

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH
PERIODS ENDED 30 JUNE 2024**

YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and six-month periods ended 30 June 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 30 June 2024 and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and six-month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the six-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.

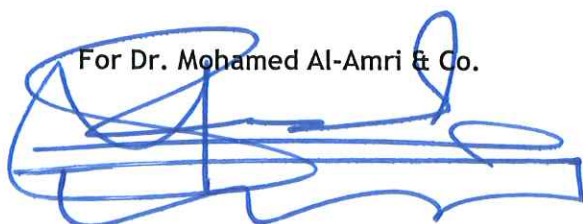
Scope of review

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 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 30 July 2024(G)
Corresponding to: 24 Muharram 1446(H)

YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the three- month period ended 30 June 2024 SR	For the three- month period ended 30 June 2023 SR	For the six- month period ended 30 June 2024 SR	For the six- month period ended 30 June 2023 SR
	Note	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	4	194,201,454	173,555,200	428,374,986	397,561,354
Cost of revenue		(129,668,059)	(120,193,685)	(280,041,517)	(271,670,604)
GROSS PROFIT		64,533,395	53,361,515	148,333,469	125,890,750
Selling and distribution expenses		(4,239,765)	(3,133,684)	(8,778,119)	(7,412,003)
General and administrative expenses		(13,326,509)	(10,568,661)	(27,324,688)	(23,075,355)
PROFIT FROM OPERATIONS		46,967,121	39,659,170	112,230,662	95,403,392
(Loss) / gain on derivative instruments at fair value through profit or loss		(369,603)	169,684	(432,072)	(345,618)
Fair value gain from investment at fair value through profit or loss	9	476,865	-	1,614,648	-
Finance cost		(4,769,753)	(3,461,755)	(10,249,717)	(5,999,857)
Finance income		756,490	322,975	1,569,520	959,152
Other income		1,050,297	968,251	1,996,861	2,027,168
PROFIT BEFORE ZAKAT		44,111,417	37,658,325	106,729,902	92,044,237
Zakat	5	(4,345,300)	(2,384,143)	(8,657,724)	(5,757,821)
NET PROFIT FOR THE PERIOD		39,766,117	35,274,182	98,072,178	86,286,416
EARNINGS PER SHARE					
Basic and diluted earnings per share	14	0.25	0.22	0.62	0.55

The accompanying notes from 1 to 20 form an integral part of these unaudited interim condensed consolidated financial statements.

YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three- month period ended 30 June 2024	For the three- month period ended 30 June 2023	For the six- month period ended 30 June 2024	For the six- month period ended 30 June 2023
	SR	SR	SR	SR
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
NET PROFIT FOR THE PERIOD	39,766,117	35,274,182	98,072,178	86,286,416
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>39,766,117</u>	<u>35,274,182</u>	<u>98,072,178</u>	<u>86,286,416</u>

The accompanying notes from 1 to 20 form an integral part of these unaudited interim condensed consolidated financial statements.

YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024 SR	31 December 2023 SR
	Note	Unaudited	Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,203,887,305	2,269,412,183
Intangible assets		755,541	1,104,590
Investment in an associate		644,453	644,453
Other non-current assets		14,969,000	20,858,710
TOTAL NON-CURRENT ASSETS		2,220,256,299	2,292,019,936
CURRENT ASSETS			
Inventories	7	774,461,824	702,602,518
Trade receivables	8	223,882,955	164,017,760
Prepayments, advances and other receivables		48,327,022	47,341,449
Financial derivatives	17	2,389,983	2,822,055
Investment at fair value through profit or loss	9	15,040,617	85,161,356
Cash and cash equivalents	10	70,504,057	73,586,556
TOTAL CURRENT ASSETS		1,134,606,458	1,075,531,694
TOTAL ASSETS		3,354,862,757	3,367,551,630
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	1,575,000,000	1,575,000,000
Statutory reserve	12	787,500,000	787,500,000
Retained earnings		269,452,895	289,505,717
TOTAL EQUITY		2,631,952,895	2,652,005,717
NON-CURRENT LIABILITIES			
Bank borrowings	11(a)	49,250,000	62,750,000
Provision for employees benefits		109,613,676	103,957,335
Lease liability		5,136,098	5,053,736
TOTAL NON-CURRENT LIABILITIES		163,999,774	171,761,071
CURRENT LIABILITIES			
Trade payables		30,515,049	20,642,692
Current portion of bank borrowings	11(a)	28,323,958	28,636,661
Short term financing	11(b)	325,645,750	320,887,477
Dividend payable	13	82,578,479	82,016,121
Accrued expenses and other current liabilities		82,665,937	77,625,784
Zakat payable	5	9,180,915	13,976,107
TOTAL CURRENT LIABILITIES		558,910,088	543,784,842
TOTAL LIABILITIES		722,909,862	715,545,913
TOTAL EQUITY AND LIABILITIES		3,354,862,757	3,367,551,630

The accompanying notes from 1 to 20 form an integral part of these unaudited interim condensed consolidated financial statements.

YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital SR	Statutory reserve SR	Retained earnings SR	Total equity 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	-	-	98,072,178	98,072,178
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	98,072,178	98,072,178
Dividends (note 13)	-	-	(118,125,000)	(118,125,000)
Balance at 30 June 2024 (Unaudited)	1,575,000,000	787,500,000	269,452,895	2,631,952,895

	Share Capital SR	Statutory reserve SR	Retained earnings SR	Total equity 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	-	-	86,286,416	86,286,416
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	86,286,416	86,286,416
Dividends (note 13)	-	-	(236,250,000)	(236,250,000)
Balance at 30 June 2023 (Unaudited)	1,575,000,000	787,500,000	256,226,520	2,618,726,520

The accompanying notes from 1 to 20 form an integral part of these unaudited interim condensed consolidated financial statements.

YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six-month period ended 30 June 2024 SR Unaudited	For the six-month period ended 30 June 2023 SR Unaudited
	Note		
OPERATING ACTIVITIES			
Profit before zakat		106,729,902	92,044,237
Adjustments to reconcile operating income to net cash flows:			
Depreciation of property, plant and equipment	6	82,223,064	83,708,666
Amortization of intangible assets		349,049	349,049
Finance cost		10,249,717	5,999,857
Loss on disposal of property, plant and equipment		-	23,205
Loss on derivative instruments at fair value through profit or loss		432,072	345,618
Fair value gain from investment at fair value through profit or loss	9	(1,614,648)	-
Provision for spare parts	7	2,423,894	1,550,585
Allowance for expected credit losses	8	2,796,087	-
Provision for employees benefits		10,973,295	8,965,240
		<u>214,562,432</u>	<u>192,986,457</u>
Working capital changes:			
Inventories		(74,283,200)	(102,729,882)
Trade receivables		(62,661,282)	5,121,285
Prepayments, advances and other receivables		4,904,137	(13,508,609)
Trade payables		9,872,357	(21,016,195)
Accrued expenses and other current liabilities		5,040,153	(72,481,641)
		<u>97,434,597</u>	<u>(11,628,585)</u>
Zakat paid	5	(13,452,916)	(13,223,018)
Employees benefits paid		(5,316,954)	(1,654,432)
Finance cost paid		(10,127,355)	(5,867,949)
Net cash generated from / (used in) operating activities		<u>68,537,372</u>	<u>(32,373,984)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(16,698,186)	(11,338,485)
Short term murabaha deposit encashed		-	21,000,000
Purchase of investment at fair value through profit or loss	9	(15,000,000)	-
Disposal of investment at fair value through profit or loss	9	86,735,387	-
Net cash generated from investing activities		<u>55,037,201</u>	<u>9,661,515</u>
FINANCING ACTIVITIES			
Repayment of lease liability		(40,000)	(40,000)
Repayment of bank borrowings		(13,812,703)	(85,430,055)
Proceeds from bank borrowings		-	73,918,590
Repayment of short-term financing		(183,086,156)	(136,131,354)
Proceeds from short-term financing		187,844,429	387,293,089
Dividends paid		(117,562,642)	(234,039,628)
Net cash (used in) / generated from financing activities		<u>(126,657,072)</u>	<u>5,570,642</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the period	10	73,586,556	100,681,866
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10	<u>70,504,057</u>	<u>83,540,039</u>

The accompanying notes from 1 to 20 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 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 at 30 June 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) and ending on 13 Rabi ul Awal 1450H (corresponding to 4 August 2028). The Subsidiary is mainly engaged in manufacturing and wholesale trading in cement paper as per industrial license No. ٤٢١١١٠١١٨٩٣٥ 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 5330, Jeddah 21422, Kingdom of Saudi Arabia. The Company has a branch in Jeddah with CR numbers 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 30 June 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

These interim condensed consolidated financial statements have been prepared on a historical cost basis except for financial derivatives and investments that have been measured at fair value and for employee benefit liabilities, 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 BASIS OF PREPARATION AND BASIS OF MEASUREMENT (Continued)

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.

