

EASTERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED
SEPTEMBER 30, 2023
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

EASTERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

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**PKF****Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants****INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS****TO THE SHAREHOLDERS OF EASTERN PROVINCE CEMENT COMPANY (A SAUDI
JOINT STOCK COMPANY)****INTRODUCTION**

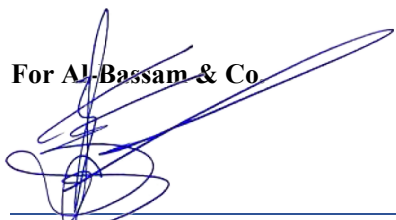
We have reviewed the accompanying consolidated interim statement of financial position of Eastern Province Cement Company (the "Company"), a Saudi Joint Stock Company, and its subsidiary (collectively referred to as the "Group") as at September 30, 2023 and the related consolidated interim statement of profit or loss and other comprehensive income for the three months and nine-months periods then ended, and the related consolidated interim statements of changes in equity and cash flows for the nine-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard no. 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS no. 34 that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.


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Corresponding to: November 9, 2023

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EASTERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023

	Note	September 30, 2023 (Un-audited) SR 000	December 31, 2022 (Audited) SR 000
ASSETS			
Non-current assets			
Property, plant and equipment		744,388	762,090
Intangible assets		795	1,013
Investment properties		88,592	89,816
Right-of-use assets		5,904	7,148
Investments at fair value through OCI	3	625,517	642,020
Investment in an associate	4	179,570	200,434
Prepayments and other assets - non current	6	14,132	11,284
		<u>1,658,898</u>	<u>1,713,805</u>
Current assets			
Inventories, net		619,387	578,601
Trade and retention receivables, net	5	280,572	298,427
Prepayments and other assets - current, net	6	48,465	39,690
Murabaha deposits	7	105,000	130,000
Cash and cash equivalents		78,136	90,827
		<u>1,131,560</u>	<u>1,137,545</u>
TOTAL ASSETS		<u>2,790,458</u>	<u>2,851,350</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	860,000	860,000
Statutory reserve		430,000	430,000
Voluntary reserve		404,639	404,639
Retained earnings		485,468	475,280
Reserve of valuation of equity investments carried at FVOCI	3	188,195	204,698
Actuarial reserves		(16,258)	(14,894)
		<u>2,352,044</u>	<u>2,359,723</u>
LIABILITIES			
Non- current liabilities			
Employees' end of service benefits		97,036	89,778
Other provisions		35,775	35,169
Lease liabilities – non-current		4,295	5,410
		<u>137,106</u>	<u>130,357</u>
Current liabilities			
Accounts payable and other liabilities	9	215,020	265,542
Due to related parties	10	282	5,207
Dividends payables		61,321	60,789
Lease liabilities – current		1,883	1,808
Zakat provision	11	22,802	27,924
		<u>301,308</u>	<u>361,270</u>
TOTAL LIABILITIES		<u>438,414</u>	<u>491,627</u>
TOTAL EQUITY AND LIABILITIES		<u>2,790,458</u>	<u>2,851,350</u>
CONTINGENCIES AND COMMITMENTS	16&17	-	-



Finance Manager



Chief Executive Officer



Authorized Board Member

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

EASTERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER
COMPERHENSIVE INCOME
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023**

	Note	For The Three Months Period Ended		For The Nine Months Period Ended	
		September 30, 2023 (Un-audited)	September 30, 2022 (Un-audited) (Restated – Note 20)	September 30, 2023 (Un-audited)	September 30, 2022 (Un-audited) (Restated – Note 20)
		SR 000	SR 000	SR 000	SR 000
Revenue, net	12	242,906	173,994	695,617	530,543
Cost of revenue	13	(181,242)	(122,756)	(475,324)	(366,006)
Gross profit		61,664	51,238	220,293	164,537
General and administrative expenses		(15,334)	(13,967)	(43,049)	(43,760)
Selling and marketing expenses		(2,082)	(2,740)	(6,744)	(7,560)
Operating profit		44,248	34,531	170,500	113,217
Dividends and murabaha income		3,101	1,678	15,095	5,208
Impairment of investment in associate	4	-	-	(9,486)	-
Share of loss in an associate	4	(4,832)	(3,795)	(11,378)	(2,277)
Unrealized gain on investments at fair value through profit or loss		-	136	-	1,998
Other income / (loss)		8,259	(884)	15,980	8,389
Other expense		(2,597)	(3,309)	(9,401)	(8,016)
Finance charges		(1,396)	(2,104)	(3,966)	(4,138)
(Loss) / gain on exchange of foreign currency		(148)	191	(315)	760
Gain / (loss) on disposal of property, plant and equipment		-	(2)	9	(337)
Profit before zakat		46,635	26,442	167,038	114,804
Zakat expenses	11	(5,750)	(6,600)	(19,250)	(19,486)
Profit for the period		40,885	19,842	147,788	95,318
Other Comprehensive income:					
<i>Item that will not be reclassified to statement of profit or loss</i>					
Employees' end of service and loans re-measurement		2,376	2,281	(1,364)	5,782
Unrealized (loss) / gain from investments at fair value through OCI		(35,458)	(13,482)	(16,503)	1,018
Other comprehensive (loss) / income for the period		(33,082)	(11,201)	(17,867)	6,800
Total comprehensive income for the period		7,803	8,641	129,921	102,118
Earnings per share – Basic and diluted	15	0.48	0.23	1.72	1.11

