

**NORTHERN REGION CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH
PERIODS ENDED SEPTEMBER 30, 2023 (UNAUDITED)
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT**



NORTHERN REGION CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
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INDEPENDENT AUDITOR'S REPORT ON REVIEW
OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

To the **Shareholders of The Northern Region Cement Company**
 (A Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Northern Region Cement Company** (A Saudi Joint Stock Company) ("the company") and its subsidiaries collectively referred to together as the ("Group"), as at September 30, 2023, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2023, interim condensed consolidated statement of changes in shareholders' equity and interim condensed consolidated cash flows for the nine -month periods then ended, and a summary of significant accounting policies and other explanatory notes.

The company's management is responsible for preparing and presenting these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 (interim Financial Reporting) endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review:

We conducted our review in accordance with the International Standard on Review Engagements No. (2410) Review of interim Financial Information performed by the independent auditor of the entity, endorsed in the Kingdom of Saudi Arabia. A review of the interim condensed consolidated financial statements consists of making inquiries, primarily, to those 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 the International Standards of Auditing endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would be become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at September 30, 2023 have not been prepared in all material respects, in accordance with the International Accounting Standard No. 34 (Interim Financial Report) endorsed in the Kingdom of Saudi Arabia.

For Al-Kharashi & Co.





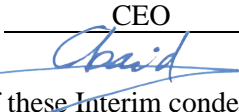
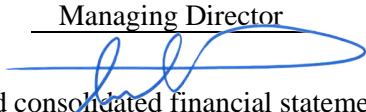
Abdullah S. Al Msned
License No. (456)



Riyadh:
November 7, 2023 G
Rabi Al Thani 23, 1445 H

Northern Region Cement Company
(A Saudi Joint Stock Company)
Interim condensed Consolidated Statement of Financial Position (Unaudited)
As at September 30, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

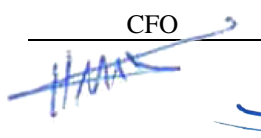
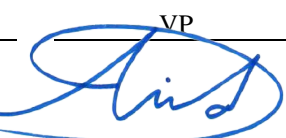
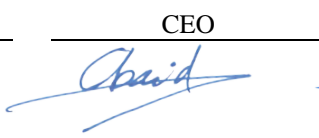
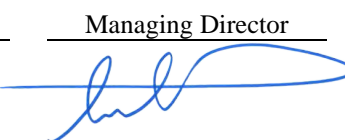
	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Assets			
Non-current assets:			
Property, plant and equipment, net		1,970,143,998	1,919,059,785
Intangible assets, net	6	555,218,099	555,097,111
Right -of- use assets, net		2,805,246	3,238,231
Investment in associate companies, net	7	161,433,742	155,925,115
Total non-current assets		2,689,601,085	2,633,320,242
Current assets:			
Inventory	8	585,310,025	600,626,939
Prepayments and other debit balances		52,175,675	43,618,390
Trade receivables, net	9	58,571,741	60,276,421
Due from related parties	10-1	12,189,370	11,671,135
Notes receivable		48,130,254	44,231,685
Cash and cash equivalents		33,521,253	17,874,227
Total current assets		789,898,318	778,298,797
Total assets		3,479,499,403	3,411,619,039
Shareholders' Equity and Liabilities			
Shareholders' Equity:			
Paid Share capital		1,800,000,000	1,800,000,000
Statutory reserve		156,077,396	156,077,396
Retained earning		303,260,706	284,073,944
Employees defined benefit obligations remeasurement reserve		(4,279,816)	(4,279,816)
Foreign currency translation reserve		(6,827,530)	(7,454,543)
Total shareholders' equity attributable to the parent company		2,248,230,756	2,228,416,981
Non-controlling interest		5,213,123	4,663,131
Total Shareholders' Equity		2,253,443,879	2,233,080,112
liabilities			
Non-current liabilities:			
Non-current portion of long-term loans	11	276,260,874	337,073,739
Leases liabilities - non-current provision		3,060,237	3,163,731
Employees defined benefit obligations		19,793,872	21,355,952
Total non-current liabilities		299,114,983	361,593,422
Current liabilities:			
Short-term loans	11	504,978,244	415,000,000
Current portion of long-term loans	11	142,323,232	123,789,899
Trade and notes payables		122,304,565	118,077,754
Accrued expenses and other credit balance		122,472,876	120,146,389
Leases liabilities - current portion		459,322	459,322
Zakat and income tax provision	12	34,402,302	39,472,141
Total current liabilities		926,940,541	816,945,505
Total liabilities		1,226,055,524	1,178,538,927
Total shareholders' equity and liabilities		3,479,499,403	3,411,619,039

 CFO
  VP
  CEO
  Managing Director

The accompanying notes form an integral part of these Interim condensed consolidated financial statements.

