

**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 NINE-MONTH PERIODS ENDED 30
SEPTEMBER 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 and nine-month periods ended 30 September 2024

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ERNST & YOUNG PROFESSIONAL SERVICES (PROFESSIONAL LLC)
PAID-UP CAPITAL (SR 5,500,000 – FIVE MILLION FIVE HUNDRED THOUSAND SAUDI RIYAL)
King's Road Tower, 13th Floor
King Abdul Aziz Road (Malek Road)
P.O. Box 1994
Jeddah 21441
Kingdom of Saudi Arabia
Head Office – Riyadh

C.R. No. 4030276644

Tel: +966 12 221 8400
Fax: +966 12 664 4408

ey.ksa@sa.ey.com
ey.com

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 September 2024, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods ended 30 September 2024, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-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.

for Ernst & Young Professional Services

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

Jeddah: 27 Rabi Al-Thani 1446H
(30 October 2024)



ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		<i>30 September 2024 (Unaudited) SR (‘000)</i>	<i>31 December 2023 (Audited) SR (‘000)</i>
	<i>Notes</i>		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,891,473	1,989,135
Intangible assets		11,084	12,008
Investment property		5,000	5,000
Investments in associates	9	88,034	77,348
Financial assets at FVOCI		74,085	90,844
Deferred tax assets	14	20,602	20,185
Right-to-use assets		3,636	3,917
TOTAL NON CURRENT ASSETS		2,093,914	2,198,437
CURRENT ASSETS			
Inventories	11	615,525	468,842
Trade receivables	12	215,998	225,135
Prepayments and other receivables		40,295	25,929
Cash and cash equivalents		92,410	217,677
TOTAL CURRENT ASSETS		964,228	937,583
TOTAL ASSETS		3,058,142	3,136,020
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 of financial assets at FVOCI		16,180	32,940
Retained earnings		631,184	652,162
Equity attributable to shareholders of the Company		2,535,368	2,573,106
Non-controlling interests		93,077	90,260
TOTAL EQUITY		2,628,445	2,663,366

The attached notes 1 to 21 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 30 September 2024

		<i>30 September</i>	<i>31 December</i>
		<i>2024</i>	<i>2023</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>SR</i>	<i>SR</i>
	<i>Notes</i>	<i>('000)</i>	<i>('000)</i>
NON-CURRENT LIABILITES			
Rehabilitation provision	19	13,565	12,065
Long term loans and facilities	13	58,889	126,230
Employees' defined benefits liabilities		58,553	53,783
Deferred Tax Liabilities	14	56,116	56,116
Lease liabilities	10	3,586	3,774
		<hr/>	<hr/>
TOTAL NON CURRENT LIABILITES		190,709	251,968
		<hr/>	<hr/>
CURRENT LIABILITES			
Long-term loans and facilities - current portion	13	53,854	20,046
Trade and other payables		154,740	165,839
Zakat and income tax payable		16,067	20,356
Dividends payable	18	13,742	13,822
Lease liabilities	10	585	623
		<hr/>	<hr/>
TOTAL CURRENT LIABILITES		238,988	220,686
		<hr/>	<hr/>
TOTAL LIABILITES		429,697	472,654
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		3,058,142	3,136,020
		<hr/> <hr/>	<hr/> <hr/>

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

ITERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three-month and nine-month periods ended 30 September 2024