Finance Manager

Chief Executive Officer

Authorized Board Member

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EASTERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED INTERIM STATEMENT OF CHANGE IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023**

	Share capital	Statutory reserve	Voluntary reserve	Retained earnings	Reserve of valuation of equity instruments carried at FVOCI	Actuarial reserves	Total equity
	SR 000	SR 000	SR 000	SR 000	SR 000	SR 000	SR 000
Balance as at January 1, 2022 as previously reported	860,000	430,000	404,639	488,951	242,943	(14,778)	2,411,755
Impact of correction of previous years errors (Note 20)	-	-	-	(9,494)	-	-	(9,494)
Balance at January 1, 2022 (restated)	860,000	430,000	404,639	479,457	242,943	(14,778)	2,402,261
Net profit for the period (restated – Note 20)	-	-	-	95,318	-	-	95,318
Other comprehensive income for the period	-	-	-	-	1,018	5,782	6,800
Total comprehensive income for the period (restated – Note 20)	-	-	-	95,318	1,018	5,782	102,118
Realized gain transferred to retained earnings (Note 3-A)	-	-	-	33,123	(33,123)	-	-
Dividends (note 18)	-	-	-	(180,600)	-	-	(180,600)
Balance as at September 30, 2022 (Un-audited)	860,000	430,000	404,639	427,298	210,838	(8,996)	2,323,779
Balance as at January 1, 2023 (Audited)	860,000	430,000	404,639	475,280	204,698	(14,894)	2,359,723
Net profit for the period	-	-	-	147,788	-	-	147,788
Other comprehensive income for the period	-	-	-	-	(16,503)	(1,364)	(17,867)
Total comprehensive income for the period	-	-	-	147,788	(16,503)	(1,364)	129,921
Dividends (note 18)	-	-	-	(137,600)	-	-	(137,600)
Balance as at September 30, 2023 (Un-audited)	860,000	430,000	404,639	485,468	188,195	(16,258)	2,352,044



Finance Manager



Chief Executive Officer




Authorized Board Member

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EASTERN PROVINCE CEMENT COMPANY
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CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	September 30, 2023	September 30, 2022 (Un-audited) (Restated – Note 20)
	(Un-audited)	
Cash flows from operating activities:	SR 000	SR 000
Profit before zakat	167,038	114,804
Adjustments for:		
Depreciation of property, plant and equipment and intangible assets amortization	74,640	76,488
(Gain) / loss on disposal of property, plant and equipment	(9)	337
Dividend and murabaha income	(15,095)	(5,208)
Unrealized gain on investments at fair value through profit or loss	-	(1,998)
Depreciation of investment properties	1,224	1,224
Amortization of Right-of-use asset	1,419	1,399
Provided / (Reversal) of allowance for impairment of trade and retention receivables, net	4,590	-
Provision for slow moving spare parts inventory	2,700	1,300
Finance charges	3,966	4,138
Impairment of investment in associate	9,486	-
Share of loss in an associate	11,378	2,277
Employees' end of service benefits	5,496	4,829
	266,833	199,590
Movement in working capital		
Trade and retention receivable, prepayments and other assets	527	(19,281)
Inventories	(67,514)	(141,470)
Trade and other liabilities	(50,522)	66,210
Due to related parties	(4,925)	1,101
Employees' end of service benefits paid	(1,764)	(3,785)
Zakat paid	(24,372)	(30,443)
Finance charges paid	(540)	(1,990)
Net cash generated from operating activities	117,723	69,932
Cash flows from investing activities:		
Additions to property, plant and equipment	(32,699)	(54,367)
Proceeds from selling of property, plant and equipment	16	163
Acquisition of investments at fair value through profit or loss	-	(138,138)
Acquisition of investments at fair value through OCI	-	(100,000)
Acquisition / liquidation of murabaha deposit	25,000	-
Proceeds from dividend income and interest on murabaha deposits	15,552	5,208
Proceeds from selling of investments at fair value through OCI	-	42,589
Net cash generated from / (used in) investing activities	7,869	(244,545)
Cash flows from financing activities:		
Dividends paid	(137,068)	(179,696)
Repayment of lease liabilities	(1,215)	(909)
Net cash used in financing activities	(138,283)	(180,605)
Net change in cash and cash equivalents	(12,691)	(355,218)
Cash and cash equivalent at the beginning of the period	90,827	402,279
Cash and cash equivalents at the end of the period	78,136	47,061
Non-cash transactions		
Additions to right-of-use asset against lease liabilities	175	1,988
Capitalized spare parts	24,028	19,944
Additions to property, plant and equipment through capital work-in-progress	27,162	19,020
Employees' end of service and employee loans re-measurement	(1,364)	5,782
Unrealized (loss) / gain from investments at fair value through OCI	(16,503)	1,018


