

**YANBU CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH
PERIOD ENDED 31 MARCH 2024**

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE SHAREHOLDERS OF
YANBU CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Yanbu Cement Company, a Saudi Joint Stock Company ("the Company" or "the Parent Company") and its Subsidiary (collectively referred to as "the Group") which comprises the interim condensed consolidated statement of financial position as at 31 March 2024 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

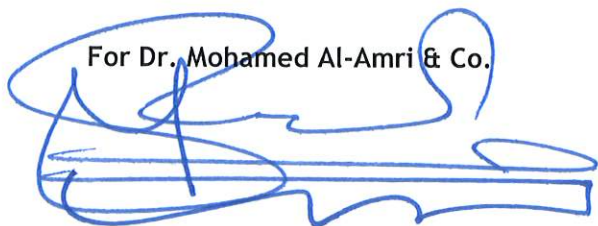
Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, that is endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.



Maher Al-Khatieb
Certified Public Accountant
License Number 514



Jeddah on 14 May 2024(G)
Corresponding to: 06 Dhul Qaida 1445(H)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three-month period ended 31 March 2024

		<i>For the three-month period ended 31 March 2024</i>	<i>For the three-month period ended 31 March 2023</i>
		SR	SR
	<i>Note</i>	<i>Unaudited</i>	<i>Unaudited</i>
Revenue	4	234,173,532	224,006,154
Cost of revenue		(150,373,458)	(151,476,919)
GROSS PROFIT		83,800,074	72,529,235
Selling and distribution expenses		(4,538,354)	(4,278,319)
General and administrative expenses		(13,998,179)	(12,506,694)
PROFIT FROM OPERATIONS		65,263,541	55,744,222
Loss on derivative instruments at fair value through profit or loss		(62,469)	(515,302)
Fair value gain from investment at fair value through profit or loss	9	1,137,783	-
Finance cost		(5,479,964)	(2,538,102)
Finance income		813,030	636,177
Other income		946,564	1,058,917
PROFIT BEFORE ZAKAT		62,618,485	54,385,912
Zakat	5	(4,312,424)	(3,373,678)
NET PROFIT FOR THE PERIOD		58,306,061	51,012,234
EARNINGS PER SHARE			
Basic and diluted earnings per share	14	0.37	0.32

The accompanying notes from 1 to 19 form an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2024

	<i>For the three- month period ended 31 March 2024</i>	<i>For the three- month period ended 31 March 2023</i>
	<i>SR</i>	<i>SR</i>
	<i>Unaudited</i>	<i>Unaudited</i>
NET PROFIT FOR THE PERIOD	58,306,061	51,012,234
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	58,306,061	51,012,234

The accompanying notes from 1 to 19 form an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

		31 March 2024 Unaudited SR	31 December 2023 Audited SR
	Note		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,232,160,324	2,269,412,183
Intangible assets		930,065	1,104,590
Investment in an associate		644,453	644,453
Other non-current assets		17,902,904	20,858,710
TOTAL NON-CURRENT ASSETS		2,251,637,746	2,292,019,936
CURRENT ASSETS			
Inventories	7	738,031,236	702,602,518
Trade receivables	8	199,964,042	164,017,760
Prepayments, advances and other receivables		42,164,220	47,341,449
Financial derivatives	17	2,759,586	2,822,055
Investment at fair value through profit or loss	9	46,299,139	85,161,356
Short-term murabaha deposit	10	20,000,000	-
Cash and cash equivalents	11	73,745,780	73,586,556
TOTAL CURRENT ASSETS		1,122,964,003	1,075,531,694
TOTAL ASSETS		3,374,601,749	3,367,551,630
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	1,575,000,000	1,575,000,000
Statutory reserve	13	787,500,000	787,500,000
Retained earnings		347,811,778	289,505,717
TOTAL EQUITY		2,710,311,778	2,652,005,717
NON-CURRENT LIABILITIES			
Bank borrowings	12(a)	56,000,000	62,750,000
Provision for employees' benefits		109,321,113	103,957,335
Lease liability		5,078,359	5,053,736
TOTAL NON-CURRENT LIABILITIES		170,399,472	171,761,071
CURRENT LIABILITIES			
Trade payables		24,675,150	20,642,692
Current portion of bank borrowings	12(a)	28,484,991	28,636,661
Short term financing	12(b)	248,834,069	320,887,477
Dividend payable		81,898,141	82,016,121
Accrued expenses and other current liabilities		91,709,617	77,625,784
Zakat payable	5	18,288,531	13,976,107
TOTAL CURRENT LIABILITIES		493,890,499	543,784,842
TOTAL LIABILITIES		664,289,971	715,545,913
TOTAL EQUITY AND LIABILITIES		3,374,601,749	3,367,551,630

