

**Arabian Cement Company  
(A Saudi Joint Stock Company)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR'S REVIEW REPORT**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

ARABIAN CEMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT

For the three-month period ended 31 March 2024

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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 31 March 2024, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim 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 interim condensed consolidated financial statements of the Group for the three months periods ended 31 March 2023 were reviewed by another auditor who expressed unmodified review conclusion on those interim condensed consolidated financial statements on 24 Shawwal 1444H (corresponding to 14 May 2023).

for Ernst & Young Professional Services

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

Jeddah: 28 Shawwal 1445H  
(07 May 2024)



ARABIAN CEMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

		<i>31 March 2024 (Unaudited) SR (‘000)</i>	<i>31 December 2023 (Audited) SR (‘000)</i>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	<b>1,955,567</b>	1,989,135
Intangible assets		<b>11,700</b>	12,008
Investment property		<b>5,000</b>	5,000
Investments in associates	9	<b>80,200</b>	77,348
Financial assets at FVOCI		<b>83,799</b>	90,844
Deferred tax assets	14	<b>21,506</b>	20,185
Right-to-use assets		<b>3,823</b>	3,917
<b>TOTAL NON CURRENT ASSETS</b>		<b>2,161,595</b>	2,198,437
<b>CURRENT ASSETS</b>			
Inventories	11	<b>471,743</b>	468,842
Trade receivables	12	<b>235,111</b>	225,135
Prepayments and other receivables		<b>43,146</b>	25,929
Cash and cash equivalents		<b>221,746</b>	217,677
<b>TOTAL CURRENT ASSETS</b>		<b>971,746</b>	937,583
<b>TOTAL ASSETS</b>		<b>3,133,341</b>	3,136,020
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		<b>1,000,000</b>	1,000,000
Share premium		<b>293,565</b>	293,565
Statutory reserve		<b>500,000</b>	500,000
General reserve		<b>95,000</b>	95,000
Foreign currency translation reserve		<b>(561)</b>	(561)
Fair value reserve of financial assets at FVOCI		<b>25,895</b>	32,940
Retained earnings		<b>706,366</b>	652,162
<b>Equity attributable to shareholders of the Company</b>		<b>2,620,265</b>	2,573,106
Non-controlling interests		<b>89,601</b>	90,260
<b>TOTAL EQUITY</b>		<b>2,709,866</b>	2,663,366

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

ARABIAN CEMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 31 March 2024

		<b>31 March 2024 (Unaudited) SR (‘000)</b>	<b>31 December 2023 (Audited) SR (‘000)</b>
	<i>Notes</i>		
<b>NON-CURRENT LIABILITES</b>			
Rehabilitation provision	19	<b>12,565</b>	12,065
Long term loans and facilities	13	<b>90,476</b>	126,230
Employees’ defined benefits liabilities		<b>54,877</b>	53,783
Deferred Tax Liabilities	14	<b>56,116</b>	56,116
Lease liabilities	10	<b>3,544</b>	3,774
		<hr/>	<hr/>
<b>TOTAL NON CURRENT LIABILITES</b>		<b>217,578</b>	251,968
		<hr/>	<hr/>
<b>CURRENT LIABILITES</b>			
Long-term loans and facilities - current portion	13	<b>31,946</b>	20,046
Trade and other payables		<b>134,600</b>	165,839
Zakat and income tax payable	14	<b>24,746</b>	20,356
Dividends payable	18	<b>13,802</b>	13,822
Lease liabilities	10	<b>803</b>	623
		<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITES</b>		<b>205,897</b>	220,686
		<hr/>	<hr/>
<b>TOTAL LIABILITES</b>		<b>423,475</b>	472,654
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITES</b>		<b>3,133,341</b>	3,136,020
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The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

ARABIAN CEMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three-month period ended 31 March 2024

	Notes	<i>For three month period ended 31 March</i>	
		<i>2024</i>	<i>2023</i>
		<i>(Unaudited) SR (‘000)</i>	<i>(Unaudited) SR (‘000)</i>
Revenue		227,574	240,091
Cost of sales		(158,411)	(173,358)
<b>GROSS PROFIT</b>		<b>69,163</b>	66,733
Selling and distribution expenses		(2,596)	(3,027)
General and administrative expenses		(13,514)	(12,006)
<b>OPERATING PROFIT</b>		<b>53,053</b>	51,700
Share of profit from equity accounted investments	9	2,833	1,327
Finance costs		(2,253)	(3,781)
Other revenues, net		2,962	3,232
<b>Profit for the period before zakat and income tax</b>		<b>56,595</b>	52,478
Zakat	14	(4,390)	(3,710)
Income tax	14	1,321	269
<b>Profit for the period</b>		<b>53,526</b>	49,037
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Equity holders of the Company		54,185	49,179
Non-controlling interests		(659)	(142)
		<b>53,526</b>	49,037
<b>EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (SR):</b>			
Basic	15	0.54	0.49
Diluted		0.54	0.49

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

ARABIAN CEMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the three month period ended 31 March 2024