Finance Manager


Chief Executive Officer


Authorized Board Member

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023**

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Eastern Province Cement Company ("the Company") or ("the Holding Company") is a Saudi Joint Stock Company established in accordance with the royal decree No. M/11 dated Rabi' Alawwal 14, 1402 (Corresponding to January 9, 1982), and the resolution of His Royal Highness the Minister of Commerce No. 939 dated Rabi Al Thani 3, 1403 (Corresponding to January 17, 1983), and registered in Dammam under the Commercial Registration No. 2050013400 dated Jumada Alawwal 22, 1403 (Corresponding to March 7, 1983).

The Holding Company's registered office is located in Dammam, Kingdom of Saudi Arabia.

The Holding Company main activities are quarry operation, mining gypsum and anhydrite wholesaling of cement and plaster.

The Holding Company obtained by the Royal Decree No. M/6 dated 17 Rabi' Al Thani 1405 (Corresponding to January 9, 1985) the mining franchise for exploitation of limestone and clay in Al Khorasania area for a renewable period of thirty years. The Holding Company has completed the legal procedures to renew the franchise license. The Ministerial Decree No. 5334/G dated Rajab 12, 1438 had been issued to renew the Holding Company's rights in utilizing the limestone and clay for its factory located in Al-Tawy site near Al-khorasania in Al-Jubail province for thirty Hijri years starting from Rabi Alawwal 18, 1436.

The Holding Company also obtained by the Ministerial Decree No. 14/Q dated Safar 24, 1433 (Corresponding to January 18, 2012) the mining franchise for the exploitation of limestone and clay in Al Najabia valley at Al Ahsa Province in the Eastern region valid till December 31, 2035.

The condensed consolidated interim financial statements of the Group as at September 30, 2023 include the condensed interim financial statements of the Holding Company and its following branches:

Branch Commercial Registration No.	Date	Place of Issue	Commercial Name of the Branch
A- 2055022383	Jumada Al-Thani 16, 1435	Jubail	Eastern Province Cement Plant.
B- 4042100240	Dhu'l-Hijjah 2, 1439	Asfan	Eastern Province Cement Plant.

A- The main activities of the branch are in the operation of quarries, mining of gypsum and anhydrite, wholesale of cement and Gypsum. The Holding Company has a sub-commercial registration in Jubail City for the Eastern Cement Factory No. 2055022383 dated Jumada Al-Thani 16, 1435 (Corresponding to April 16, 2014), which deals in the production of ordinary cement (Portland cement), salt-resistant cement, and clinker cement under the National Industrial License No. 1300.

B- The main activities of the branch are construction of precast buildings, concrete and steel buildings, light and heavy prefabricated buildings, infrastructure works, and import of all building materials and precast concrete (Precast).

During the period, the Board of Directors decided to invite specialized companies to submit their offers for the establishment of a new production line with a capacity of 10,000 tons / day in order to replace some of the old production lines in the Holding Company's at current plant in Khursaniyah area in order to maximize the benefit from the infrastructure of the current plant.

Details of Holding Company's subsidiary:

The Board of Directors of the Eastern Province Cement Company decided in its meeting held on December 11, 2018, to start the procedures for converting Prainsa Saudi Arabia For Precast Concrete branch under the commercial registration No. 2051035184 into a limited liability company, and the legal formalities for change in legal structure of branch had been completed during Q2, 2023 with the same commercial registration number. Accordingly, these condensed interim financial statements have been prepared for the first time on consolidation basis.

The Holding Company's Subsidiary is a limited liability company incorporated in the Kingdom of Saudi Arabia.

Name of subsidiary	Commercial Registration Dated	Business activity	Effective ownership September 30, 2023
Prainsa Saudi Arabia For Precast Concrete Company	Dhu al-Qadah 17, 1444H (June 6, 2023)	Production of precast concrete items under the industrial license No. 3031328, dated Rabi' Awwal 3, 1437.	100 %

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

The net assets of the branch had been transferred to the newly incorporated company at their book value on the date of incorporation.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed consolidated interim financial statements of the Group for the three and nine months period ended September 30, 2023 have been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" that are endorsed in the kingdom of Saudi Arabia and other standards and pronouncement that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Holding Company's latest annual financial statements for the year ended December 31, 2022 ("latest annual financial statements"). These condensed consolidated interim financial statements do not include all of the information normally required for a complete set of IFRS financial statements. However, accounting policies and selected explanatory notes are included to reflect events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the latest annual financial statements.

2.2 Preparation of the condensed consolidated interim financial statements

The condensed consolidated interim financial information has been prepared under the historical cost convention, unless it is allowed by the IFRS to be measured by other valuation method.