Northern Region Cement Company
(A Saudi Joint Stock Company)
Interim condensed Consolidated Statement of profit or loss and
Other comprehensive income (Unaudited)
For the three-month and nine -month periods ended September 30, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended		For the nine -month period ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales		175,202,063	166,258,052	514,232,870	432,940,365
Cost of sales		(119,668,083)	(104,253,925)	(374,615,498)	(285,839,095)
Gross profit		55,533,980	62,004,127	139,617,372	147,101,270
Operating Expenses:					
Selling and Marketing expenses		(8,614,848)	(18,781,785)	(20,705,752)	(22,333,372)
General and administrative expenses		(10,962,559)	(10,397,635)	(30,054,512)	(28,864,793)
Impairment in value of trade receivable		-	-	-	(476,432)
Profit from operations		35,956,573	32,824,707	88,857,108	95,426,673
Finance Cost		(14,674,996)	(7,712,835)	(37,015,077)	(18,775,374)
Share in net results of associate companies	7	13,379,011	8,706,828	30,371,127	19,742,429
Gain from sales of property, plant and equipment		78,258	-	78,258	-
Other (expenses)\ income, net		(5,068,152)	424,190	456,172	(1,445,063)
Profit before zakat and income tax		29,670,694	34,242,890	82,747,588	94,948,665
Zakat		(4,500,000)	(4,500,000)	(13,500,000)	(13,500,000)
Income taxes of subsidiaries		(1,729,428)	(1,996,272)	(4,328,484)	(5,421,784)
Government contributions of subsidiaries		(86,475)	(111,973)	(216,426)	(301,209)
Net profit for the period		23,354,791	27,634,645	64,702,678	75,725,672
Net profit for the period attributable to:					
The parent company's shareholders		23,260,398	27,558,772	64,186,762	75,429,842
Non-controlling interest		94,393	75,873	515,916	295,830
		23,354,791	27,634,645	64,702,678	75,725,672
Other comprehensive income\ (loss) items:					
Other comprehensive income\ (loss) items that will later be reclassified to profit or loss:					
Gain \ (Loss) in translation of financial statements foreign currencies		2,084,788	331,260	661,089	(812,003)
Total other comprehensive income \ (Loss) for the period		2,084,788	331,260	661,089	(812,003)
Total comprehensive income for the period		25,439,579	27,965,905	65,363,767	74,913,669
Total comprehensive income for the period attributable to:					
The parent company's shareholders		25,237,725	27,872,957	64,813,775	74,659,694
Non-controlling interest		201,854	92,948	549,992	253,975
		25,439,579	27,965,905	65,363,767	74,913,669
Earnings per share (In Saudi Riyals)	13				
Basic and diluted earnings per share from profit from operations		0.20	0.18	0.49	0.53
Basic and diluted earnings per share from net profit for the period		0.13	0.15	0.36	0.42

 CFO
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  Managing Director

The accompanying notes form an integral part of these Interim condensed consolidated financial statements.

Northern Region Cement Company
(A Saudi Joint Stock Company)
Interim condensed Consolidated Statement of Changes in shareholders' Equity (Unaudited)
For the nine -month period ended September 30, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	Paid Share Capital	Statutory Reserve	Retained Earnings	Employees defined benefit obligations remeasurement reserve	Foreign currency translation reserve	Total shareholders' equity attributable to the parent company	Non-Controlling Interest	Total shareholders' Equity
Balance as at January 1, 2022 (Audited)	1,800,000,000	144,875,054	273,252,866	(3,163,239)	(5,686,166)	2,209,278,515	4,331,385	2,213,609,900
Dividends paid (Note 18)	-	-	(45,000,000)	-	-	(45,000,000)	-	(45,000,000)
Net profit for the period	-	-	75,429,842	-	-	75,429,842	295,830	75,725,672
Total other comprehensive loss for the period	-	-	-	-	(770,148)	(770,148)	(41,855)	(812,003)
Balance as at September 30, 2022 (Unaudited)	1,800,000,000	144,875,054	303,682,708	(3,163,239)	(6,456,314)	2,238,938,209	4,585,360	2,243,523,569
Balance as at January 1, 2023 (Audited)	1,800,000,000	156,077,396	284,073,944	(4,279,816)	(7,454,543)	2,228,416,981	4,663,131	2,233,080,112
Dividends paid (Note 18)	-	-	(45,000,000)	-	-	(45,000,000)	-	(45,000,000)
Net profit for the period	-	-	64,186,762	-	-	64,186,762	515,916	64,702,678
Total other comprehensive income for the period	-	-	-	-	627,013	627,013	34,076	661,089
Balance as at September 30, 2023 (Unaudited)	1,800,000,000	156,077,396	303,260,706	(4,279,816)	(6,827,530)	2,248,230,756	5,213,123	2,253,443,879

CFO



VP



CEO



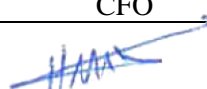
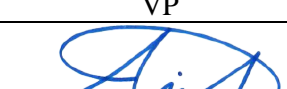
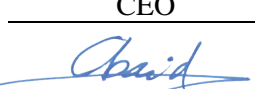

Managing Director



The accompanying notes form an integral part of these Interim condensed consolidated financial statements.

Northern Region Cement Company
(A Saudi Joint Stock Company)
Interim condensed Consolidated Statement of Cash Flow (Unaudited)
For the nine -month period ended September 30, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the nine -month period ended	
		30 September 2023	30 September 2022
		(Unaudited)	(Unaudited)
<u>Cash flows from operating activities:</u>			
Profit before zakat and income tax		82,747,588	94,948,665
<u>Adjustments to non-cash transaction:</u>			
Depreciation and Amortization		54,846,984	54,586,452
Interest on leases obligations		91,506	109,359
Share in net results of associate companies	7	(30,371,127)	(19,742,429)
Impairment in value of trade receivable		-	476,432
Gain from sale property, plant and equipment		(78,258)	-
Employee defined benefit obligation expenses		448,122	739,665
		107,684,815	131,118,144
<u>Changes in working capital</u>			
Trade and notes receivables, net		(2,193,889)	2,405,158
Inventory		15,316,914	(109,209,934)
Due from related Parties		(518,235)	3,651,911
Prepayments and other debit balances		(6,607,590)	6,542,971
Trade & notes Payables		4,226,811	11,140,484
Accrued expenses and other credit balances		2,326,487	30,044,187
Zakat and income tax paid		(23,114,749)	(21,125,222)
Employee defined benefit obligation payment		(2,010,202)	(857,842)
Net cash flow generated from operating activities		95,110,362	53,709,857
<u>Cash flows from investing activities:</u>			
Additions to property, plant and equipment		(8,557,421)	(6,949,888)
Proceeds from sales of property, plant and equipment		78,258	-
Additions to projects under constructions		(96,999,397)	(74,601,549)
Additions to intangible assets		(2,012,078)	(2,001,334)
Dividends received from associate companies	7	24,862,500	3,830,476
Net cash flow used in investing activities		(82,628,138)	(79,722,295)
<u>Cash flows from financing activities:</u>			
Payments of loans	11	(1,239,074,020)	(811,598,830)
Proceeds from loans	11	1,286,772,732	883,500,000
Dividends paid	18	(45,000,000)	(45,000,000)
Lease obligation payments		(195,000)	(690,000)
Non-controlling interest		34,077	(41,855)
Net cash flow generated from financing activities		2,537,789	26,169,315
Net change in cash and cash equivalents		15,020,013	156,877
Cash and cash equivalents at the beginning of the period		17,874,227	18,294,771
Impact of change in the exchange rate of translating financial statements in foreign currencies		627,013	(770,148)
Cash and cash equivalents at the end of the period		33,521,253	17,681,500
<u>Non-cash transaction</u>			
Disposal from the projects under construction to prepayments and other debit balances		(1,949,695)	-
Provision used against trade receivables			(476,432)

 CFO
  VP
  CEO
  Managing Director

The accompanying notes are an integral part of these Interim condensed consolidated financial statements.

