UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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(SAUDI JOINT STOCK COMPANY)

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FOR THE YEAR ENDED 31 DECEMBER 2022

RSM

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مبنى رقم ٣١٩٣ ، الطابق الأول
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INDEPENDENT AUDITOR'S REPORT

To: the Shareholders
UMM AL-QURA CEMENT COMPANY
(Saudi Joint Stock Company)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Umm Al-Qura Cement Company**, a Saudi joint stock company' ("the Company"), which comprise the statement of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes accompanying to the financial statements and summary of the significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **the Company** as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing that endorsed in the Kingdom of Saudi Arabia. Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company's financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters (KAM) are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and forming our opinion thereon, and we do not provide a separate opinion on these matters. Below is an explanation of each key audit matters and how we address these:

Key Audit Matter	How our audit addressed the key audit matter
Quantities of raw materials and work in process As disclosed in note (9) to the accompanying financial statements, company maintains a stock of raw materials amount to SAR 6.2 million (mainly limestone, gypsum, iron, bauxite and pozzolana) and work in progress amounts to SAR 297.2 million (mainly clinker) which are stored in purpose built shed and stockpiles) as at 31 December 2022. Since the weighing of these inventories is not practicable, management assesses the quantities on hand at the end of the year by obtaining measurements of stockpiles and converting these measurement to unit of volumes by using the angle of repose and bulk density. In doing so, management appoints an independent surveyor to estimate the quantities by using certain scientific systematic measurements calculations, and applying the density conversion methods which are applied for similar stock in the cement industry. Due to the significance of inventory balances, valuations and related estimations involved in the determination, of the quantities, this is considered a key audit matter. Refer to note (4) to the financial statments for the signifcant accounting policies and note (9) for the related disclosures about the accompanying financial statements.	We have performed the following procedures regarding inventory verification and inventory assessment: • Attended the physical inventory count performed by the Company and the independent inspection expert. • Assessed the objectivity, independence and expertise of the Management's expert, reviewed the assumptions used and evaluating the methodology used by the expert. • Obtain physical inventory count report submitted by the independent inspection expert related to raw materials inventory, specifically clinker. • We performed tests to verify if internal controls addressed the evaluation of provision for slow-moving items. • Verify weighted average cost calculation. • Verify correctness of inventory measurement at lower of cost or net realizable value. • Evaluate the appropriateness and adequacy of the inventory disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT(CONTINUED)
To: the Shareholders

UMM AL-QURA CEMENT COMPANY
(Saudi Joint Stock Company)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Revenues Recognition During the year ended 31 December 2022, revenue from sales amounting to SAR 221,2 million was recognized. Revenue from sales is recognized when a customer obtains controls of the goods and this is done upon ted to acceptance and delivery of the goods to the customer and issuance of a sales invoice in accordance with the requirements of IFRS (15) Revenue from contracts with customers. Revenue is one of the core indicators for measuring performance, and consequently, there are inherent risks through recognizing revenue with more than its actual value in order to increase profitability. Therefore, the revenue recognition process has been considered as a key audit matter. Refer to note (4) to the financial statments for the signifcant accounting policies.	The auditing procedures we performed among other procedures, as following: • Evaluating the appropriateness of the Company's accounting policies related to revenues recognition as well as assessing compliance with the requirements of applicable accounting Standard IFRS "15". • Evaluated the design and implementation of the internal control procedures related to revenue recognition, and related accounts receivables, the cut off procedures to make sure of record the revenues in a correct period. • Sample testing of products sold, to verify the proper application of the revenue recognition policy.. • Performed analytical Procedures of the revenue, to determine if there are any significant trends or fluctuations that need additional our understanding of current market conditions. • We have made cut-off procedures about the timing of recognizing revenue from sales after the products are delivered to customers and recorded within the right accounting period

Other Information

Management is responsible for other information. Other information consists of the information included in the Company's annual report, but not included the financial statements and our audit report thereon. The annual report is expected to be available to us after the date of this report. Our opinion on the financial statements does not cover other information, and we do not express any form of assurance about it.

Regarding our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available. In doing so, consider whether that other information is materially inconsistent with the financial statements or the knowledge we acquired during the course of our audit or otherwise appears to be materially misstated. If, while reading the annual report, we found fundamental misstatement in the information, we are required to report this fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's by laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e. Board of Directors are responsible for overseeing the company`s financial reporting process.

INDEPENDENT AUDITOR'S REPORT(CONTINUED)
To: the Shareholders
UMM AL-QURA CEMENT COMPANY
(Saudi Joint Stock Company)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of financial statements of the current year and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

RSM Allied Accountants Professional Services

Mohammed Bin Farhan Bin Nader
License No. 435
Riyadh, Saudi Arabia
28 Shaban 1444 H (corresponding to 20 March 2023)

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UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022 SAR	31 December 2021 (Adjusted note15) SAR
Assets			
Non current assets			
Property, plant and equipment, net	5	**774,234,584**	823,065,075
Intangible assets , net	6	**1,406,958**	305,536
Right-of-use asset, net	7 A	**1,583,033**	1,205,290
Financial investments at fair value through OCI	8	**76,912**	42,504
Total non current assets		**777,301,487**	824,618,405
Current assets			
Inventory	9	**335,009,142**	263,940,570
Margin letter of guarantee	10	**-**	50,000,000
Deposit against guarantee cover	11	**51,034,237**	-
Accounts receivable, prepaid expenses and other receivables, net	12	**10,988,893**	19,629,720
Cash and cash equivalents	13	**5,891,476**	36,790,341
Total current assets		**402,923,748**	370,360,631
Total assets		**1,180,225,235**	1,194,979,036
Equity and Liabilities			
Equity			
Share capital	1	**550,000,000**	550,000,000
Statutory reserve	14	**31,675,122**	29,376,428
Retained earnings		**180,417,936**	173,109,816
Reserve for revaluation of Financial investments at fair value through OCI		**48,576**	14,168
Total equity		**762,141,634**	752,500,412
Liabilities			
Non-current liabilities			
Saudi Industrial Development Fund loan- non-current portion	16	**206,058,439**	317,630,718
Provision for dismantling, removing and rehabilitation of areas subject to franchise license	18	**14,835,978**	10,066,023
Lease liabilities - non-current portion	7 B	**615,721**	511,425
Employees' benefit plan obligations	19	**3,080,014**	3,226,636
Total non-current liabilities		**224,590,152**	331,434,802
Current liabilities			
Saudi Industrial Development Fund loan- current portion	16	**111,572,279**	50,056,129
Lease liabilities - current portion	7 B	**876,428**	638,696
Accounts payable, accrued expenses and other liabilities	20	**72,994,651**	52,726,133
Zakat provision	21	**8,050,091**	7,622,864
Total current liabilities		**193,493,449**	111,043,822
Total liabilities		**418,083,601**	442,478,624
Total equity and liabilities		**1,180,225,235**	1,194,979,036

Finance Manager | Chief Executive Officer | Chairman of Board of Directors

The accompanying notes (1) to (34) form an integral part of these financial statements.

UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 SAR	2021 (Adjusted note15) SAR
Profit or loss			
Sales	22	**221,216,841**	278,832,850
Cost of sales	22	**(150,389,686)**	(159,689,293)
Gross profit		**70,827,155**	119,143,557
Selling and marketing expenses	23	**(4,233,049)**	(3,415,680)
General and administrative expenses	24	**(10,838,254)**	(10,111,592)
Profit from operations		**55,755,852**	105,616,285
Finance costs	25	**(14,840,804)**	(17,601,396)
Profits / (losses) from foreign currency exchange		**144,734**	(180,271)
Provision against legal case	12	**(10,000,000)**	-
Losses on disposal of Property, plant and equipment	5	**(1,924,992)**	-
Other income	26	**1,901,631**	1,224,647
Net profit for the year before Zakat		**31,036,421**	89,059,265
Zakat	21	**(8,049,477)**	(7,622,864)
Net profit for the year		**22,986,944**	81,436,401
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Unrealized gains on revaluation of financial investments at fair value through OCI	8	**34,408**	14,168
Actuarial gain from re-measurement of employees' defined benefit obligation	19	**369,870**	160,369
Total other comprehensive income for the year		**404,278**	174,537
Total comprehensive income for the year		**23,391,222**	81,610,938
Earnings per share			
Basic and diluted earning per share in net profit for the year	29	**0,42**	1.48

Finance Manager | Chief Executive Officer | Chairman of the Board of Directors | Chief Exec

The accompanying notes (1) to (34) form an integral part of these financial statements.

UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital SAR	Statutory reserve SAR	Retained earnings SAR	Reserve for revaluation of investments at fair value through OCI SAR	Total equity SAR
Balance as at 1 January 2021	550,000,000	21,575,210	148,814,264	-	720,389,474
Net profit for the year (Adjusted note 15)	-	-	81,436,401	-	81,436,401
Other comprehensive income	-	-	160,369	14,168	174,537
Total comprehensive income for the year (Adjusted note 15)	-	-	81,596,770	14,168	81,610,938
Dividends (note 31)	-	-	(49,500,000)	-	(49,500,000)
Transferred to the statutory reserve	-	7,801,218	(7,801,218)	-	-
Balance as at 31 December 2021 (Adjusted note 15)	550,000,000	29,376,428	173,109,816	14,168	752,500,412
Net profit for the year	-	-	**22,986,944**	-	**22,986,944**
Other comprehensive income	-	-	**369,870**	34,408	**404,278**
Total comprehensive income	-	-	**23,356,814**	**34,408**	**23,391,222**
Dividends (note 31)	-	-	**(13,750,000)**	-	**(13,750,000)**
Transferred to the statutory reserve	-	**2,298,694**	**(2,298,694)**	-	-
Balance as at 31 December 2022	**550,000,000**	**31,675,122**	**180,417,936**	**48,576**	**762,141,634**

Finance Manager	Chief Executive Officer	Chairman of Board of Directors
	Majid	

The accompanying notes (1) to (34) form an integral part of these financial statements.

UMM AL-QURA CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 SAR	2021 (Adjusted note 15) SAR
Cash flows from operating activities		
Net profit for the year before Zakat	**31,036,421**	89,059,265
Adjustments to reconcile net profit for the year before zakat:		
Depreciations of property, plant and equipment	**52,752,195**	52,763,655
Amortizations of intangible assets	**169,446**	351,251
Depreciation of right-of-use assets	**756,493**	811,458
Finance costs	**14,840,804**	17,601,396
Letter of guarantee cover returns	**(1,034,237)**	-
Losses on disposal of property, plant and equipment	**1,924,992**	-
Provision for employees benefits obligations	**703,869**	651,891
provision for impairment of advance payments against lawsuits	**10,000,000**	-
Provision for expected credit losses	**442,226**	-
	111,592,209	161,238,916
Changes in operating assets and liabilities:		
Inventory	**(71,068,572)**	(39,251,051)
Accounts receivable, prepaid expenses and other receivables	**(551,399)**	(8,205,801)
Accounts payable, accrued expenses and other liabilities	**20,492,247**	8,341,038
Cash generated from operations	**60,464,485**	122,123,102
Employees defined benefits liabilities paid	**(480,621)**	(764,709)
Finance costs paid	**(10,304,000)**	(40,138,000)
Zakat paid	**(7,622,250)**	(7,684,679)
Net cash available from operating activities	**42,057,614**	73,535,714
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	**(2,090,293)**	(200,186)
Payment for purchase of intangible assets	**(1,270,868)**	-
Payment for financial investments at fair value through OCI	-	(28,336)
Net cash used in investing activities	**(3,361,161)**	(228,522)
Cash flows from financing activities		
Repayment of Saudi Industrial Development Fund Loan	**(55,000,000)**	(90,000,000)
Lease liabilities paid	**(845,318)**	(837,912)
Dividends paid	**(13,750,000)**	(49,500,000)
Net cash used in financing activities	**(69,595,318)**	(140,337,912)
Net change in cash and cash equivalents	**(30,898,865)**	(67,030,720)
Cash and cash equivalents at the beginning of the year	**36,790,341**	103,821,061
Cash and cash equivalents at end of the year	**5,891,476**	36,790,341
Non-cash transactions		
Reserve for revaluation of financial investments at fair value through OCI	**34,408**	14,168
Actuarial gain from re-measurement of employees' benefit bligation	**(369,870)**	(160,369)
Additions to right-of-use assets corresponding to related lease liabilities	**1,134,236**	-
Additions to Property, plant and equipment against provision for rehabilitation of areas subject to a concession license	**3,756,403**	-

Finance Manager — Chief Executive Officer — Chairman of Board of Directors

The accompanying notes (1) to (34) form an integral part of these financial statements.

1- ORGANIZATION AND ACTIVITIES

Umm Al-Qura Cement Company ("UACC" or the "Company") was registered as a Saudi joint stock company with Commercial Registration number 1010382514 issued in Riyadh on 28 Shaban 1434 H (corresponding to 7 July 2013). The share Capital of the Company is SAR 550,000,000 divided into 55,000,000 shares with a nominal amount of SAR 10 per share.

The activities of the comapny in the manufacture of ordinary cement (Portland), the manufacture of salt-resistant cement, the manufacture of white cement, the manufacture of agglomerated cement (clinker), according to the Industrial License No. 1549, On 5 Rajab 1435 AH (corresponding to 5 May 2014), and renewed with License No. 441110124882, On the 7 Rajab 1444 AH (corresponding to 12 February 2023), and where the license expires on 2 Shaban 1445 AH (corresponding to 12 February 2024).

The financial statements include the assets, liabilities and results of the Company's operations and the below branches:

Branch	CR No.	City	Activity
Umm Al-Qura Cement Company Factory	4032044432	Taif	The manufacture of ordinary cement (Portland), the manufacture of salt-resistant cement, the manufacture of white cement, the manufacture of agglomerated cement (clinker).
Umm Al-Qura Cement Company	4032254452	Taif	Wholesale of cement, plaster and the similar materials , retail sale of building materials, including cement, bricks, gypsum, cement tiles, etc.

The head office of the Company is in Riyadh King Abdulaziz Road, Al-Sahafa District, P.O. Box 4286, Riyadh 13321, Riyadh, Saudi Arabia. The Company's factory is located in Taif.

2- BASIS OF PREPARATION FINANCIAL STATEMENTS

2-1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the International Financial Reporting Standard approved in the Kingdom of Saudi Arabia and other standards and publications issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

2-2 PREPARATION OF FINANCIAL STATMENTS

The financial statements have been prepared on a historical cost convention except when IFRS requires the use of another measurement basis, as indicated in the applied accounting policies (Note 4), and in accordance with the accrual principle and going concern.

2-3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Saudi Riyals, which is the Company's functional currency and the amounts in these financial statements are rounded to the nearest Saudi Riyal.

3- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The company has adopted the following new standards and amendments for the first time, as of January 1, 2022:

Amendments to IFRS (3), IAS (16), IAS (37)

- IFRS (3), 'Business combinations' update a reference in IFRS (3) to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS (16), 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- IAS (37), 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Application of these amendments does not have any material impact on the financial statements during the period.

3- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED)

Standards issued but not yet effective:

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted them in preparing these financial statements.

Amendments to IAS (1), Practice statement 2 and IAS (8)

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies

Amendment to IAS (12) – deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies applied by the Company:

Use of judgments and estimates

The preparation of the financial statements in conformity with International Financial Reporting Standards endorsed in Saudi Arabia requires from the management to make judgments, estimates and assumptions that affect application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses. These estimates and judgments are based on management's best knowledge of past events and actions and other factors which form a base for estimating the carrying amount of assets and liabilities which can not be easily determined from other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized prospectively.

