

**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**  
For the three-month period ended March 31, 2023  
together with  
**INDEPENDENT AUDITORS' REPORT ON REVIEW**



## KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P. O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 403029792

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال  
شارع الأمير سلطان  
ص. ب. 55078  
جدة 21534  
المملكة العربية السعودية  
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed interim financial statements

To the Shareholders of Southern Province Cement Company  
(A Saudi Joint Stock Company)  
Abha - Kingdom of Saudi Arabia

## Introduction

We have reviewed the accompanying 31 March 2023 condensed interim financial statements of **Southern Province Cement Company** (the "Company"), which comprise of:

- Condensed interim Statement of Financial Position as at 31 March 2023;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2023;
- the condensed interim statement of changes in equity for the three-month period ended 31 March 2023;
- the condensed interim statement of cash flows for the three-month period ended 31 March 2023; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 (IAS 34), 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

## Scope of Review

We conducted our review in accordance with the 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 interim financial information 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.

# Independent auditor's report on review of condensed interim financial statements (continued)

To the Shareholders of Southern Province Cement Company  
(A Saudi Joint Stock Company)  
Abha - Kingdom of Saudi Arabia

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2023 condensed interim financial statements of Southern Province Cement Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## For KPMG Professional Services



Ebrahim Oboud Baeshen  
License No. 382

Jeddah, 21 May 2023  
Corresponding to 1 Dhul Qadah 1444H



**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)


**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

As at 31 March 2023  
(Saudi Riyals)

	<u>Note</u>	<b>March 31, 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
<b><u>Assets</u></b>			
<b>Non-current assets</b>			
Property plant and equipment	6	2,736,720,106	2,756,241,761
Investment properties		5,437,625	5,437,625
<b>Total non-current assets</b>		<b>2,742,157,731</b>	<b>2,761,679,386</b>
<b>Current assets</b>			
Inventories	7	690,357,576	669,301,241
Trade receivables		77,418,282	78,122,596
Prepayments and other receivables	8	43,304,460	42,497,140
Cash and cash equivalent	9	390,380,258	320,213,283
<b>Total current assets</b>		<b>1,201,460,576</b>	<b>1,110,134,260</b>
<b>Total assets</b>		<b>3,943,618,307</b>	<b>3,871,813,646</b>
<b><u>SHAREHOLDER'S EQUITY AND LIABILITY</u></b>			
<b><u>Equity:</u></b>			
Share capital	1	1,400,000,000	1,400,000,000
Statutory reserve		700,000,000	700,000,000
Retained earnings		1,154,483,241	1,105,593,835
<b>Total equity</b>		<b>3,254,483,241</b>	<b>3,205,593,835</b>
<b><u>Liabilities</u></b>			
<b>Current liabilities</b>			
Bank facilities	10	152,147,000	173,397,000
Employees' defined benefit obligation		117,524,337	119,519,688
<b>Total non-current liabilities</b>		<b>269,671,337</b>	<b>292,916,688</b>
<b>Current liabilities</b>			
Bank facilities	10	81,250,000	80,000,000
Accrued expenses and other payables		82,520,192	65,800,847
Trade payables		74,449,353	48,323,134
Dividend payables	11	159,984,942	160,845,204
Zakat provision	12-ب	21,259,242	18,333,938
<b>Total current liabilities</b>		<b>419,463,729</b>	<b>373,303,123</b>
<b>Total liabilities</b>		<b>689,135,066</b>	<b>666,219,811</b>
<b>Total equity and liabilities</b>		<b>3,943,618,307</b>	<b>3,871,813,646</b>

The attached notes 1 to 16 of these condensed interim financial statements.