	Notes	<i>For three -month period ended 30 September</i>		<i>For nine -month period ended 30 September</i>	
		<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
		<i>(Unaudited) SR (‘000)</i>	<i>(Unaudited) SR (‘000)</i>	<i>(Unaudited) SR (‘000)</i>	<i>(Unaudited) SR (‘000)</i>
Revenue		224,937	213,713	627,730	650,590
Cost of sales		(156,871)	(160,856)	(441,861)	(484,182)
GROSS PROFIT		68,066	52,857	185,869	166,408
Selling and distribution expenses		(2,369)	(5,708)	(7,694)	(15,033)
General and administrative expenses		(13,648)	(13,223)	(41,963)	(39,380)
OPERATING PROFIT		52,049	33,926	136,212	111,995
Dividends of financial assets at FVOCI		1,068	-	2,455	1,068
Share of profit from equity accounted investments	9	3,996	5,188	10,499	7,944
Finance costs		(2,249)	(3,244)	(6,909)	(10,747)
Other revenues, net		2,977	3,555	9,931	12,315
Profit for the period before zakat and income tax		57,841	39,425	152,188	122,575
Zakat		(4,478)	(3,710)	(14,889)	(11,131)
Income tax		(5,056)	(3,936)	(5,647)	(3,000)
Profit for the period		48,307	31,779	131,652	108,444
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:					
Equity holders of the Company		45,785	29,692	128,835	106,853
Non-controlling interests		2,522	2,087	2,817	1,591
		48,307	31,779	131,652	108,444
EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (SR)					
Basic	15	0.46	0,30	1.29	1,07
Diluted		0.46	0,30	1.29	1,07

The attached notes 1 to 21 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 and nine-month periods ended 30 September 2024

	<i>Notes</i>	<i>For three -month period ended 30 September</i>		<i>For nine -month period ended 30 September</i>	
		<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
		<i>(Unaudited) SR ('000)</i>	<i>(Unaudited) SR ('000)</i>	<i>(Unaudited) SR ('000)</i>	<i>(Unaudited) SR ('000)</i>
NET PROFIT FOR THE PERIOD		48,307	31,779	131,652	108,444
OTHER COMPREHENSIVE INCOME ("OCI")					
Items that will not be reclassified to consolidated statement of income in subsequent periods:					
Unrealized loss on investment in equity instruments at FVOCI		(4,590)	(20,069)	(16,760)	(14,731)
Group's share in other comprehensive profit of equity-accounted investees	9	74	-	187	52
Total other comprehensive loss		(4,516)	(20,069)	(16,573)	(14,679)
Total comprehensive income for the period		43,791	11,710	115,079	93,765
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Equity holders of the Company		41,269	9,623	112,262	92,174
Non-controlling interests		2,522	2,087	2,817	1,591
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		43,791	11,710	115,079	93,765

The attached notes 1 to 21 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 nine-month period ended 30 September 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>
As at 1 January 2024 (Audited)	1,000,000	293,565	500,000	95,000	(561)	32,940	652,162	2,573,106	90,260	2,663,366
Total comprehensive income										
Profit for the period	-	-	-	-	-	-	128,835	128,835	2,817	131,652
Total other comprehensive loss	-	-	-	-	-	(16,760)	187	(16,573)	-	(16,573)
Total comprehensive income							129,022	112,262	2,817	115,079
Dividends of the parent Company (Note 18)							(150,000)	(150,000)	-	(150,000)
Balance at 30 September 2024 (Unaudited)	1,000,000	293,565	500,000	95,000	(561)	16,180	631,184	2,535,368	93,077	2,628,445

The attached notes 1 to 21 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 nine-month period ended 30 September 2024

	Equity attributable to shareholders of the company						Equity attributable to shareholders of the Company SR ('000)	Non-controlling interests SR ('000)	Total equity SR ('000)
	Share capital SR ('000)	Share premium SR ('000)	Statutory reserve SR ('000)	General reserve SR ('000)	Foreign currency translation reserve SR ('000)	Fair value reserve of financial assets at FVOCI SR ('000)			
As at 1 January 2023 (Audited)	1,000,000	293,565	500,000	95,000	(561)	50,981	696,275	87,102	2,722,362
Total comprehensive income	-	-	-	-	-	-	106,853	1,591	108,444
Profit for the period	-	-	-	-	-	(14,731)	52	-	(14,679)
Total other comprehensive loss	-	-	-	-	-	(14,731)	106,905	1,591	93,765
Total comprehensive income	-	-	-	-	-	-	(185,000)	-	(185,000)
Dividends of the parent Company (Note 18)	-	-	-	-	-	-	-	-	-
Balance at 30 September 2023 (Unaudited)	1,000,000	293,565	500,000	95,000	(561)	36,250	618,180	88,693	2,631,127

The attached notes 1 to 21 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 nine-month period ended 30 September 2024