The accompanying notes from 1 to 19 form an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2024

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
	SR	SR	SR	SR
As at 1 January 2024 (Audited)	1,575,000,000	787,500,000	289,505,717	2,652,005,717
Net profit for the period	-	-	58,306,061	58,306,061
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	58,306,061	58,306,061
Balance at 31 March 2024 (Unaudited)	1,575,000,000	787,500,000	347,811,778	2,710,311,778

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
	SR	SR	SR	SR
As at 1 January 2023 (Audited)	1,575,000,000	787,500,000	406,190,104	2,768,690,104
Net profit for the period	-	-	51,012,234	51,012,234
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	51,012,234	51,012,234
Balance at 31 March 2023 (Unaudited)	1,575,000,000	787,500,000	457,202,338	2,819,702,338

The accompanying notes from 1 to 19 form an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2024

		<i>For the three-month period ended 31 March 2024</i>	<i>For the three-month period ended 31 March 2023</i>
		<i>SR</i>	<i>SR</i>
	<i>Note</i>	<i>Unaudited</i>	<i>Unaudited</i>
OPERATING ACTIVITIES			
Profit before zakat		62,618,485	54,385,912
Adjustments to reconcile operating income to net cash flows:			
Depreciation of property, plant and equipment	6	41,802,569	42,109,855
Amortization of intangible assets		174,525	174,525
Finance cost		5,479,964	2,538,102
Loss on disposal of property, plant and equipment		-	23,205
Loss on derivative instruments at fair value through profit or loss		62,469	515,302
Fair value gain from investment at fair value through profit or loss	9	(1,137,783)	-
Provision for spare parts		1,577,562	-
Allowance for expected credit losses		1,370,065	-
Provision for employees' benefits		8,047,922	6,709,513
		<u>119,995,778</u>	<u>106,456,414</u>
Working capital changes:			
Inventories		(37,006,280)	(52,909,725)
Trade receivables		(37,316,347)	(4,360,223)
Prepayments, advances and other receivables		8,133,035	480,111
Trade payables		4,032,458	(24,192,027)
Accrued expenses and other current liabilities		14,083,833	(57,445,277)
		<u>71,922,477</u>	<u>(31,970,727)</u>
Employees benefits paid		(2,684,144)	(1,058,383)
Finance cost paid		(5,415,341)	(2,458,673)
Net cash generated from / (used in) operating activities		<u>63,822,992</u>	<u>(35,487,783)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(4,550,710)	(6,248,611)
Disposal of investment at fair value through profit or loss	9	40,000,000	-
Short term murabaha deposit	10	(20,000,000)	-
Net cash generated from / (used in) investing activities		<u>15,449,290</u>	<u>(6,248,611)</u>
FINANCING ACTIVITIES			
Repayment of lease liability		(40,000)	(40,000)
Repayment of bank borrowings		(6,901,670)	(4,436,769)
Repayment of short-term financing		(72,053,408)	34,518,417
Dividend paid		(117,980)	(55,419)
Net cash (used in) / generated from financing activities		<u>(79,113,058)</u>	<u>29,986,229</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS		<u>159,224</u>	<u>(11,750,165)</u>
Cash and cash equivalents at the beginning of the period		<u>73,586,556</u>	<u>100,681,866</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>73,745,780</u>	<u>88,931,701</u>

