>Unallocated</u>	<u>Total</u>
<b>For the year ended 31 December 2024:</b>					
Revenue from selling cement	275,674,640	276,134,441	339,126,359	--	890,935,440
Revenue from selling clinker	44,093,410	--	--	--	44,093,410
<b>Total revenues</b>	<b>319,768,050</b>	<b>276,134,441</b>	<b>339,126,359</b>	<b>--</b>	<b>935,028,850</b>
Depreciation and Amortization	31,751,990	58,142,612	106,460,096	886,397	197,241,095
Murabaha income	--	--	--	6,651,819	6,651,819
Finance cost	--	--	--	4,441,057	4,441,057
Profit before Zakat	93,307,215	112,983,239	137,026,734	(73,088,465)	270,228,723
Zakat expense	--	--	--	(26,482,386)	(26,482,386)
Profit for the year	93,307,215	112,983,239	137,026,734	(99,570,851)	243,746,337
CAPEX	396,392,050	35,750,980	23,829,126	2,212,581	458,184,737

	<u>Jazan</u>	<u>Bisha</u>	<u>Tehama</u>	<u>Unallocated</u>	<u>Total</u>
<b>For the year ended 31 December 2023:</b>					
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
<b>Total revenues</b>	<b>364,083,790</b>	<b>292,277,087</b>	<b>413,903,301</b>	<b>--</b>	<b>1,070,264,178</b>
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
CAPEX	154,209,371	84,597,287	24,166,112	3,400,485	266,373,255

	<u>Jazan</u>	<u>Bisha</u>	<u>Tehama</u>	<u>Unallocated</u>	<u>Total</u>
<b>As at 31 December 2024:</b>					
Total assets	1,010,563,264	1,417,052,108	1,807,948,406	192,796,311	4,428,360,089
Total liabilities	733,610,303	73,871,629	95,820,044	153,589,336	1,056,891,312

	<u>Jazan</u>	<u>Bisha</u>	<u>Tehama</u>	<u>Unallocated</u>	<u>Total</u>
<b>As at 31 December 2023:</b>					
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

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**31. SEGMENT INFORMATION (continued)**

**Major customers**

Revenue from the company's two largest customers represents approximately 74% (31 December 2023: 66%) of the company's total revenue.

The percentage of revenue from the company's two largest customers is as follows:

	<b><u>Jazan</u></b>	<b><u>Bisha</u></b>	<b><u>Tehama</u></b>
<b>For the year ended 31 December 2024:</b>	<b>23%</b>	<b>22%</b>	<b>29%</b>
For the year ended 31 December 2023:	21%	18%	27%

**32. 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.

**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.

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**32. FINANCIAL INSTRUMENTS (continued)**

**Interest rate risk cost**

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

	<b>31 December 2024</b>	31 December 2023
<b><u>Variable rate instruments</u></b>		
Loans	<b><u>649,158,460</u></b>	<u>362,376,589</u>

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 6.49 million (2023: SR 3.62 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. However, the company also transacts in Euro whereas exposure related to other currencies is not material to the company. Moreover, the Company's management monitors such fluctuations and manages its effect on the Company's financial statements accordingly.

**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.

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**32. FINANCIAL INSTRUMENTS (continued)**

**Credit risk (continued)**

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

	<b>31 December</b>	31 December
	<b><u>2024</u></b>	<b><u>2023</u></b>
<b><u>Financial assets</u></b>		
Trade receivables	<b>135,893,316</b>	97,815,306
Cash and cash equivalent	<b>186,413,978</b>	363,096,531
	<b><u>322,307,294</u></b>	<b><u>460,911,837</u></b>
	<b>31 December</b>	31 December
	<b><u>2024</u></b>	<b><u>2023</u></b>
<b><u>Trade receivables</u></b>		
Unsecured balances	<b>2,822,724</b>	--
Secured balances against bank guarantees	<b>133,070,592</b>	97,815,306
	<b><u>135,893,316</u></b>	<b><u>97,815,306</u></b>

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 70% of outstanding trade receivables as at 31 December 2024 (2023: 73%). Further, as disclosed above majority of trade receivable 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:

<u>Duration</u>	<u>31 December 2024</u>		<u>31 December 2023</u>	
	<u>Balance</u>	<u>Impairment</u>	<u>Balance</u>	<u>Impairment</u>
	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
Not past due	<b>92,178,147</b>	<b>7,434</b>	92,666,127	109,263
From 1 to 60 days	<b>37,189,360</b>	<b>28,416</b>	4,317,657	57,169
From 61 to 90 days	<b>5,742,251</b>	<b>17,594</b>	326,243	24,770
More than 90 days	<b>783,558</b>	<b>7,554</b>	505,279	148,895
	<b><u>135,893,316</u></b>	<b><u>60,998</u></b>	<b><u>97,815,306</u></b>	<b><u>340,097</u></b>

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**32. 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.

31 December 2024	<u>Undiscounted contractual cash flows</u>			<u>Total contractual maturity</u>	<u>Total Carrying Amount</u>
	<u>Less than 1 year</u>	<u>1 year to 3 years</u>	<u>Over 3 years</u>		
Loans	41,607,924	322,653,256	300,999,826	665,261,006	649,158,460
Trade payables	74,270,474	--	--	--	74,270,474
Accrued and other liabilities	43,248,120	--	--	--	43,248,120
Dividends payable	128,738,188	--	--	--	128,738,188
	<u>287,864,706</u>	<u>322,653,256</u>	<u>300,999,826</u>	<u>665,261,006</u>	<u>895,415,242</u>

31 December 2023	<u>Undiscounted contractual cash flows</u>			<u>Total contractual maturity</u>	<u>Total Carrying Amount</u>
	<u>Less than 1 year</u>	<u>1 year to 3 years</u>	<u>Over 3 years</u>		
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	39,325,307	--	--	--	39,325,307
Dividends payable	159,375,577	--	--	--	159,375,577
	<u>276,394,651</u>	<u>104,525,837</u>	<u>275,461,286</u>	<u>381,198,763</u>	<u>637,559,600</u>

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

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**32. 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:

	<b>31 December 2024</b>	31 December 2023
Total liabilities	<b>1,056,891,312</b>	797,170,962
Less: Cash and cash equivalent	<b>(186,413,978)</b>	(363,096,531)
<b>Net liabilities</b>	<b>870,477,334</b>	434,074,431
Total shareholders' equity	<b>3,371,468,777</b>	3,286,204,368
<b>Net liabilities to equity ratio</b>	<b>0.26</b>	0.13

**33. 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

	<b>31 December 2024</b>					
	<b>Carrying amount</b>		<b>Fair value</b>			
	<b>Amortized cost</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>						
Trade receivables	135,832,318	135,832,318	--	--	--	--
Cash and cash equivalents	186,413,978	186,413,978	--	--	--	--
	<b>322,246,296</b>	<b>322,246,296</b>	--	--	--	--
<b>Financial liabilities</b>						
Loans and facilities	649,158,460	649,158,460	--	--	--	--
Trade payables, accrued expense and other payables	141,588,028	141,588,028	--	--	--	--
	<b>790,746,488</b>	<b>790,746,488</b>	--	--	--	--

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**33. MEASURING THE FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

	31 December 2023					
	Carrying amount		Fair value			
	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets						
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	--	--	--	--

**34. OTHER MOVEMENT IN EQUITY**

During the year 2024, the Company discovered that it did not recognize the bonus expense using accrual basis in accordance with the International Financial Reporting Standards (IFRS). As a result, the bonus amount of SR 9.75 million was not accrued in the financial statements for the year ended 31 December 2023.

The Company has reflected the amount by adjusting the retained earnings during the year ended December 31, 2024, to reflect the appropriate accrual. The impact on the statement of profit or loss and other comprehensive income for the year ended 31 December 2023 is immaterial. Going forward, the bonus accrual was properly accounted for in accordance with IFRS as of 31 December 2024.

**35. SUBSEQUENT EVENTS**

The Board of Directors, at its meeting held on 26 Ramadan 1446, corresponding to 26 March 2025, recommended cash dividends of SR 98 million for the second half of the financial year 2024 at SR 0.70 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.

**36. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the Board of Directors on 26 March 2025, corresponding to 26 Ramadan 1446H.