Arabian Cement Company
(A Saudi Joint Stock Company)

Unaudited Interim Condensed Consolidated Financial Statements And Independent Auditor's Review Report

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023

Arabian Cement Company
(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023

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Building a better working world

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ARABIAN CEMENT COMPANY
(A Saudi Joint Stock Company)

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Arabian Cement Company ("The Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2023, and the related interim condensed consolidated statement of profit or loss and comprehensive income for the three-month and six-month periods ended 30 June 2023, and the related interim condensed consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, and explanatory notes. Board of Directors 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") as 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" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement 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.

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 as endorsed in the Kingdom of Saudi Arabia.

Other matter
The Group's consolidated financial statements for the year ended 31 December 2022 were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements as at 7 Sha'ban 1444H (corresponding to 27 February 2023). Furthermore, the Group's interim condensed consolidated financial statements for the three-months and six-months periods ended 30 June 2022 were reviewed by the same auditor who expressed an unmodified review conclusion for those interim condensed consolidated financial statements dated 11 Muharram 1444H (corresponding to 9 August 2022).

for Ernst & Young Professional Services

Ahmed Ibrahim Reda
Certified Public Accountant
License No. (356)

Jeddah: 21 Muharram 1445H
8 August 2023G

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(Professional LLC)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Note	***30 June 2023 (Unaudited) SR ('000)***	*31 December 2022 (Audited) SR ('000)*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	**2,043,435**	2,101,446
Intangible assets		**12,623**	13,239
Investment property		**5,000**	5,000
Investments in associates	9	**69,970**	67,162
Financial assets at FVOCI		**114,223**	108,885
Deferred tax assets	13	**22,158**	21,221
Right-to-use assets		**4,104**	4,291
TOTAL NON-CURRENT ASSETS		**2,271,513**	2,321,244
CURRENT ASSETS			
Inventories	18	**477,635**	454,818
Trade receivables	11	**261,961**	220,587
Prepayments and other receivables		**31,205**	19,826
Cash and cash equivalents		**175,867**	263,874
TOTAL CURRENT ASSETS		**946,668**	959,105
TOTAL ASSETS		**3,218,181**	3,280,349
EQUITY AND LIABILITIES			
EQUITY			
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)
Fair value reserve for financial assets through other comprehensive income		**56,319**	50,981
Retained earnings		**663,488**	696,275
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**2,607,811**	2,635,260
Non-controlling interest		**86,606**	87,102
TOTAL EQUITY		**2,694,417**	2,722,362

Mr. Moataz M. Mortada	Dr. Badr Osama Johar	Eng. Mutaz Kusai Al Azzawi
Vice President of Finance	Chief Executive Officer	Authorized Board of Directors Member

The attached notes 1 to 22 of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 30 June 2023

	Note	***30 June 2023 (Unaudited) SR ('000)***	*31 December 2022 (Audited) SR ('000)*
NON-CURRENT LIABILITES			
Long term loans and facilities	12	**165,211**	188,854
Employees' defined benefit obligations		**55,562**	52,948
Deferred tax liabilities	13	**56,116**	56,116
Provision for rehabilitations	19	**8,831**	7,831
Lease obligations	10	**3,858**	4,057
TOTAL NON-CURRENT LIABILITES		**289,578**	309,806
CURRENT LIABILITIIES			
Long-term loans and facilities - current portion	12	**33,798**	42,789
Trade and other payables		**178,252**	173,914
Zakat and income tax payable		**9,206**	18,541
Dividend payable	17	**12,307**	12,314
Lease obligations	10	**623**	623
TOTAL CURRENT LIABILITES		**234,186**	248,181
TOTAL LIABILITES		**523,764**	557,987
Total equity and liabilities		**3,218,181**	3,280,349

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Vice President of Finance	Chief Executive Officer	Authorized Board of Directors Member

