

ARABIAN CEMENT COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and nine-month periods ended 30 September 2022
with

INDEPENDENT AUDITORS' REPORT ON REVIEW



KPMG Professional Services

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

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

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

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

To the Shareholders of the Arabian Cement Company
(A Saudi Joint Stock Company)
Jeddah - Kingdom Saudi Arabia

Introduction

We have reviewed the accompanying 30 September 2022 condensed consolidated interim financial statements of **Arabian Cement Company ("the Company") and its subsidiaries ("the Group")** which comprises:

- the condensed consolidated statement of financial position as at September 30, 2022;
- the condensed consolidated statements of profit or loss for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated statement of comprehensive income for the three month and nine month periods ended 30 September 2022;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2022;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2022;
- the notes to the condensed consolidated interim financial statements.

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

Scope of Review

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

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، منسجلة في المملكة العربية السعودية، رأس ماله (25,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركت كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة

Commercial Registration of the headquarters in Riyadh is 1010425494.

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

To the Shareholders of the Arabian Cement Company
(A Saudi Joint Stock Company)
Jeddah - Kingdom Saudi Arabia

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2022 condensed interim consolidated financial statements of Arabian Cement Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Professional Services



Ebrahim Oboud Baeshen
License No. 382



Jeddah, 27 October 2022
Corresponding to 2 Rabi Al Thani 1444H

ARABIAN CEMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	<u>Note</u>	30 September 2022 (Unaudited) SR ('000)	31 December 2021 (Audited) SR ('000)
Assets			
Property, plant and equipment	7	2,115,556	2,198,564
Intangible asset		13,547	14,314
Investment properties		5,000	5,700
Investments in equity-accounted investees	8	63,362	54,554
Equity instruments at FVOCI		116,144	149,664
Deferred income tax	13	22,239	21,950
Right-to-use assets		4,385	4,665
Non-current assets		2,340,233	2,449,411
Inventories		477,826	408,357
Trade receivables	10	236,114	204,287
Prepayments and other receivables		22,131	17,619
Financial investments at amortised cost	11	--	210,000
Cash and cash equivalents		195,763	143,436
Current assets		931,834	983,699
Total assets		3,272,067	3,433,110
Shareholder's equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital	1	1,000,000	1,000,000
Share premium		293,565	293,565
Statutory reserve		500,000	500,000
General reserve		95,000	95,000
Foreign currency translation reserve		(561)	(561)
Equity instruments evaluation reserve at FVOCI			
Other income		58,240	91,760
Retained earnings		655,732	769,930
Total equity attributable to the Company's shareholders		2,601,976	2,749,694
Non-controlling interests		86,998	83,632
Total shareholders' equity (after)		2,688,974	2,833,326

The attached notes 1 to 19 of these condensed interim financial statements.

ARABIAN CEMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 30 September 2022

	<u>Note</u>	30 September 2022 (Unaudited) SR ('000)	31 December 2021 (Audited) SR ('000)
Total shareholder's equity (before)		2,688,974	2,833,326
Long term loans and facilities	12	189,964	248,674
Employee's defined benefit obligations		58,662	54,311
Deferred Tax Liabilities	13	56,116	56,116
Lease obligations	9	4,162	4,319
Non-current liabilities		308,904	363,420
Long-term loans and facilities - current portion	12	75,767	7,934
Trade and other payables		173,973	195,668
Zakat and income tax payable		11,075	19,793
Dividend payables	17	12,751	12,346
Lease obligations	9	623	623
Current liabilities		274,189	236,364
Total liabilities		583,093	599,784
Total Shareholders' equity and liabilities		3,272,067	3,433,110

The attached notes 1 to 19 of these condensed interim financial statements.

ARABIAN CEMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the nine-month period ended 30 September 2022

	Note	For the three-months period ended 30 September		For the nine-month period ended 30 September	
		<u>2022</u> (Unaudited) SR ('000)	<u>2021</u> (Unaudited) SR ('000)	<u>2022</u> (Unaudited) SR ('000)	<u>2021</u> (Unaudited) SR ('000)
Revenues		240,566	222,923	730,835	777,404
Cost of sales		(158,782)	(155,160)	(512,006)	(542,545)
Gross profit		81,784	67,763	218,829	234,859
Selling and distribution expenses		(5,315)	(10,519)	(26,925)	(37,123)
General and administrative expenses		(12,684)	(11,501)	(38,124)	(36,033)
Operating income		63,785	45,743	153,780	161,703
Profits from investments in equity at FVOCI		1,602	2,668	4,270	8,006
Group's share of results of equity-accounted investees	8	3,607	2,151	8,892	2,148
Finance costs		(4,155)	(4,690)	(11,389)	(14,796)
Other revenues, net		2,228	2,299	8,655	6,093
Profit before Zakat and Income-tax		67,067	48,171	164,208	163,154
Zakat		(3,000)	(3,750)	(9,000)	(11,250)
Income tax		(3,267)	(3,360)	(5,956)	(8,658)
Deferred income tax		--	(812)	--	--
Period profit		60,800	40,249	149,252	143,246
Profit for the period attributable to:					
Shareholders of the Company		58,954	37,729	145,886	138,208
Non-controlling interests		1,846	2,520	3,366	5,038
		60,800	40,249	149,252	143,246
Earnings per share for the period attributable to shareholders of the Company (SR):					
Basic	14	0.59	0.38	1.46	1.38
Diluted		0.59	0.38	1.46	1.38

The attached notes 1 to 19 of these condensed interim financial statements.