The accompanying notes from 1 to 19 form an integral part of these unaudited interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Yanbu Cement Company (“the Company” or “the Parent Company”) - a Saudi Joint Stock Company - has been established in the Kingdom of Saudi Arabia by the Royal Decree No. M/10 dated on 4 Rabi' I 1397H (corresponding to 22 February 1977), and it is registered in Yanbu city under Commercial Registration (CR) No. 4700000233 dated on 21 Dhul-Qi'dah 1398H (corresponding to 24 October 1978). The Company's shares are listed in the Stock Exchange of the Kingdom of Saudi Arabia. These interim condensed consolidated financial statements comprise the Company and its wholly owned (100%) subsidiary, Yanbu Saudi Kuwaiti Paper Products Company Limited (the “Subsidiary”) (together referred to as the “Group”).

The Parent Company's authorized and paid-up share capital is divided into 157,500,000 shares as at 31 March 2024 (31 December 2023: 157,500,000 shares) stated at SR 10 per share.

The Company is mainly engaged in manufacturing, producing and trading in cement and its related products as per industrial license No. 451110128256 renewed on 5 Muharram 1445H (corresponding to 23 July 2023) which ends on 13 Rabi ul Awal 1450H (corresponding to 4 August 2028). The Subsidiary is mainly engaged in manufacturing and wholesale trading of cement Paper as per industrial license No. 431110118935 issued on 23 Sha'ban 1425H (corresponding to 7 October 2004) and ending on 26 Dhu'l-Hijjah 1448H (corresponding to 01 June 2027) and registered in Yanbu city under Commercial Registration (CR) No. 4700009036 dated on 17 Dhul-Qi'dah 1425H (corresponding to 29 December 2004).

The registered address of the Company is Yanbu Cement building located at Al Baghdadiyah Al Gharbiyah District, P. O. Box 5530, Jeddah 21422, Kingdom of Saudi Arabia. The Company has branch in Jeddah with CR number 4030021367. The financial results of this branch are included in these interim condensed consolidated financial statements.

Investment in associate

During the year ended 31 December 2020, the Company has invested 49% interest in Knowledge Center for Cement Training Limited (the associate company), a mixed limited liability company registered in the Kingdom of Saudi Arabia and have a share capital of SR 500,000. The Company is established to conduct short term cement training programs. The remaining 51% shareholding is held by FLSmidth Company.

2 BASIS OF PREPARATION AND BASIS OF MEASUREMENT

2.1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” “IAS 34” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and therefore should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023. In addition, results for the interim period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

2.2 Basis of measurement

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for financial derivatives and investment that have been measured at fair value and for employees' benefits obligations, Projected Unit Credit Method is used. These interim condensed consolidated financial statements are presented in Saudi Riyals (“SR”), which is also the functional currency of the Group.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

2 BASIS OF PREPARATION AND BASIS OF MEASUREMENT (Continued)**2.3 Significant accounting judgments, estimates and assumptions (Continued)**

The significant judgments made by the management in applying the Group's key sources of estimation uncertainty were the same as those described in the annual consolidated financial statements of the Group for the year ended 31 December 2023. The Group will continue to monitor the situation, and any changes required will be reflected in future reporting periods.

2.4 New standards, interpretations and amendments adopted by the Group

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the following amendments which apply for the first time in 2024. However, these do not have a material effect on the Group's interim condensed consolidated financial statements.

- Supplier Finance Arrangements (Amendments to: IAS 7 Cash Flow Statements IFRS 7 Financial Instruments: Disclosure)
- Lease Liability in a Sale and Leaseback (Amendment to IFRS 16 Leases)
- Classification of Liabilities as Current or Non-current (including Classification of Liabilities as Current or Non-current - Deferral of Effective Date) (Amendment to IAS 1 Presentation of Financial Statements)
- Non-current Liabilities with Covenants (Amendment to IAS 1 Presentation of Financial Statements)

Impact of accounting standards to be applied in future periods

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning on or after 1 January 2025 that the Group has decided not to adopt early. The Group does not expect these standards and interpretations to have a material impact on the interim condensed consolidated financial statements once adopted.