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023

	Note	*For the three-months period ended 30 June*		*For the six-months period ended 30 June*	
		2023 (Unaudited) SR ('000)	*2022 (Unaudited) SR ('000)*	***2023 (Unaudited) SR ('000)***	*2022 (Unaudited) SR ('000)*
Revenue		**196,786**	231,007	**436,877**	490,269
Cost of sales		**(149,968)**	(163,079)	**(323,326)**	(353,224)
Gross Profit		**46,818**	67,928	**113,551**	137,045
Selling and distribution expenses		**(6,298)**	(10,138)	**(9,325)**	(21,610)
General and administrative expenses		**(14,151)**	(12,201)	**(26,157)**	(25,440)
OPERATING PROFIT		**26,369**	45,589	**78,069**	89,995
Dividends of Financial assets at FVOCI		**1,068**	2,668	**1,068**	2,668
Share of results of associates	9	**1,429**	2,596	**2,756**	5,285
Finance costs		**(3,722)**	(3,787)	**(7,503)**	(7,234)
Proceeds from Islamic deposits		**620**	-	**3,145**	1,770
Other revenues, net		**4,908**	4,303	**5,615**	4,657
Profit for the period before zakat and income tax		**30,672**	51,369	**83,150**	97,141
Zakat		**(3,711)**	(3,000)	**(7,421)**	(6,000)
Income tax		-	(2,132)	-	(2,689)
Deferred income tax		**667**	-	**936**	-
PROFIT FOR THE PERIOD		**27,628**	46,237	**76,665**	88,452
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:					
Shareholders of the Company		**27,982**	45,032	**77,161**	86,933
Non-controlling interest		**(354)**	1,205	**(496)**	1,519
		27,628	46,237	**76,665**	88,452
EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY(SR):					
Basic	14	**0.28**	0.45	**0.77**	0.87
Diluted		**0.28**	0.45	**0.77**	0.87

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023

		For the three-months period ended 30 June		***For the six-months period ended 30 June***	
	Note	***2023 (Unaudited) SR ('000)***	*2022 (Unaudited) SR ('000)*	***2023 (Unaudited) SR ('000)***	*2022 (Unaudited) SR ('000)*
NET PROFIT FOR THE PERIOD		**27,628**	46,237	**76,665**	88,452
Other comprehensive income					
Item that that will not be reclassified to consolidated statement of income in subsequent periods:					
Unrealized gains / (loss) of financial asset at FVOCI		**7,580**	(27,969)	**5,338**	(27,115)
Company’s share in other comprehensive income / (loss) of associates	9	**149**	(36)	**52**	(84)
Total other comprehensive income / (loss)		**7,729**	(28,005)	**5,390**	(27,199)
Total comprehensive income for the period		**35,357**	18,232	**82,055**	61,253
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Shareholders of the Company		**35,711**	17,027	**82,551**	59,734
Non-controlling interest		**(354)**	1,205	**(496)**	1,519
Total comprehensive income for the period		**35,357**	18,232	**82,055**	61,253

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Arabian Cement Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	Equity attributable to shareholders of the company									
	Share capital SR ('000)	***Share premium SR ('000)***	***Statuary reserve SR ('000)***	***General reserve SR ('000)***	***Foreign currency translation reserve SR ('000)***	***Reserve of evaluation the equity assets at FVOCI SR ('000)***	***Retained earnings SR ('000)***	***Total equity attributable to the Company's shareholders SR ('000)***	***Non-controlling interest SR ('000)***	***Total equity SR ('000)***
At 1 January 2023 (Audited)	1,000,000	293,565	500,000	95,000	(561)	50,981	696,275	2,635,260	87,102	**2,722,362**
Total comprehensive income for the period	-	-	-	-	-	-	77,161	77,161	(496)	**76,665**
Other comprehensive income	-	-	-	-	-	5,338	52	5,390	-	**5,390**
Total comprehensive income	-	-	-	-	-	5,338	77,213	82,551	(496)	**82,055**
Dividends of the Parent Company shareholders (Note 17)	-	-	-	-	-	-	(110,000)	(110,000)	-	**(110,000)**
Balance at 30 June 2023 (Unaudited)	**1,000,000**	**293,565**	**500,000**	**95,000**	**(561)**	**56,319**	**663,488**	**2,607,811**	**86,606**	**2,694,417**