ARABIAN CEMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
For the nine-month period ended 30 September 2022

	Note	For the three-months period ended 30 September		For the nine-month period ended 30 September	
		<u>2022</u> (Unaudited) SR ('000)	<u>2021</u> (Unaudited) SR ('000)	<u>2022</u> (Unaudited) SR ('000)	<u>2021</u> (Unaudited) SR ('000)
Profit for the period		<u>60,800</u>	40,249	<u>149,252</u>	143,246
<u>Other comprehensive income items:</u>					
Items that are or may be reclassified subsequently to the statement of profit or loss:					
Unrealized loss on investments in equity instruments at FVOCI		(6,405)	(27,114)	(33,520)	(20,496)
The Group's share in other comprehensive loss of equity-accounted investees	8	--	(47)	(84)	(11)
Total other comprehensive loss		<u>(6,405)</u>	<u>(27,161)</u>	<u>(33,604)</u>	<u>(20,507)</u>
Total comprehensive income for the period		<u>54,395</u>	13,088	<u>115,648</u>	122,739
<u>Total comprehensive income attributable to:</u>					
Shareholders of the Company		52,550	10,568	112,282	117,701
Non-controlling interests		1,846	2,520	3,366	5,038
Total comprehensive income for the period		<u>54,396</u>	<u>13,088</u>	<u>115,648</u>	<u>122,739</u>

The attached notes 1 to 19 of these condensed interim financial statements.

ARABIAN CEMENT COMPANY
(A Saudi Joint Stock Company)

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

For the nine-month period ended 30 September 2022

	Equity attributable to shareholders of the Company						Retained earnings SR ('000)	Total equity attributable to the Company's shareholders SR ('000)	Non-controlling interests SR ('000)	Total equity SR ('000)
	Share capital SR ('000)	Share premium SR ('000)	Statutory reserve SR ('000)	General reserve SR ('000)	Foreign currency translation reserve SR ('000)	FVOCI equity instruments assessment reserve SR ('000)				
As at 1 January 2022 (audited)	1,000,000	293,565	500,000	95,000	(561)	91,760	769,930	2,749,694	83,632	2,833,326
<u>Total comprehensive income</u>										
Profit for the period	--	--	--	--	--	--	145,886	145,886	3,366	149,252
Other comprehensive loss	--	--	--	--	--	(33,520)	(84)	(33,604)	--	(33,604)
Total comprehensive income	--	--	--	--	--	(33,520)	145,802	112,282	3,366	115,648
Transactions with shareholders of the Company										
Dividend distributed (note 17)	--	--	--	--	--	--	(260,000)	(260,000)	--	(260,000)
Balance at 30 September 2022 (unaudited)	1,000,000	293,565	500,000	95,000	(561)	58,240	655,732	2,601,976	86,998	2,688,974

The attached notes 1 to 19 of these condensed interim financial statements.

ARABIAN CEMENT COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

For the nine-month period ended 30 September 2022

	Equity attributable to shareholders of the Company							Total equity attributable to the Company's shareholders SR ('000)	Non-controlling interests SR ('000)	Total equity SR ('000)
	Share capital SR ('000)	Share premium SR ('000)	Statutory reserve SR ('000)	General reserve SR ('000)	Foreign currency translation reserve SR ('000)	FVOCI equity instruments assessment reserve SR ('000)	Retained earnings SR ('000)			
Balance as at 1 January 2021 (as previously stated)	1,000,000	293,565	500,000	95,000	(561)	122,077	901,690	2,911,771	81,135	2,992,906
Correction of previous years' errors (note 18)	--	--	--	--	--	--	(38,997)	(38,997)	(5,961)	(44,958)
Balance as at 1 January 2021 (audited and adjusted)	<u>1,000,000</u>	<u>293,565</u>	<u>500,000</u>	<u>95,000</u>	<u>(561)</u>	<u>122,077</u>	<u>862,693</u>	<u>2,872,774</u>	<u>75,174</u>	<u>2,947,948</u>
<u>Total comprehensive income</u>										
Profit for the period	--	--	--	--	--	--	138,208	138,208	5,038	143,246
Other comprehensive loss	--	--	--	--	--	(20,496)	(11)	(20,507)	--	(20,507)
Total comprehensive income	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(20,496)</u>	<u>138,197</u>	<u>117,701</u>	<u>5,038</u>	<u>122,739</u>
Transactions with shareholders of the Company										
Dividend distributed (note 17)	--	--	--	--	--	--	(250,000)	(250,000)	--	(250,000)
Balance at 30 September 2021 (unaudited)	<u><u>1,000,000</u></u>	<u><u>293,565</u></u>	<u><u>500,000</u></u>	<u><u>95,000</u></u>	<u><u>(561)</u></u>	<u><u>101,581</u></u>	<u><u>750,890</u></u>	<u><u>2,740,475</u></u>	<u><u>80,212</u></u>	<u><u>2,820,687</u></u>

The attached notes 1 to 19 of these condensed interim financial statements.