		2024	2023
		(Unaudited)	(Unaudited)
	<i>Notes</i>	SR ('000)	SR ('000)
OPERATING ACTIVITIES			
Profit for the period before zakat and income tax		152,188	122,575
Adjustments:			
Depreciation of property, plant and equipment	8	118,813	106,925
Amortization of intangible assets		923	925
Amortization of right to use assets		281	280
Group's share of results of associated companies	9	(10,499)	(7,944)
Dividends of financial assets at FVOCI		(2,455)	(1,068)
Provision for impairment of inventories		4,050	3,222
Gain on disposal of property and equipment		(30)	(56)
Finance costs		6,909	10,747
Rehabilitation provision		1,500	1,500
Employees' defined benefit obligations charged for the period		6,255	6,138
		277,935	243,244
Changes in working capital:			
Trade receivables, prepayments and other receivables		(5,439)	(37,627)
Inventories		(150,950)	(39,938)
Trade and other payables		(11,548)	(11,728)
		109,998	153,951
Finance costs paid		(6,670)	(10,492)
Zakat and income tax paid		(24,583)	(21,231)
Employees' defined benefit obligations paid		(1,485)	(3,125)
Net cash generated from operating activities		77,260	119,103
INVESTING ACTIVITIES			
Additions to property, plant and equipment	8	(20,934)	(19,017)
Proceeds on disposal of property and equipment		30	56
Dividends from financial assets at FVOCI		2,455	1,068
Net cash used in investing activities		(18,449)	(17,893)
Financing activities			
Proceeds from term loans		58,128	52,891
Repayments of term borrowings		(91,661)	(98,537)
Repayment of lease liabilities		(465)	(426)
Dividends paid	18	(150,080)	(185,044)
Net cash used in financing activities		(184,078)	(231,116)

The attached notes 1 to 21 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 nine-month period ended 30 September 2024

	<i>2024</i> <i>(Unaudited)</i> <i>SR ('000)</i>	<i>2023</i> <i>(Unaudited)</i> <i>SR ('000)</i>
	<i>Notes</i>	
Net decrease in cash and cash equivalents	(125,267)	(129,906)
Cash and cash equivalents at 1 January	217,677	263,874
Cash and cash equivalents at the end of the period	92,410	133,968
SIGNIFICANT NON-CASH TRANSACTIONS		
Net loss from equity instruments at FVOCI	(16,760)	(14,732)
Deferred tax asset	417	220
Transferred from project in progress to property, plant and equipment	12,126	15,351
Transferred from inventory to progress to property, plant and equipment	217	1,175

The attached notes 1 to 21 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 30 September 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 30 September 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 30 September 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 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 30 September 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	100%	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, guaranties 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	86.74%	86.74%

ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

As at 30 September 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 nine-month period ended 30 September 2024, and the interim condensed consolidated statement of financial position includes the assets and liabilities of the subsidiaries, as at 30 September 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	36.67%	36,67%
Cement Products Industry Company Limited	Kingdom of Saudi Arabia	Bags production Cement	33.33%	33,33%

2 BASIS OF PREPERATION

2.1 Statement of compliance

These interim condensed consolidated financial statements for the nine-month period ended 30 September 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 for the three-month and nine-month periods ended 30 September 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)**

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

As at 30 September 2024

3 USES 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 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 30 September 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 this 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.

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 30 September 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	1,241,847	730,544	(75,918)	1,896,473
Financial assets at fair value through OCI	74,085	-	-	74,085
Total Other Non-Current Assets	811,063	40,373	(728,080)	123,356
Total Current Assets	702,501	261,495	232	964,228
TOTAL ASSETS	2,829,496	1,032,412	(803,766)	3,058,142
TOTAL LIABILITES	294,127	326,796	(191,226)	429,697
	<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
TOTAL ASSETS	2,887,222	1,037,303	(788,505)	3,136,020
TOTAL LIABILITES	314,115	352,854	(194,315)	472,654

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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 nine-month period ended 30 September 2024 and 2023 are as follows:

*for the period ended 30 September 2024
(Unaudited)*

	<i>Inside KSA SR ('000)</i>	<i>Outside KSA SR ('000)</i>	<i>Reconciliations SR ('000)</i>	<i>TOTAL SR ('000)</i>
Revenue from contracts with customers	417,180	210,550	-	627,730
Profit of the period	128,834	21,166	(18,348)	131,652
Finance costs	-	6,909	-	6,909
Depreciations and amortizations	91,156	32,162	(3,301)	120,017

*for the period ended 30 September 2023
(Unaudited)*

Revenue from contracts with customers	413,221	237,369	-	650,590
Profit of the period	106,853	11,867	(10,276)	108,444
Finance costs	-	10,747	-	10,747
Depreciations and amortizations	76,197	31,933	-	108,130

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 nine-month period ended 30 September 2024 is as follows:

	<i>For nine -month period ended 30 September</i>	
	<i>2024 (Unaudited) SR ('000)</i>	<i>2023 (Unaudited) SR ('000)</i>
Depreciation	118,813	106,925
Additions of property, plant and equipment	20,934	19,017

- 1) Property, plant and equipment of the Group as at 30 September 2024 include projects in progress amounting to SR 49 million (31 December 2023: SR 46 million) mainly relates to projects of works for improving efficiency of production lines.

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 30 September 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>30 September 2024</u> (Unaudited) SR ('000)	<u>31 December 2023</u> (Audited) SR ('000)
Ready Mix Concrete and Construction Supplies Company	Kingdom of Jordan	Ready concrete production	<u>36.67%</u>	36,118	28,936
Cement Products Industry Company Limited	Kingdom of Saudi Arabia	Bags production Cement	<u>33.33%</u>	51,916	48,412
				88,034	77,348

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

	<u>30 September 2024</u> (Unaudited) SR ('000)	<u>31 December 2023</u> (Audited) SR ('000)
Balance at the beginning of the period/year	77,348	67,162
Group's share in associates' results for the period / year	10,499	9,902
Group's share in comprehensive income	187	284
Balance at the end of the period/year	88,034	77,348

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As at 30 September 2024

10 LEASES

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

	<i>30 September</i> <i>2024</i> <i>(Unaudited)</i> <i>SR ('000)</i>	<i>31 December</i> <i>2023</i> <i>(Audited)</i> <i>SR ('000)</i>
Short-term liability	585	623
Long term liability	3,586	3,774
	<u>4,171</u>	<u>4,397</u>

The interest expense resulting from lease contracts during the period ended 30 September 2024 amounted to SR 239 thousand (30 September 2023: SR 255 thousand).

11 INVENTORIES

	<i>30 September</i> <i>2024</i> <i>(Unaudited)</i> <i>SR ('000)</i>	<i>31 December</i> <i>2023</i> <i>(Audited)</i> <i>SR ('000)</i>
Under progress products and finished inventories	443,964	315,533
Spare parts	200,057	198,044
Raw materials and fuel	55,431	43,301
Goods in transit	14,250	6,091
	<u>713,702</u>	<u>562,969</u>
Provision for slow moving inventories	(98,177)	(94,127)
	<u>615,525</u>	<u>468,842</u>

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

	<i>30 September</i> <i>2024</i> <i>(Unaudited)</i> <i>SR</i> <i>('000)</i>	<i>31 December</i> <i>2023</i> <i>(Audited)</i> <i>SR</i> <i>('000)</i>
At the beginning of the period / year	94,127	92,187
Charged during the period / year	4,050	5,291
Written-off during the period / year	-	(3,351)
	<u>98,177</u>	<u>94,127</u>

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As at 30 September 2024

12 TRADE RECEIVABLES

Trade receivables comprise the following:

	<i>30 September</i> <u>2024</u> <i>(Unaudited)</i> SR ('000)	<i>31 December</i> <u>2023</u> <i>(Audited)</i> SR ('000)
Trade receivables	203,260	188,177
Receivables due from related parties (note 17)	17,107	41,327
	<hr/>	<hr/>
	220,367	229,504
Provision for impairment of trade receivables	(4,369)	(4,369)
	<hr/>	<hr/>
	215,998	225,135
	<hr/> <hr/>	<hr/> <hr/>