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	Equity attributable to shareholders of the company									
	Share capital SR ('000)	*Share premium SR ('000)*	*Statuary reserve SR ('000)*	*General reserve SR ('000)*	*Foreign currency translation reserve SR ('000)*	*Reserve of evaluation the equity assets at FVOCI SR ('000)*	*Retained earnings SR ('000)*	*Total equity attributable to the Company's shareholders SR ('000)*	*Non-controlling interest SR ('000)*	*Total equity SR ('000)*
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
Total comprehensive income for the period	-	-	-	-	-	-	86,933	86,933	1,519	88,452
Other comprehensive income	-	-	-	-	-	(27,115)	(84)	(27,199)	-	(27,199)
Total comprehensive income	-	-	-	-	-	(27,115)	86,849	59,734	1,519	61,253
Dividends of the Parent Company shareholders (Note 17)	-	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
Balance at 30 June 2022 (Unaudited)	1,000,000	293,565	500,000	95,000	(561)	64,645	706,779	2,659,428	85,151	2,744,579

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Arabian Cement Company
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2023

	Note	***2023 (Unaudited) SR ('000)***	*2022 (Unaudited) SR ('000)*
OPERATING ACTIVITIES			
Profit for the period before zakat and income tax		**83,150**	97,141
Adjustments:			
Depreciation on property, plant and equipment	8	**70,351**	70,000
Amortization of intangibles		**616**	602
Amortization of right to use assets		**187**	187
Group's share of results of associates	9	**(2,756)**	(5,285)
Dividends of Financial assets at FVOCI		**(1,068)**	(2,668)
provision for impairment in the value of inventory		**843**	-
Profit from sale of property plant and equipment		-	(200)
Profit from sale of investment properties		-	(850)
Finance costs		**7,503**	7,234
Provision for rehabilitations		**1,000**	-
Employee defined benefit obligation charge for the period		**4,580**	3,731
		164,406	169,892
Changes in working capital:			
Trade receivables, prepayments and other debit balances		**(52,753)**	(19,121)
Inventories		**(23,660)**	(25,367)
Trade and other payables		**6,948**	11,072
		94,941	136,476
Finance costs paid		**(7,335)**	(7,047)
Zakat and income tax paid		**(19,834)**	(21,181)
Employees benefits paid		**(1,965)**	(472)
NET CASH FROM OPERATING ACTIVITIES		**65,807**	107,776
INVESTING ACTIVITIES			
Additions of property, plant and equipment	8	**(11,873)**	(17,904)
Proceeds from sale of property plant and equipment		-	25
Proceeds from sale of investment properties		-	1,650
Dividends from equity instruments at FVOCI		**1,068**	2,668
Financial investments at amortized cost		-	210,000
Net cash (used in) / from investing activities		**(10,805)**	196,439
FINANCING ACTIVITES			
Proceeds from term loans		**47,602**	150,000
Repayment of term loans		**(80,236)**	(177,768)
Payment of lease obligations		**(368)**	(368)
Dividends paid	17	**(110,007)**	(150,026)
Net cash used in financing activities		**(143,009)**	(178,162)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2023

	2023 (Unaudited) SR ('000)	*2022 (Unaudited) SR ('000)*
Net (decrease)/increase in cash and cash equivalents	**(88,007)**	126,053
Cash and cash equivalents at 1 January	**263,874**	143,436
Cash and cash equivalents as at end of the period	**175,867**	269,489
SIGNIFICANT NON-CASH TRANSACTIONS		
Net profit / (loss) from equity instruments at FVOCI	**5,338**	(27,115)

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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 June 2023 and 31 December 2022.

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 June 2022 (31 December 2022: 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 Kingdome of Saudi Arabia.

2. Trading of clinker, cement, construction materials and other related materials and derivatives inside and outside the Kingdome 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

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 June 2023 and 31 December 2022, 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:

Subsidiary	***Principal activity***	***Country of incorporation***	***Shareholding (%)***	
			2023	*2022*
Bahrain Arabian Cement Holding Company (a single shareholder 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.