Northern Cement Company
(A Saudi Joint Stock Company)
Notes to the Interim condensed consolidated financial statements (Unaudited)
For the nine-month period ended September 30, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

1- Company information:

A. Establishing the company

Northern Region Cement Company (SA) is a Saudi joint stock company, registered in Tarif, Saudi Arabia under the Commercial Register No. 3451002618 on 19 01431 H (March 19, 2006).

B. The company's share capital

The company put the company's shares to public offering and transferred it from a closed Saudi joint stock company to a joint stock company with its rights and obligations, a decision was issued by the Capital Market Authority No. 4/585 on 23 Rabe Awal 1434 (February 4, 2013) to approve the announcement of the company's transformation from a closed Saudi joint stock company to a Saudi joint stock company. The company has put forward 50% of its shares for the IPO to complete the rest of its capital by offering 54 million shares worth 540 million SR, bringing the company's capital to SR 1,800 SR million divided into 180 million shares with a nominal value of 10 Saudi riyals.

C. The nature of the company's activity

The main activity of the company is the production of ordinary Portland cement and resisting and managing and operating Portland cement factories of all kinds and wholesale and retail in the company's products and building materials including import and export abroad, rock pieces and white cement under license 900 issued on 28 February 1426 H 5 June 2005. On Rabi 'Al-Akher 7, 1442 AH, the license was amended by Resolution No. 421102108487 to include white cement within the company's activities.

D. Fiscal year

The company's financial year is twelve months from the beginning of January until the end of December each calendar year.

E. Presentation currency and activity

The financial statements are prepared in Saudi Riyals, which is the currency of activity and offer for the company, all the numbers are rounded to the nearest Riyal, unless otherwise indicated.

2- Group information

The interim condensed consolidated financial statements include the financial statements of The Northern Region Cement Company and the interim condensed consolidated financial statements of all companies controlled by the company (its subsidiaries) that were established or acquired as at June 30, 2016. They are as follows:

<u>Company Name</u>	<u>Country</u>	<u>Legal entity</u>	<u>Percentage of ownership (%)</u>	
			<u>September</u> <u>30, 2023</u>	<u>December</u> <u>31, 2022</u>
North Cement (1)	The Hashemite Kingdom of Jordan	Public joint stock	99.382	99.382
Deyaar Nagd for contracting & Trading Ltd. Co. (2)	U.A.E	Limited liability	100	100
Sama Yamamah (2)	U.A.E	Limited liability	100	100
North Gulf (2)	U.A.E	Limited liability	100	100
Through The North for The Cement and Building Materials (2)	U.A. E	Limited liability	100	100
Al Hazm for cement trading and derivatives Limited (2)	U.A. E	Limited liability	100	100
Um-Qasr Northern Cement Co. Ltd. (3)	U.A. E	Limited liability	100	100
Um-Qasr Northern Cement Co. Ltd. (3)	IRAQ	Limited liability	94.845	94.845

Northern Cement Company
(A Saudi Joint Stock Company)
Notes to the Interim condensed consolidated financial statements (Unaudited)
For the nine-month period ended September 30, 2023
(All amounts are in Saudi Riyals unless otherwise stated)

2- Group information (Continued):

- 1- Northern Cement's consolidated financial statements include the Hashemite Kingdom of Jordan. The financial statements of its subsidiary (White Stars Mining Investment Ltd) which 100% owned by the subsidiary, and for the purposes of preparing these consolidated financial statements, all important balances and operations have been excluded and settled between the company and its subsidiary (Northern Cement Jordan).

In addition to the profits (losses) resulting from these operations with the subsidiary, the subsidiary's activity includes the clinker industry, grinding, cement industry and the implementation of industrial projects.

During the last year, the participation in The Northern Cement Company of The Hashemite Kingdom of Jordan was increased to buy shares through the subsidiaries of Deyaar Nagd for contracting & Trading Ltd. Co. and Sama Al Yamamah.

- 2- The above subsidiaries are private-purpose companies established in the United Arab Emirates for the purpose of owning stakes in Northern Cement, a public joint stock company registered in Amman, Jordan.
- 3- During the first quarter of 2018, the company acquired the entire shares Um-Qasr Northern Cement Co. Ltd, which is registered in The Jebel Ali area of Dubai with a capital of AED 6,064,527. Which in turn owns 70% of the shares of Um-Qasr Northern Cement Co. Ltd, an Iraqi limited liability company that has the right to implement a contract to qualify, operate and participate in the production of Basra cement plant in the Republic of Iraq, while the subsidiary of Northern Cement - Jordan owns 20% of the shares of the Iraqi company referred to above (Note 7)

3- The Foundations of the preparation of interim condensed consolidated financial statements:

3-1 Statement of compliance

These interim condensed consolidated financial statements were prepared in accordance with IAS 34 (Interim Financial Reports) endorsed in the kingdom of Saudi Arabic and other standards pronouncements that are issued by Saudi organization for chartered and professional accountants (SOCPA). These interim condensed consolidated financial statements don't include all the information and disclosures required to prepare a full set of the consolidated financial statements. Hence, these interim condensed consolidated financial statements should be read on conjunction with the group consolidated financial statements for the year ended December 31, 2022.

3-2 Accounting basis

Interim condensed consolidated financial statements are prepared in accordance with the principle of historical cost and using Accrual basis and the concept of continuity of activity, excluding investments in associate companies which are recorded in accordance with the method of equity and employee defined benefit Obligation which is measured at present value of future obligations using Projected Unit Credit Method.

3-3 Going concern:

The Interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to manage liquidity to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations as they fall due under both normal and abnormal conditions.