		<i>For three month period ended 31 March</i>	
		<i>2024</i>	<i>2023</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>SR</i>	<i>SR</i>
		<i>('000)</i>	<i>('000)</i>
<b>NET PROFIT FOR THE PERIOD</b>	<i>Notes</i>	<b>53,526</b>	49,037
<b>OTHER COMPREHENSIVE INCOME ("OCI")</b>			
<b>Items that will not be reclassified to consolidated statement of income in subsequent periods:</b>			
Unrealized loss on investment in equity instruments at FVOCI		<b>(7,045)</b>	(2,242)
Group's share in other comprehensive profit/(loss) of equity-accounted investees	9	<b>19</b>	(97)
Total other comprehensive loss		<b>(7,026)</b>	(2,339)
Total comprehensive income for the period		<b>46,500</b>	46,698
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Equity holders of the Company		<b>47,159</b>	46,840
Non-controlling interests		<b>(659)</b>	(142)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>46,500</b>	46,698

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the three-month period ended 31 March 2024

	<i>Equity attributable to shareholders of the company</i>							<i>Total equity SR ('000)</i>		
	<i>Share capital SR ('000)</i>	<i>Share premium SR ('000)</i>	<i>Statutory reserve SR ('000)</i>	<i>General reserve SR ('000)</i>	<i>Foreign currency translation reserve SR ('000)</i>	<i>Fair value reserve of financial assets at FVOCI ( '000)</i>	<i>Retained earnings SR ('000)</i>		<i>Equity attributable to shareholders of the Company SR ('000)</i>	<i>Non- controlling interests SR ('000)</i>
<b>As at 1 January 2024 (Audited)</b>	<b>1,000,000</b>	<b>293,565</b>	<b>500,000</b>	<b>95,000</b>	<b>(561)</b>	<b>32,940</b>	<b>652,162</b>	<b>2,573,106</b>	<b>90,260</b>	<b>2,663,366</b>
<b>Total comprehensive income</b>										
Profit for the period	-	-	-	-	-	-	<b>54,185</b>	<b>54,185</b>	<b>(659)</b>	<b>53,526</b>
Total other comprehensive loss	-	-	-	-	-	<b>(7,045)</b>	<b>19</b>	<b>(7,026)</b>	<b>-</b>	<b>(7,026)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,045)</b>	<b>54,204</b>	<b>47,159</b>	<b>(659)</b>	<b>46,500</b>
<b>Balance at 31 March 2024 (Unaudited)</b>	<b>1,000,000</b>	<b>293,565</b>	<b>500,000</b>	<b>95,000</b>	<b>(561)</b>	<b>25,895</b>	<b>706,366</b>	<b>2,620,265</b>	<b>89,601</b>	<b>2,709,866</b>

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.



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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)**

For the three-month period ended 31 March 2024

	<i>Equity attributable to shareholders of the company</i>							<i>Equity attributable to shareholders of the Company SR ('000)</i>	<i>Non-controlling interests SR ('000)</i>	<i>Total equity SR ('000)</i>
	<i>Share capital SR ('000)</i>	<i>Share premium SR ('000)</i>	<i>Statutory reserve SR ('000)</i>	<i>General reserve SR ('000)</i>	<i>Foreign currency translation reserve SR ('000)</i>	<i>Fair value reserve of financial assets at FVOCI SR ('000)</i>	<i>Retained earnings SR ('000)</i>			
As 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										
Profit for the period	-	-	-	-	-	-	49,179	49,179	(142)	49,037
Total other comprehensive loss	-	-	-	-	-	(2,242)	(97)	(2,339)	-	(2,339)
Total comprehensive income	-	-	-	-	-	(2,242)	49,082	46,840	(142)	46,698
Balance at 31 March 2023 (Unaudited)	1,000,000	293,565	500,000	95,000	(561)	48,739	745,357	2,682,100	86,960	2,769,060

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

ARABIAN CEMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

For the three-month period ended 31 March 2024

	Notes	For three month period ended 31 March	
		2024 (Unaudited) SR ('000)	2023 (Unaudited) SR ('000)
<b>OPERATING ACTIVITIES</b>			
Profit for the period before zakat and income tax		56,595	52,478
<b>Adjustments:</b>			
Depreciation of property, plant and equipment	8	39,372	34,950
Amortization of intangible assets		308	308
Amortization of right to use assets		94	93
Group's share of results of associated companies	9	(2,833)	(1,327)
Gain on disposal of property and equipment		(30)	—
Provision for impairment of inventories	11	1,603	—
Rehabilitation provision	19	500	500
Finance costs		2,253	3,781
Employees' defined benefit obligations charged for the period		1,354	1,310
		<u>99,216</u>	<u>92,093</u>
<b>Changes in working capital:</b>			
Trade receivables, prepayments and other receivables		(27,258)	(47,286)
Inventories		(4,505)	28,096
Trade and other payables		(28,993)	(3,014)
		<u>38,460</u>	<u>69,889</u>
Finance costs paid		(2,174)	(3,696)
Zakat and income tax paid	14	(2,178)	(1,073)
Employees' defined benefit obligations paid		(261)	(648)
		<u>33,847</u>	<u>64,472</u>
<b>Net cash generated from operating activities</b>			
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	8	(5,805)	(6,358)
Proceeds on disposal of property and equipment		30	—
		<u>(5,775)</u>	<u>(6,358)</u>
<b>Net cash used in investing activities</b>			
<b>Financing activities</b>			
Repayments of term borrowings	13	(23,854)	(28,879)
Repayment of lease liabilities	10	(129)	(310)
Dividends paid	18	(20)	(7)
		<u>(24,003)</u>	<u>(29,196)</u>
<b>Net cash used in financing activities</b>			