ARABIAN CEMENT COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS (UNAUDITED)

For the nine-month period ended 30 September 2022

	<u>Note</u>	<u>2022</u> (Unaudited) SR ('000)	<u>2021</u> (Unaudited) SR ('000)
Income for the period before zakat and income tax		164,208	163,154
Adjustments:			
Depreciation on property, plant and equipment	7	105,411	105,121
Amortization of intangible assets		905	898
Amortization of right to use assets		280	291
Group's share of results of equity-accounted investees	8	(8,892)	(2,148)
Expected credit losses		1,529	--
Dividends from equity instruments at FVOCI		(4,270)	(8,006)
Profit from sale of property plant and equipment		(245)	--
Finance costs		11,389	14,796
Employee defined benefit obligation charge for the period		4,925	7,592
		275,240	281,698
Changes in working capital:			
Trade receivables, prepayments and other debit balances		(37,868)	14,874
Inventories		(69,469)	103,550
Trade and other payables		(21,695)	(33,563)
		146,208	366,559
Finance costs paid		(11,119)	(14,506)
Zakat and income tax paid		(23,674)	(23,226)
Employees' benefits paid		(574)	(4,245)
Net cash provided by operating activities		110,841	324,582
Investing activities			
Additions to property, plant and equipment	7	(21,288)	(10,508)
Proceeds from sale of property plant and equipment		(867)	--
Dividends from equity instruments at FVOCI		4,270	8,006
Financial investments at amortised cost	11	210,000	--
Net cash generated from / (used in) investing activities		192,115	(2,502)
Financing activities			
Proceeds from term loans	12	198,131	33,223
Repayment of term loans	12	(189,008)	(94,709)
Payment of lease obligations		(157)	(434)
Dividends paid	16	(259,595)	(249,428)
Net cash used in financing activities		(250,629)	(311,348)
Change in cash and cash equivalents during the period		52,327	10,732
Cash and cash equivalents as at the beginning of the period		143,436	234,428
Cash and cash equivalents as at end of the period		195,763	245,160
Significant non-cash transactions			
Net profit from equity instruments at FVOCI		(33,520)	(20,496)

The attached notes 1 to 19 of these condensed interim financial statements.

ARABIAN CEMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

1. COMPANY INFORMATION

Arabian Cement Company (the “Company” or the “Parent Company”) is a Saudi Joint Stock Company incorporated in accordance with the Companies’ Regulations in the Kingdom of Saudi Arabia under the Royal Decree No. 731 dated 12 Jumada Al-Oula 1374H (5 January 1955) and the Company works under the commercial registry No. 4030000148 Jeddah, 14 Ramadan 1376 H (corresponding to 13 April 1957).

The Company's share capital is one billion Saudi riyals divided into 100 million shares, of SR 10 each, as at 30 September 2022 and 31 December 2021.

The Company’s shares are listed in the Capital Market Authority in the Kingdom of Saudi Arabia. The Parent Company is owned by 6.67% to a major shareholder, while 93.33% is owned by other shareholders as at 30 September 2022 (31 December 2021: 6.67% by major shareholder and 93.33% by other shareholders).

The main activity of the Company is as follows:

1. Production of cement, construction materials and other related materials and derivatives inside and outside the Kingdom of Saudi Arabia.
2. Trading of clinker, cement, construction materials and other related materials and derivatives inside and outside the Kingdom of Saudi Arabia.
3. Utilization of mines and establishing of factories and stores needed in manufacturing, storage, selling, purchase, exporting and importing and other complementary and supportive industries.

To achieve these purposes, the Company has the right to enter into all types of contracts of properties and movable assets within the limits if the applicable regulations.

The registered address of the Company is Arabian Cement Company building, 8605 King Abdulaziz Road, Nahdha District, Jeddah 23523-2113, Kingdom of Saudi Arabia.

As at 30 September 2022 and 31 December 2021, the Company has, directly or indirectly, investments in the following subsidiaries (referred to collectively as the “Group”):

The details of the subsidiaries are as follow:

<u>Subsidiary</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Shareholding (%)</u>	
			<u>2022</u>	<u>2021</u>
Bahrain Arabian Cement Holding Company (Bahrain Cement Company)	Holding company	Kingdom of Bahrain	100%	100%

At 5 November 2007, Bahrain Arabian Cement Holding Company has been established as an individual Company registered in the Kingdom of Bahrain with the purpose of managing its subsidiaries and to invest in shares, bonds and securities and to own properties and movable assets necessary to its operations and to provide loans and has facilities to provide loans warranties and financing for its subsidiaries.

ARABIAN CEMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

1. COMPANY INFORMATION (continued)

Bahrain Cement Company has investment in the following subsidiary:

<u>Subsidiary</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Shareholding (%)</u>	
			<u>2022</u>	<u>2021</u>
Qtrana Cement Joint Stock Private Company (“Qtrana Cement Company”)	Cement production	Kingdom of Jordan	86.74%	86.74%

Bahrain Cement Company owns 86.74% of Qatrana Cement Company’s shares and holds control over its business and management, and thus, Qatrana Cement Company is considered an indirectly owned subsidiary by the Parent Company and consolidated in these condensed consolidated interim financial statements. Qatrana Cement Company’s activity is represented in the production of black Portland cement, white cement and calcium carbonate.

The condensed consolidated statement of profit or loss includes the results of operations of the subsidiaries for the three-month period ended 30 September 2022, and the condensed consolidated statement of financial position includes the assets and liabilities of the subsidiaries, as at 30 September 2022.

2. BASIS OF PREPERATION

2.1 **Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard No. 34 “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants. These condensed consolidated interim financial statements should be read in conjunction with the financial statements of the last annual financial statements of the Group as in as at 31 December 2021 (“Previous Year Financial Statements”). These financial statements do not include all the information required to prepare a complete set of consolidated financial statements in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, however some accounting policies and explanatory notes have been included to explain the events and transactions that are important to understand the changes in the financial position and financial performance of the Group from the consolidated financial statements of the previous year. In addition, the results for the nine-month period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the year ending 31 December 2022.

2.2 **Basis of measurement**

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

- Equity investments are measured at Fair Value through Other Comprehensive Income
- Defined benefits obligations accruals for future obligations are recognised based on the expected credit unit method.