3-4 Significant accounting estimates and judgments

The preparation of these interim condensed consolidated financial statements requires management to use provisions and estimates that affect the application of accounting policies and the amounts listed for assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. The areas of management are important in the application of accounting policies and important sources of estimates and uncertainties that have a substantial impact similar to those described in the consolidated financial statements of the previous year.

3- The Foundations of the preparation of interim condensed consolidated financial statements
(Continued):

3-5 The basis for consolidation.

The Interim condensed consolidated financial statements include the financial statements of the parent company Northern Region Cement Company Saudi Joint Stock Company and its subsidiaries (collectively, the "Group") as at 30 September 2023. Control over the invested business is achieved when it has the right to obtain different returns as a result of its participation in the investee company, and it has the ability to influence these returns by exercising its influence over the investee company. In particular, the Group controls the investee if, and only if, the Group has:

- Leverage over the investee company (for example: it has the right that gives it the power to control the activities of the investee company).
- Exposure to risks and the right to obtain variable returns as a result of its participation in the investee company.
- The ability to use its influence over the investee company to affect its returns.

In general, there is an assumption that the majority of voting rights will lead to control. To support this assumption and when the Group has a lower level than the majority of voting rights or similar rights in the investee company, the Group takes into account all relevant facts and circumstances when assessing whether the Group has control over the investee company, and these facts and circumstances include the following:

- Contractual agreements with voting rights holders of the investee company.
- Rights resulting from other contractual agreements.
- The Group's right to vote and potential voting rights.

Any additional facts or circumstances that indicate that the Group has or does not have the current ability to control activities related to decision-making, including voting on cases in previous shareholder meetings.

The Group performs a reassessment to ascertain whether or not it exercises control over the investee company, when facts and circumstances indicate that there is a change in one or more elements of control. Consolidation of a subsidiary begins when the Group has control of the subsidiary and ceases when the Group relinquishes exercising such control.

The assets, liabilities, income and expenses of the subsidiary acquired or disposed of during the year are included in the Interim condensed consolidated financial statements from the date control is transferred to the Group and until the Group relinquishes exercising such control.

Income and each component of comprehensive income which relates to the equity holders of the parent company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When it is necessary, the financial statements of subsidiaries are amended so that their accounting policies are prepared in line with the Group's accounting policies.

All intercompany balances in the Group such as assets, liabilities, equity, income, expenses and cash flows resulting from operations between the Group companies are completely eliminated upon consolidation of the financial statements.

Any change in ownership interests in the subsidiary, without loss of control, is treated as an equity transaction. In the event that the Group loses control over the subsidiary, it will cease to recognize the related assets and liabilities, non-controlling equity and other elements of equity, and the resulting gains or losses are recognized in the Interim condensed consolidated statement of profit or loss. The investment retained is recognized at fair value.

In the event that the Group loses control over the subsidiaries:

- * The assets (including goodwill) and liabilities associated with the subsidiary are excluded.
- * Exclusion of the present value of any rights not controlled.
- * Exclusion of cumulative balance differences recorded in equity.
- * Recognition of the fair value of the assets received.
- * Recognition of the fair value of any remaining investments.
- * Recognition of any surplus or deficit in profits or losses.

3- The Foundations of the preparation of interim condensed consolidated financial statements (Continued):

3-5 The basis for consolidation (Continued):

Reclassification of the parent company's share in subsidiaries previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as it becomes a requirement if the Group directly disposes of assets and liabilities.

3-5/1- ASSOCIATES COMPANIES

Associates are companies over which the Group exercises significant influence and not joint control or control. In general, this occurs when the Group owns a share of 20% to 50% of the voting rights in the associate. The investment in associates is accounted for according to the equity method after initial recognition of cost of investment.

3-5/2- EQUITY METHOD

Based on the equity method, investments are recognized primarily at cost and subsequently adjusted to reflect the Group's share of profits or losses after the acquisition as profits and losses resulting from the investment in the investee company. The Group's contribution to comprehensive income after the acquisition is also recognized in the statement of comprehensive income. If after reducing the contribution to the investee company to zero, liabilities are recognized only if there is an obligation to support the investee's operating operations or any payments made on behalf of the investee company. Distributions received or receivables from associates and joint ventures are booked to reduce the net value of the investments.

Goodwill related to an associate or joint venture is included in the carrying amount of the investment and is not independently tested for impairment.

The Interim condensed consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in the comprehensive income of the investee companies is shown as part of the Group's comprehensive income. In addition, in the event that any change is recognized directly within the equity of the associate or the joint venture, the Group shall recognize its share in any changes, when applicable, in the Interim condensed consolidated statement of changes in owners' equity as unrealized profits and losses resulting from the transactions between the Group and the associate and joint venture to the extent of the Group's interest in the associate or joint venture. The financial statements of subsidiaries and joint ventures are prepared for the same financial year as the Group.

When necessary, the accounting policies of subsidiaries and joint ventures are presented to be consistent with the Group's policies. After applying the equity method, the Group checks whether it is necessary to prove any impairment loss in the value of its investment in its associate or joint venture. On the date of preparing each financial statement, the Group ensures that there is objective evidence of a decrease in the value of the investment in any associate or joint venture. When such evidence exists, the Group calculates the amount of the decrease as the difference between the recoverable amount of the associate or joint venture and its carrying value, and the loss is recognized as "share in the loss of an associate and a joint venture" in the statement of Interim condensed consolidated profit or loss.

Upon loss of significant influence over the associate or joint control of a joint venture, the Group measures and recognizes the investment to be held at fair value. The difference between the carrying value of the associate or joint venture upon loss of significant influence or joint control and the fair value of the investment retained (and any proceeds of disposal) will be recognized in the statement of Interim condensed consolidated profit or loss.

3-5/3- Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the Interim condensed consolidated statement of comprehensive income and within equity in the Interim condensed consolidated statement of financial position and separately from shareholders' equity. Losses applicable to the minority in excess of the minority interest are allocated against the interest of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. A change in the Group's interest in a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

3- The Foundations of the preparation of interim condensed consolidated financial statements (Continued):

3-5 The basis for consolidation (Continued):

3-5/4- Business combinations and goodwill

Accounting for business combinations is done using the acquisition method. The cost of an acquisition is measured by the total consideration value transferred, which is measured at the fair value at the acquisition date and the amount of non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree at fair value or at the proportionate share of the identifiable net assets of the acquiree. Acquisition costs incurred are expensed and included in administrative expenses. In the event that the combination is achieved in stages, the retained part of the acquired company is calculated at fair value, the difference is recorded in the profit and loss account.