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

ARABIAN CEMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS (Continued)  
For the three-month period ended 31 March 2024

	<i>For three month period ended 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR('000)</i>	<i>SR ('000)</i>
Net increase in cash and cash equivalents	<b>4,069</b>	28,918
Cash and cash equivalents at 1 January	<b>217,677</b>	263,874
<b>Cash and cash equivalents at the end of the period</b>	<b>221,746</b>	292,792
<b>SIGNIFICANT NON-CASH TRANSACTIONS</b>		
Transferred from inventories to property, plant and equipment	—	370
Net loss from equity instruments at FVOCI	<b>(7,045)</b>	(2,242)

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

# ARABIAN CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

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

As at 31 March 2024

### 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-Ula 1374H (Corresponding to 7 January 1955). The Company operates under commercial registration no. 4030000148 issued in Jeddah, on 14 Ramadan 1376 H (corresponding to 15 April 1957).

The Company's share capital is one billion Saudi Riyals divided into 100 million shares, with the value of SR 10 each, as at 31 March 2024 and 31 December 2023.

The Company’s shares are listed in Saudi Exchange (Tadawul) in the Kingdom of Saudi Arabia. The Parent Company is owned by 8% by a major shareholder, while 92% is owned by other shareholders as at 31 March 2024 (31 December 2023: 7,96% by major shareholders and 92,04% 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, establishing factories and warehouses required to be used in manufacturing, storage, selling, purchasing, exporting, 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’s building, 8605 King Abdulaziz Road, Nahdha District, Jeddah 23523-2113, Kingdom of Saudi Arabia.

As at 31 March 2024 and 31 December 2023, the Company has, directly or indirectly, investments in the following subsidiaries (collectively referred to the “Group”):

The details of the subsidiaries are as follows:

<i>Subsidiary</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Shareholding (%)</i>	
			<i>2024</i>	<i>2023</i>
Bahrain Arabian Cement Holding Company (a single shareholder Company) (“Bahrain Cement Company”)	Holding Company	Kingdom of Bahrain	<b>100%</b>	100%

On 5 November 2007, Bahrain Arabian Cement Company was incorporated as an individual Company registered in the Kingdom of Bahrain with the purpose of managing its subsidiaries, investing its funds in shares, bonds and securities, owning properties and movable assets necessary to its operations and providing loans, gauranties and financing for its subsidiaries.

Bahrain Cement Company has investment in the following subsidiary:

<i>Subsidiary</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Shareholding (%)</i>	
			<i>2024</i>	<i>2023</i>
Qtrana Cement Joint Stock Private Company (“Qtrana Cement Company”)	Cement production	The Kingdom of Jordan	<b>86.74%</b>	86.74%

# Arabian Cement Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued) As at 31 March 2024

### 1 COMPANY INFORMATION (continued)

Bahrain Cement Company owns 86.74% of Qatrana Cement Company's shares and holds control over its business and management. Thus, Qatrana Cement Company is considered as an indirectly owned subsidiary by the Parent Company and has been consolidated in these interim condensed consolidated financial statements. Qatrana Cement Company is engaged 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 three-month period ended 31 March 2024, and the interim condensed consolidated statement of financial position includes the assets and liabilities of the subsidiaries, as at 31 March 2024.

The following are the details of the associates:

<i>Company name</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Shareholding %</i>	
			<i>2024</i>	<i>2023</i>
Ready Mix Concrete and Construction Supplies Company	Kingdom of Jordan	Concrete production	<b>36.67%</b>	36,67%
Cement Products Industry Company Limited	Kingdom of Saudi Arabia	Bags production Cement	<b>33.33%</b>	33,33%

### 2 BASIS OF PREPERATION

#### 2.1 Statement of compliance

These interim condensed consolidated financial statements for the three-month period ended 31 March 2024 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 on going concern basis. The management believes that there are no material uncertainties that may cast significant doubt over this assumption. They have exercised their judgement that there are reasonable expectations 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 2023. In addition, the results of the interim three-month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2024.

#### 2.2 Basis of measurement

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

- Equity investments are measured at Fair Value through Other Comprehensive Income
- Defined benefits liabilities 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 Riyals unless otherwise stated.

Arabian Cement Company  
(A Saudi Joint Stock Company)

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) (Continued)  
As at 31 March 2024

**3 USE OF JUDGEMENTS AND ESTIMATES**

The preparation of the interim condensed consolidated financial statements of the Group requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results could differ from the 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 evaluated on an on-going basis. 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 adopting the Company's accounting policies are consistent with the disclosed policies in the financial statements for the year ended 31 December 2023.

**4 BASIS OF CONSOLIDATION**

The condensed consolidated financial statements of the Group include the financial statements of the Group 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 exercising 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. The consolidation of the 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 the 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 when preparing these interim consolidated financial statements. Also, any unrealized gains or losses resulting from internal transactions in the Group are eliminated upon the consolidation of the interim 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 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.