The following is information about assumptions and estimates that have a material impact on the amounts reported in the financial statements:

- **Estimate useful lives of property, plant and equipment and intangible assets**

  Management estimates the useful lives of property, plant and equipment and intangible assets to calculate depreciation and amortization. These estimates are determined after taking into account the expected use of assets, obsolescence and damage. The management reviews the residual value and useful lives annually and changes in depreciation and amortization expenses in current and future periods, if any-

- **Impairment for inventory**

  Managment estimates the impairment to reduce the inventory to its net realizable value if the cost of the inventory is not recoverable or the inventory is damaged or become an obsolete in whole or in part, or if the selling price is lower than cost or any other factors that cause the net realizable value to become less than the carrying amount. Managment valuation of net realizable value is based on the most reliable evidence at the time the estimates are used. These estimated take into account fluctuations in prices or costs directly attributable to events occurring after the date of the financial statments to the extent that they confirm that the circumstances of such events exist as at end of the financial period.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Non-Financial Assets
Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

Derecognition
Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset.

Fair value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value definition includes the assumption that the Company will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.
Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted market prices in active markets for identical assets.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Classification of assets and liabilities from "current" to "non-current"
The Company presents assets and liabilities in the statement of financial position on a current / non-current basis.
The assets are current as follows:

- When it is expected to be realized or is intended to be sold or consumed during the normal cycle of operations.
- If it is acquired primarily for the purpose of trading.
- When it is expected to be achieved within twelve months after the fiscal year, or
- When they are cash and cash equivalents, unless there are restrictions on their replacement or use to pay any liabilities for a period of not less than twelve months after the financial year.
- All other assets are classified as "non-current".

All liabilities are current as follows:

- When it is expected to be paid during the normal business cycle.
- If it is acquired primarily for the purpose of trading.
- When it matures within twelve months after the fiscal year, or
- When there is no unconditional right to defer the payment of liabilities for a period of not less than twelve months after the financial year.

All other liabilities are classified as "non-current".

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciations and any impairment losses, if any. Cost includes expenditure that is directly attributable to acquisition of asset. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Expenditures on maintenance and repairs are expensed, while expenditures for improvements are capitalized. Depreciation is computed using the straight line method based on

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
PROPERTY, PLANT AND EQUIBMENT (CONTINUED)

the estimated useful lives of the assets. Sold or disposed asset and its accumulated depreciation are written-off at the date of sale or disposal. Profit or loss on disposal is recognized in the statement of profit or loss. The estimated useful lives of the principal classes of assets are:

Statement	Years
Buildings and roads	10-30
Property and equipment	4-20
Furniture and fixtures	5-20
Trucks and forklifts	7
Water wells	4

Depreciation method and useful lives are reviewed periodically to ensure that depreciation method is appropriate with the expected economic benefits of property, plant and equipment.

Projects under Construction

The cost of projects under construction is calculated on the basis of the actual cost and is shown as projects under construction until they are completed and then transferred to the various items within the property, plant and equipment, and then their depreciation begins.

Impairment of assets

At each statement of financial position date, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If there is any indication that assets have suffered an impairment loss, the recoverable amount of any affected asset (or group of assets) is estimated and compared to the its carrying amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses other than goodwill, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Intangible assets

Intangible assets that include softwares which the Company has acquired and have a useful life of 5 to 10 years re measured at cost, less accumulated amortization and any accumulated impairment losses, if any.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in a specific asset to which they relate, and all other expenses that are internally generated are recognized in the statement of profit or loss when incurred. Costs of intangible assets are calculated less the residual value using the straight-line basis over their estimated useful lives and are recognized in the statement of profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that relate directly to the purchase or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through the statement of profit or loss) are added to the fair value of financial assets and financial liabilities or deducted from them, as appropriate, upon initial recognition. Transaction costs that are directly related to the purchase of financial assets and liabilities and are measured at fair value through the statement of profit or loss are recognized directly in the statement of profit or loss.

assets and is determined at the time of initial recognition. A regular way to purchase or sale of financial assets is recognized using trade date. A regular way purchase or sale is a purchase or sale of a financial asset under a :

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

First: Financial assets

Financial assets are classified into the following specified categories: Financial assets 'at FVTPL, FVOCI, and financial assets measured at amortized cost. The classification depends on the nature and purpose of the financial contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A) Financial assets measured at fair value through profit or loss

Financial assets are measured at fair value through the statement of profit or loss if they have been acquired or held for the purpose or selected to be classified in this category.

Financial assets are classified as held for trading if:

- If they were acquired mainly to be sold in near future.
- If they represent known portfolio of financial instruments managed by the Company and includes the actual pattern of a financial instrument that generates profits in the short term.
- If they represent a derivative but not classified or effective as a hedging instrument.

Financial assets measured at fair value through the statement of profit or loss are stated at their fair value, and any gain or loss resulting from the revaluation is recognized in profit or loss.

Net profit or loss includes any dividends or interest due from the financial asset and is included in the statement of profit or loss.

B) Financial assets measured at amortised cost

Accounts receivable, including trade and other receivables, bank balances and cash are measured at amortized cost using the effective interest method less any impairment loss, and charged to the profit or loss.

Interest income is determined using the effective interest rate, except for short-term receivables when the discount effect is insignificant.

C) Financial assets measured at Fair value through other comprehensive income (FVOCI)

Profits and losses arising from changes in fair value are included in the statement of other comprehensive income and are added to statement of accumulated changes in fair value of investments within equity other than impairment losses which are included in the statement of profit and loss. If investment is disposed or suffered an impairment, profits and losses resulted from previous evaluation which were recognized in investment revaluation reserve are included in the statement of other comprehensive income.

Dividends income from investments is recognized in equity instruments at fair value through the statement of other comprehensive income when the Company's right to receive payment has been established and is shown as income in the statement of profit or loss unless dividends clearly represent a recovery of part of the investment cost. Other profits and losses are recognized in statement of other comprehensive income and are never reclassified to the statement of profit or loss.

Second: Financial liabilities:

Financial liabilities (including loans and accounts payable) are measured subsequently at mortised cost using the effective interest method.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of disposed financial liabilities and amount paid is charged to the statement of profit or loss.

- Effective interest rate method

The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for distributing interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (Including all fees and points paid or received, which form an integral part of the effective interest rate, transaction costs, installments or other discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realizable value, except for spare parts and raw materials that are stated at cost. Costs of inventories are determined on weighted average basis. The Cost of finished and under process goods includes the cost of materials, labor and indirect industrial costs that contribute to the conversion of raw materials into a final product. Net realizable value is the estimated selling price in the ordinary course of business, less any costs to complete the sale. A provision for obsolete and slow moving items based on management estimates at the reporting date.

Related parties

Related party is the person or entity associated with the company that prepares its financial statements.

A) If the person or a member of his family is closely related to the company whose financial statements are prepared:
- Has joint control or control over the company preparing its financial statements;
- It has a material impact on the company preparing its financial statements. or
- He is a member of the top management of the company whose financial statements are prepared or the parent company of the company that prepares its financial statments.

B) If the facility is related to the company that prepares its financial statements if any of the following conditions are fulfilled:
- The establishment and the company that prepares its financial statements are members of the same company (which means that both the parent company, subsidiaries and associates have a relationship with the other).
- One of the two companies is an associate or a joint venture of the other company (or an associate or a joint venture of a member of the company of which the other company is a member).
- Both companies are joint ventures of the same third party.
- One of the two companies is a joint venture of a third company and the other company is an associate of the third company.
- A company is a post-employment benefit plan for the employees of any company that prepares its financial reports or a company related to the company that prepares its financial statements. If the company preparing its financial statements is the same as preparing those plans, the sponsoring work sponsors are also related to the company that prepares its financial statements.
- The company is jointly controlled or controlled by a person specified in Paragraph (a).
- The person identified in paragraph (a) (1) has a material influence on the company or is a member of the top management in the company (or the parent company).
- The company or any member of the company provides part of the services of senior management employees of the company that prepares its financial statements or to the parent company of the company that prepares its financial statements.

Accounts receivable

Accounts receivable are stated at the original amount of invoice, less provision for expected credit losses. An allowance against expected credit losses is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Bad debts are written off as incurred against related receivables. Provisions are charged to the statement of profit or loss. Any receivables recovered subsequently that were previously written off are recorded under other revenues statement of profit or loss.