Bahrain Cement Company has investment in the following subsidiary:

Subsidiary	***Principal activity***	***Country of incorporation***	***Shareholding (%)***	
			2023	*2022*
Qatrana Cement Cement Joint Stock Private Company ("Qatrana Cement Company")	Cement production	Kingdom of Jordan	**86.74%**	86.74%

1 COMPANY INFORMATION (CONTINUED)

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 interim condensed consolidated financial statements. Qatrana Cement Company's activity is represented in the production of black Portland cement, white cement and calcium carbonate.

The interim condensed consolidated statement of profit or loss includes the results of operations of the subsidiaries for the Six-month period ended 30 June 2023, and the condensed consolidated statement of financial position includes the assets and liabilities of the subsidiaries, as at 30 June 2023.

2 BASIS OF PREPERATION

2.1 Statement of compliance

The interim condensed consolidated financial statements for the six-month period ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The management consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022. In addition, the results for the three-months and six-month period ended 30 June 2023, are not an accurate indication of the results that can be expected for the fiscal year ended 31 December 2023.

2.2 Basis of measurement

The interim condensed consolidated 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.

2.3 Functional and presentation currency

These interim condensed consolidated 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 USES OF JUDGEMENTS AND ESTIMATES

The preparation of the Group's interim condensed consolidated 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 2022.

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.

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 noncontrolling 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.

5 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023 given below, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

5 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED (Continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

These amendments do not have any impact on the Group.

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's interim condensed consolidated financial statements are listed below. The Group intends to adopt these standards when they become effective.

Standard/ Interpretation	*Description*	*Effective date*
Amendment to IFRS 16	Leases on sale and leaseback	1 January 2024
Amendment to IAS 1	Non-current liabilities with covenants	1 January 2024

7 SEGMENT 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.

As at 30 June 2023 (Unaudited)	***Inside KSA SR ('000)***	***Outside KSA SR ('000)***	***Reconciliations SR ('000)***	***Total SR ('000)***
Total property, plant, equipment and investment Properties	**1,370,578**	**774,623**	**(96,766)**	**2,048,435**
Equity instruments at FVOCI	**114,223**	**-**	**-**	**114,223**
Total non – other current assets	**750,576**	**43,936**	**(685,657)**	**108,855**
TOTAL CURRENT ASSETS	**685,548**	**260,843**	**277**	**946,668**
TOTAL ASSETS	**2,920,925**	**1,079,402**	**(782,146)**	**3,218,181**
TOTAL LIABILITES	**313,115**	**422,707**	**(212,058)**	**523,764**

As at 31 December 2022 (Audited)	*Inside KSA SR ('000)*	*Outside KSA SR ('000)*	*Reconciliations SR ('000)*	*Total SR ('000)*
Total property, plant, equipment and investment Properties	1,411,600	791,614	(96,768)	2,106,446
Equity instruments at FVOCI	108,885	-	-	108,885
Total non – other current assets	750,981	43,801	(688,869)	105,913
TOTAL CURRENT ASSETS	693,770	265,048	287	959,105
TOTAL ASSETS	2,965,236	1,100,463	(785,350)	3,280,349
TOTAL LIABILITES	329,974	439,494	(211,481)	557,987

7 SEGMENT INFORMATION (CONTINUED)

Financial information for revenues, profits attributable to shareholders of the Company, financing costs, depreciation and amortization costs related to geographical segments after elimination of the impact of the transactions between the Group's companies for the six-months period ended 30 June 2023 and 2022 are as follows:

For the period ended 30 June 2023 (Unaudited)	*Inside KSA SR ('000)*	*Outside KSA SR ('000)*	*Reconciliations SR ('000)*	*Total SR ('000)*
Revenue from contracts with customers	**285,012**	**151,865**	**-**	**436,877**
Period's profits attributable to Company's shareholders	**77,161**	**(3,876)**	**3,876**	**77,161**
Finance costs	**-**	**7,503**	**-**	**7,503**
Depreciations and amortizations	**50,024**	**20,327**	**-**	**70,351**
For the period ended 30 June 2022 (Unaudited)				
Revenue from contracts with customers	351,173	139,096	-	490,269
Period's profits attributable to Company's shareholders	86,933	11,424	(11,424)	86,933
Finance costs	314	6,920	-	7,234
Depreciations and amortizations	49,722	20,278	-	70,000