Arabian Cement Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) (Continued)  
As at 31 March 2024

**4 BASIS OF CONSOLIDATION (continued)**

*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 condensed 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 subsidiaries 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 ADOPTED BY THE GROUP**

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 consolidated financial statements for the year ended 31 December 2023, for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that have been issued but is not yet effective. IASB issued the accounting standards, amendments effective for periods beginning on or after 1 January 2024. The management has assessed that the amendments have no significant impact on the interim condensed financial statements of the Group.

**Standard,  
interpretation,  
amendments**

**Description**

**Effective date**

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	the amendments clarify features of these arrangements and request additional disclosure about these arrangement. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.	Annual periods beginning on or after 1 January 2024.
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	Annual periods beginning on or after 1 January 2024.
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.  Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS (1 means) when it refers to the 'settlement' of a liability.  Note that the IASB has issued a new exposure draft proposing change to this amendment.	Annual periods beginning on or after 1 January 2024.
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	Annual periods beginning on or after 1 January 2024.

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**6 NEW STANDARDS BUT NOT YET EFFECTIVE**

<i>Standard, interpretation, amendments</i>	<i>Description</i>	<i>Effective date</i>
Amendment to IFRS 21 – Lack of exchangeability	The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.	1 January 2025.
IFRS (18): Presentation and disclosure in financial statements	IFRS (18) specifies the presentation and disclosure requirements in financial information. Such examples are not intended to clarify all presentation and disclosure requirements of IFRS 18. It also doesn't clarify a full set of information.	Annual periods beginning on or after 1 January 2027.
The amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption/effective date deferred indefinitely

**7 SEGMENT INFORMATION**

The Group is mainly engaged in an operating segment that is related to production and selling of cement and clinker. For managerial purposes, the Group is organized as business units according to the geographical distribution, where units are distributed as follows:

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

	<i>Inside KSA</i>	<i>Outside KSA</i>	<i>Reconciliations</i>	<i>TOTAL</i>
<i>As at 31 March 2024</i> <i>(Unaudited)</i>	<i>SR</i> <i>('000)</i>	<i>SR</i> <i>('000)</i>	<i>SR</i> <i>('000)</i>	<i>SR</i> <i>('000)</i>
Total property, plant, equipment and investment Properties	<b>1,290,655</b>	<b>748,031</b>	<b>(78,119)</b>	<b>1,960,567</b>
Financial assets at fair value through OCI	<b>83,799</b>	-	-	<b>83,799</b>
Total Other Non-Current Assets	<b>780,376</b>	<b>42,080</b>	<b>(705,227)</b>	<b>117,229</b>
Total Current Assets	<b>759,531</b>	<b>211,982</b>	<b>233</b>	<b>971,746</b>
<b>TOTAL ASSETS</b>	<b>2,914,361</b>	<b>1,002,093</b>	<b>(783,113)</b>	<b>3,133,341</b>
<b>TOTAL LIABILITES</b>	<b>294,096</b>	<b>322,659</b>	<b>(193,280)</b>	<b>423,475</b>
	<i>Inside KSA</i>	<i>Outside KSA</i>	<i>Reconciliations</i>	<i>TOTAL</i>
<i>As at 31 December 2023</i> <i>(Audited)</i>	<i>SR</i> <i>('000)</i>	<i>SR</i> <i>('000)</i>	<i>SR</i> <i>('000)</i>	<i>SR</i> <i>('000)</i>
Total property, plant, equipment and property investments	1,315,497	757,857	(79,219)	1,994,135
Financial assets at fair value through OCI	90,844	-	-	90,844
Total Other Non-Current Assets	781,817	41,160	(709,519)	113,458
Total Current Assets	699,064	238,286	233	937,583
<b>TOTAL ASSETS</b>	<b>2,887,222</b>	<b>1,037,303</b>	<b>(788,505)</b>	<b>3,136,020</b>
<b>TOTAL LIABILITES</b>	<b>314,115</b>	<b>352,854</b>	<b>(194,315)</b>	<b>472,654</b>



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**7 SEGMENT INFORMATION (continued)**

Financial information of 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 three-month period ended 31 March 2024 and the year ended 2023 are as follows:

<i>for the period ended 31 March 2024 (Unaudited)</i>	<i>Inside KSA SR ('000)</i>	<i>Outside KSA SR ('000)</i>	<i>Reconciliatio ns SR ('000)</i>	<i>TOTAL SR ('000)</i>
Revenue from contracts with customers	167,498	60,076	-	227,574
Profit of the period	54,185	(5,015)	4,356	53,526
Finance costs	-	2,253	-	2,253
Depreciations and amortisations	30,221	10,653	(1,100)	39,774
<i>for the period ended 31 March 2023 (Unaudited)</i>				
Revenue from contracts with customers	160,706	79,385	-	240,091
Profit of the period	49,179	(1,096)	954	49,037
Finance costs	-	3,781	-	3,781
Depreciations and amortisations	24,804	10,547	-	35,351

**8 PROPERTY, PLANT AND EQUIPMENT**

For the purposes of preparing the interim condensed consolidated statement of cash flows, the movement in property, plant and equipment during the three-month period ended 31 March 2024 is as follows:

	<i>For three month period ended 31 March</i>	
	<i>2024 (Unaudited) SR ('000)</i>	<i>2023 (Unaudited) SR ('000)</i>
Depreciation	39,372	34,950
Additions of property, plant and equipment	5,805	6,358

- 1) Property, plant and equipment of the Group as at 31 March 2024 include projects in progress amounting to SR 47 million (31 December 2023: SR 46 million) mainly relates to projects of works for improving efficiency of production lines and cement facilities.