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts in condensed consolidated interim financial statements. The significant judgments made by management in applying the Holding Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the latest annual financial statements, except for the amendments of the assumptions and judgements which related to the Group's investments, which are referred to in the notes no. 3 and 4.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

2. BASIS OF PREPARATION (Continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual financial statements as of and for the year ended December 31, 2022, and the notes attached thereto except for the IFRS 3 Business combination.

2.3.1 New and amended IFRS standards issued and effective in the year 2023

The following amendments to standards relevant to the Group are effective for the annual periods beginning on or after January 1, 2023 (unless otherwise stated). The Group adopted these standards and / or amendments, however, there is no significant impact of these on the condensed consolidated interim financial statements:

Amendments to standards	Description	Effective from accounting period beginning on or after	Summary of amendment
IFRS 9 (Amendments to IFRS 4)	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	January 1, 2023	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
IFRS 17	Insurance Contracts and its amendments	January 1, 2023	This is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements.
IAS 8	Amendment to the definition of accounting estimate	January 1, 2023	These amendments regarding the definition of accounting estimates help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences
IAS 12	International tax reform (pillar two model rules)	January 1, 2023	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

2. BASIS OF PREPARATION (Continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3.2 New and amended IFRS Standards issued but not yet effective

The Group has not applied the following new and revised IFRS Standards and amendments to IFRS that have been issued but are not yet effective:

Amendments to standards	Description	Effective from accounting period beginning on or after	Summary of amendment
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	January 1, 2024	IFRS S1 is new standard requiring an entity to prepare and report sustainability-related financial disclosures in accordance with IFRS Sustainability Disclosure Standards. An entity may apply IFRS Sustainability Disclosure Standards irrespective of whether the entity's related general-purpose financial statements are prepared in accordance with IFRS Accounting Standards.
IFRS S2	Climate-related Disclosures	January 1, 2024	The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. These are climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.
IAS 1	Classification of liabilities as current or non-current	January 1, 2024	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
IFRS 16	Leases on sale and leaseback	January 1, 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28	Deferred indefinitely	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses result from the loss of control of a subsidiary.
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's condensed consolidated interim financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the condensed consolidated interim financial statements of the Group in the period of initial application.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

2. BASIS OF PREPARATION (Continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3.3 New adopted standard

2.3.3.1 IFRS 3 Business combination and basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of Eastern Province Cement Company and of its subsidiary (the “Group”) as detailed in note 1.

Control is achieved when the Group:

- has power over the investee,
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders,
- potential voting rights held by the Company, other vote holders or other parties,
- rights arising from other contractual arrangements, and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiaries. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiaries.

Consolidated statement of profit or loss and each component of other comprehensive income are attributed to the shareholders of the Group. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring its accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3.3.2 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in the consolidated statement of profit or loss and other comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified consolidated statement of profit or loss and other comprehensive income or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, to be the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

3. INVESTMENTS AT FAIR VALUE THROUGH OCI

A- Investment at fair value through OCI (FVOCI) consist of the following:

	Note	September 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
		Number of shares (in thousands)	Amount SR 000	Number of shares (in thousands)	Amount SR 000
Saudi Industrial Investment Company	3-A-1	1,100	26,136	1,100	24,178
Industrialization and Energy Services Company	3-A-2	27,187	422,494	27,187	459,197
Saudi Arabian Oil Company (Aramco)	3-A-3	2,147	75,132	1,951	62,642
			<u>523,762</u>		<u>546,017</u>
Discretionary Portfolio Management (DPM) Investme	3-A-4		<u>101,755</u>		<u>96,003</u>
			<u>625,517</u>		<u>642,020</u>

3-A-1 The Saudi Industrial Investment Company (a Saudi joint stock company listed on the financial market) (Tadawul) whereby the Group owns 0.15% of the equity shares of the Company (December 31, 2022: 0.15% of the equity shares). The share price of the investee Company as of September 30, 2023 was SR 23.76 per share (December 31, 2022: SR 21.98 per share). During the period, the Group received dividends from Saudi Industrial Investment Company by an amount of SR 0.6 million. During the period ended of September 30, 2022, the Group sold 1,200,000 shares of its investment in the Saudi Industrial Investment Company for SR 42,59 million, which resulted in a realized profit during the period amounting to SR 33,12 million, which had been transferred from the reserve of valuation of equity instruments carried at FVOCI to retained earnings.

3-A-2 Industrialization and Energy Services Company is Saudi closed joint stock company whereby the Group owns 3.79% of equity shares of investee Company (December 31, 2022: 3.79% of the equity shares). The Group's management determined the value of investments in the Industrialization and Energy Services Company as of September 30, 2023 based on a report from an independent evaluator based on the unapproved financial statements of the investee Company which prepared internally by the management of the investee company as of June 30, 2023 (which represent the latest available financial information) by a value of SR 15.54 per share (December 31, 2022: SR 16.89 per share), resulting decrease in a total value of the investment to be amounting to SR 422,49 million as of 30 September 2023. For determining the fair value in period of September 30, 2023, the Group used the average of the "discount cash flow" and "market multiples" methods. The key assumptions used in the calculations of discounted cash flow are discount rate of 11.4 % and growth rate of 2%. For determining the fair value as of September 30, 2023, the Group used the latest available financial information to calculate the fair value of the investment according to the aforementioned valuation methods, i.e. June 30, 2023, which lead that to calculate decrease in value of the Group's investment in Taqa Company. During the period, the Group received dividends from Taqa company by an amount of SR 8.2 million.