3 SEGMENT INFORMATION

The Group is engaged in one operating segment, i.e. manufacturing cement and operates entirely from the Kingdom of Saudi Arabia. Accordingly, the financial information was not divided into different geographic or business segments. The financial information of the Subsidiary is not significant to Group's interim condensed consolidated financial statements for segment information.

4 REVENUE

The Group's revenue is described below:

	<i>For the three-month period ended 31 March</i>	
	2024	2023
	SR	SR
<i>Product type</i>	<i>Unaudited</i>	<i>Unaudited</i>
Bulk cement	141,164,942	108,705,812
Packed cement	60,636,295	65,642,482
Cement bags	12,275,470	14,556,863
Raw cement (clinker)	20,096,825	35,100,997
Total revenue (*)	<u>234,173,532</u>	<u>224,006,154</u>
<i>Geographical markets</i>		
Total revenue inside the Kingdom of Saudi Arabia	214,076,707	188,905,157
Total revenue outside the Kingdom of Saudi Arabia	20,096,825	35,100,997
Total revenue	<u>234,173,532</u>	<u>224,006,154</u>

(*) The timing of the revenue recognition from the above goods is at a point in time.

5 ZAKAT

The movement in zakat payable of the Group is as follows:

	31 March 2024 SR Unaudited	31 December 2023 SR Audited
Balance at beginning of the period / year	13,976,107	15,962,275
Charged during the period / year	4,312,424	11,236,850
Paid during the period / year	-	(13,223,018)
Balance at the end of the period / year	18,288,531	13,976,107

Zakat for the period ended 31 March 2024 is calculated based on the management's estimate, which may not represent an accurate indication about zakat for the year ending 31 December 2024.

Status of assessments**Parent Company:**

The Company has submitted its zakat returns to Zakat, Tax and Customs Authority ("ZATCA") up to the year ended 31 December 2023. The Company has also finalized its status until the year ended 31 December 2020.

During 2021, the Company received assessment orders for the years 2019 and 2020, claiming additional zakat of SR 23.4 million. The Company paid an amount of SR 11.7 million for the appeal to be accepted as per ZATCA regulations and filed its objection to the said assessments. Subsequently the claim was reduced to SR 13.5 million.

On 2 January 2022, the Company filed an appeal with the Tax Committees for Resolution of Tax Violations and Disputes (TVDR) against ZATCA's revised assessment. On 16 November 2022, the Company raised its appeal to the Tax Violation and Dispute Appellate Committee ("TVDAC"). In November 2023, the Tax Violation and Dispute Appellate Committee decided to support the Company in the objection submitted in November 2022 for the years 2019 and 2020 for all the objectionable items, and a partial amendment was issued amounted to SR 0.04 million.

Subsidiary:

The subsidiary submitted its zakat returns up to the financial year ended 31 December 2023. The subsidiary received an additional assessment from Zakat, Tax and Customs Authority ("ZATCA") for the year 2017 with an additional zakat liability of SR 0.2 million and accordingly filed objections against this assessment order with the Tax Violation and Dispute Appellate Committee which were rejected on 16 March 2022. Management has filed the appeal against the decision to the General Secretariat of the Tax Committees on 13 April 2022. The appeal is under process until 31 March 2024.

The management believes that the zakat provision as at 31 March 2024 is the best estimate of the liability and in accordance with the ZATCA regulations.

6 PROPERTY, PLANT AND EQUIPMENT

	For the three-month period ended 31 March 2024 SR Unaudited	2023 SR Unaudited
Depreciation	41,802,569	42,109,855
Additions to property, plant and equipment	4,550,710	6,248,611

The plants are situated on land leased from the Ministry of Industry and Mineral Resources, of Ras Baridi in Yanbu, for 30 Hijri years commencing 4 Rabi' I 1398H (corresponding to 12 February 1978). The lease has been renewed for a similar period for 30 years on 3 Rabi' I 1428H (corresponding to 22 March 2007). The lease is renewable for further similar years, as mentioned above, subject to the agreement of both parties.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2024