Cash and cash equivalent

Cash and cash equivalent comprise cash on hand and bank balances, time deposits and other highly liquid short-term investments with original maturities of three months or less from the acquisition date which are available to the Company without restrictions and which is subject to insignificant risk of changes in value.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans

Borrowings are initially recognised at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, long-term borrowings are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

Provision for dismantling, removing and rehabilitation of areas subject to franchise license

Provision for dismantling, removal and rehabilitation of areas subject to the concession license is measured at the present value of the expected cost of restoring the concession site using the discount rate as at the start date of the concession contract.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.
Provisions are measured to the best of the expected fair value of the liability as at the balance sheet date, taking into account risks and uncertainties surrounding the obligation. When an allowance is measured using estimated cash flows to settle the present obligation, the receivable is recognized as an asset if the receipt and replacement of the amount are confirmed and the amount can be measured reliably.

Employees' benefit

- End of service indemnities

The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur and are not charged to the statement of profit or loss.

- Retirement benefits

The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. These payments are expensed when incurred.

- Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits related to wages and salaries are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.
Liabilities recognized in respect of short-term employee benefits are measured at the un-discounted amount of the benefits expected to be paid in exchange for the related service.

Accounts payable, accrued expenses and other credit balances

Liabilities are recognized for amounts to be paid in future for services received, whether billed or not by suppliers.

Value added tax

Expenses and assets are recognized net of value added tax, with the exception of:
- Where the value-added tax incurred on the purchase of assets or services is not recoverable from the Zakat, Tax and Customs Authority, in which case the value-added tax is recognized as part of the cost of purchasing the asset or as part of the expense item, as appropriate When listing accounts receivable and accounts payable with the VAT amount .

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Zakat provision

Zakat is a liability on the Company and provided for in the accompanying financial statements. Zakat is charged to the statement of profit or loss on an accruals basis, in accordance with Zakat standard issued by SOCPA. where it is calculated for the year in accordance with the principle of accrual.

The zakat charge is computed at year-end on Zakat base or adjusted net income whichever is higher, in accordance with the regulations of the Zakat, Tax and Customs Authority in Saudi Arabia.

Additional amounts that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

Board of directors remunerations

According to the international financial reporting standards adopted in the Kingdom of Saudi Arabia, the remuneration of the members of the board of directors is recorded through the statement of profit or loss .

- Revenue from the sale of any by-products resulting from industrial waste is treated as other revenue in the profit or loss statement.

Revenue

- If the company differentiates between the selling price of the product at the delivery location at its headquarters and the selling price of the same product delivered to the customer's location, the resulting difference will be treated as transportation revenue, and the corresponding cost will be included in selling and marketing expenses.
- Revenue from sale of any by-products from industrial waste is recorded as other income in the statement of profit or loss.

Revenue is recognized when the Company fulfills its obligations in contracts with customers with an amount that reflects the material compensation that the entity expects for goods or services. Specifically, the standard provides a five-step model for revenue recognition:

Step 1: Identify the contract with the customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when or as the entity satisfies a performance obligation.

- Revenue is recognized when the contractual obligations are performed, i.e. when control over goods or services related to performance of a specified obligation is transferred to the customer and the customer is able to use goods without restrictions or benefit from services provided under the contract.
- If the Company separated a product selling price from its location or delivered to customer's location, the difference arising from this separation will be considered other revenue and its corresponding cost will be charged to selling and marketing expenses.

Other income

Other income are recognized when realized.

Expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of revenue or selling and marketing expenses. Sales and marketing expenses include all expenses related to selling and marketing.

Leases

Company as a lessor

The company recognizes lease payments received under the lease contracts as income in the statement of profit or loss on a straight-line basis over the term of the lease.

Company as a lessee

Upon initiation of non-cancellable operating leases, the leased asset is identified and defined as the "right to use the leased asset" and is measured at cost with an appropriate discount on the relevant components of the lease term and payment obligations including the initial direct cost, terms and incentives mentioned in the basic lease agreement after measurement First and foremost, the "right o use the leased asset" is subsequently measured periodically using a cost model that includes initial measurement and any re-measurement adjustments minus accumulateddepreciation.

4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Company as a lessee (Continued))

The company depreciates the asset of the right of use over the estimated period of the lease contract using the straight-line method.

On the lease commencement date at the net present value of all unpaid lease payments as on that date discounted at an appropriate rate. After initial measurement, 'lease liabilities' are measured periodically by increasing the carrying cost to reflect the interest cost on future unpaid lease liabilities and any re-measurement adjustment minus the lease payments made up to that date.

An appropriate depreciation rate and an appropriate profit rate are applied to the "right to use the leased asset" and the "lease liability" respectively. This depreciation, interest and financing expenses are charged to the statement of profit or loss.

Short-term and low-value leases

The Company has chosen not to prove the assets (right to use) and lease obligations for short-term leases of 12 months or less and low-value lease contracts, the Company recognizes the lease payments associated with these contracts as expenses in the condensed statement of profit or loss on a straight-line basis over a period lease.

Contingent Liabilities and assets

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Offset

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Earnings per share

Basic and diluted earnings per share are calculated based on the weighted average number of shares outstanding as of year-end.

Segment information

The company is engaged in its activities in one operating sector in the production of cement and is fully operating in the Kingdom of Saudi Arabia. The financial information is not divided into different business segments or geographically.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at year's end. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

5- PROPERTY, PLANT AND EQUIPMENT, NET

	Buildings and roads	Property and equipment	Furniture and fixtures	Trucks and forklifts	Water wells	Total
	SAR	SAR	SAR	SAR	SAR	SAR
Cost						
Balance as at 1 January 2022	305,516,706	755,348,883	1,437,949	37,596,000	1,003,012	1,100,902,550
Additions during the year	**4,834,001**	**382,346**	**202,523**	**427,826**	-	**5,846,696**
Disposal during the year	-	**(2,778,854)**	-	-	-	**(2,778,854)**
Balance as at 31 December 2022	**310,350,707**	**752,952,375**	**1,640,472**	**38,023,826**	**1,003,012**	**1,103,970,392**
Accumulated depreciation						
Balance as at 1 January 2022	53,358,344	194,954,461	1,287,368	27,252,776	984,526	277,837,475
Charged for the year	**10,169,400**	**37,275,935**	**136,268**	**5,152,107**	**18,485**	**52,752,195**
Disposal during the year	-	**(853,862)**	-	-	-	**(853,862)**
Balance as at 31 December 2022	**63,527,744**	**231,376,534**	**1,423,636**	**32,404,883**	**1,003,011**	**329,735,808**
Net book Value						
As at 31 December 2022	**246,822,963**	**521,575,841**	**216,836**	**5,618,943**	**1**	**774,234,584**

- The land, on which the plant is constructed under a raw material quarry license granted to the Company by the Ministry of Energy, Industry and Mineral Resources for the exploitation of limestone to manufacture ordinary Portland cement from Hurra Hodun location (2), in Taif is a city in the Mecca Province, is Sqm 24,537.
- The entire factory, its buildings, machinery, equipment and related accessories are mortgaged as a guarantee for SIDF loan (Note 16)
- On Shaaban 8, 1444 AH (corresponding to March 12, 2023), the company's board of directors decided to exclude the cost of the gearbox of cement mill No. (1) from property, machinery and equipment, due to the ineffectiveness of its maintenance, provided that the gearbox is replaced with a new one (Note 30), amounting to Losses on disposal of the gearbox of cement mill No. (1) in the amount of 1,924,992 Saudi riyals .
- Depreciation expenses are allocated as at 31 December as follows:

	2022	2021
	SAR	SAR
Cost of sales	**52,704,346**	52,708,375
Selling and marketing expenses (note 23)	**22,500**	33,969
General and administrative expenses (note 24)	**25,349**	21,311
	52,752,195	52,763,655

5-PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

	Buildings and roads	Property and equipment	Furniture and fixtures	Trucks and forklifts	Water wells	Total
	SAR	SAR	SAR	SAR	SAR	SAR
Cost						
Balance as at 1 January 2021	305,516,706	755,165,202	1,421,444	37,596,000	1,003,012	1,100,702,364
Additions during the year	-	183,681	16,505	-	-	200,186
Balance as at 31 December 2021	305,516,706	755,348,883	1,437,949	37,596,000	1,003,012	1,100,902,550
Accumulated depreciation						
Balance as at 1 January 2021	43,229,190	157,692,618	1,093,680	22,148,776	909,556	225,073,820
Charged for the year	10,129,154	37,261,843	193,688	5,104,000	74,970	52,763,655
Balance as at 31 December 2021	53,358,344	194,954,461	1,287,368	27,252,776	984,526	277,837,475
Net book Value						
As at 31 December 2021	252,158,362	560,394,422	150,581	10,343,224	18,486	823,065,075

6- INTANGIBLE ASSETS, NET

The item of intangible assets in the system used in the operating activities of the company "SAB", in addition to the exploration fees for the private quarry for the extraction of limestone, is amortized over a period ranging from (5) years to (10) years.