ARABIAN CEMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

2. BASIS OF PREPERATION (continued)

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are prepared in Saudi Arabian Riyals (SR) which is the Company's functional and presentation currency of the Group. All amounts have been rounded off to the nearest thousand Saudi Riyal unless otherwise stated.

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the condensed consolidated interim 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 also reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.

Significant judgments made by the management upon the adopting the Company's accounting policies correspond to the disclosed policies in the financial statements for the year ended 31 December 2021.

4. BASIS OF CONSOLIDATION

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries set forth in Note 1. Control is achieved when the Group is exposed, or has rights to returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group is considered having control over the investee in the following cases or elements:

1. Control over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
2. Exposure to rights in variable returns from its involvement with the investee.
3. The ability to use its power over the investee to affect its returns.

The Group reassesses whether it has control over the investee if facts and circumstances indicate that there have been changes in one of the above-mentioned elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of an acquired or disposed of subsidiary during the period are included in the consolidated financial statements from the date the Group gains control until the date the control ceases.

ARABIAN CEMENT COMPANY

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

4. BASIS OF CONSOLIDATION (continued)

Profits, losses and all components of other comprehensive income are attributable to the equity holders of the Parent Company of the Group and to the holders of non-controlling interests, even if this results in a deficit balance in favor of the non-controlling interest holders. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group balances and financial transactions resulting from transactions between the Group and its subsidiaries and those arising between the subsidiaries are eliminated in preparing these consolidated financial statements. Also, any unrealized gains or losses resulting from internal transactions in the Group are eliminated upon consolidation of the financial statements.

Any change in shareholding interests in the subsidiary, without loss of control, is accounted for as an equity transaction, and when the Group loses control on the subsidiary it and does the following:

- Derecognition of the assets (including goodwill) and liabilities of the subsidiary
- Derecognition of the carrying amount of any non-controlling interest.
- Derecognition of the cumulative transfer differences recorded under equity.
- Recognition of fair value of consideration received.
- Recognition of the fair value of any investment retained
- Recognition of surplus or deficit are recognized in profit or loss.

The Parent Company's share of the aforementioned components within other comprehensive income is reclassified under profit, loss or retained earnings, as would be required if the Group had directly disposed of the related assets or liabilities.

Eliminated transactions

Intra-group balances and transactions, as well as any unrealized gains or losses resulting from internal transactions between the Group's companies, are completely eliminated when preparing these consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but to the extent that there is no evidence of impairment.

Non-controlling interests

The non-controlling interests in the net assets of the consolidated subsidiaries are recognized separately from the Group's equity in the net assets. Non-controlling interests consist of the amounts of those interests that are recognized at the date of the original business combination in addition to their shares in the changes in equity in the Company that occur after the date of acquisition.

The Group does not add its indirect share in the subsidiary that it owns through investments in equity-accounted investees. When calculating the shares attributable to non-controlling interests, only the shares owned directly or indirectly by another subsidiary are taken into account.

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

For the nine-month period ended 30 September 2022

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED

5.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted by the Group in preparing the financial statements are consistent with those followed in preparing the annual consolidated financial statements of the Group for the year ended 31 December 2021, and there are no new standards that were issued, however, there are a number of amendments to the standards which are effective as of 1 January 2022, which did not have a material impact on the consolidated financial statements.

Effective as of	New standards or amendments
1 January 2022	Onerous contracts - Cost of contract completion (Amendments to IAS 37)
	Annual adjustments to IFRS Standards
	Property, plant and equipment: Proceeds before Intended Use (Amendments to IAS 16)
	Reference to the conceptual framework (amendment to IFRS 3)

6. SEGMENTAL INFORMATION

The Group is mainly engaged in an operating segment that is related to production and selling of cement and clinker.

The Group's business has been divided into geographical business units as follows:

- All the operations of the Group are carried out in the Kingdom of Saudi Arabia.
- Group's operations outside the Kingdom of Saudi Arabia, which mainly represent the Group's operations in Hashemite Kingdom of Jordan, in addition to the Kingdom of Bahrain.

<u>As at 30 September 2022</u> <u>(Unaudited)</u>	Inside <u>KSA</u> SR ('000)	<u>Outside KSA</u> SR ('000)	<u>Reconciliations</u> SR ('000)	<u>Total</u> SR ('000)
Total property, plant, equipment and property investments	1,418,244	799,202	(96,890)	2,120,556
Investment at FVOCI	116,144	--	--	116,144
Total non – other current assets	746,487	45,221	(688,175)	103,533
Total current assets	635,812	296,408	(386)	931,834
Total liabilities	314,710	480,615	(212,232)	583,093
<u>As at 31 December 2021</u> <u>(Audited)</u>	Inside <u>KSA</u> SR ('000)	<u>Outside KSA</u> SR ('000)	<u>Reconciliations</u> SR ('000)	<u>Total</u> SR ('000)
Total property, plant, equipment and property investments	1,477,876	823,156	(96,768)	2,204,264
Investment at FVOCI	149,664	--	--	149,664
Total non – other current assets	715,751	45,979	(666,247)	95,483
Total current assets	753,321	231,465	(1,087)	983,699
Total liabilities	346,916	465,736	(212,868)	599,784

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6. SEGMENTAL INFORMATION (continued)

Financial information for revenues and profits related to geographical segments after elimination of the impact of the transactions between the Group's companies for the nine-months period 30 September 2022 and 2021 are as follows:

<u>For the period 30 September 2022 (Unaudited)</u>	<u>Inside KSA SR ('000)</u>	<u>Outside KSA SR ('000)</u>	<u>Reconciliations SR ('000)</u>	<u>Total SR ('000)</u>
Revenue from contracts with customers	503,310	227,525	--	730,835
Period's profits attributable to Company's shareholders	145,886	25,391	(25,391)	145,886
Finance costs	314	11,075	--	11,389
Depreciations and amortisations	74,931	31,665	--	106,596
<u>For the period 30 September 2021(Unaudited)</u>	<u>Inside KSA SR ('000)</u>	<u>Outside KSA SR ('000)</u>	<u>Reconciliations SR ('000)</u>	<u>Total SR ('000)</u>
Revenue from contracts with customers	544,159	233,245	--	777,404
Period's profits attributable to Company's shareholders	138,208	37,951	(37,951)	138,208
Finance costs	110	14,686	--	14,796
Depreciations and amortisations	74,756	31,554	--	106,310

7. PROPERTY, PLANT AND EQUIPMENT

1. For the purposes of preparing the condensed consolidated statement of cash flows, the movement in property, plant and equipment during the nine-month period 30 September is as follows:

	For the nine-month period ended 30 September	
	<u>2022</u>	<u>2021</u>
	(Unaudited)	(Unaudited)
	SR ('000)	SR ('000)
Depreciations	105,411	105,121
Additions of property, plant and equipment	21,288	10,508

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

2. As at 30 September 2022, the Group's property, plant and equipment includes projects in progress amounting to SR 428.3 million (31 December 2021: SR 420.4 million) mainly related to business projects to raise the level of efficiency of production lines, construct cement mills and connection with the power plant, the balance of which is SR 410 million as at 30 December 2022 (31 December 2021: SR 409.7 million).

As at 31 December 2021, the Company's management reviewed the recoverable amount of some projects under progress and reduced their book value by SR 16 million.

3. Group's property, plant and equipment are not pledged against standing loans as at 30 September 2022 and 31 December 2021.
4. The Company's buildings, plant and facilities were built on lands within the concession obtained by the Parent Company for mining in Rabigh under Royal Decree No. M/29 on Dhul Qi'dah 9, 1406H (corresponding to July 15, 1986) for a period of 30 years, renewable for a similar period if the company so desires, in return for an annual fee. The license for the exploitation of limestone was renewed pursuant to Ministerial Decision No. S/7197 dated 15/9/1437H (corresponding to 20 June 2016) and valid for 30 years from the date of 9 Shawwal 1437H (corresponding to 14 July 2016).

8. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

<u>Company name</u>	<u>Country of incorporation</u>	<u>Principal activity</u>	<u>Percentage Shareholding %</u>		<u>30 September 2022</u> (Unaudited) SR ('000)	<u>31 December 2021</u> (Audited) SR ('000)
			<u>2022</u>	<u>2021</u>		
Ready Mix Concrete and Construction Supplies Company	Kingdom of Jordan	Ready concrete production	36,67%	36,67%	18,687	17,054
Cement Products Limited Company	Kingdom of Saudi Arabia	Bags production Cement	33,33%	33,33%	44,675	37,500
					63,362	54,554

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8. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (continued)

The movement of investments in equity accounted investees during the period / year was as follows:

	30 September 2022 (Unaudited) SR ('000)	31 December 2021 (Audited) SR ('000)
Balance at the beginning of the period / year	54,554	48,343
Group's share in equity-accounted investees' results for the period / year	8,892	6,150
The Group's share in comprehensive (loss) / income of equity-accounted investees	<u>(84)</u>	<u>61</u>
Balance at the end of the period/year	<u><u>63,362</u></u>	<u><u>54,554</u></u>

9. LEASES

Lease liabilities were presented in the balance sheet as follows:

	30 September 2022 (Unaudited) SR ('000)	31 December 2021 (Audited) SR ('000)
Short-term obligation	623	623
Long-term obligation	<u>4,162</u>	<u>4,319</u>
	<u><u>4,785</u></u>	<u><u>4,942</u></u>

The interest expense resulting from the lease contracts during the period ended 30 September 2022 amounted to SR 270.3 thousand (30 September 2021: SR 290 thousand).

10. TRADE RECEIVABLES

Trade receivables comprise of the following:

	30 September 2022 (Unaudited) SR ('000)	31 December 2021 (Audited) SR ('000)
Trade receivables	202,836	180,383
Trade receivables - related parties (Note 16)	<u>37,647</u>	<u>26,744</u>
	<u><u>240,483</u></u>	<u><u>207,127</u></u>
Provision for impairment of trade receivables	<u>(4,369)</u>	<u>(2,840)</u>
	<u><u>236,114</u></u>	<u><u>204,287</u></u>

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11. FINANCIAL INVESTMENT AT AMORTIZED COST

As at 30 September 2022, the value of financial investments at amortized cost in (Murabaha) deposits with local banks amounted to nil (31 December 2021: SR 210 million), carrying a profit rate of about 1.19% per annum with a maturity date of more than 3 months.

12. LONG TERM LOANS AND FACILITIES

Arabian Cement Company

During 2021, the Company obtained from a local bank a short-term loan, with an amount of SR 70 million. They were fully paid during the year.

During the period ending on June 30, 2022, the Company obtained a short-term loan from a local bank, amounting to SR 150 million. It was fully paid during the period.

Qatrana Cement Company (subsidiary) – Jordan

At July 20, 2017, the subsidiary, “Qatrana Cement Company”, has obtained a diminishing loan amounted JD 100 million (SR 528.9 million) from Arab Bank for the purpose of paying part of the Parent Company’s loans.