The Company's management during prior years reviewed the recoverable amount of some projects in progress and reduced their book value by SR 19,5 million.

- 2) The Group's property, plant and equipment are not pledged against standing loans as at 31 March 2024 and 31 December 2023.
- 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. Qaf/7197 dated 15/9/1437H (corresponding to 20 September 2016) which is valid for 30 years starting from 9 Shawwal 1437H (corresponding to 14 July 2016).

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9 INVESTMENTS IN ASSOCIATES

<u>Company name</u>	<u>Country of incorporation</u>	<u>Principal activity</u>	<u>Shareholding %</u>		<u>31 March</u>	<u>31 December</u>
			<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
					<u>(Unaudited)</u>	<u>(Audited)</u>
					<u>SR ('000)</u>	<u>SR ('000)</u>
Ready Mix Concrete and Construction Supplies Company	Kingdom of Jordan	Ready concrete production	36.67%	36.67%	30,927	28,936
Cement Products Industry Company Limited	Kingdom of Saudi Arabia	Bags production Cement	33.33%	33.33%	49,273	48,412
					<u>80,200</u>	<u>77,348</u>
					<u>31 March</u>	<u>31 December</u>
					<u>2024</u>	<u>2023</u>
					<u>(Unaudited)</u>	<u>(Audited)</u>
					<u>SR ('000)</u>	<u>SR ('000)</u>
Balance at the beginning of the period/year					77,348	67,162
Group's share in associates' results for the period / year					2,833	9,902
Group's share in comprehensive income / (loss)					19	284
Balance at the end of the period/year					<u>80,200</u>	<u>77,348</u>

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

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**10 LEASES**

Lease liabilities were presented in the statement of financial position as follows:

	<b>31 March 2024 (Unaudited) SR ('000)</b>	<b>31 December 2023 (Audited) SR ('000)</b>
Short-term liability	803	623
Long term liability	3,544	3,774
	<u>4,347</u>	<u>4,397</u>

The interest expense resulting from lease contracts during the period ended 31 March 2024 amounted to SR 79 thousand (31 March 2023: SR 85 thousand).

**11 INVENTORIES**

	<b>31 March 2024 (Unaudited) SR ('000)</b>	<b>31 December 2023 (Audited) SR ('000)</b>
Under progress products and finished inventories	310,116	315,533
Spare parts	198,802	198,044
Raw materials and fuel	46,787	43,301
Goods in transit	11,768	6,091
	<u>567,473</u>	<u>562,969</u>
Provision for slow moving inventories	(95,730)	(94,127)
	<u>471,743</u>	<u>468,842</u>

The movement in the provision for slow moving inventories is as follows:

	<b>31 March 2024 (Unaudited) SR ( '000)</b>	<b>31 December 2023 (Audited) SR ( '000)</b>
At the beginning of the period / year	94,127	92,187
Charged during the period / year	1,603	5,291
Written-off during the period / year	-	(3,351)
	<u>95,730</u>	<u>94,127</u>

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**12 TRADE RECEIVABLES**

Trade receivables comprise the following:

	<i><b>31 March 2024 (Unaudited) SR ('000)</b></i>	<i><b>31 December 2023 (Audited) SR ('000)</b></i>
Trade receivables	<b>201,281</b>	188,177
Receivables due from related parties (note 17)	<b>38,199</b>	41,327
	<b>239,480</b>	229,504
Provision for impairment of trade receivables	<b>(4,369)</b>	(4,369)
	<b>235,111</b>	225,135

Below is the movement in the provision for impairment of trade receivables:

	<i><b>31 March 2024 (Unaudited) SR ('000)</b></i>	<i><b>31 December 2023 (Audited) SR ('000)</b></i>
Balance at the beginning of the period / year	<b>4,369</b>	4,369
Balance at the end of the period/year	<b>4,369</b>	4,369

**13 LONG TERM LOANS AND FACILITIES**

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

	<i><b>31 March 2024 (Unaudited) SR ('000)</b></i>	<i><b>31 December 2023 (Audited) SR ('000)</b></i>
Current portion of long term loans and facilities	<b>31,946</b>	20,046
Non-current portion of long term loans and facilities	<b>90,476</b>	126,230
	<b>122,422</b>	146,276

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**13 LONG TERM LOANS AND FACILITIES (continued)**

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

	<b><u>31 March</u></b> <b><u>2024</u></b> <i>(Unaudited)</i> <b>SR ('000)</b>	<b><u>31 December</u></b> <b><u>2023</u></b> <i>(Audited)</i> <b>SR ('000)</b>
Balance at the beginning of the period/year	<b>146,276</b>	231,643
Proceeds during the period / year	-	52,891
Paid during the period / year	<b>(23,854)</b>	(138,258)
	<b><u>122,422</u></b>	<b><u>146,276</u></b>

**14 ZAKAT AND INCOME TAX PAYABLE**

**Zakat and tax status**

Arabian Cement Company

The Company finalized its zakat status up to the year ended 31 December 2013.