When the Group acquires a business, the financial assets and liabilities that have been undertaken are estimated for the appropriate classification and allocation according to the contractual terms, economic conditions and conditions prevailing at the date of the acquisition. This includes the separation of derivatives included in other financial instruments in the main contracts by the acquiring company.

Any future contingent liability by the buyer will be added to the fair value at the date of acquisition. All contingent liabilities (except for those classified as equity) are measured at fair value and changes in fair value are accounted for in profit and loss. Contingent liabilities classified as equity are not reassessed or settled, and any subsequent payments are accounted for on an equity basis.

Originally, goodwill is measured at cost (being the difference between the total consideration transferred and the amount of non-controlling interests recognized and any interests held, less the net identifiable assets acquired and liabilities assumed). In the event that the fair value of the net assets acquired exceeds the total consideration transferred, the Group reassesses to ensure that it has correctly identified all the assets acquired and all liabilities that have been transferred, and reviews the procedures used to measure the amounts to be recognized on the date of acquisition. If this reassessment still results in an increase in the fair value of net assets acquired over the total consideration transferred, then the profits are recognized in the statement of Interim condensed consolidated profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of testing for impairment, goodwill acquired in the combination from the date of the acquisition is allocated on the basis of the Group's cash-generating unit that is expected to benefit from the business combination regardless of other assets or liabilities. The acquiring company of these units considers, the "cash generating unit" is the smallest Group of assets that generate cash inflows from continuous use and are largely independent of the cash flows from other assets or Groups. The cash-generating unit is consistently identified from period to period for the same assets or types of assets, unless a change is justified.

4- Significant accounting policies:

The accounting policies applied to these the interim condensed consolidated financial statements are the same as those applied to the consolidated financial statements for the fiscal year ended December 31, 2022.

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5- Segment information

The company and its subsidiaries are managed as a single operational segment in the manufacture and production of cement of all kinds and the company and its subsidiary operate in Saudi Arabia, The Hashemite Kingdom of Jordan and the Iraqi Republic as follows:

	Kingdom of Saudi Arabia	The Hashemite Kingdom of Jordan	The Iraqi Republic	Adjustments and deletions	Total
As at September 30, 2023:					
Property, plant and equipment, net	1,801,888,010	160,364,072	7,891,916	-	1,970,143,998
Total assets	3,434,707,000	586,562,379	116,527,211	(658,297,187)	3,479,499,403
Total liabilities	1,186,476,244	211,583,902	68,207,899	(240,212,521)	1,226,055,524
As at December 31, 2022:					
Property, plant and equipment, net	1,754,175,977	160,395,695	4,488,113	-	1,919,059,785
Total assets	3,352,115,767	579,992,450	117,375,458	(637,864,636)	3,411,619,039
Total liabilities	1,123,698,786	192,843,175	77,919,694	(215,922,728)	1,178,538,927
For the nine months period ended September 30, 2023:					
Revenue	310,684,822	230,641,579	94,173,581	(121,267,112)	514,232,870
Depreciation and amortization	47,388,259	5,772,474	1,686,251	-	54,846,984
Finance cost	37,015,077	-	-	-	37,015,077
Net profit for the period	64,186,762	15,068,229	8,202,461	(22,754,774)	64,702,678
For the nine months period ended September 30, 2022:					
Revenue	331,608,583	167,847,407	91,285,920	(157,801,545)	432,940,365
Depreciation and amortization	47,734,488	5,313,335	1,538,629	-	54,586,452
Finance cost	18,775,374	-	-	-	18,775,374
Net profit for the period	75,429,842	23,728,715	2,894,288	(26,327,173)	75,725,672

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6- Intangible assets, net

	<u>Goodwill *</u>	<u>Plant Franchise**</u>	<u>IT Software***</u>	<u>License</u>	<u>Total</u>
Cost					
Balance as at January 1, 2023	506,157,403	55,534,433	8,442,732	789,255	570,923,823
Additions during the period		2,008,403	3,675	-	2,012,078
Balance as at September 30, 2023	506,157,403	57,542,836	8,446,407	789,255	572,935,901
Accumulated amortization					
Balance as at January 1, 2023	-	(6,820,736)	(8,435,296)	(570,680)	(15,826,712)
Charged for the period	-	(1,686,251)	(8,086)	(196,753)	(1,891,090)
Balance as at September 30, 2023	-	(8,506,987)	(8,443,382)	(767,433)	(17,717,802)
Net book value					
As at September 30, 2023	506,157,403	49,035,849	3,025	21,822	555,218,099
As at December 31, 2022	506,157,403	48,713,697	7,436	218,575	555,097,111

***Goodwill:**

Goodwill represents the fame resulting from the group's acquisition of equity in Northern Cement during the third quarter of 2011, a public joint stock company registered in Amman, Jordan, on May 2, 2007.

Management conducts an impairment test to ensure that there is no impairment at the end of each financial year. The management found that no needs to be recorded impairment loss of value had resulted from this test.

The recoverable value is determined on the basis of the information used to calculate the current value of the expected five-year cash flow based on the management-approved budget.

Sensitivity to changes in assumptions:

Management believes that there are no reasonable potential changes in any of the underlying assumptions below that could result in a reduction in the recoverable value of the cash-generating unit, including substantially the reputation for its book value.

Basic assumptions used to calculate the present value:

<u>Basic assumptions</u>	<u>Percentage</u>
Discount rate	15%
Average estimated profit rate after tax to sales	22.1%
Average annual sales growth rate	8.99%

Plant franchises:

A subsidiary has entered into an agreement with the General Cement Southern Company (one of the companies of the Ministry of Industry and Minerals in the Republic of Iraq) to rehabilitate and operate the Basra cement plant for 26 years from the end of the rehabilitation period, in exchange for free shares of cement produced for the Iraqi government.