The movement on intangible assets as at 31-December 2022 is as follows:

	Programs SAR	Exploration fee SAR	Total SAR
Cost			
Balance at the beginning of the year	1,756,257	-	1,756,257
Additions during the year	**26,058**	**1,244,810**	**1,270,868**
Balance at the end of the year	**1,782,315**	**1,244,810**	**3,027,125**
Accumulated amortization			
Balance at the beginning of the year	1,450,721	-	1,450,721
Charged for the year*	**164,330**	**5,116**	**169,446**
Balance at the end of the year	**1,615,051**	**5,116**	**1,620,167**
Net book Value 31 December 2022	**167,264**	**1,239,694**	**1,406,958**
Net book Value 31 December 2021	305,536	-	305,536

The additions made to the exploration fees are represented in the costs spent on studies related to the exploration of the new quarry, which is related to the extraction of limestone (Note 18).

*Amortization expenses are allocated as follows:

	31 December 2022 SAR	31 December 2021 SAR
General and administrative expenses (note 24)	**100,340**	287,261
Cost of sales	**69,106**	63,990
	169,446	351,251

7- LEASES

The following table shows the movement during the year that took place on both the right of use assets and lease liabilities, and it is as follows:

	Right of use assets (Buildings) SAR	Right of use assets (Cars) SAR	Total right of use assets SAR
Cost			
Balance as at 1 January 2022	**2,851,096**	**1,081,896**	**3,932,992**
Additions during the year	**228,753**	**905,483**	**1,134,236**
Balance as at 31 December 2022	**3,079,849**	**1,987,379**	**5,067,228**
Aaccumulated depreciation			
Balance as at 1 January 2022	**1,936,139**	**791,563**	**2,727,702**
Charged for the year*	**463,060**	**293,433**	**756,493**
Balance as at 31 December 2022	**2,399,199**	**1,084,996**	**3,484,195**
Net book Value			
Balance as at 31 December 2022	**680,650**	**902,383**	**1,583,033**

7- LEASES (CONTINUED)

*Depreciation of right-of-use assets is classified as follows:

	31 December 2022 SAR	31 December 2021 SAR
General and administrative expenses (note 24)	**390,553**	390,553
Cost of sales	**208,727**	261,227
Selling and marketing expenses (Note 23)	**157,213**	159,678
	756,493	811,458

	Right of use assets (Buildings) SAR	Right of use assets (Cars) SAR	Total right of use assets SAR
Cost			
Balance as at 1 January 2021	2,851,096	1,081,896	3,932,992
Balance as at 31 December 2021	2,851,096	1,081,896	3,932,992
Accumulated Depreciation			
Balance as at 1 January 2021	1,485,229	431,015	1,916,244
Charged for the year	450,910	360,548	811,458
Balance as at 31 December 2021	1,936,139	791,563	2,727,702
Net book Value			
Balance as at 31 December 2021	914,957	290,333	1,205,290

A-Movement on leases liabilities as follows:

	31 December 2022 SAR	31 December 2021 SAR
Balance at the beginning of the year	**1,150,121**	1,975,477
Additions during the year	**1,134,236**	-
Amortization of interest during the year (note 25)	**53,110**	72,556
Paid during the year	**(845,318)**	(837,912)
Accrual amounts	**-**	(60,000)
Balance at the end of the year	**1,492,149**	1,150,121

- Lease liabilities are classified as follows:

	31 December 2022 SAR	31 December 2021 SAR
Non-current portion	**615,721**	511,425
Current portion	**876,428**	638,696
	1,492,149	1,150,121

8- FINANCIAL INVESTMENTS AT FVOCI

Financial investments represent investments in equity instruments of listed companies that are accounted for at FVOCI. The following is a statement of these investments:

Statement	Cost at the beginning of the year SR	Reserve for revaluation of financial investments at fair value through other comprehensive income: At the Beginning Of The Year SAR	Revaluation Profits During The Year SAR	At The End Of The Year SAR	Fair value as at the end of the year SAR
International Water and Energy Works Company (Aqua Power)	42,504	14,168	34,408	48,576	76,912
	42,504	14,168	34,408	48,576	76,912

9- INVENTORY

	31 December 2022 SAR	31 December 2021 SAR
Goods in production process*	297,182,109	227,383,362
Spare parts	20,680,280	17,151,915
Raw materials	6,216,685	9,182,176
Finished goods	5,449,244	5,296,745
Fuel and oil	2,257,068	3,403,984
Packaging and other materials	3,223,756	1,522,388
	335,009,142	263,940,570

* Goods in production process mainly comprise of clinker material. As at 31 December 2022, clinker inventory balance amounted to SAR 295, 6 million (31 December 2021: SAR 224,9 million). Clinker is a basic material used by the Company in the production of cement (finished goods). This material is stored in large areas of the plant and can maintain their quality for five years, according to estimation of production management of the Company.

10- COVER LETTER OF GUARANTEE

This item is represented in a letter of guarantee issued in favor of the Ministry of Industry and Mineral Resources in return for supplying the company with fuel and the company's commitment to establish a white cement factory. The value of this letter amounted to 100 million SAR as of December 31, 2022 (December 31, 2021 the amount of 100 million SAR). The letter is covered by 50% of its value, or the amount is used against the facilities for the purpose of issuing a bank guarantee, and during the first quarter of 2022 , the company transferred the amount as a deposit in exchange for this facility, and the balance of the bank guarantee cover after the transfer as on December 31, 2022 was Nil (note 11), (December 31, 2021: 50 million SAR).

11- DEPOSIT AGAINST BANK GUARANTEE COVER

The company signed a facility agreement with Riyad Bank on March 21, 2021, with the possibility that the cash insurance amounting to 50 million SAR, which represents 50% of the cash cover of the letter of guarantee, will be in favor of the Ministry of Industry and Mineral Resources, or this amount will be used as a deposit against the facilities for the purpose of issuing this guarantee During the first quarter of 2022, the company transferred the amount as a deposit in exchange for this facility, provided that a letter of guarantee is issued in favor of the Ministry of Industry and Mineral Resources in return for supplying the company with fuel and the company's commitment to establish a white cement factory (Note 10). Provided that the returns of this deposit are due on a quarterly basis at variable rates, as the returns during the year ending on December 31, 2022 amounted to 1,034,237 SAR (Note 26) so that the total value of the deposit as on December 31, 2022 amounted to 51,034,237 SAR (Note 30).

12- ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND OTHER RECEIVABLES, NET

	31 December 2022 SAR	31 December 2021 SAR
Accounts receivable	**7,583,811**	8,438,266
(Less): Provision for expected credit loss	**(872,929)**	(430,703)
Net accounts receivable	**6,710,882**	8,007,563
Prepaid expenses	**13,178,224**	11,547,215
(Less): Legal case impairment *	**(10,000,000)**	-
	9,889,106	19,554,778
Prepayments to contractors and supplier	**1,099,787**	74,942
	10,988,893	19,629,720

Below is the movement in provision for expected credit losses:

	31 December 2022 SAR	31 December 2021 SAR
Balance at the beginning of the year	**430,703**	430,703
Charged during the year (note 23)	**442,226**	-
Balance at the end of the year	**872,929**	430,703

The following table shows accounts receivable aging of the Company as follows:

	31 December 2022 SAR	31 December 2021 SAR
From 1 to 90 days	**6,702,333**	6,752,042
From 91 to 180 days	**13,216**	866,915
From 181 to 360 days	-	417,103
More than 360 days	**868,262**	402,206
	7,583,811	8,438,266

*There is a case against the company by one of the regulatory authorities in Saudi Arabia, where the company was notified on 5 Rabi` al-Awwal (corresponding to 11 October 2021) of the decision to impose a fine of SAR 10 million on the company which was paid and intercepted later. The company and its legal advisor have filed proceedings against at the Administrative Court in Riyadh a preliminary ruling annulled the decision of the Board of Directors of the Public Authority and the trial judgement was again overturned after a ruling The Company and its Legal Counsel submitted a cassation application to the Supreme Court, in accordance with management's estimates that the final outcome of that case cannot be determined until the date of the concerned financial statements, Nevertheless, the company has proven a provision for the amount paid on the statement of profit or loss.