3-A-3 On year 2019, the Group acquired 1.8 million shares in the shares of the Saudi Arabian Oil Company (Aramco) at a price of SR 32 per share, and the price per share on September 30, 2023 was SR 34.99 (December 31, 2022: SR 32.11 per share). During the period, the Group received dividends from Aramco Company by an amount of SR 2.3 million. In addition, during the period, Aramco issued bonus shares for the shareholders at the rate of one share to each 10 owned shares by the shareholders.

3-A-4 During the year ended December 31, 2022, the Group's management entered in local discretionary portfolio management ("DPM") agreements managed by investment manager, the Group's management has irrevocably chosen the measurement and classification of its DPM investments as investments at fair value through other comprehensive income. DPM investments include cash amounting to SR 1.1 million as of September 30, 2023 (December 31, 2022: SR 0.5 million).

B- Investments at fair value through other comprehensive income are categorized as follows:

	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
Quoted:		SR 000
Saudi Industrial Investment Company	26,136	24,178
Saudi Arabian Oil Company (Aramco)	75,132	62,642
From Discretionary Portfolio Management Investments	<u>79,275</u>	<u>75,145</u>
	<u>180,543</u>	<u>161,965</u>
Unquoted:		
Industrialization and Energy Services Company	422,494	459,197
From Discretionary Portfolio Management Investments	<u>22,480</u>	<u>20,858</u>
	<u>444,974</u>	<u>480,055</u>
	<u>625,517</u>	<u>642,020</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

3. INVESTMENTS AT FAIR VALUE THROUGH OCI (Continued)

C- The movement on the investments during the period / year is as follows:

	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	SR 000	SR 000
Opening balance	642,020	589,731
Change in fair value	(16,503)	(5,122)
Additions	-	100,000
Disposals	-	(42,589)
Closing balance	625,517	642,020

D- Hierarchy levels of investment is disclosed in note 19.

E- The movement on reserve of valuation of investments at fair value through other comprehensive income during the period / year was as follows:

	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	SR 000	SR 000
Opening balance	204,698	242,943
Unrealized loss from investments at fair value through OCI	(16,503)	(5,122)
Realized gain transferred to retained earnings	-	(33,123)
Closing balance	188,195	204,698

4. INVESTMENT IN AN ASSOCIATE

The Group has investment in the Arab Yemen Cement Company ("the associate"), a limited liability company registered in the Republic of Yemen, by 31.58% equity shares. The associate company was established to engage in cement production and started operation in 2009. The movement in investment during the period / year is as follows:

	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	SR 000	SR 000
Opening balance	281,070	280,420
Share of (loss) / profit during the period / year	(11,378)	650
	269,692	281,070
Less: Impairment of investment	(90,122)	(80,636)
Closing balance	179,570	200,434

During the year ended of December 31, 2022, a study was conducted by an independent consulting office on the possibility of a decrease in the value of investment in the Arab Yemen Cement Company due to the decline in the profit of the associate, by calculating the discounted expected future cash flows of the associate and comparing it with the carrying value of the investee Company, and as a result, an additional decline in the investment value has been recognized amounting to SR 13.6 million during year of 2022. During the period, the management of the Group updated the decline study in value which lead to recognize additional decline in the investment amounting to SR 9.5 million.

- The movement on the impairment of investment during the period / year is as follows:

	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	SR	SR
Opening balance	80,636	66,996
Additional impairment of the investment	9,486	13,640
Closing balance	90,122	80,636

The audited financial statements of the associate company for the year ended of December 31, 2022 reflect a going concern matter due to the political crisis, economic situation and current security events in the Republic of Yemen.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

5. TRADE AND RETENTION RECEIVABLES, NET

	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	SR 000	SR 000
Trade receivables	288,672	307,641
Less: Allowance for impairment of trade receivables	(39,714)	(34,094)
	248,958	273,547
Retention receivables	42,523	36,819
Less: Allowance for impairment of retention receivables	(10,909)	(11,939)
	31,614	24,880
	280,572	298,427

5.1 Movement in the allowance for impairment of trade and retention receivables during the period / year is as follows:

	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	SR 000	SR 000
Opening balance	46,033	61,704
Provided / (reversal) of provision during the period / year*	4,590	(15,671)
Closing balance	50,623	46,033

* The provided / reversal of the allowance for impairment of trade and retention receivables has been recognized in the cost of revenue item.