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

	<i>30 September</i> <u>2024</u> <i>(Unaudited)</i> SR ('000)	<i>31 December</i> <u>2023</u> <i>(Audited)</i> SR ('000)
Balance at the beginning of the period / year	4,369	4,369
	<hr/>	<hr/>
Balance at the end of the period/year	4,369	4,369
	<hr/> <hr/>	<hr/> <hr/>

13 LONG TERM LOANS AND FACILITIES

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

	<i>30 September</i> <u>2024</u> <i>(Unaudited)</i> SR ('000)	<i>31 December</i> <u>2023</u> <i>(Audited)</i> SR ('000)
Current portion of long term loans and facilities	53,854	20,046
Non-current portion of long term loans and facilities	58,889	126,230
	<hr/>	<hr/>
	112,743	146,276
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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13 LONG TERM LOANS AND FACILITIES (continued)

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

	30 September 2024 (Unaudited) SR ('000)	31 December 2023 (Audited) SR ('000)
Balance at the beginning of the period/year	146,276	231,643
Proceeds during the period / year	58,128	52,891
Paid during the period / year	(91,661)	(138,258)
	112,743	146,276

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 2020.

The Company submitted zakat returns for the years ended 31 December 2021 up to 2023 and obtained an unrestricted zakat certificate for the year 2023. ZATCA has not issued Zakat assessment for the said years till to date.

Otrana Cement Company (subsidiary) – Jordan

With regard to sales tax, sales tax returns were audited by the Income and Sales Tax Department until the end of the year 2021. The Company also submitted sales tax returns to the Department for the end of August 2024.

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 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 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 on 27/06/2024 the Court of Appeal issued its decision canceling the decision issued by the Court of Cassation and including the company's fees and expenses and an amount of 1,500 Jordanian dinars (7.9 thousand Saudi riyals) as attorney fees for the litigation phase. On 28/07/2024, the Company filed an appeal against the decision of the Court of Appeal. The Case is being considered before the Court of Cassation. It is not expected that the decision of the Court of Cassation to be issued during the fourth quarter of 2024. The Company's Attorney believes that it has strong defenses to prove its claim.

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14 ZAKAT AND INCOME TAX PAYABLE (continued)

The movement on the deferred tax assets was as follows:

	30 September 2024 (Unaudited) SR ('000)	31 December 2023 (Audited) SR ('000)
Balance at beginning of period/year	20,185	21,221
Additions and adjustments during the period/year	417	625
Transferred to the income tax provision	-	(1,661)
Balance at the end of the period/year	20,602	20,185

The movement in deferred tax liabilities was as follows:

	30 September 2024 (Unaudited) SR ('000)	31 December 2023 (Audited) SR ('000)
Balance at the beginning of the period/year	56,116	56,116
Balance at the end of the period/year	56,116	56,116

The deferred tax assets and liabilities for the period ended 30 September 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 on 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.

	<i>For the three -month period ended</i>		<i>For the nine -month period ended</i>	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
Profit for the period (SR in 000)	45,785	29,692	128,835	106,853
Number of shares (weighted average - in thousands)	100,000	100,000	100,000	100,000
Basic earnings per share (SR)	0.46	0,30	1.29	1,07

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.

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16 CONTINGENCIES AND CAPITAL COMMITMENTS

- As at 30 September 2024, the Group has contingencies represented in outstanding letters of guarantee and letters of credit of SR 45 million (31 December 2023: SR 36.5 million).
- As at 30 September 2024, the Group has capital commitments related to renovation of production lines, facilities and factories of the Group amounted to SR 28 million (31 December 2023: SR 3.2 million) and there are guarantees amounting to SR 28 million (31 December 2023: 19.8 million) provided to local banks against bank loans and facilities for associate.
- As at 30 September 2024, there are lawsuits filed against the subsidiary, with a value of JD 59 thousand, equivalent to SR 312 thousand (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 provision is required against these cases.