Software:

Software Intangible assets are programs and payments for the development of these programs that are extinguished over the estimated production life of 4years.

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7- Investment in associate companies, Net

	September 30, 2023	December 31, 2022
<u>Investment:</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Balance at the beginning of the period /year	155,925,115	138,604,585
Dividends received	(24,862,500)	(12,192,188)
Share in net results of associate companies	30,371,127	29,512,718
Balance at the end of the period /year	161,433,742	155,925,115

The Group's investments in associate companies using the equity method are as follows:

<u>Associate Company Name</u>	<u>Country of origin</u>	Percentage of ownership	
		<u>September 30, 2023</u>	<u>December 31, 2022</u>
Sarh Zamzam Company for Project Investment and Rehabilitation	The Hashemite Kingdom of Jordan	50%	50%
Cement Experts Development Company	The Hashemite Kingdom of Jordan	50%	50%

1. The Group had invested in 50% of the ownership rights of Cement Experts Development company (LTD) registered in Amman - Hashemite Kingdom of Jordan and the group's activity includes investment, management and development of industrial, administrative and mining projects where cement experts for development invest in directly in the pioneer contracting and general trade company. Rehabilitation of industrial projects limited (Republic of Iraq) where the latter group signed a contract with the Iraqi government to rehabilitate and operate the Kubaisa cement plant for 26 years in exchange for a free share in production, to be returned to the government after the end of the contract period, and to be completed the rehabilitation period of the project in February 2014,
2. During the previous years as a result of unstable political conditions, production at the group plant was suspended and the rehabilitation period of the plant was extended indefinitely, and during the current year the plant was restarted and production started, so the management took the decision to interim refund the previous provision due to improved conditions and resumption of operation.
3. Northern Cement Company- Hashemite Kingdom of Jordan (subsidiary group) invests 50% of The Sarh Zamzam Investment Company's capital of JD 100,000 equivalent to SR 530,000.
4. The Group fully acquired the Um Qasr Northern Cement Limited, which is listed in Jebel Ali area of Dubai with a capital of AED 10,000 with an amount of SR 6,064,527, Um Qasr Northern Cement Ltd. owns 70% of the shares of Umm Qasr Northern Cement Co., Ltd. An Iraqi limited liability company which has the right to execute a contract to qualify, operate and participate in the production of Basra cement plant in the Republic of Iraq, as the subsidiary group Northern Jordan Cement company owns 20% of the shares of Umm Qasr Northern Company.

8- Inventory

	September 30, 2023	December 31, 2022
	<u>(Unaudited)</u>	<u>(Audited)</u>
Raw Materials	323,915,754	338,788,045
Finished Goods	135,419,840	130,006,637
Spare parts and consumables	88,433,825	83,690,271
Simi finished Goods	14,949,172	9,259,080
Goods in transit	12,645,968	28,218,450
Packing materials	9,945,466	10,664,456
	585,310,025	600,626,939

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9- Trade Receivables, Net:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Trade Receivables - local	47,576,650	44,100,179
Trade Receivables - Related parties (Note10-2)	10,528,425	15,979,489
Trade Receivables - Export	1,326,574	1,056,661
Total	59,431,649	61,136,329
less: Impairment in value of trade receivables	(859,908)	(859,908)
	58,571,741	60,276,421

- The major balances of the Trade Receivables are covered by bank guarantees and bonds.
The movement of impairment in value of trade receivables is as follows:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance as at the beginning of the period/year	859,908	2,859,908
Charged during the period /year	-	476,432
Reversed during the period /year	-	(2,000,000)
Used during the period /year	-	(476,432)
Balance as at the end of the period /year	859,908	859,908

10- Related Parties Balances and Transactions:

Related Parties are the group's major shareholders and the facilities under control or with significant influence by those entities.

Related Parties	Relationship
Pan Kingdom Investment Company	Founding Contributor
National Pan Kingdom Construction	Relationship with a shareholder
Pan Kingdom Saudi Company	Relationship with a shareholder
Global Specialized Transportation Company	Relationship with a shareholder
Aldar for Engineering Consulting Co.	Relationship with a shareholder
White Stars Company.	Associate Company
Cement Experts Development Company.	Associate Company
Global Cement Industry Company.	Associate Company
Pioneer Trading and Investment Company	Associate Company
Sarh Zamzam Company for Project Investment and Rehabilitation	Associate Company

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

	Nature of transaction	September 30, 2023	December 31, 2022
		(Unaudited)	(Audited)
A. Transactions with related parties			
Pan Kingdom Investment Company	Sales	5,356,264	5,818,851
Cement Experts Development Company	Expenses paid on behalf	12,296	5,300
B. Transactions with senior management officers			
Expenses and allowances of the Board of Directors and its committees		1,250,286	1,585,000

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10- Related Parties Balances and Transactions (Continued):

These transactions resulted in the following balances:

10-1 Due from related parties:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Cement Experts Development Company	11,065,103	11,052,807
Sarh Zamzam Investment and Project Rehabilitation Company	304,326	293,387
Pan Kingdom Investment Company	495,000	-
Pioneer Trading and Investment Company	186,750	186,750
Global Cement Industry Company	138,191	138,191
	12,189,370	11,671,135

10-2 Trade receivable from related parties

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
National Pan Kingdom Construction	10,146,607	15,597,671
Sarh Zamzam Investment and Project Rehabilitation Company	381,818	381,818
	10,528,425	15,979,489

11- Loans:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Short-term Murabaha	504,978,244	415,000,000
Current portion of long-term loan	142,323,232	123,789,899
Non- Current portion of long-term loan	276,260,874	337,073,739
	923,562,350	875,863,638

Short-term Murabaha:

The group has banking facilities in the form of Murabaha from several local commercial banks with a total value of SR SAR 504.9 million as at September 30, 2023 (December 31, 2022: SAR 415 million) and incurs financing costs at prevailing prices in the market based on interbank offer rates in addition to fixed margin. The management intends to Turn over short-term loans when they are due. The maturity date of the loans matured from one to seven years.