The Company submitted its zakat returns for the years ended 31 December 2014 through 2018 and obtained an unrestricted Zakat certificate.

Zakat, Tax and customs Authority (“ZATCA”) issued Zakat assessment for the years ended 31 December 2014 up to 2018, which showed accrued Zakat differences at the value of SR 16.4 million. The Company paid accrued Zakat differences for the undisputed items which amounted to SR 2.6 million during the year ended 31 December 2020. The Company also objected to the Zakat assessment and ZATCA issued a revised Zakat assessment which showed a decrease in Zakat differences by SR 3.5 million.

The Company escalated the aforementioned objection to the Committee of Violations, Zakat, Tax and Customs dispute Settlement .

The Committee issued its decision no. IZD-2022-943 related to the Company’s objection for the aforementioned years to reduce zakat differences by SR 9,2 million to become as per the Committee’s resolution at an amount of SR 1,04 million. The Company and ZATCA appealed to the resolution of the Committee of Violations, Zakat, Tax and Customs dispute Settlement for reconsideration.

The First Appeal Department of Tax Violations and dispute Settlement issued Resolution IR2023- 133979 under appeal No. 2022-133879 related to the above mentioned years. Based on our understanding, we are expecting zakat difference to become SR 3,9 million. The Company filed an appeal for reconsideration against The First Appeal Department of Tax Violations and dispute Settlement’s resolution to the The Appeal Committee for Tax Violations and Disputes.

The Company filed Zakat returns for the two years ended 31 December 2019 and 2020, and obtained an unrestricted Zakat certificate for the year 2020.

ZATCA issued Zakat and withholding tax assessment for the two years ended 31 December 2019 and 2020, which showed the total differences of accrued Zakat and withholding tax and a delay fine of SR 1.8 million. The Company submitted an objection to the Zakat assessment for the two years mentioned above and paid accrued Zakat for the items not under protest at an amount of SR 83 thousand, in addition to paying the maximum difference in accrued Zakat as per Zakat assessment at 25% according to the system of SR 414 thousand.

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**14 ZAKAT AND INCOME TAX PAYABLE (continued)**

**Zakat and tax status (continued)**

*Arabian Cement Company (continued)*

ZATCA issued a revised Zakat and withholding tax assessment for the two years ended at 31 December 2019 and 2020, which showed a reduction in the differences in accrued Zakat, withholding tax and the delay fine which amounted to SR 744 thousand, so that the amount as per the revised assessment amounted to SR 1.07 million. The Company escalated the aforementioned objection to the Committee of Tax Violations and Dispute Settlement for consideration. The Committee 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. ZATCA appealed against both mentioned resolutions to the Appellate Committee for Resolution of Tax Violations and Disputes to reconsider both resolutions and issue a resolution regarding them.

ZATCA submitted an appeal request to waive the appeal for the two years aforementioned and a resolution by the First Appellate Department for Income Tax Violations and Disputes to accept the waiver for the two years aforementioned. Accordingly, Zakat status of the Company is considered finalized for 2019 and 2020.

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

*Qatrania Cement Company (subsidiary) – Jordan*

Income tax returns have been reviewed by Income and Sales Tax Department until the end of the year 2020. The Company also filed income tax returns to the Department until the end of 2023. With regards 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 December 2024.

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 consider that dispute, and the Company did not calculate an additional provision for income tax as, according to the opinion of the legal advisor, the Company has strong defenses to win that case.

On 31 January 2023, the First instance Court issued its resolution which included the nullification of the contested decision, previously issued by the Objection Committee, and decided to consider the carried over losses for the year 2014, which amounted to JD 8.45 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 resolution was appealed by the Income Tax and Sales Department and the case is still under the consideration of the Court of Tax Appeal.

The movement on the deferred tax assets was as follows:

	<b><u>31 March</u></b> <b><u>2024</u></b> <b>(Unaudited)</b> <b>SR ('000)</b>	<b><u>31 December</u></b> <b><u>2023</u></b> <b>(Audited)</b> <b>SR ('000)</b>
Balance at beginning of period/year	20,185	21,221
Additions and adjustments during the period/year	1,321	625
Transferred to the income tax provision	-	(1,661)
<b>Balance at the end of the period/year</b>	<b><u>21,506</u></b>	<b><u>20,185</u></b>

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**14 ZAKAT AND INCOME TAX PAYABLE (continued)**

**Zakat and tax status (continued)**

The movement in deferred tax liabilities was as follows:

	<b>31 March 2024 (Unaudited) SR ('000)</b>	<b>31 December 2023 (Audited) SR ('000)</b>
Balance at the beginning of the period/year	<u>56,116</u>	<u>56,116</u>
Balance at the end of the period/year	<u><u>56,116</u></u>	<u><u>56,116</u></u>

The differed tax assets and liabilities for the period ended 31 March 2024 is accounted for according to the Jordanian Income Tax Law No. (34) for the year 2014, 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 at 1% (2023: 20% in addition to the national contribution at 1%).