The agreement includes certain conditions, including retaining financial ratios and that the ownership of the Arabian Cement Company, the Parent Company, doesn’t directly or indirectly become less than 75% of Qatrana Cement Company’s share capital during the loan lifetime.

The bank loan’s principal shall be paid on 16 equal semi-annual installments, each equals JD 6.25 million (SR 33.1 million), and interests shall be paid on monthly basis.

The installment due for the month of July 2020 has been rescheduled amounting to JD 6.25 million (SR 33.1 million), in addition to the interest of the loan for the period from 1 April till 31 December 2020, amounting to of JD 3,3 million (SR 17.3 million) and extending the loan repayment tenure for an additional year, so that the last installment will be due on 20 July 2026.

The debt ratio (total liabilities/total equity) should not exceed 100% throughout the loan period. No profits should be distributed in the event of outstanding amounts of the loan principal and its interests, except with the bank's prior written approval.

During 2019, the subsidiary obtained a revolving loan from the Arab Bank with a ceiling of JD 6.5 million (SR 34.4 million) at an interest rate of 7,75%.

A loan was granted from the Arab Bank, supported by the Central Bank amounting to JD 3 million (SR 15,9 million) at an interest rate of 3.50% for a period of 24 months, where the first installment is due on 1 January 2021 and the total repayment of the loan amounted to JD 2.6 million (SR 13.8 million).

During the year 2021 until 14 November 2021, the interest rate was 6.38%, and on 15 November 2021 an annex was signed to reduce the interest rate with the Arab Bank to become 5.38%.

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12. LONG TERM LOANS AND FACILITIES (continued)

During 2022, the ceiling of the revolving loan granted by the Arab Bank was increased to JD 10 million (SR 53 million) instead of JD 6.5 million (SR 34.4 million), and JD 7 million (SR 37 million) of the granted ceiling was exploited during the period ended 30 September 2022.

The interest rate during the nine-month period ended 30 September 2022 ranged from 5.38% to 6.63%, based on the amendments issued with regard to interest rates from the Central Bank of Jordan.

On July 19, 2022, the subsidiary company obtained from the Arab Bank a loan subsidied by the Central Bank of Jordan, amounting to JD 2.1 million (SR 11.1 million) at an interest rate of 3.00% for a period of 24 months, and the first installment is due on 1 December 2022.

Term borrowings are presented in the condensed consolidated statement of financial position sheet as following:

	30 September 2022 (Unaudited) SR ('000)	31 December 2021 (Audited) SR ('000)
Current portion of term loans	75,767	7,934
Non-current portion of term loans	189,964	248,674
	265,731	256,608

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

	30 September 2022 (Unaudited) SR ('000)	31 December 2021 (Audited) SR ('000)
Balance at the beginning of the period/ year	256,608	333,300
Received during the period/year	198,131	70,000
Payments during the period/year	(189,008)	(146,692)
	265,731	256,608

13. ACCRUED ZAKAT AND INCOME TAX

Zakat and tax status

Arabian Cement Company

The Company finalized its zakat status up to the year 2005 and submitted its zakat returns for the years ended December 31, 2006 through 2010 and ZATCA has issued zakat assessment for the mentioned years which resulted accrued zakat differences that amount to SR 14.6 million. The Company paid the withholding tax due, amounting to SR 153 thousand, and the Company objected to the zakat assessment for the mentioned years, and the objection was referred to the initial objection committee for consideration and issuance of a decision on it.

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13. ACCRUED ZAKAT AND INCOME TAX (continued)

Zakat and tax status (continued)

Arabian Cement Company (continued)

The Preliminary Objection Committee issued its resolution No. (36) in 1436H regarding the Company's objection on the said years. ZATCA has issued an adjusted zakat assessment based on the Preliminary Objection Committee's resolution, which showed a reduction in zakat differences amounts to SR 9.8 million. The Company has paid the due zakat differences according to the committee's decision, amounting to SR 4.8 million. ZATCA has also appealed the aforementioned committee's decision in relation to the real estate investment item with the Tax Appeal Committee, amounting to SR 844 thousand. The First Appeal Circle for Income Tax Violations and Disputes issued its decision No. IR-2021-18, which includes rejecting the Authority's appeal and supporting the Second Preliminary Zakat and Tax Appeal Committee ("PZTAC"). ZATCA has petitioned the above-mentioned circle's decision to the First Appeal Committee for Income Tax Violations and Disputes, and it is still under study by the Committee to date. The Company's management, supported by its zakat advisor, believes that the Company has a strong reasons to win the aforementioned appeal. As ZATCA refused to deduct real estate investments amounting to SR 30,8 million, despite the fact that real estate investments are long-term investments and must be deducted from the zakat base, based on the executive regulations of the zakat system and in addition to supporting this procedure according to the decision of the First Appeal Circuit for Income Tax Violations and Disputes that includes the rejection of ZATCA's appeal and the endorsement of the Second Preliminary Zakat and Tax Appeal Committee ("PZTAC").

The Company filed its Zakat returns for the years ended 31 December 2011 till 2013. The Zakat, Tax and Customs Authority did not issue the Zakat assessment for the said years till to date.