The company established an agreement regarding the mortgage of all fixed assets established or to be built on a plot of land with a total area of (30 km²) located in the North Free Zone in Arar Governorate granted to the borrower by virtue of a ministerial decision to transfer the license of an ore quarry No. Q / 8213 dated 24 Ramadan 1435 AH with all the project's equipment, machinery, accessories and accessories related to it or obtained for the project.

The loans movement is as follow:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at the beginning of period\year	875,863,638	819,662,469
Proceeds during the period\year	1,286,772,732	973,500,000
Paid during the period\year	(1,239,074,020)	(917,298,831)
Balance at the end of the period\year	923,562,350	875,863,638

12- Zakat and income tax provision:

The details of zakat and income tax provision are as follows:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Accrued Zakat	31,838,056	33,217,659
Income tax for a non-Gulf subsidiary	2,514,543	6,025,046
A government contribution tax non-Gulf	49,703	229,436
Total	34,402,302	39,472,141

- A. The Zakat declarations of the Group and its subsidiaries have been submitted to the General Authority of Zakat and Tax (GAZT) on the basis of independent financial statements prepared for Zakat purpose only.
- B. Zakat assessment was issued for the year 2014 with the company's demands for an amount of 20,159,782 Saudi riyals, and the objection was made and our objection was partially accepted, but the dispute did not end with the aforementioned partial acceptance, as it was escalated to the General Secretariat of Tax Committees, and the decision of the Adjudication Committee was issued to reject our objection, and the Appeal Committee was escalated, and no decision was issued to date.
- C. Zakat assessment was issued for the years from 2015 to 2017 AD to claim the company for zakat differences in the amount of 55,867,717 Saudi riyals and it was objected to and we objected to it partially, but the dispute did not end with the partial acceptance mentioned, it was escalated to the General Secretariat of Tax Committees and the decision of the Separation Committee for the years 2015 and 2016 AD was issued to partially accept the item of the Industrial Development Fund loan and rejected the other objection to the rest of the items and the dispute on these items was escalated before the Appeal Committee and was not A decision has been issued to date, but for the year 2017, no decision has been issued by the separation committee to date.
- D. Zakat assessment was issued for the year 2018 to the company's claim for Zakat differences in the amount of 14,940,570 Saudi riyals, which was objected to and our objection was partially accepted, but the dispute did not end with the aforementioned partial acceptance, as it was escalated to the General Secretariat of Tax Committees, and the decision of the Adjudication Committee was issued to reject our objection, and the Appeal Committee was escalated, and no decision has been issued to date.
- E. Zakat assessment For the year 2019 was issued to the company's claim for Zakat differences in the amount of 6,455,747 Saudi riyals, which was objected to and our objection was rejected, but the dispute did not end with that, as it was escalated to the General Secretariat of Tax Committees and the Adjudication Committee has not yet issued its decision.
- F. Zakat assessment was issued for the year 2020 AD to the company's claim for zakat differences in the amount of 14,232,629 Saudi riyals, which was objected to and our objection was rejected, but the dispute did not end with that, as it was escalated to the General Secretariat of Tax Committees, and the decision of the Adjudication Committee was issued to reject the company's objection, and the dispute was escalated to the Appeal Committee and its decision has not yet been issued.

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13- Earnings per share:

The calculation of underlying/reduced earnings per share is based on the return on ordinary shareholders and the weighted average number of existing common shares. Earnings per share as at September 30, 2023 was calculated based on the weighted average number of shares held during the year with a number of 180 million shares (December 31, 2022: 180 million shares). There are no potential discounted ordinary shares. Adjusted earnings per share is the same as the underlying profit per share as the Group has no convertible securities or reduced financial instruments to exercise it.

	For the three-month period ended		For the nine -month period ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit from operations	35,956,573	32,824,707	88,857,108	95,426,673
Net profit for the period	23,354,791	27,634,645	64,702,678	75,725,672
	180,000,000	180,000,000	180,000,000	180,000,000
Basic and diluted earnings per share from profit from operations	0.20	0.18	0.49	0.53
Basic and diluted earnings per share from net profit for the period	0.13	0.15	0.36	0.42

14- Capital management:

In order to manage the group's capital, the capital includes equity and all other equity reserves belonging to the group's owners. The main purpose of managing the group's capital is to maximize the value of shareholders' shares. The Group manages and adjusts its capital structure considering changes in economic conditions and financial commitment requirements. To maintaining or modifying the capital structure, the Group may adjust dividend amounts paid to shareholders, return capital to shareholders or issue new shares. The group monitors capital using the leverage ratio, which represents net debt divided by total capital plus net debt. The group's liabilities include net debt, term loans, commercial accounts payable, payable expenses and other credit balances, minus bank balances.

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Loans and Murabaha	923,562,350	875,863,638
Trade and notes payable	122,304,565	118,077,754
Accrued expenses and other credit balances	122,472,876	120,146,389
Less: Cash and cash equivalents	(33,521,253)	(17,874,227)
Net debt	1,134,818,538	1,096,213,554
Total shareholders' equity	2,253,443,879	2,233,080,112
Leverage rate	33%	33%

15- Contingent liabilities:

The contingent liabilities on the group are shown in the table below:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Letters of guarantee	9,198,804	8,750,000

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16- Financial Instruments – Fair Value and Risk Management

A. Fair Value

This disclosure provides information about the financial instruments held by the Group, including:

- An overview of all financial instruments held by the Group.
- Special information about the type of financial instruments

Financial assets

Financial assets are measured at amortized cost or fair value through profit or loss, or fair value through comprehensive income.

The decision to classify these assets into appropriate categories depends on:

- The business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

All financial assets owned by the Group are measured at amortized cost, with the fair values being not materially different from their carrying amounts due to their short-term nature.

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Debit balances		
Prepayments and other debit balances	52,175,675	43,618,390
Trade Receivable, net	58,571,741	60,276,421
Due from related parties	12,189,370	11,671,135
Notes Receivable	48,130,254	44,231,685
	171,067,040	159,797,631
Cash and cash equivalent	33,521,253	17,874,227
Total	204,588,293	177,671,858

Financial liabilities

The fair values of financial liabilities do not differ materially from their book value as the interest accrued on these liabilities is either close to current market rates or liabilities of a short-term nature.