13- CASH AND CASH EQUIVALENT

	31 December 2022 SAR	31 December 2021 SAR
Bank balances	**5,381,388**	19,481,979
Cash on hand	**26,383**	23,926
Highly liquid financial investments*	**483,705**	17,284,436
	5,891,476	36,790,341

*The amount represents the value of an investment in the units of Al-Rajhi Commodity Mudaraba Fund, in addition to speculation in treasury and corporate businesses at Bank Albilad which is a highly liquid investment and the risk rate is low, and profits were made from that investment during the year ending on 31 December 2022, amount to SAR 699,269 (31 December 2021: SAR 989,108) included in (Expenses)/ other revenue (Note 26).

14- STATUTORY RESERVE

As per the Regulations for Companies in Saudi Arabia, and the articles of association of the company a statutory reserve of 10% of net income must be appropriated until the reserve equals 30% of the share capital. The reserve is not available for distribution as dividends to Shareholders.

15- Correcting the mistakes of previous years

At the end of the current year 2022, the company found that there was an error in calculating the accrual of the limestone exploitation expense, which is due in favor of the Ministry of Industry and Mineral Resources, as a result of the issuance of the update of the executive regulations of the new mining investment system on 9 Jumada Al-Awwal 1442 (corresponding to December 24, 2020), which did not The company applied it in a timely manner, and accordingly, the company's management re-presented its financial statements by amending the items of the previous financial statements that were affected by this error in line with the requirements of IAS No. (8) "Change in accounting policies, change in accounting estimates and accounting errors."

The following tables summarize the impact on the statement of financial position, statement of profit or loss, other comprehensive income, and Statement of changes in equity for the year ending on December 31, 2021 as follows:

	As 31/12/2021		
Statement of financial position	**Balance before adjustment**	**adjustment**	**Balance after adjustment**
Inventory	255,086,382	8,854,188	263,940,570
Total current assets	361,506,443	8,854,188	370,360,631
Total assets	1,186,124,848	8,854,188	1,194,979,036
Retained earnings	169,685,593	3,424,223	173,109,816
Total equity	749,076,189	3,424,223	752,500,412
Accounts payable, accrued expenses and other payables	47,296,168	5,429,965	52,726,133
Total current liabilities	105,613,857	5,429,965	111,043,822
Total liabilities	437,048,659	5,429,965	442,478,624

	As 31/12/2021		
Statement of profit or loss and other comprehensive income	**Balance before adjustment**	**adjustment**	**Balance after adjustment**
Cost of sale	(163,113,516)	3,424,223	(159,689,293)
Gross profit	115,719,334	3,424,223	119,143,557
Operating profit	102,192,062	3,424,223	105,616,285
Profit before zakat	85,635,042	3,424,223	89,059,265
Net profit for the year	78,012,178	3,424,223	81,436,401
Total comprehensive income for the year payables	78,186,715	3,424,223	81,610,938
Basic and diluted earnings per share in net profit for the year	1.42	0,06	1,48

	As 31/12/2021		
Statement of changes in Equity	**Balance before adjustment**	**adjustment**	**Balance after adjustment**
Retained Earnings	169,685,593	3,424,223	173,109,816
Total Equity	749,076,189	3,424,223	752,500,412

16- SAUDI INDUSTRIAL DEVELOPMENT FUND LOAN

Movement of the Saudi Industrial Development Fund Loan is as follows:

	31 December 2022 SAR	31 December 2021 SAR
Balance at the beginning of the year	**378,000,000**	468,000,000
Loan payments during the year	**(55,000,000)**	(90,000,000)
Balance at the end of the year	**323,000,000**	378,000,000
(Less)		
Deferred administrative financing costs*	**(5,369,282)**	(10,313,153)
Balance at the end of the year	**317,630,718**	367,686,847
Loan balance is classified as follows:		
SIDF loan: current portion	**111,572,279**	50,056,129
SIDF loan - non-current portion	**206,058,439**	317,630,718

*The following table shows the movement of deferred administrative finance costs:

	31 December 2022 SAR	31 December 2021 SAR
Balance at the beginning of the year	**10,313,153**	16,517,706
Amortization of deferred administration finance costs (note 25)	**(4,943,871)**	(6,204,553)
Balance at the end of the year	**5,369,282**	10,313,153

- On 21 May 2014, the Company signed long-term loan agreement with the Saudi Industrial Development Fund (SIDF) by amount SAR 678,000,000 to finance establishing a cement production plant. The loan is guarantee by mortgage the Company's buildings, machines and equipment to the Fund (note 5). The loan agreement included covenants regarding maintaining some financial ratios. The loan will be paid in 16 installments. The first installment was due on 15 Safar 1439H (4 November 2017) and the last installment is due on 15 Shaban 1446H (14 February 2025).
- On 23 Dhu al-Qi'dah 1438H (15 August 2017), contract extension was signed to amend the original terms the loan which included decreasing the loan amount to SAR 656,876,000, amending the payments to be 15 semi-annual atypical installments and amending first installment due date to be 15 Shaban 1439H (1 May 2018) without amending the last installment due date.
- Deferred finance costs represent fee deducted in advance upon receipt of the loan.These fees are amortized over the term of the related loan using the effective interest rate. Follow-up fees have incurred in these loans.

Below are maturities of SIDF loan:

Year	31 December 2022 SAR	31 December 2021 SAR
2022	-	55,000,000
2023	**115,000,000**	115,000,000
2024	**134,000,000**	134,000,000
2025	**74,000,000**	74,000,000
	323,000,000	378,000,000

17- CREDIT FACILITIES

The Company signed a Shariah-compliant credit facilities agreement with a bank on 23 April 2019 and renewed on 21 March 2021 with an amount of SAR 157.5 million. The facilities expire on 21 March 2024 and they are guarantee with a promissory note issued for the bank by the Company amounting to SAR 160 million. The purpose of the facilities is to finance the requirements of the Company's working capital, capital purchases and letters of credit. The company has not use any of these banking facilities during the year 2021, 2022.

18- PROVISION FOR DISMANTLING, REMOVING AND REHABILITATION OF AREAS SUBJECT TO FRANCHISE LICENSE

The provision for dismantling, removing and rehabilitating areas subject to a concession license is represented in the present value of the expected cost of re-leveling the concession site for the company's factory land. During the year 2018, the company appointed an expert specialized in the fields of estimating the current values of the allocations and the residual values of property, machinery and equipment (Astroplan) in order to estimate the present value For the provision of jaw and removal.

The company's management prepared a technical study for the company's limestone quarry, which showed that the company's quarry suffers from a lack of highly concentrated limestone materials, which are mainly used in the production of clinker used in the production of cement. The company has made a preliminary study in the area adjacent to the company's quarry, Which initially showed the presence of a highly concentrated lime stock, and accordingly, during December 2020, the company applied to the platform of the Mineral Resources Agency to obtain an exploration license for that area, and on December 28, 2021, the company obtained a license to explore limestone ore No. 1443331, provided that the period ends Exploration in the license On 24 Jumada al-Awwal 1444 corresponding to December 18, 2022, On December 17, 2022, Ministerial Resolution No. 503/3/1444 was issued granting the company a mining license to exploit limestone ore for industry from a site in Radwan - the main Taif-Riyadh road in the Taif Governorate of the Emirate of the region Makkah Al-Mukarramah, the period of the license granted to the company is ten years, the cost of rehabilitation of the quarry after the end of the exploitation period amounted to 6,727,147 SAR, based on an estimate and calculation of an expert specialized in the areas of estimating the current values of provisions.