ZATCA has issued the Zakat assessment for the years ending on 31 December 2014 until 2018, which showed accrued zakat differences of SR 16.4 million. The Company paid the due zakat differences on the non-objectionable items, amounting to SR 2.6 million during the year ended 31 December 2020. The Company has also objected the zakat assessment, and ZATCA issued the amended zakat assessment based on the decision of the Preliminary Appeal Committee, which showed a decrease in zakat difference by an amount of SR 3.5 million. The Company has escalated the aforementioned objection to the Tax Committees for Resolution of Tax Violations and Disputes. The committee issued a decision to reduce the zakat differences by 9.2 SR million, so that the amount under the committee's decision became SR 1.04 million. The Company has escalated the aforementioned objection to the Appeal Committee to decide on violations and zakat, tax and customs disputes for consideration and issuance of a decision regarding it, which is still under study by the committee to date. The Company's management and the zakat advisor believe that its position is strong and that the Company has sufficient provision to cover potential zakat obligations as a result of this assessment, as the authority refused to deduct foreign investments despite the fact that foreign investments are investments in long-term associates that must be deducted from the zakat base, based on the executive regulations zakat system.

The Company has submitted the Zakat returns for the two years ended 31 December 2019 and 2020 and obtained the unrestricted Zakat certificate for the year 2020.

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13. ACCRUED ZAKAT AND INCOME TAX (continued)

Zakat and tax status (continued)

Arabian Cement Company (continued)

The Zakat, Tax and Customs Authority has issued the Zakat and withholding tax assessment for the two years ended 31 December 2019 and 2020, which showed the total differences in Zakat and withholding tax due and a delay fine of SR 1.8 million. The Company has filed an objection on the zakat assessments for the mentioned two years and paid the zakat due on the non-objectionable items in the amount of SR 83 thousand, in addition to paying the maximum amount of zakat differences due under the zakat assessment at 25% according to the Regulations, which amounts to SR 414 thousand.

ZATCA has issued the zakat assessment and the amended withholding tax for the two years ended 31 December 2019 and 2020, which showed a decrease in the differences in zakat, withholding tax and the fine for delay in the amount of SR 744 thousand, bringing the amount under the adjusted assessment to SR 1.07 million. The Company has escalated the aforementioned objection to the Tax Committees for Resolution of Zakat and Tax Violations and Disputes (the "TCRTVD"), which is still under consideration by the committee to date. The Company's management and the zakat advisor believe that its position is strong and that the Company has a sufficient provision to cover the potential zakat obligations as a result of this assessment, as the authority has refused to deduct the deferred income tax from the zakat base based on what is stated in the guideline issued by ZATCA.

The Company has submitted the Zakat returns for the year ended 31 December 2021 and obtained the unrestricted Zakat certificate for the year 2021. The ZATCA did not issue the final Zakat assessment for the said year till to date.

Qatrana Cement Company (subsidiary) – Jordan

Income tax returns were audited by the Income and Sales Tax Department until the end of 2020. The Company also filed income tax returns to the Department until the end of 2021.

With regard to sales tax, sales tax returns were audited by the Income and Sales Tax Department until the end of 2021. The Company also submitted sales tax returns to the Department for the end of August 2022.

The Income and Sales Tax Department reviewed the Company's income tax for the year 2014 and issued its preliminary decisions approving the reversal of losses amounting to JD 1.06 million (SR 5.6 million) in return for the Company's claim to reverse losses amounting to JD 8.75 million (SR 46.2 million) resulting from a difference in the interpretation of the Investment Council's exemptions decision, where the reversed losses from previous years were deducted before the investment encouragement exemption was deducted. Accordingly, the objection was submitted to the objection committee in the Income Tax Department. On 21 September 2020, the decision in relation to the objection was issued not to calculate investment promotion exemption on profits for the year 2014. However, the Company submitted its objection against the Department's decisions, and the files were transferred to the court to settle the dispute. During the year 2022, the court assigned a tax expert to review the case, who issued his report containing the approval to reverse losses amounting to SR 8.45 million (SR 44.7 million). The Company did not calculate an additional provision for income tax, as, according to the legal advisor's opinion, the subsidiary has strong reasons to win this case, since in other years the Income Tax Department has reduced the investment encouragement exemption before deducting any reversed losses of previous years.

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13. ACCRUED ZAKAT AND INCOME TAX (continued)

a) Deferred tax assets and liabilities

Movement on deferred tax assets was as follow:

	30 September 2022 (Unaudited) SR ('000)	31 December 2021 (Audited) SR ('000)
Balance at beginning of period/year	21,950	27,069
Additions and adjustments during the period / year	289	196
Transferred to the income tax provision	--	(5,315)
Balance at end of the period / year	22,239	21,950

Movement on deferred tax liabilities was as follow:

	30 September 2022 (Unaudited) SR ('000)	31 December 2021 (Audited) SR ('000)
Balance at beginning of period/year	56,116	56,116
Balance at end of the period/year	56,116	56,116

The differed tax assets and liabilities for the period ended 30 September 2022 is accounted accordingly with the Jordanian Income Tax Law No. (34) for the year 2018, which came into effect as of 1 January 2019. According to this law, the legal tax rate on the Company is 18%, in addition to the national contribution rate of 1% (2021: 17% in addition to the national contribution of 1%).

14. EARNING PER SHARE

a) Basic earnings per share

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

	For the three-months period ended		For the nine-month period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Profit for the period (SR in 000's)	58,954	37,729	145,886	138,208
Number of shares (weighted average - in thousands)	100,000	100,000	100,000	100,000
Basic earnings per share (SR)	0.59	0.38	1.46	1.38

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14. EARNING PER SHARE (continued)

b) Diluted EPS

The calculation of diluted earnings per share has been based on the profit distributable to shareholders on ordinary shares and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any.

During the period, there are no transactions that reduce the earnings per share and therefore the earnings per diluted share is not different from the basic earnings per share.