7 INVENTORIES

	31 March 2024 SR Unaudited	31 December 2023 SR Audited
Spare parts	269,643,382	266,907,325
Finished goods	6,560,943	5,035,407
Work in process	531,492,370	489,869,021
Raw materials	13,585,403	27,519,411
Fuel	12,652,253	10,611,179
Packaging materials	2,712,747	2,384,888
Goods in transit (Fuel)	6,303,491	3,837,917
Goods in transit (Raw materials)	268,451	-
Other materials	226,128	273,740
	843,445,168	806,438,888
Less: Provision for spare parts	(105,413,932)	(103,836,370)
	738,031,236	702,602,518

As at 31 March 2024, provision against slow-moving spare parts amounted to SR 105.4 million (31 December 2023: SR 103.8 million).

8 TRADE RECEIVABLES

	31 March 2024 SR Unaudited	31 December 2023 SR Audited
Trade receivables	207,759,131	170,442,784
Allowance for expected credit losses	(7,795,089)	(6,425,024)
	199,964,042	164,017,760

Trade receivables are non-interest bearing and are generally on the term of 30 to 90 days.

9 INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2024 SR Unaudited	31 December 2023 SR Audited
Balance as at 1 January	85,161,356	-
Purchases during the period / year	-	85,000,000
Disposal of investment at FVTPL	(40,000,000)	-
Fair value gain on investment at FVTPL	9.1 1,137,783	161,356
Balance at the end of the period / year	46,299,139	85,161,356

9.1 Fair value gain on investment at FVTPL

	31 March 2024 SR Unaudited	31 December 2023 SR Audited
Unrealized gain	579,856	161,356
Realized gain	557,927	-
	1,137,783	161,356

10 SHORT TERM MURABAHA DEPOSIT

	31 March 2024 SR Unaudited	31 December 2023 SR Audited
Short term Murabaha deposit	20,000,000	-

Short-term Murabaha deposits are placed with a local commercial bank for the period of more than three months to earn a commission at normal commercial terms.

11 CASH AND CASH EQUIVALENTS

	31 March 2024 SR Unaudited	31 December 2023 SR Audited
Cash in hand	190,080	5,044
Bank balances	73,555,700	73,581,512
	73,745,780	73,586,556

12 BANK BORROWINGS

a) The outstanding bank borrowings as at period / year end are as follows:

	31 March 2024 SR Unaudited	31 December 2023 SR Audited
SAB Loan (Note I and II)	84,484,991	91,386,661
Current portion	(28,484,991)	(28,636,661)
Non-current portion	56,000,000	62,750,000

- I. During 2022, the Parent Company entered into a bank facility agreement with SAB amounted to SR 35 million to cover the acquisition of 40% of the remaining shares of the Subsidiary Company. The loan is subject to repayment of quarterly installments of SR 1.8 million each, starting from July 2023 until June 2028. The loan entails financing costs as per prevailing Saudi rates (SAIBOR) in addition to a fixed commission rate.
- II. During 2023, the Parent Company entered into a Murabaha finance agreement with SAB amounted to SR 70 million. The loan is repayable in quarterly installments of SR 5 million each, starting from September 2023 until February 2027. The loan entails financing costs as per prevailing Saudi rates (SAIBOR) in addition to a fixed commission rate.

b) Short term financing

The Parent Company has entered into non-conventional financing facilities agreements with various banks at SAIBOR plus agreed commission rate to meet its working capital requirements. The facilities availed during the period ended 31 March 2024 amounted to SR 715 million (31 December 2023: SR 715 million). As at 31 March 2024, the outstanding amounts of SR 248.8 million (31 December 2023: SR 320.9 million) were classified under current liabilities since these are due within 12 months period.

13 STATUTORY RESERVE

In accordance with the Parent Company's By-laws, the Parent Company is required to transfer at least 10% of the net profit to the statutory reserve. The Parent Company may cease such transfers when the statutory reserve equals 30% of the share capital. The Parent Company has voluntarily decided to maintain the statutory reserves at 50% of the share capital.

14 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the period by the weighted average number of ordinary shares which are 157.5 million shares.