Movement in provision for dismantling, removing and rehabilitation is as follows:

	31 December 2022 SAR	31 December 2021 SAR
Present value of provision for dismantling, removing and rehabilitation	**4,105,867**	4,105,867
Present value additions Provision for rehabilitation of new quarries during the year	**3,756,403**	-
The total present value of the provision for dismantling, removal and rehabilitation	**7,862,270**	4,105,867
Actual interest		
Actual interest at the beginning of the year	**5,960,156**	4,902,845
Actual interest charged for the year (note 25)	**1,013,552**	1,057,311
Actual interest at the ending of the year	**6,973,708**	5,960,156
Total present value of provision for dismantling, removing and rehabilitation	**14,835,978**	10,066,023

19- EMPLOYEES' BENEFIT OBLIGATIONS

A- The company determines the current value of the employee benefit obligations by making an actuarial valuation using the projected credit unit method, after taking into account the following set of assumptions:

	31 December 2022	31 December 2021
Discount rate	**4,75%**	2.3%
Benefits increase rate	**5%**	3%

19- EMPLOYEES' BENEFIT OBLIGATIONS (CONTINUED)

B- The movement in employees benefit obligations is as follows:

	31 December 2022 SAR	31 December 2021 SAR
Employees benefits obligations balance the beginning of the year	**3,226,636**	3,499,823
Charged to the statement of profit or loss		
Cost of current service	**620,933**	651,891
Interest cost	**82,936**	-
Charged to statement of other comprehensive income		
Actuarial profit from re-measurement of employees benefit obligation	**(369,870)**	(160,369)
Paid during the year	**(480,621)**	(764,709)
Employees benefits obligations balance at the end of the year	**3,080,014**	3,226,636

C- Defined benefit liability sensitivity

		31 December 2022 SAR	31 December 2021 SAR
	Base		
Rate of change in salaries	Increase by 0,5% - 1%	**3,165,672**	399,393
	Decrease by 0,5% -1%	**2,999,134**	350,026
	Base		
Discount rate	Increase by 0,5% - 1%	**2,979,072**	349,043
	Decrease by 0,5% -1%	**3,187,973**	406,513
Assumption of a statistical study of employees Membership data			
Average age of employees (years)		**36**	36
Average years of past experience		**14**	15

20- ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2022 SAR	31 December 2021 SAR
Contractors and suppliers receivables	**30,196,359**	22,730,938
Exploitation fees - Ministry of Energy, Industry and Mineral Resources (A)	**29,683,958**	14,117,648
Retention amounts for maintenance works (B)	**5,365,300**	5,365,300
Accrued expenses	**2,919,558**	2,350,600
Follow-up fees of SIDF Loan (C)	**2,050,170**	2,273,898
Amounts accrued to employees	**1,798,315**	2,398,220
Advances from customers	**660,793**	1,272,535
Value added tax and withholding tax	**320,198**	2,216,994
	72,994,651	52,726,133

A) The amount represent due to Ministry of Energy, Industry and Mineral Resources, according to the license granted to the Company for the exploitation of Limestone in the licensed area.

B) The Amount represents in provision charged for maintenance of the company's silos during the subsequent period.

C) SIDF loan follow-up fees represent amounts due on the loan granted by the SIDF to the Company for the project, in accordance with the agreement signed with SIDF (note 16)

21- ZAKAT PROVISION

A) The principal elements of Zakat base are the following:

	31 December 2022 SAR	31 December 2021 SAR
Equity, provisions at the beginning of the year, and other adjustments	**738,750,412**	1,102,269,537
Long-term assets	**(795,289,742)**	(891,256,153)
Adjusted net income	**32,210,988**	87,344,246

B) The following is the movement in estimated Zakat provision:

	31 December 2022 SAR	31 December 2021 SAR
Balance as at the beginning of the year	**7,622,864**	7,684,679
Charged during the year	**8,049,477**	7,622,864
Paid during the year	**(7,622,250)**	(7,684,679)
Balance as at the end of the year	**8,050,091**	7,622,864

C) The company submitted zakat returns for the previous years and up to the year 2021 and the zakat certificate was obtained for that year.

22- Sales and cost of sales

-The company's revenues are represented by sales resulting from bulk and packaged cement, and there are no other products for the company. The company's products are sold inside the Kingdom of Saudi Arabia. The company sells its products entirely through distributors, and the sale takes place at a point of time and sales do not take place over a period of time. The company's sales as at December 31, 2022: 221,216,841 Saudi riyals (2021: 278,832,850 SAR).

-The cost of sales is mainly represented by the cost of raw materials, direct wages, fuel, energy, spare parts and depreciation. The cost of sales as on December 31, 2022: 150,389,686 SAR (2021: 159,689,293 SAR).

23- SELLING AND MARKETING EXPENSES

	2022 SAR	2021 SAR
Salaries, wages and other benefits	**3,107,611**	2,956,869
Provision for expected credit losses (note 12)	**442,226**	-
Depreciation of right of use asset (note 7)	**157,213**	159,678
Rents	**32,103**	11,525
Depreciation of property, plant and equipment (note 5)	**22,500**	33,969
Others	**471,396**	253,639
	4,233,049	3,415,680

24- GENERAL AND ADMINISTRATIVE EXPENSES

	2022 SAR	2021 SAR
Salaries, wages and other benefits	**6,089,672**	6,016,363
Remunerations and allowances of BOD members	**2,137,000**	1,605,500
Consultancy and professional fees	**575,964**	394,209
Shareholders' register management expenses	**528,940**	535,356
Depreciation of right of use asset (note 7)	**390,553**	390,553
Technical support for computer software	**332,209**	354,851
Goverment fees	**230,126**	112,068
Medical insurance	**221,286**	252,953
Amortization of intangible assets (note 6)	**100,340**	287,261
Depreciation of property, plant and equipment (note 5)	**25,349**	21,311
Others	**206,815**	141,167
	10,838,254	10,111,592

25- FINANCE COSTS

	2022 SAR	2021 SAR
SIDF loan follow-up fees (note 16)	**7,580,271**	9,624,853
Amortization of deferred administrative financing costs for the fund loan (note 16)	**4,943,871**	6,204,553
Bank fees renewal letter of guarantee	**1,250,000**	642,123
Unwinding of discount for provision for the rehabilitation of areas subject to franchise license (note 18)	**1,013,552**	1,057,311
Amortization of lease liabilities interest (note 7)	**53,110**	72,556
	14,840,804	17,601,396

26- OTHER REVENUE

	2022 SAR	2021 SAR
Deposit earnings cover letter of guarantee (note11)	**1,034,237**	-
Profits from highly liquid financial investments (note 13)	**699,269**	989,108
Others	**168,125**	235,539
	1,901,631	1,224,647

27- RISK MANAGEMENT AND FAIR VALUE

Liquidity risks

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments that the company commits to in the interest of others.

To reduce the liquidity risk and associated losses which may affect the business of the Company, the company maintains, wherever possible, sufficient highly liquid current assets in all business conditions. The Company avoids financing long-term capital requirements through short-term borrowing. Long-term projects are currently funded with long-term loans only. The Company has a highly dynamic cash flow policy and a system by which it can estimate the maturity dates of its liabilities and develop appropriate plans to provide the required funding to meet these liabilities in a timely manner.