8 PROPERTY, PLANT AND EQUIPMENT

For the purposes of preparing the condensed statement of cash flows, the movement in property, plant and equipment during the six-month period ended 30 June 2023 is as follows:

	For the six-months period ended 30 June	
	2023 (Unaudited) SR ('000)	*2022 (Unaudited) SR ('000)*
Depreciation	**70,351**	70,000
Additions of property, plant and equipment	**11,873**	17,904

1) Property, plant and equipment as at 30 June 2023 includes a balance of projects under progress amounted to SR 437 million (31 December 2022: SR 438.3 million) mainly representing projects for construction of new cement mills and connection with the power plant in the company's factory in Rabigh, with a balance of SR 410 million as at 30 June 2023 (31 December 2022: SR 410 million) and expected to be completed in the last quarter of 2023. In addition, raising the efficiency level of production lines.

2) Group's property, plant and equipment are not pledged against standing loans as at 30 June 2023 and 31 December 2022.

3) The Company's buildings, machinery and facilities were built on lands within the concession obtained by the parent company for mining in Rabigh by Royal Decree No. M/29 dated 9 Dhul Qi'dah 1406H (corresponding to 15 July 1986) for a period of 30 years, which represents the exploitation license for limestone that was renewed by Ministerial Resolution No. Q/7197 dated 15/9/1437H (corresponding to 20 June 2016) which is valid for 30 years starting from 9 Shawwal 1437H (corresponding to 14 July 2016).

9 INVESTMENTS IN ASSOCIATES

Company name	***Country of incorporation***	***Principal activity***	***Percentage Shareholding %***			
			2023	*2022*	***30 June 2023 (Unaudited) SR ('000)***	*31 December 2022 (Audited) SR ('000)*
Ready Mix Concrete and Construction Supplies	Kingdom of Jordan	Ready concrete production	**36.67%**	36.67%	**23,420**	20,516
Cement Products Limited Company	Kingdom of Saudi Arabia	Bags production Cement	**33.33%**	33.33%	**46,550**	46,646
					69,970	67,162

The movement of investments in associates during the period / year was as follows:

	30 June 2023 (Unaudited) SR ('000)	*31 December 2022 (Audited) SR ('000)*
Balance at the beginning of the period/year	**67,162**	54,554
Group’s share in associates’ results for the period / year	**2,756**	12,678
Company’s share in comprehensive income / (loss) of associates	**52**	(70)
Balance at the end of the period/year	**69,970**	67,162

10 LEASES

Lease liabilities were presented in the balance sheet as follows:

	30 June 2023 (Unaudited) SR ('000)	*31 December 2022 (Audited) SR ('000)*
Short-term obligation	**623**	623
Long term obligation	**3,858**	4,057
	4,481	4,680

The interest expense resulting from the lease contracts during the period ended 30 June 2023 amounted to SR 184 thousand (30 June 2022: SR 187 thousand).

11 TRADE RECEIVABLES

Trade receivables comprise of the following:

	30 June 2023 (Unaudited) SR ('000)	*31 December 2022 (Audited) SR ('000)*
Trade receivables	**217,675**	184,458
Trade receivables - related parties (Note 16)	**48,655**	40,498
	266,330	224,956
Provision for impairment of trade receivables	**(4,369)**	(4,369)
	261,961	220,587

12 LONG TERM LOANS AND FACILITIES

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

	30 June 2023 (Unaudited) SR ('000)	*31 December 2022 (Audited) SR ('000)*
Current portion of term loans	**33,798**	42,789
Non-current portion of term loans	**165,211**	188,854
	199,009	231,643

12 LONG TERM LOANS AND FACILITIES (CONTINUED)

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

	30 June 2023 (Unaudited) SR ('000)	*31 December 2022 (Audited) SR ('000)*
Balance at the beginning of the period/year	**231,643**	256,608
Proceeds during the period / year	**47,602**	198,131
Payment during the period / year	**(80,236)**	(223,096)
	199,009	231,643

13 ACCRUED ZAKAT AND INCOME TAX

Zakat and tax status

Arabian Cement Company
The Company finalized its Zakat status for the year ended 31 December 2013 and the Company submitted its Zakat returns for the years ended 31 December 2014 until December 2018.