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Financial liabilities		
Loans and Murabaha	923,562,350	875,863,638
Trade payables and notes payable	122,304,565	118,077,754
Accrued expenses and other credit balances	122,472,876	120,146,389
Zakat and income tax provision	34,402,302	39,472,141
Total	1,202,742,093	1,153,559,922

B- Risk Management

The Group's activities are subject to various financial risks and these risks include:

- 1) Credit Risk
- 2) Market Risk
- 3) Liquidity risk.

1) Credit Risk

The Group is exposed to credit risk due to the counterparty's inability to meet its contractual obligations when due, in respect of:

- Trade receivables and other debit balances
- Cash and cash equivalent

The Group closely monitors the economic environment in taking measures to limit exposure to customers operating in sectors experiencing economic volatility, purchase limits are monitored, all the Group's customers dealing in term (trade receivables) within the Kingdom of Saudi Arabia, the Group's expertise plays a role in monitoring economic fluctuations.

16- Financial Instruments – Fair Value and Risk Management (Continued):

B- Risk Management (Continued):

1) Credit Risk (Continued)

Credit risk is the risk that the Group will suffer financial loss as a result of the failure of the customer or counterparty of a financial instrument to meet its contractual obligations. The book value of financial assets represents the maximum exposure to credit risk.

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer. Management considers factors that may affect the credit risk of its customer base, including the risk of default for the sector in which customers operate.

For receivables, the Group has established a policy whereby customers who wish to deal on deferred are analyzed before presenting the Group's basic payment and delivery terms and conditions, including business information and, in some cases, bank references. Credit limits are set for each customer and checked periodically. The Group limits its exposure to credit risk by providing credit tenors that normally do not exceed three months on average except in limited cases.

When monitoring customers' credit risk, clients are classified according to their credit characteristics and the presence of previous financial difficulties.

The carrying amount of financial assets represents the maximum value to which financial assets can be exposed to credit risk as at the date of the financial position as at 30 September and is as follows.

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Prepayments and other debit balances	52,175,675	43,618,390
Trade Receivable, net	58,571,741	60,276,421
Due from related parties	12,189,370	11,671,135
Notes Receivable	48,130,254	44,231,685
Cash and cash equivalent	33,521,253	17,874,227
Total	204,588,293	177,671,858

Receivables are short-term and usually less than 12 months, so the provision for credit loss is calculated in a way that does not differ from the 12-month period, which is the expected life of the receivables. The Group applies the practical method in IFRS 9 "Financial Instruments" to measure the expected credit losses of receivables using a provision matrix based on the ages of the receivables.

Factors impacting expected credit losses model.

- 1- Trade receivables collections.
- 2- Forward looking information of the economic conditions of the customers business industry

2) Market Risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates, commission rates and goods prices, will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

16- Financial Instruments – Fair Value and Risk Management (Continued):

B- Risk Management (Continued):

2) Market Risk (Continued)

Currency risk management

Currency risk is the risk that the value of a financial instrument is subject to fluctuations as a result of changes in foreign exchange rates. The Group's business transactions are mainly in the currencies of Saudi Riyal, Jordanian Dinar and UAE Dirham and US Dollar .

The Group also has investments in foreign associate companies where its net assets are exposed to currency conversion risk. These risks are currently mainly related to the movement of the conversion rate between the Saudi Riyal against the US Dollar. The impact of these exposures is recorded in a separate item in the shareholders' equity in the accompanying consolidated financial statements. The Group's management monitors fluctuations in the foreign exchange rate and believes that these risks are insignificant as the exchange currencies are regularly fixed in Saudi Riyals.

Cash borrowings other than the Saudi Riyal are also immaterial.

Managing fair value and cash flow commission rate risks

Fair value and cash flow commission rate risks are different exposures related to the effect of fluctuations in commission rates prevailing in the market on the consolidated financial position and consolidated cash flows of the Group. Commission rate risk to the Group arises mainly from short-term deposits and bank borrowings. The Group does not use hedging contracts, but management monitors changes in commission rates and believes that this risk is not significant.

As at the date of the financial position, the Group's loans carried interest rates were as follows:

	Note	<u>September 30, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
Loans and Murabaha	11	923,562,350	875,863,638
		923,562,350	875,863,638

Price risk management

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its source, or factors affecting all instruments traded in the market.

3) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group seeks continuously to comply with its legal obligations, including any, relating to its financing agreements.

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments.

The management monitors the rolling forecasts of liquidity and expected cash flows at the Group level. In addition, the liquidity management policy of the Group includes forecasting cash flows and considering the level of liquid assets necessary to meet them, monitoring liquidity rates in the financial position and debt financing plans.

17- Interim condensed results and adjustments for the period

All adjustments that the company's management deemed important have been prepared so that the interim condensed consolidated balance sheet and business results for the period appear fairly. The business results for the interim condensed consolidated financial period may not represent an accurate indication of the actual results of the full year business.

18- Dividends paid:

The Board of Directors of the company decided at their meeting on May 22, 2023, to distribute cash dividends to the company's shareholders for the second half of 2022, with an amount of (SAR 45 million) distributed on the number of shares of 180 million shares, 0.25 Saudi riyals per share, distribution ratio of nominal value is 2.5%. The Board of Directors of the Company has taken the approval from the Ordinary General Assembly on May 8, 2023 to authorize the distribution of interim profits.

The Board of Directors of the company decided at their meeting on March 28, 2022, to distribute cash dividends to the company's shareholders for the second half of 2021, with a amount of (SAR 45 million) distributed on the number of shares of 180 million shares, 0.25 Saudi riyals per share, distribution ratio of nominal value is 2.5%. The Board of Directors of the Company has taken the approval from the Ordinary General Assembly on June 7, 2022 to authorize the distribution of interim profits.

19- Subsequent events:

Group management considers that there are no significant subsequent events after the date of the report that require their modification or disclosure in these interim condensed consolidated financial statements.

20- Comparative figures:

Certain Comparative figures have been reclassified in line with the current presentation for the nine-month period ended September 30, 2023.

21- Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were approved by the Company's Board of Directors on November 7, 2023 G corresponding to Rabi Al Thani 23, 1445 H