The significant judgments made by 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 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)
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 Climate-related Disclosures

Impact of accounting standards not yet effective

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 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.

YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and six-month periods ended 30 June 2024

4 REVENUE

The Group's revenue is described below:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2024 SR	2023 SR	2024 SR	2023 SR
<i>Product type</i>	Unaudited	Unaudited	Unaudited	Unaudited
Bulk cement	125,261,320	92,813,236	266,426,263	201,519,048
Packed cement	47,302,008	50,297,949	107,938,302	115,940,431
Cement bags	4,600,257	4,060,861	16,875,727	18,617,724
Raw cement (clinker)	17,037,869	26,383,154	37,134,694	61,484,151
Total revenue (*)	194,201,454	173,555,200	428,374,986	397,561,354
<i>Geographical markets</i>				
Total revenue inside the Kingdom of Saudi Arabia	177,163,585	147,172,046	391,240,292	336,077,203
Total revenue outside the Kingdom of Saudi Arabia	17,037,869	26,383,154	37,134,694	61,484,151
Total revenue	194,201,454	173,555,200	428,374,986	397,561,354

(*) 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:

	30 June 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	8,657,724	11,236,850
Paid during the period / year	(13,452,916)	(13,223,018)
Balance at the end of the period / year	9,180,915	13,976,107

Zakat for the period ended 30 June 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.

YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and six-month periods ended 30 June 2024

5 ZAKAT (Continued)

Status of assessments (Continued)

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 30 June 2024.

The management believes that the zakat provision as at 30 June 2024 is the best estimate of the liability and in accordance with the ZATCA regulations.

6 PROPERTY, PLANT AND EQUIPMENT

	For the six-month period ended 30 June	
	2024 SR	2023 SR
	Unaudited	Unaudited
Depreciation	82,223,064	83,708,666
Additions to property, plant and equipment	16,698,186	11,338,485

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.

7 INVENTORIES

	30 June 2024 SR	31 December 2023 SR
	Unaudited	Audited
Spare parts	264,994,487	266,907,325
Finished goods	7,294,049	5,035,407
Work in process	557,785,394	489,869,021
Raw materials	19,734,031	27,519,411
Fuel	18,752,545	10,611,179
Packaging materials	3,364,261	2,384,888
Goods in transit (Fuel)	7,672,934	3,837,917
Goods in transit (Raw materials)	865,628	-
Other materials	258,759	273,740
	880,722,088	806,438,888
Less: Allowance for spare parts	(106,260,264)	(103,836,370)
	774,461,824	702,602,518

As at 30 June 2024, provision against slow-moving spare parts amounted to SR 106.3 million (31 December 2022: SR 103.8 million).

YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and six-month periods ended 30 June 2024

8 TRADE RECEIVABLES

	30 June 2024 SR Unaudited	31 December 2023 SR Audited
Trade receivables	233,104,066	170,442,784
Allowance for expected credit losses	(9,221,111)	(6,425,024)
	<u>223,882,955</u>	<u>164,017,760</u>

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

		30 June 2024 SR Unaudited	31 December 2023 SR Audited
	Note		
Balance as at 1 January		85,161,356	-
Purchases during the period / year		15,000,000	85,000,000
Disposal of investment		(86,735,387)	-
Fair value gain	9.1	1,614,648	161,356
Balance at the end of the period / year		<u>15,040,617</u>	<u>85,161,356</u>

9.1 Fair value gain on investment at FVTPL

	30 June 2024 SR Unaudited	31 December 2023 SR Audited
Unrealized gain	40,617	161,356
Realized gain	1,574,031	-
	<u>1,614,648</u>	<u>161,356</u>

10 CASH AND CASH EQUIVALENTS

	30 June 2024 SR Unaudited	31 December 2023 SR Audited
Cash in hand	205,044	5,044
Bank balances	70,299,013	73,581,512
	<u>70,504,057</u>	<u>73,586,556</u>

11 BANK BORROWINGS

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

	30 June 2024 SR Unaudited	31 December 2023 SR Audited
SAB loan (Note i and ii)	77,573,958	91,386,661
Current portion	(28,323,958)	(28,636,661)
Non-current portion	<u>49,250,000</u>	<u>62,750,000</u>

11 BANK BORROWINGS (Continued)

- i) During 2022, the Parent Company entered into a bank facility agreement with SAB amounted 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 payable 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 30 June 2024 amounted to SR 715 million (31 December 2023: SR 715 million). As at 30 June 2024, the outstanding amounts of SR 325.6 million (31 December 2023: SR 320.9 million) were classified under current liabilities since these are due within 12 months period.