The following is the maturities of assets and liabilities as at 31 December 2022, and 31 December 2021:

31 December 2022	3 months or less SAR	More than 3 months to 1 year SAR	More than 1 year up to 10 years SAR	No specific maturity dates SAR	Total SAR
Assets					
Margin letter of guarantee	-	-	-	51,034,237	51,034,237
Accounts receivable	7,583,811	-	-	-	7,583,811
Total	7,583,811	-	-	51,034,237	58,618,048
Liabilities					
Saudi Industrial Development Fund (SIDF) Loan	55,000,000	60,000,000	208,000,000	-	323,000,000
Provision for dismantling, removing and rehabilitation of areas subject to franchise license	-	-	3,772,493	11,063,485	14,835,978
Lease liabilities	123,363	753,065	615,721	-	1,492,149
Employees' benefit obligations	-	-	-	3,080,014	3,080,014
Accounts payable, accrued expenses and other credit balances	72,994,651	-	-	-	72,994,651
Zakat provision	-	8,050,091	-	-	8,050,091
Total	128,118,014	68,803,156	212,388,214	14,143,499	423,452,883

31 December 2021	3 months or less SAR	More than 3 months to 1 year SAR	More than 1 year up to 10 years SAR	No specific maturity dates SAR	Total SAR
Assets					
Margin letter of guarantee	-	-	-	50,000,000	50,000,000
Accounts receivable	8,438,266	-	-	-	8,438,266
Total	8,438,266	-	-	50,000,000	58,438,266
Liabilities					
Saudi Industrial Development Fund (SIDF) Loan	-	55,000,000	323,000,000	-	378,000,000
Provision for dismantling, removing and rehabilitation of areas subject to franchise license	-	-	-	10,066,023	10,066,023
Lease liabilities	96,978	541,718	511,425	-	1,150,121
Employees' benefit obligations	-	-	-	3,226,636	3,226,636
Accounts payable, accrued expenses and other credit balances	52,726,133	-	-	-	52,726,133
Zakat provision	-	7,622,864	-	-	7,622,864
Total	52,823,111	63,164,582	323,511,425	13,292,659	452,791,777

23-RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

Credit risks

Credit risk is the risk that one party may fail to discharge an obligation and will cause the other party to incur a financial loss. The Company is exposed to credit risk on its bank balances and receivables as follows:

	31 December 2022 SAR	31 December 2021 SAR
Cash at banks	**5,865,093**	36,766,415
Accounts receivable, net	**6,710,882**	8,007,563
	12,575,975	44,773,978

Market price risk

Market risk is the risk that arises from changes in the fair value of future cash flows of financial instruments due to changes in market prices. Market rates have 3 types: Interest rate risk, currency risk and other price risks such as Shares price risk and commodity price risk, and includes financial liabilities affected by market price risk on loans, account receivables and payables.

Interest rate risk

Interest rate risk is the risk that arises from changes in the fair value of future cash flows of financial instruments because of a change in the interests rate of the market. The company's financial assets and liabilities as at the balance sheet date, with the exception of long-term loans, are not exposed to interest rate risk. Long-term loans carry interest in addition to credit margin based on prevailing market interest rates.

Currency risk.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's primary transactions are in Saudi riyals and US dollars. Management monitors currency fluctuations.

Fair value

The fair value of the company's financial assets and liabilities is not materially different from carrying amounts that are included in the financial statements.

Capital risks management

The company's policy is to maintain a strong capital base to maintain the confidence of investors, creditors and the market and to maintain the future development of business. The company monitors its capital base using the ratio of net debt to equity, net debt is calculated on the basis of murabahas less Cash and cash equivalents.

The following is the net debt to equity ratio of the company at the end of the year:

	31 December 2022 SAR	31 December 2021 SAR
Long-term financing Murabaha	**317,630,718**	367,686,847
Less: Cash and cash equivalents	**(5,891,476)**	(36,790,341)
Net debt	**311,739,242**	330,896,506
Total Equity	**762,141,634**	752,500,412
Net debt-to-equity ratio	**%41**	44%

28- TRANSACTIONS WITH COMPANY'S SENIOR EXECUTIVES

Related parties represent non-executive directors, key management personnel of the Company who are considered those personnel exercising authority and responsibility for planning, managing and controlling the activities of the Company, directly or indirectly, including the managers. Transactions for the year ended 31 December are:

	Nature of transaction	31 December 2022 SAR	31 December 2021 SAR
Independent BOD members	Remunerations, and allowances	**2,017,000**	1,405,000
Non-executive BOD members	Remunerations, and allowances	-	110,000
Senior management staff	Salaries, Remunerations, and allowances	**3,984,394**	4,440,077
Total		**6,001,394**	5,955,077

29-EARNING PER SHARE

Earnings per share from net income is calculated by dividing the net income for the year by the weighted average number of shares outstanding as at the end of the year amounting 55,000,000 shares (31 December 2021: 55,000,000 shares).

30-CONTINGENT LIABILITIES

- The Company has contingent liabilities arising from an outstanding letter of guarantee amounting to SAR 50 million as at 31 December 2022 (31 December 2021: amounting to SAR 50 million). The letter of guarantee is issued for the Ministry of Energy, Industry and Mineral Resources against supplying the Company with fuel and the Company's commitment to set up a white cement plant. As at 31 December 2022, the letter of guarantee amounted to SAR 100 million (31 December 2021: SAR 100 million) (Note 10 , 11 , 33).
- The company has capital commitments represented in the purchase of a gear box, one of the components of the cement mill No. (1), for an amount of 5,7 Millions SAR. The amount of 1,1 Millions SAR was paid at 20% of its cost, so that the remaining amount amounted to 4,6 Millions SAR.

31- DIVIDENDS

- On Shawwal 9, 1443 AH, corresponding to May 10, 2022, the Ordinary General Assembly held on that date approved the recommendation of the Board of Directors to distribute dividends for the second half of the fiscal year 2021 at 25 halalas per share, which represents 2.5% of the nominal value of the share, amounting to 13,750,000 SAR.
- On Ramadan 16, 1442 AH, corresponding to April 28, 2021, the Ordinary General Assembly held on that date approved the recommendation of the Board of Directors to distribute dividends for the year 2020 at 40 halalas per share, which represents 4% of the nominal value of the share in the amount of 22,000,000 SAR, in addition to the above. The company distributed profits for the first half of the year 2020, amounting to 30 halalas per share, so that the total distributions for the year 2020 (the amount of 70 halalas per share) with a total amount of 38,500,000 SAR.
- Based on the mandate of the Ordinary General Assembly held on 16 Ramadan 1442 AH (corresponding to 28 April 2021) to distribute interim profits on a semi-annual or quarterly basis to shareholders for the fiscal year 2021, the Board of Directors decided in its meeting held on 19 Dhu al-Hijjah 1442 AH (corresponding to 29 July 2021) distributing 50 halalas per share, which represents 5% of the nominal value of the share, with a total amount of 27,500,000 SAR, so that the total dividends during the year ending on December 31, 2021 amounted to 49,500,000 SAR.

32- SIGNIFICANT MATTERS DURING THE YEAR

On August 9, 2022 , a major technical malfunction occurred in one of the components of the cement mill number (1), which caused it to be stopped, which led to a decrease in the amount of sales at a rate of 1161 tons per day, and according to the technical report issued by the technical management in the company's factory and after studying the many options for repair (maintenance), The company's management decided that the perfect option that is in the interest of the company and its shareholders is to be satisfied with replacing that damaged unit with a new unit, which was previously baptized by the manufacturer as a strategic spare part instead of repairing its damaged components, and it is expected that the process of supplying and installing the new unit is expected at the end of October 2023 And the mill will be returned to work normally as before the failure, and accordingly the company's board of directors decided to exclude the cost of the damaged unit of the cement mill (1) of property, machinery and equipment (Note 5), and replace the damaged unit with a new unit (Note 30).

Knowing that the company continues to produce clinker as before.

33- SUBSEQUENT EVENTS

- The new Companies Law issued by Royal Decree M/132 on Dhu al-Hijjah 1, 1443 H (corresponding to June 30, 2022), (hereinafter referred to as the "Law") entered into force on Jumada II 26, 1444 H (corresponding to January 19, 2023), for some The provisions of the system are expected to be fully complied with no later than two years from Jumada II 26 1444 H (corresponding to January 19, 2023). The administration is currently evaluating the impact of the new companies' system and will amend the company's articles of association for any changes to align the articles with the provisions of the system (if any). After that, the company shall present the amended articles of association to the shareholders in the annual extraordinary general meeting for approval.
- The company received a written letter from the Ministry of Energy to release the bank guarantee amounted to 100 million SAR (Note 10, 11, 30) and is in contact with the Ministry of Energy to complete the necessary procedures for releasing the bank guarantee amount.
- Other than the above, and in the opinion of the management, there were no other significant subsequent events after December 31, 2022 and until the date of approval of the financial statements that could have a material impact on the financial statements as of December 31, 2022.

34- APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the board of directors on 28 Shaban 1444 H (corresponding to 20 March 2023).