6. PREPAYMENTS AND OTHER ASSETS, NET

	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	SR 000	SR 000
Employee loans - A	16,861	14,668
Deferred contract cost, net	16,497	6,738
Prepaid expenses	16,359	9,952
Advances to suppliers	8,985	14,185
Accrued interest	658	1,115
Other receivables – B	4,599	5,678
	63,959	52,336
Less: Allowance for impairment of prepayment and other assets	(1,362)	(1,362)
	62,597	50,974
Less: non-current portion of employee loans	(14,132)	(11,284)
	48,465	39,690

A- Employee loan's fair value have been measured by actuarial valuation which resulted in debit charge to other comprehensive income by an amount of SR 625 thousand.

B- Other receivables include a balance due from a related party "Al-Dawaa Medical Services Company" by an amount of SR 190 thousand (December 31, 2022: SR 320 thousand) (Note 10).

7. MURABAHA DEPOSITS

The Group invests part of its cash surplus in murabaha deposits with a maturity period of more than three months with financial institutions. The average annual commission rates on these deposits during the year of 2022 was amounting to 5.98%.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

8. SHARE CAPITAL

The issued and paid up share capital of the Holding company is SR 860 million, which is divided into 86 million shares (December 31, 2022: SR 860 million divided into 86 million shares) of SR 10 per share.

9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	SR 000	SR 000
Trade payables	85,014	95,654
Accrued expenses	67,267	100,215
Advances from customers	44,497	47,506
Retention payable	5,269	6,934
VAT payable	4,828	4,897
Accrued board of directors remuneration	3,023	4,030
Unearned revenues	2,851	4,907
Accrued contract cost – A	2,102	1,120
Other current liabilities	169	279
	<u>215,020</u>	<u>265,542</u>

A- Accrued contract cost represents the cost of the stock produced, invoiced and approved by customers but not yet transferred.

10. RELATED PARTIES BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties consist of the shareholders, directors and businesses in which shareholders and directors, individually or combined, have significant influence. The Group's transactions with related parties are entered at arm's length basis in a normal course of business and authorized by the management.

Transactions represent amounts received by the Group from the account of the Arab Yemeni Cement Company (an associate company) in a bank in the State of Oman until they are paid to the suppliers and creditors of the associate on its behalf, as the associate faces difficulties in bank transfers to and from the Republic of Yemen.

<u>Company</u>	<u>Relationship</u>
Arabian Yemeni Cement Company	Associate
Al-Dawaa Medical Services Company	Related party
Walaa Cooperative Insurance Company	Related party

The significant transactions with related parties during the period are as follows:

		Nine months period ended	
		September 30, 2023 (Un-audited)	September 30, 2022 (Un-audited)
<u>Related party</u>	<u>Nature of transaction</u>	SR 000	SR 000
Arabian Yemeni Cement Company	Payments to members of the Board of Directors of the Yemeni Company	739	2,011
	Payments to Yemeni Company suppliers	2,327	4,526
	Deposits from the Company	-	(9,394)
Al-Dawaa Medical Services Company	Rent revenue	2,178	1,676
Walaa Cooperative Insurance Company	Services received	1,182	1,193

A) Balances payable to related parties are as follows:

	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	SR 000	SR 000
Arabian Yemeni Cement Company	282	3,347
Walaa Cooperative Insurance Company	-	1,860
	<u>282</u>	<u>5,207</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

10. RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

B) Other receivables as at September 30, 2023 included a balance due from Al-Dawaa Medical Services Company amounted to SR 190 thousand (December 31, 2022: SR 320 thousand).

C) Remuneration of directors and key management personnel

	September 30, 2023 (Un-audited)		September 30, 2022 (Un-audited)	
	Directors	Key management personnel	Directors	Key management personnel
	SR 000		SR 000	
Board of directors' remuneration	3,023	-	6,717	-
Salaries and wages and Allowances	126	6,764	95	6,651
End of service expenses	-	648	-	440
	3,149	7,412	6,812	7,091

11. ZAKAT PROVISION

Movement of zakat provision

	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	SR 000	SR 000
The balance at the beginning of the period / year	27,924	31,981
Zakat charge	19,250	26,386
Paid for the period / year	(24,372)	(25,289)
Payment specific for additional zakat assessments	-	(5,154)
The balance at the end of the period / year	22,802	27,924

Zakat Status

The Group submitted its zakat returns for the years up to 2022 to the Zakat, Tax and Customs Authority on the consolidated level and obtained the required certificate. During the period, the Group paid the zakat balance due for the year of 2022 return amounting to SR 24,372 million.

In year 2021, the Group received the zakat assessment for the years 2019 and 2020 from the Zakat, Tax and Customs Authority (ZATCA) claiming an amount of SR 8.4 million, of which an amount of SR 3.2 million had been paid during the same year. During Q1 2022, the Group settled and paid the remaining amounts of the assessments. During Q2 2023, the Group has paid the zakat payable balance due for the year of 2022 amounting to SR 24.4 million. The Group did not receive any zakat assessment for years of 2021 and 2022 from ZATCA yet.