**15 EARNING PER SHARE**

**A) Basic earnings per share**

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

	<b>For the three-month period ended</b>	
	<b>31 March 2024</b>	<b>31 March 2023</b>
Profit for the period (SR in 000)	<u>54,185</u>	<u>49,179</u>
Number of shares (weighted average - in thousands)	<u>100,000</u>	<u>100,000</u>
Basic earnings per share (SR)	<u><u>0,54</u></u>	<u><u>0,49</u></u>

**B) Diluted EPS**

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

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

**16 CONTINGENCIES AND CAPITAL COMMITMENTS**

- As at 31 March 2024, the Group has contingencies represented in outstanding letters of guarantee and letters of credit of SR 44 million (31 December 2023: SR 36.5 million).
- As at 31 March 2024, the Group has capital commitments related to renovation of production lines, facilities and factories of the Group amounted to SR 22 million (31 December 2023: SR 3.2 million) and there are guarantees amounting to SR 20.4 million (31 December 2023: 19.8 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 128 thousand, equivalent to SR 679 thousand, as at 31 March 2024 (as at 31 December 2023: JD 129 thousand, equivalent to SR 681 thousand) in addition to cases with unspecified amounts. In the opinion of the subsidiary's management and its legal advisor, the subsidiary has strong defenses against these cases, and no need to make provisions for such cases.

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**17 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 which are 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 Industry Company Limited	Associate
Alquds Ready Mix Company	Affiliates
Asas Ready Mix Company	Affiliates
Rolaco Automotive and Heavy Equipment Limited	A Company related to a member of BOD
Group's BOD members	Others related parties
Key management personnel and senior executives	Others related parties



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**17 RELATED PARTIES' DISCLOSURES (continued)**

The following table summarizes related parties' balances as at 31 March 2024, and 31 December 2023:

	<i>Volume of transactions</i>			<i>Closing balance</i>	
	<i>Nature of transactions</i>	<i>For the three-month period ended 31 March 2024 (Unaudited) SR ('000)</i>	<i>For the year ended 31 December 2023 (Audited) SR ('000)</i>	<i>31 March 2024 (Unaudited) SR ('000)</i>	<i>31 December 2023 (Audited) SR ('000)</i>
<b><i>Balances due from related parties under trade receivables (note 12)</i></b>					
Ready Mix Concrete and Construction Supplies Company "associate"	Sales	11,694	62,474	29,402	31,628
Alquds Ready Mix Company "Affiliate"	Sales	1,862	11,401	6,269	7,412
Asas Ready Mix Company "Affiliate"	Sales	1,147	4,127	2,528	2,287
<b><i>Balances due from related parties under other receivables</i></b>					
Ready Mix Concrete and Construction Supplies Company "associate"	Dividends	-	-	115	115
Cement Products Industry Limited Company "associate"	Purchases	3,758	-	261	-
				<b>38,575</b>	<b>41,442</b>
<b><i>Balances due from related parties under other payables</i></b>					
Cement Products Industry Limited Company "associate"	Purchases	-	19,876	-	2,124
				<b>-</b>	<b>2,124</b>

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**17 RELATED PARTIES' DISCLOSERS (continued)**

B) Salaries and remunerations of key management personnel, senior executives of the Company and remuneration of BOD members:

	<i>For Three-month period ended 31 March</i>	
	<i>2024 (Unaudited) SR ('000)</i>	<i>2023 (Unaudited) SR ('000)</i>
Salaries and remunerations of key management personnel and senior executives of the Company	<b>1,523</b>	1,460
Salaries and remunerations of Company's key management and Senior Executives in the subsidiary	<b>190</b>	190
Board of directors remunerations	<b>675</b>	675
Allowances for attending Board of Directors meetings in the Company	<b>100</b>	108
Allowances for attending Board of Directors meetings in the the subsidiary	<b>28</b>	36

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

**18 DIVIDENDS PAYABLE**

On 10 March 2024, the Company's Board of Directors recommended distributing cash dividends to the shareholders for the second half of the year 2023 at an amount of SR 75 million, which represents SR 0,75 per share. Such dividends were approved during the (69) sixty-nine ordinary general assembly meeting on 28 April 2024.

On 6 August 2023, the Company's Board of Directors recommended distributing cash dividends at an amount of SR 75 million to shareholders for the first half of 2023, representing SR 0.75 per share. Such dividends were approved during the (69) sixty-nine ordinary general assembly meeting on 28 April 2024.

On 23 February 2023, the Company's Board of Directors recommended distributing cash dividends to the shareholders for the second half of the year 2022 at an amount of SR 110 million, which represents SR 1,10 per share. Such dividends were approved during the (67) sixty-seven ordinary general assembly meeting on 9 April 2023.

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

	<i>31 March 2024 (Unaudited) SR ('000)</i>	<i>31 December 2023 (Audited) SR ('000)</i>
Balance at the beginning of the period/year	<b>13,822</b>	12,314
Declared during the period / year	-	185,000
Paid during the period / year	<b>(20)</b>	(183,492)
	<b>13,802</b>	13,822

**19 REHABILITATION PROVISION**

The Company's management conducted a study by an external expert 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. The discount rate of 7,2 % was used by management for the estimated amounts for the depreciable life of the inventories in each quarry.