ZATCA issued the Zakat assessment for the years ended 31 December 2014 until 2018, which presented outstanding Zakat differences amounted to SR 16.4 million, and the Company paid the outstanding Zakat differences for the undisputed items amounted to SR 2.6 million during the year ended 31 December 2020, the Company also objected to the Zakat assessment and ZATCA issued the amended Zakat assessment based on the decree of the Primary Committee, which showed a decrease in the Zakat differences by 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 SR 9.2 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. Later, ZATCA disputed against the said decree, and the Company is currently checking whether this dispute if formally valid or not.

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.

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 issued Zakat assessment and the adjusted withholding tax for the two years ended on 31 December 2019 and 2020, which showed a reduction in the differences in Zakat, withholding tax and the delay penalty due amounted to SR 744 thousand, so that the amount as per the adjusted assessment amounted to SR 1.07 million. The Company has escalated the aforementioned objection to the Tax Committees for Resolution of Tax Violations and Disputes. The Tax Committees for Resolution of Tax Violations and Disputes issued Resolutions No. 2022-2100-IZD and No. 2022-2025-IZD related to the Company's objection for the two mentioned years to reduce the full Zakat differences by SR 1.07 million. The Company disputed against both mentioned decrees to the Appeal Committee for Tax Violations and Disputes to review both decrees and issue a decision regarding it, which is still under study by the committee to date.

The Company has submitted the Zakat returns for the year ended 31 December 2021 and 2022 and obtained the unrestricted Zakat certificate for the year 2021. The ZATCA did not issue the final Zakat assessment for the said years till to date.

13 ACCRUED ZAKAT AND INCOME TAX (CONTINUED)

Zakat and tax status (continued)

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 2022.

With regard to sales tax, sales tax returns were audited by the Income and Sales Tax Department until the end of the year 2022. The Company also submitted sales tax returns to the Department for the end of April 2023.

The Income and Sales Tax Department reviewed the income tax for the Company for the year 2014 and issued its initial decisions requesting the Company to pay tax differences resulting from a difference in the interpretation of the decision of the Investment Board exemptions. Accordingly, the objection was submitted to the Objection Committee of the Income and Sales Tax Department. on 21 June 2020, the objection decision was issued which included 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 that dispute, and the Company did not calculate an additional provision for income tax as, according to the opinion of the legal advisor, that the Company has strong reasons to win that case. On 31 January 2023, the First Court issued its decision which includes the cancelation of the contested decision, previously issued by the Dispute Committee, and decided to consider the rounded losses for the year 2014, amounted to JD 8.5 million (SR 44.7 million), as stated in the lawsuit. The Income Tax and Sales Department decided to include the charges, expenses and an amount of JD 1,000 (SR 5.3 thousand) as attorney's fees. The above court's decision was appealed by the Income Tax and Sales Department and the case still under the review of Court of Tax Appeal.

Movement on deferred tax assets was as follow:

	30 June 2023 (Unaudited) SR ('000)	*31 December 2022 (Audited) SR ('000)*
Balance at beginning of period/year	**21,221**	21,950
Additions and adjustments during the year	**937**	850
Transferred to the income tax provision	**-**	(1,579)
Balance at the beginning of the period/year	**22,158**	21,221

Movement on deferred tax liabilities was as follow:

	30 June 2023 (Unaudited) SR ('000)	*31 December 2022 (Audited) SR ('000)*
Balance at beginning of period/year	**56,116**	56,116
Balance at the beginning of the period/year	**56,116**	56,116

The differed tax assets and liabilities for the period ended 30 June 2023 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 20%, in addition to the national contribution rate of 1% (2022: 20% 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 six months period ended***	
	30 June 2023	*30 June 2022*	***30 June 2023***	*30 June 2022*
Profit for the period (SR in 000's)	**27,982**	45,032	**77,161**	86,933
Number of shares (weighted average - in thousands)	**100,000**	100,000	**100,000**	100,000
Basic earnings per share (SR)	**0.28**	0.45	**0.77**	0.87

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 June 2023, the Group has contingencies represented in outstanding letters of guarantee and credits of SR 50.8 million (31 December 2022: SR 31.78 million).