12. REVENUE, NET

Classification of the Group's revenues from contracts with customers during the period based on timing of revenue recognition and based on the product's type is as follows:

	For The Three Months Period Ended		For The Nine Months Period Ended	
	September 30, 2023 (Un-audited)	September 30, 2022 (Un-audited)	September 30, 2023 (Un-audited)	September 30, 2022 (Un-audited)
<u>Timing of revenue recognition</u>				
At point in time	147,948	130,636	482,292	392,437
Over a period of time	94,958	43,358	213,325	138,106
	242,906	173,994	695,617	530,543

EASTERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

12. REVENUE, NET (Continued)

	September 30, 2023 (Un-audited)	September 30, 2022 (Un-audited)	September 30, 2023 (Un-audited)	September 30, 2022 (Un-audited)
Type of products		SR 000		
Cement	147,948	130,636	482,292	392,437
Precast	94,958	43,358	213,325	138,106
	242,906	173,994	695,617	530,543

13. COST OF REVENUE

Cost of revenue consists of consumables, salaries and wages, depreciation and other supplies. As at September 30, 2023, the cost of consumed materials from inventory was amounting to SR 109,4 million.

14. SEGMENTAL REPORTING

The Group has segregated the operations into two main reporting segments, these reporting segments are as follows:

Segment	Business
Cement	Manufacturing and wholesale ordinary cement, salt-resistant cement and clinker cement.
Precast	Manufacture of partitions, frames and prefabricated buildings from prefabricated concrete.

As of September 30, 2023 (Un-audited)	Cement	Precast	Intersegment adjustments	Total
			SR 000	
Total assets	2,466,625	372,604	(48,771)	2,790,458
Total liabilities	327,770	159,415	(48,771)	438,414

**For the nine months period ended September 30, 2023
(Un-audited)**

Revenue, net	488,034	213,325	(5,742)	695,617
Net profit	110,861	35,927	-	146,788

	Cement	Precast	Intersegment adjustments	Total
As of December 31, 2022 (Audited)			SR 000	
Total assets	2,553,474	337,322	(39,446)	2,851,350
Total liabilities	371,647	159,426	(39,446)	491,627

**For the nine months period ended September 30, 2022
(Un-audited)**

Revenue, net	392,437	138,106	-	530,543
Net profit (Restated - Note 20)	96,411	(1,093)	-	95,318

The revenue according to the geographical areas is as follows:

	September 30, 2023 (Un-audited)	September 30, 2022 (Un-audited)
	SR 000	SR 000
Saudi Arabia	675,050	515,148
Other countries	20,567	15,395
	695,617	530,543

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

15. EARNINGS PER SHARE

The basic profit per share is calculated by dividing the net income for the period attributable to the ordinary shareholders of the Group by the weighted average number of the outstanding ordinary shares during the period.

The following is the computation of basic and diluted earnings per share:

	For the three months		For the nine months	
	period ended		period ended	
	September 30,	September 30,	September 30,	September 30,
	2023	2022	2023	2022
		Restated –Note		Restated –Note
		20)		20)
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Net profit for the period (in thousands of SR)	40,885	19,842	147,788	95,318
Number of outstanding shares (in thousands of shares)	86,000	86,000	86,000	86,000
Basic and diluted				
Earnings per share of profit for the period (SR)	0.48	0.23	1.72	1.11

16. CAPITAL COMMITMENTS

The approved future capital projects as of September 30, 2023 by the Group's management amounting to SR 31.1 million (December 31, 2022: SR 38.4 million).

17. CONTINGENCIES AND COMMITMENTS

As of September 30, 2023, the Group's contingent liabilities against letters of credit and letters of guarantees amounting to SR 224.1 million (December 31, 2022: SR 205 million).

18. DIVIDENDS

During the period, on March 20, 2023, the board of directors has approved the cash dividends distribution amounting to SR 86 million for the second half of the fiscal year 2022, based on dividend per share of SR 1, for the number of shares eligible for dividends amounting to 86 million shares. Dividends have been paid in Q2 2023. In addition, during the period, on August 6, 2023, the board of directors has approved the cash dividends distribution amounting to SR 51.6 million for the first half of 2023, based on dividend per share of SR 0.60, for the number of shares eligible for dividends amounting to 86 million shares. Dividends have been paid in Q3 2023.

During the Q2 2022, on March 13, 2022, the board of directors has approved the cash dividends distribution amounting to SR 94.6 million for second half of the fiscal year 2021, based on dividend per share of SR 1.10, for the number of shares eligible for dividends amounting to 86 million shares. Dividends have been paid in Q2 2022. In addition, during the Q3 2022, on August 3, 2022, the board of directors has approved the cash dividends distribution amounting to SR 86 million for first half of the fiscal year 2022, based on dividend per share of SR 1, for the number of shares eligible for dividends amounting to 86 million shares. Dividends have been distributed in Q3 2022.

19. FAIR VALUE

For the purposes of financial reporting, the Group used the fair value hierarchy classified at levels 1, 2 and 3 based on the degree of observance of the inputs in the fair value measurement and the importance of these inputs in measuring the fair value in its entirety, as shown below:

- Level 1: Quoted market prices in an active market for similar assets or liabilities that the Group can value at the measurement date.
- Level 2: Inputs other than quoted prices in Level 1 that can be observed either directly (similar prices) or indirectly.
- Level 3: Inputs for assets and liabilities that are not based on observable market information cannot be observed either directly or indirectly from the market.