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**19 REHABILITATION PROVISION (continued)**

The provision for the rehabilitation of areas subject to a franchise license represents the present value of the expected cost of re-settlement of the Company's franchise site. The movement on the provision for rehabilitation of franchised areas is as follows:

	<i>31 March 2024 (Unaudited) SR (‘000)</i>	<i>31 December 2023 (Audited) SR (‘000)</i>
Balance at the beginning of the period / year	12,065	7,831
Finance costs for rehabilitation of areas subject to franchise license	500	4,234
	<u>12,565</u>	<u>12,065</u>

**20 FINANCIAL INSTRUMENTS RISK MANAGEMENT**

The Group’s activities may expose the Group to a variety of financial risks. Market risk (including currency risk, fair value and cash flow, interest rate risks and price risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s 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 and hedges financial risks 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.

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 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 Board of Directors 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 in the statement of financial position include Cash and cash equivalents, trade receivables and other receivables, financial assets, loans, trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk include three types: Interest rate risk, currency risk and 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 exposure to the risk of changes in market interest rates relates primarily to the Group long-term debt obligations with floating interest rates. The Group manages its interest rate risk of the Company by continuously monitoring the movement in interest rates bearing financial instruments. The Company's interest-bearing liabilities, which are mainly bank borrowings, are at floating rates of interest, which are subject to re-pricing. Management monitors the changes in interest rates and believes that the fair value and cash flow on a rate risks to the Group are not significant. Interest bearing financial assets comprises of short term murabaha deposits which are at fixed interest rates; therefore, there is no exposure to cash flow interest rate risk and fair value interest rate risk.

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**20 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)**

***Foreign Currency Risk***

Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Group is not exposed to fluctuations in foreign exchange rates during its normal course of business. Since the Group's core transactions during the period were denominated in Saudi Riyals, Jordanian Dinars, and US Dollars; and since the US Dollar is pegged against Saudi Riyals; Thus, there are no significant risks associated with transactions and balances denominated in US Dollars.

***Credit risk***

Credit risk is the risk that counterparty will fail to meet its obligations leading to a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers, which are based on comprehensive customer ratings and past repayment rates.

The management also continuously monitors the credit exposure related to its customers and makes provision against those balances considered doubtful of recovery. Standing balances of customers are continuously monitored. Cash and cash equivalents are placed with national banks with sound credit ratings. Trade and other receivables are basically due from customers in local markets and most balances are pledged against effective bank guarantees from local banks with sound credit ratings. Trade and other receivables are stated at their estimated realizable values.

The Management considers reasonable and supportive forward-looking information such as:

- Actual or expected significant adverse changes in business,
- actual or expected significant changes in the operating results of the counterparty,
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- Significant increase in credit risk on other financial instruments of the same counterparty,
- Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

***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 financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available.

The concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets. The following is the contractual maturities for financial liabilities at the end of the period and represented by growth amounts:

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**20 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)**

*Liquidity Risk (continued)*

Below is the remaining contractual maturity dates of financial liabilities at reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting arrangements.

31 March 2024 (Unaudited)	<i>Contractual cash flows</i>				<i>Interest accruals for future periods SR ('000)</i>	<i>Total contractual maturity SR ('000)</i>	<i>Total Carrying value SR ('000)</i>
	<i>1 year or less SR ('000)</i>	<i>from 1 to 3 years SR ('000)</i>	<i>3 years or More SR ('000)</i>				
<i>Non-derivative financial liabilities</i>							
Loans	39,880	65,268	17,274	13,049	135,471	122,422	
Trade and other payables	134,600	-	-	-	134,600	134,600	
Dividends payable	13,802	-	-	-	13,802	13,802	
Lease liabilities	803	3,544	-	-	4,347	4,347	
	<u>189,085</u>	<u>68,812</u>	<u>17,274</u>	<u>13,049</u>	<u>288,220</u>	<u>275,171</u>	

31 December 2023 (Audited)	<i>Contractual cash flows</i>				<i>Interest accruals for future periods SR ('000)</i>	<i>Total contractual maturity SR ('000)</i>	<i>Total Carrying value SR ('000)</i>
	<i>1 year or less SR ('000)</i>	<i>from 1 to 3 years SR ('000)</i>	<i>3 years or More SR ('000)</i>				
<i>Non-derivative financial liabilities</i>							
Loans	20,046	74,312	51,918	14,997	161,273	146,276	
Trade and other payables	165,839	-	-	-	165,839	165,839	
Dividends payable	13,822	-	-	-	13,822	13,822	
Lease liabilities	623	3,774	-	-	4,397	4,397	
	<u>200,330</u>	<u>78,086</u>	<u>51,918</u>	<u>14,997</u>	<u>345,331</u>	<u>330,334</u>	

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

**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. In addition to maintain a strong capital base to support the sustained development of its businesses.

**21 SUBSEQUENT EVENTS**

- On 28 April 2024, the (69) meeting of the general assembly meeting was held and the assembly approved the Board's recommendation to distribute cash dividends to the shareholders amounting to SR 75 million for the second half of the year 2023 at a rate of SR 0,75 per share. In addition to what has been distributed for the first half of 2023 at an amount of SR 75 million. The total dividends distributed and proposed for the year ended 31 December 2023 becomes SR 150 million.
- On 29 April 2024, the Company submitted Zakat returns for the year ended 31 December 2023 and obtained an unrestricted Zakat certificate for the year 2023.

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**22 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements were approved by the Board of Directors on 26 Shawwal 1445H (corresponding to 05 May 2024).