12 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.

13 DIVIDENDS

- On 16 May 2024 (corresponding to 8 Dhu-Al Qa'dah 1445), the Board of Directors of the Parent Company decided to distribute cash dividends amounting to SR 118.1 million (SR 0.75 per share) for the first half of the year ending 31 December 2024 which represent 7.5% of the nominal value of shares.
- On 28 May 2023 (corresponding to 8 Dhu-Al Qa'dah 1444), the Board of Directors of the Parent Company decided to distribute cash dividends amounting to SR 236.3 million (SR 1.50 per share) for the first half of the year ended 31 December 2023 which represent 15% of the nominal value of shares.

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:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2024 Unaudited	2023 Unaudited	2024 Unaudited	2023 Unaudited
Net profit for the period - (Saudi Riyals)	39,766,117	35,274,182	98,072,178	86,286,416
Weighted average number of outstanding ordinary shares	157,500,000	157,500,000	157,500,000	157,500,000
Basic and diluted earnings per share - (Saudi Riyals)	0.25	0.22	0.62	0.55

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

15 CONTINGENCIES AND COMMITMENTS

As at 30 June 2024, the contingencies against banks' letter of guarantees issued on behalf of the Group are amounted to SR 46.3 million (31 December 2023: SR 20.3 million).

As at 30 June 2024, the Group has nil letter of credits (31 December 2023: SR 3 million) issued from a bank in the Kingdom of Saudi Arabia.

16 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represents 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 six-month period ended 30 June 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 six-month period ended 30 June 2024 amounting to SR 1.9 million (30 June 2023: SR 1.9 million). Key management personnel compensation comprised the following:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2024	2023	2024	2023
	SR	SR	SR	SR
	Unaudited	Unaudited	Unaudited	Unaudited
Short term employee benefits	2,301,314	1,990,374	4,602,628	3,938,748
Post-employment benefits	133,970	117,554	267,940	233,117
	2,435,284	2,107,928	4,870,568	4,171,865

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

	Amount of transaction			
	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2024	2023	2024	2023
	SR	SR	SR	SR
	Unaudited	Unaudited	Unaudited	Unaudited
Knowledge Centre for Cement Training - (the "associate") (Nature of transaction)				
Training cost charged by associate	301,875	90,563	301,875	90,563
Paid on behalf of the associate	333,746	151,244	434,610	386,251

	30 June 2024	31 December 2023
	SR	SR
	Unaudited	Audited
Knowledge Centre for Cement Training - associate Balances		
Due (to) / from related party	(164,658)	714,946

* The due from related party balance is included in prepayments, advances and other receivables whereas the due to related party balance is included in accrued expenses and other current liabilities.

YANBU CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)
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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:

<i>Assets measured at fair value</i>	<i>Date of valuation</i>	<i>Total SR</i>	<i>Fair value measurement using</i>		
			<i>Quoted prices in active markets (Level 1) SR</i>	<i>Significant observable inputs (Level 2) SR</i>	<i>Significant unobservable inputs (Level 3) SR</i>
Financial derivatives	30 June 2024 (Unaudited)	2,389,983	-	-	2,389,983
Investment at FVTPL	30 June 2024 (Unaudited)	15,040,617	-	15,040,617	-
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	-

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

During the six-month period ended 30 June 2024 and year ended 31 December 2023, there were no movements between the levels.

18 EVENTS AFTER THE REPORTING PERIOD

On 23 June 2024, the Group has signed a non-binding Memorandum of Understanding (the “MOU”) with Southern Province Cement Company to evaluate the feasibility of merging the two companies. A committee has been formed to supervise the process and implement the required steps.

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

19 COMPARATIVE FIGURES

Below comparative figure has been reclassified in order to conform with the presentation for the current period. Such reclassification has been made by the Group to improve the quality of information presented.

- Provision for spare parts amounted to SR 1.6 million previously included in ‘other expenses’ is now included in “cost of revenue”.

20 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements of the Group, were approved by the Board of Directors on 18 Muharram 1446H (corresponding to 24 July 2023)