The table below reflects the details of the net profit for the period and the number of shares used in calculating basic and diluted earnings per share:

	<i>For the three-month period ended 31 March</i>	
	2024	2023
	<i>Unaudited</i>	<i>Unaudited</i>
Net profit for the period (Saudi Riyals)	58,306,061	51,012,234
Weighted average number of outstanding ordinary shares	157,500,000	157,500,000
Basic and diluted earnings per share (Saudi Riyals)	0.37	0.32

There has been no item of dilution affecting the weighted average number of ordinary shares.

15 CONTINGENCIES AND COMMITMENTS

As at 31 March 2024, the contingencies against banks' letter of guarantees issued on behalf of the Group amounted to SR 45.5 million (31 December 2023: SR 20.3 million).

As at 31 March 2024, the Group has letter of credits amounted to SR 2.8 million (31 December 2023: SR 3 million) issued from a bank in the Kingdom of Saudi Arabia.

16 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, Board of Directors, the Group's key management personnel and enterprises managed or significantly influenced by those parties. The following are the details of major-related parties' transactions during the three-month period ended 31 March 2024:

Allowances and compensation of the Board of Directors and senior executives

The Group's senior management includes key management personnel and executives, Board of Directors, having authorities and responsibilities for planning, directing and controlling the activities of the Group.

Board of Directors and committees' compensation charged and accrued during the three-month period ended 31 March 2024 amounted to SR 0.9 million (31 March 2023: SR 0.9 million).

Key management personnel compensation comprised the following:

	<i>For the three-month period ended 31 March</i>	
	2024	2023
	<i>SR</i>	<i>SR</i>
	<i>Unaudited</i>	<i>Unaudited</i>
Short term employee benefits	2,301,314	1,948,374
Post-employment benefits	133,970	115,563
	2,435,284	2,063,937

16 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The Group entered into transaction with its associate under mutually agreed terms and conditions

Knowledge Centre for Cement Training - (the "associate") (Nature of transaction)	Amount of transaction For the three-month period ended 31 March	
	2024	2023
	SR	SR
	Unaudited	Unaudited
Paid on behalf of associate	100,864	-
Knowledge Centre for Cement Training - associate Balances	31 March	31 December
	2024	2023
	SR	SR
	Unaudited	Audited
Due from related party balance *	815,810	714,946

* The due from related party balance is included in prepayments, advances and other receivables.

17 FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Suppose the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy. In that case, 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.

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Assets measured at fair value	Date of valuation	Total SR	Fair value measurement using		
			Quoted prices in active markets (Level 1) SR	Significant observable inputs (Level 2) SR	Significant unobservable inputs (Level 3) SR
Financial derivatives	31 March 2024 (Unaudited)	2,759,586	-	-	2,759,586
Investment at FVTPL	31 March 2024 (Unaudited)	46,299,139	-	46,299,139	-
Financial derivatives	31 December 2023 (Audited)	2,822,055	-	-	2,822,055
Investment at FVTPL	31 December 2023 (Audited)	85,161,356	-	85,161,356	-

17 FAIR VALUE MEASUREMENT (Continued)

Financial derivatives

The Group enters into derivative financial instrument principally with financial institutions having investment-grade credit ratings. Derivatives valued using valuation techniques with observable market inputs is interest rate swaps. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.

Investments at FVTPL

The underlying investments of the mutual funds are purchased from the local market and the unit price of the fund is dependent on the movements in the market prices of these instruments. The fund is listed in Tadawul. The fund manager limits market risk by monitoring the developments in the relevant markets for these instruments.

As at 31 March 2024 and 31 December 2023, the fair values of the Group's other financial instruments are estimated to approximate their carrying values.

During the three-month period ended 31 March 2024 and year ended 31 December 2023, there were no movements between the levels.

18 EVENTS AFTER THE REPORTING PERIOD

Management believes that there are no significant subsequent events that either require disclosure or adjustments to the accompanying interim condensed consolidated financial statements.

19 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements of the Group were approved by the Board of Directors on 12 May 2024.