- As at 30 June 2023, the Group has capital commitments related to renovation of production lines, facilities and factories of the Group amounted to SR 3.3 million (31 December 2022: SR 3.8 million) and there are guarantees amounting to SR 31.2 million (31 December 2022: 29.3 million) provided to local banks against bank loans and facilities for a subsidiary.

- There are lawsuits filed against the subsidiary, with a value of JD 116 thousand, equivalent to SR 613 thousand, as at 30 June 2023 (as at 31 December 2021: JD 129 thousand, equivalent to SR 681 thousand) in addition to cases with unspecified value. In the opinion of the subsidiary and its legal advisor that the subsidiary has strong defenses against these cases, and a provision amounted to JD 20 thousand equivalent to SR 105 thousand were formed as at 30 June 2023 to confront these potential obligations.

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:

Description	***Nature of relation***
RMCC	An associate
Cement Products Limited Company	An associate
Rolaco for Machinery and Heavy Machinery Company Limited	Company related to Board member
Group's BOD members	Other related parties
Key management and senior executives	Other related parties

16 RELATED PARTIES' DISCLOSERS (CONTINUED)

The following table summarizes related parties' balances as at 30 June 2023 and 31 December 2022:

	Nature of transactions	*Volume of transactions*		*Closing balance*	
		For the six-months period ended 30 June 2023 (Unaudited) SR ('000)	*For the year ended 31 December 2022 (Audited) SR ('000)*	***30 June 2023 (Unaudited) SR ('000)***	*31 December 2022 (Audited) SR ('000)*
Balance due from related parties under trade receivables (note 11)					
RMCC "Associate"	Sales	**38,564**	58,218	**48,655**	40,498
Due balances from related parties under other debit balances					
RMCC "Associate"	Dividends	**-**	-	**175**	175
Cement Products Limited Company "associate"	Purchases	**-**	18,271	**-**	285
				175	460
Balance due from related parties under trade payables					
Cement Products Limited Company "associate"	Purchases	**9,917**	-	**431**	385
Rolaco Trading & Contracting Holding	Purchases	**-**	290	**-**	-
				431	385

16 RELATED PARTIES' DISCLOSERS (CONTINUED)

B) Salaries and remunerations of the senior executives and Key management and Board of directors' remunerations:

	For the six-months period ended 30 June	
	2023 (Unaudited) SR ('000)	*2022 (Unaudited) SR ('000)*
Salaries and remunerations of the senior executives of the Company	**2,956**	2,989
Salaries and allowances Company's key management and Senior Executives in the subsidiary	**381**	381
Remuneration of subsidiary's BOD members	**360**	360
Allowances for attending Board of Directors meetings at the Company	**228**	224
Allowances for attending Board of Directors meetings at the Company the subsidiary	**68**	68

Key managers' benefits include basic salaries, renumerations 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 DIVIDENDS PAYABLE

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 were approved during the sixty-six ordinary general assembly meeting on 17 April 2022.

On 31 August 2022, the Company's Board of Directors recommended distributing cash dividends to shareholders amounted to SR 110 million, which represents SR 1.1 per share. Which were approved during the sixty-seven ordinary general assembly meeting on 9 April 2023.

On 9 February 2023, the Company's Board of Directors recommended distributing cash dividends to shareholders amounted to SR 110 million, which represents SR 1.1 per share. Which were approved during the sixty-seven ordinary general assembly meeting on 9 April 2023.