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><i>Description</i></u>	<u><i>Nature of Relationship</i></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
Group's BOD members	Others related parties
Key management personnel and senior executives	Others related parties

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

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17 RELATED PARTIES' DISCLOSURES (continued)

The following table summarizes related parties' balances as at 30 September 2024, and 31 December 2023:

	<i>Nature of transactions</i>	<i>Volume of transactions</i>			<i>Closing balance</i>	
		<i>For the nine-month period ended 30 September 2024</i>	<i>For the year ended 31 December 2023</i>	<i>For the nine-month period ended 30 September 2024</i>	<i>For the year ended 31 December 2023</i>	
		<i>(Unaudited) SR ('000)</i>	<i>(Audited) SR ('000)</i>	<i>(Unaudited) SR ('000)</i>	<i>(Audited) SR ('000)</i>	
<i>Balances due from related parties under trade receivables (note 12)</i>						
Ready Mix Concrete and Construction Supplies Company "associate"	Sales	20,871	62,474	10,522	31,628	
Alquds Ready Mix Company "Affiliate"	Sales	5,170	11,401	4,298	7,412	
Asas Ready Mix Company "Affiliate"	Sales	3,185	4,127	2,287	2,287	
<i>Balances due from related parties under other receivables</i>						
Ready Mix Concrete and Construction Supplies Company "associate"	Dividends	-	-	115	115	
				17,222	41,442	
<i>Balances due from related parties under other payables</i>						
Cement Products Industry Limited Company "associate"	Purchases	9,881	19,876	420	2,124	
				420	2,124	

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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 nine -month period ended 30 September</i>	
	<i>2024</i>	<i>2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR ('000)</i>	<i>SR ('000)</i>
Salaries and remunerations of key management personnel and senior executives of the Company	4,676	4,453
Salaries and remunerations of Company's key management and Senior Executives in the subsidiary	571	571
Board of directors remunerations	270	360
Allowances for attending Board of Directors meetings in the Company	248	324
Allowances for attending Board of Directors meetings in the the subsidiary	80	100
Board of directors remunerations	2,025	2,025

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 28 July 2024, the Board of Directors recommended to distribute cash dividends in the amount of 75 million Saudi riyals to shareholders for the first half of 2024, at 0.75 Saudi riyals per share.

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>30 September 2024</i>	<i>31 December 2023</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR ('000)</i>	<i>SR ('000)</i>
Balance at the beginning of the period/year	13,822	12,314
Declared during the period / year	150,000	185,000
Paid during the period / year	(150,080)	(183,492)
	13,742	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:

	30 September 2024 (Unaudited) SR (‘000)	31 December 2023 (Audited) SR (‘000)
Balance at the beginning of the period / year	12,065	7,831
Finance costs for rehabilitation of areas subject to franchise license	1,500	4,234
	13,565	12,065

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 risk 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)

Risk management framework (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:

ARABIAN CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

As at 30 September 2024

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Risk management framework (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.

	<i>Contractual cash flows</i>					
	<i>1 year or less</i>	<i>from 1 to 3 years</i>	<i>3 years or More</i>	<i>Interest accruals for future periods</i>	<i>Total contractual maturity</i>	<i>Total Carrying value</i>
<i>30 September 2024 (Unaudited)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>
<i>Non-derivative financial liabilities</i>						
Loans	53,854	58,889	-	7,844	120,587	112,743
Trade and other payables	154,740	-	-	-	154,740	154,740
Dividends payable	13,742	-	-	-	13,742	13,742
Lease liabilities	585	3,586	-	-	4,171	4,171
	<u>222,921</u>	<u>62,475</u>	<u>-</u>	<u>7,844</u>	<u>293,240</u>	<u>285,396</u>

	<i>Contractual cash flows</i>					
	<i>1 year or less</i>	<i>from 1 to 3 years</i>	<i>3 years or More</i>	<i>Interest accruals for future periods</i>	<i>Total contractual maturity</i>	<i>Total Carrying value</i>
<i>31 December 2023 (Audited)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>	<i>SR ('000)</i>	<i>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 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors on 28 October 1446H (corresponding to 25 Rabi Al-Thani 2024).