Investments in quoted equity instruments in the Saudi market are valued according to the market closing price on the date of the condensed consolidated interim financial statements and those instruments have been classified under Level 1.

Investments in unquoted investment funds in the Saudi market are valued according to closing price provided by fund manager on the date of the condensed consolidated interim financial statements and those instruments have been classified under Level 2.

Investments in unquoted equity instruments are evaluated based on approved valuation methods that depend on income approach and market approach, and those instruments are classified under level 3.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

19. FAIR VALUE (Continued)

	Book value	Fair Value		
		Level-1	Level-2	Level -3
As of September 30, 2023 (Un-audited)	SR 000	SR 000	SR 000	SR 000
Investments in equity instruments through OCI	625,517	180,543	444,974	-
As at December 31, 2022 (Audited)				
Investments in equity instruments through OCI	642,020	161,965	480,055	-

The Valuation models used for the main investment in level 2 (i.e., Industrialization and Energy Services Company) are weighted average "Discounted Cash flow" and "Adjusted Market Multiple" techniques, which based on market multiples driven from quoted prices of companies comparable to the investee Company adjusted for the effect of the non-marketability of the equity securities of the investee Company, where price to book value method and Enterprise Value to EBITDA variables have been used as of September 30, 2023 (December 31, 2022 the company value method was used to the variables of profit before finance expenses, taxes, depreciation and amortization). Techniques used are significantly depending on observable market inputs.

The fair value of financial instruments carried at amortized cost

Management believes that the carrying value of financial assets and financial liabilities stated at amortized cost in the condensed consolidated interim financial statements approximates their fair value.

20. CORRECTION OF PRIOR YEARS' ERRORS

On March 23, 2022, the Group received claims from the Ministry of Industry and Mineral Resources (the "Ministry") amounting to SR 1.4 million, which represents the additional amount to be paid for the difference resulting from the Ministry's recalculation of financial consideration for the exploitation of limestone for the years 2019 and 2020 and the amount recorded by the Group. In addition, the Group received another claim for the total financial consideration for the exploitation of limestone for the year 2021 by an amount of 27.2 million out of which the Group recognized an accrued amount of SR 17.5 million as of December 31, 2021, which resulted in a difference of SR 9.7 million. These differences resulted from the issuance of an update to the executive regulations of the mining investment, dated Jumada I 7, 1442H, which was not implemented by the Group in these years. The Group considered this as an error which should be corrected in these years. Accordingly, the Group decided in Q4 of 2022 to correct these errors in the current year by adjusting the comparative figures of years 2021 and 2020 after assessing the related impacts on cost of revenues, accruals, inventory and retained earnings. As result for that adjusting the retained earnings as of January 1, 2021 by an amount of SR 9.5 million, which is in line with the requirements of IAS (8) "Change in Accounting Policies, Change in Accounting Estimates and Accounting Errors".

And since the adjustments arising from the above-mentioned matters were recognized in the Q4 of 2022, the Group's management was required to adjust the financial implications resulting from that with regard to the comparative figures included in the interim statement of profit or loss and other comprehensive income, i.e. the period ended in September 30, 2022, as follows:

For the period ended September 30, 2022

Interim statement of profit or loss and other comprehensive income	Balance as previously stated	Adjustments	Restated balance
		SR 000	
Cost of revenue	(370,799)	4,793	(366,006)
Gross profit	159,744	4,793	164,537
Operating profit	108,424	4,793	113,217
Profit before zakat	110,011	4,793	114,804
Profit for the period	90,525	4,793	95,318
Total comprehensive income the period	97,325	4,793	102,118
Earnings per share to net income for the period (SR)	1.05	0.06	1.11

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

20. CORRECTION OF PRIOR YEARS' ERRORS (Continued)

<u>Interim statement of cash flows</u>	<u>Balance as previously stated</u>	<u>Adjustments</u>	<u>Restated balance</u>
		SR 000	
Cash flows from operating activities:			
Profit before zakat	110,011	4,793	114,804
<u>Movement in working capital</u>			
Inventories	(142,683)	1,213	(141,470)
Trade and other liabilities	72,216	(6,006)	66,210

For The Three Months Period Ended in September 30, 2022

<u>Interim statement of profit or loss and other comprehensive income</u>	<u>Balance as previously stated</u>	<u>Adjustments</u>	<u>Restated balance</u>
		SR 000	
Cost of revenue	(124,052)	1,296	(122,756)
Gross profit	49,942	1,296	51,238
Operating profit	33,235	1,296	34,531
Profit before zakat	25,146	1,296	26,442
Profit for the period	18,546	1,296	19,842
Total comprehensive income the period	7,345	1,296	8,641
Earnings per share to net income for the period (SR)	0.22	0.01	0.23

Other than the reclassification stated in above, there were no material reclassification in the condensed interim financial statements.

21. APPROVAL THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved on by the Board of Directors of the Group on November 8, 2023.