15. CONTINGENCIES AND CAPITAL COMMITMENTS

As at 30 September 2022, the Group has contingencies represented in outstanding letters of guarantee and credits of SR 35.5 million (31 December 2021: SR 30.1 million).

- As at 30 September 2022, the Group has capital commitments related to production lines, facilities and factories of the Group amounted to SR 2.8 million (31 December 2021: SR 2,8 million) and there are guarantees amounting to SR 32.4 million (31 December 2021: SR 23.1 million) provided to local banks against financial facilities and borrowings for a subsidiary.
- There are lawsuits filed against the subsidiary, with a value of JD 125 thousand, equivalent to SR 659 thousand, as at 30 September 2022 (as at 31 December 2021: JD 90, equal to SR 476 thousand) in addition to cases with unspecified value. The subsidiary's Management and its legal consultant believe that the subsidiary has strong reasons against these cases, and there is no need to take any provisions against these cases.

16. RELATED PARTIES' DISCLOSERS

Related parties represent major shareholders, members of the Group's board of directors, key management personnel in the Group, and entities that are managed or over which significant influence is exercised by these parties. The related parties of the Company are as follows:

<u>Description</u>	<u>Nature of relationship</u>
Ready Mix Concrete and Construction Supplies Company	Associate
Cement Products Limited Company	Associate
Group's BOD members	Other related parties
Key management and senior executives	Other related parties

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16. RELATED PARTIES DISCLOSURES (continued)

- a) The following table summarizes related parties' balances as at 30 September 2022 and 31 December 2021:

		<u>Volume of transactions</u>		<u>Closing balance</u>	
		<u>For the nine- months period ended 30 September 2022</u> (Unaudited) SR ('000)	<u>For the year ended 31 December 2021</u> (Audited) SR ('000)	<u>30 September 2022</u> (Unaudited) SR ('000)	<u>31 December 2021</u> (Audited) SR ('000)
<u>Balance due from related parties under trade receivables</u>					
Ready Mix Concrete and Construction Supplies Company "associate"	Sales	42,312	44,243	37,647	26,744
<u>Due balances from related parties under other debit balances</u>					
Ready Mix Concrete and Construction Supplies Company "associate"	Dividends	--	--	175	175
<u>Balance due from related parties under trade payables</u>					
Cement Products Limited Company "Associate"	Purchases	11,812	12,955	1,906	385

- b) Allowances and remuneration of BOD members and senior executives:

	<u>For the nine-months period ended 30 September</u>	
	<u>2022</u> (Unaudited) SR ('000)	<u>2021</u> (Unaudited) SR ('000)
Salaries and remunerations of the senior executives of the Company	4,539	3,130
Salaries and allowances Company's key management and Senior Executives in the subsidiary	571	239
Remuneration of subsidiary's BOD members	360	360
Allowances for attending Board of Directors meetings at the Company	300	376
Allowances for attending Board of Directors meetings at the Company the subsidiary	239	108
BOD remuneration	2,025	1,800

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16. RELATED PARTIES DISCLOSURES (continued)

Key managers' benefits include basic salaries, remunerations and other benefits under the Group's policy. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

17. DIVIDEND PAYABLES

On 9 August 2022, the Company's Board of Directors recommended distributing cash dividends to shareholders for the first half of the year 2022 that amounted to SR 110 million, which represents SR 1.1 per share.

On 27 February 2022, the Company's Board of Directors recommended distributing cash dividends to shareholders for the second half of the year 2021 that amounted to SR 150 million, which represents SR 1.5 per share, which was approved during the sixty six ordinary general assembly meeting on 17 April 2022.

The movement on accrued dividends during the period/year is as follows:

	30 September <u>2022</u> (Unaudited) SR ('000)	31 December <u>2021</u> (Audited) SR ('000)
Balance at the beginning of the period/ year	12,346	12,366
Declared during the period / year	260,000	250,000
Payment during the period / year	(259,595)	(250,020)
	<u>12,751</u>	<u>12,346</u>

18. CORRECTION OF PRIOR YEARS' ERRORS

During the year 2021, the management of the subsidiary company discovered that it had not, by mistake, calculate the deferred tax obligations resulting from temporary differences between the accounting basis of some items of property, plant and equipment and the tax basis for these assets for the years 2013, 2014 and 2015, noting that the subsidiary company has recorded an amount of JD 2.1 million, equivalent to SR 11.2 million, representing amounts paid in advance to the Income Tax Department for these years. The subsidiary has re-presented its statements by amending the items of the previous financial statements that were affected by this error in line with the requirements of IAS (8) "Change in Accounting Policies, Change in Accounting Estimates and Accounting Errors".

The following table summarizes the impact on the Group's consolidated statement of financial position as at 31 December 2020, knowing that there is no impact on the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows for the year ended 31 December 2020:

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18. CORRECTION OF PRIOR YEARS' ERRORS (continued)

<i>SR ('000)</i>	<u>As at 31 December 2020</u>		
	<u>Balance as previously reported</u>	<u>Prior year adjustments</u>	<u>Balance after adjustment</u>
<u>Statement of financial position</u>			
(Retained earnings)	(901,690)	38,997	(862,693)
Total equity attributable to Company's shareholders	(2,911,771)	38,997	(2,872,774)
Non- controlling interests	(81,135)	5,961	(75,174)
Total equity	(2,992,906)	44,958	(2,947,948)
Deferred tax liability	(11,158)	(44,958)	(56,116)
Total liabilities	(644,494)	(44,958)	(689,452)

19. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were approved by the Board of Directors on 27 October 2022, corresponding to 2 Rabi Al Thani 1444H.