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

	30 June 2023 (Unaudited) SR ('000)	*31 December 2022 (Audited) SR ('000)*
Balance at the beginning of the period/year	**12,314**	12,346
Declared during the period / year	**110,000**	260,000
Payment during the period / year	**(110,007)**	(260,032)
	12,307	12,314

18 INVENTORIES

	30 June 2023 (Unaudited) SR ('000)	*31 December 2022 (Audited) SR ('000)*
Spare parts – net	**114,169**	111,828
Under progress products and finished inventory – net	**252,110**	294,523
Raw materials and fuels	**89,472**	45,094
Goods in-transit	**21,884**	3,373
	477,635	454,818

19 PROVISIONS FOR REHABILITATION

The Company's management has conducted an internal study to estimate and calculate the quantities of earth materials to cover and protect exploration drillings and the costs of soil stabilization, rocky slopes and surfaces to be safe for humans and animals in all the Company's quarries, based on the areas exploited in the quarries after the mining period is over, as well as the average cost per cubic meter based on previous experiences, and a discount rate of 13.5% was used for the estimated amounts until the expiry date of licenses for quarries, estimated by twenty years. The calculation of the provision for rehabilitation is affected and is considered highly sensitive if any of the previous key assumptions were changed.

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group activities may expose it to a variety of financial risks. Market risk (including interest rate risk and currency risk and price risk), credit risk and liquidity risk. The Group overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the group financial performance.

Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets, and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade receivables, short-term and long-term financing, trade payables, lease liability and accrued and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset, and net amounts reported in the financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's obligations with floating interest rates. The Group manages its interest risk by continuously monitoring the movement in interest rates.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is not subject to fluctuations in foreign exchange rates in the normal course of its business. During the year, the Group did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars, which is considered are pegged against Saudi Riyals.

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk management framework (continued)

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and other financial instruments.

Trade receivable
Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit assessment and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any sales to major customers are generally covered by letters of promissory notes. The largest customer comprise of 45% (31 December 2022: 38%) of the total outstanding trade receivable balance.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Additionally minor receivables are grouped into homogenous group and analyzed for impairment collectively. The maximum amount of exposure is the carrying amount of the receivable disclosed in note 11.

Liquidity risk
Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by ensuring bank facilities are available when required. The Group's terms of sales require amounts to be paid within 30 to 90 days of the date of sale. Trade payables are normally settled within 60 to 120 days of the date of purchase.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting arrangements.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and current market interest rates.

		Contractual cash flows			
	Carrying values SR ('000)	***Less than one year SR ('000)***	***More than one year SR ('000)***	***Interest accruals for future periods SR ('000)***	***Total SR ('000)***
30 June 2023 (Unaudited)					
Trade payables and accruals	**178,253**	**178,253**	**-**	**-**	**178,252**
lease liability	**4,481**	**623**	**3,858**	**-**	**4,481**
Long-term borrowings	**199,009**	**33,798**	**165,211**	**10,119**	**209,128**
Dividend payable	**12,307**	**12,307**	**-**	**-**	**12,307**
	394,050	**224,981**	**169,069**	**10,119**	**404,168**

		Contractual cash flows			
	Carrying values SR ('000)	*Less than one year SR ('000)*	*More than one year SR ('000)*	*Interest accruals for future periods SR ('000)*	*Total SR ('000)*
31 December 2022 (Audited)					
Trade payables and accruals	173,914	173,914	-	-	173,914
lease liability	4,680	623	4,057	-	4,680
Long-term borrowings	231,643	42,789	188,854	29,988	261,631
Dividend payable	12,314	12,314	-	-	12,314
	422,551	229,640	192,911	29,988	452,539

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses. The Group manages its capital structure by monitoring the return on net assets and makes required adjustments to it in the light of changes in economic conditions.

21 SUBSEQUENT EVENTS

On August 6, 2023, the Board of Directors recommended to distribute cash dividends in the amount of 75 million Saudi riyals to shareholders for the first half of 2023, at 0.75 Saudi riyals per share, in addition to what was distributed for the second half of the year 2022 at a value of 110 million Saudi riyals. Thus, the total profits distributed and proposed to be distributed is 185 million Saudi riyals.

22 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated interim financial statements were approved by the Board of Directors on 6 August 2023 (corresponding to 19 Muharram 1445H).