  
Vice Chief Executive  
Financial Officer

  
Chief Executive Officer

  
Chairman BOD

**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (UNAUDITED)**

For the three-month period ended March 31, 2023  
(Saudi Riyals)

	Note	March 31, 2023 (Unaudited)	31 December 2022 (Audited)
Revenue		299,845,350	329,973,668
Cost of revenue		(228,875,880)	(223,631,613)
<b>Gross profit</b>		<b>70,969,470</b>	<b>106,342,055</b>
Selling and distribution expenses		(4,499,191)	(2,581,700)
General and administrative expenses		(13,023,173)	(13,088,347)
<b>Operating income</b>		<b>53,447,106</b>	<b>90,672,008</b>
Finance costs		(3,988,797)	(1,720,782)
Other income		2,356,401	321,401
<b>Profit before zakat</b>		<b>51,814,710</b>	<b>89,272,627</b>
Zakat	12-i	(2,925,304)	(2,231,816)
<b>Period profit</b>		<b>48,889,406</b>	<b>87,040,811</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified under profit or loss:</i>			
Remeasurement of employees' defined benefits obligation		--	--
<b>Total comprehensive income</b>		<b>--</b>	<b>--</b>
<b>Total comprehensive income</b>		<b>48,889,406</b>	<b>87,040,811</b>
<u>Earnings per share to net income for the period</u> (Saudi Riyals):			
	13		
<b>Basic</b>		<b>0.35</b>	<b>0.62</b>
<b>Diluted</b>		<b>0.34</b>	<b>0.62</b>

The attached notes 1 to 16 of these condensed interim financial statements.

  
Vice Chief Executive  
Financial Officer

  
Chief Executive Officer

  
Chairman BOD

**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

For the three-month period ended March 31, 2023

(Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Total
<b>Three-month period ended March 31, 2023:</b>				
Balance as at 1 January 2023 (unaudited)	1,400,000,000	700,000,000	1,105,593,835	3,205,593,835
Period profit	--	--	48,889,406	48,889,406
Other Comprehensive Income ("OCI")	--	--	--	--
<b>Total comprehensive income for the period</b>	--	--	<b>48,889,406</b>	<b>48,889,406</b>
<b>Balance at 31 March 2023 (Unaudited)</b>	<b>1,400,000,000</b>	<b>700,000,000</b>	<b>1,154,483,241</b>	<b>3,254,483,241</b>
<b>For the three-month period ended 31 March 2022:</b>				
Balance as at 1 January 2022 (audited) (as previously reported)	1,400,000,000	700,000,000	1,107,491,974	3,207,491,974
Correction of previous years' errors	--	--	(32,377,321)	(32,377,321)
Balance as at 1 January 2022	1,400,000,000	700,000,000	1,075,114,653	3,175,114,653
Period profit	--	--	87,040,811	87,040,811
Other Comprehensive Income ("OCI")	--	--	--	--
<b>Total comprehensive income for the period</b>	--	--	<b>87,040,811</b>	<b>87,040,811</b>
<b>Balance at 31 March 2022 (Unaudited)</b>	<b>1,400,000,000</b>	<b>700,000,000</b>	<b>1,162,155,464</b>	<b>3,262,155,464</b>

The attached notes 1 to 16 of these condensed interim financial statements.



Vice Chief Executive Financial Officer



Chief Executive Officer



Chairman BOD

**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**

For the three-month period ended March 31, 2023  
(Saudi Riyals)

	Note	2023 <sub>٢</sub> (Unaudited)	2022 <sub>٢</sub> (Unaudited)
<b><u>Operating activities:</u></b>			
Profit for the period before Zakat		51,814,710	89,272,627
<b><u>Adjustments:</u></b>			
Depreciation on property, plant and equipment	6	48,990,418	56,514,993
Profit on disposal of property plant and equipment		--	1,434,513
Employee defined benefit obligation charge for the period		2,424,940	5,221,279
		<u>103,230,068</u>	<u>152,443,412</u>
Change in working capital:			
Trade receivables		704,314	(4,814,904)
Inventory		(21,056,335)	(18,773,481)
Prepayments and other receivables		(807,320)	7,273,350
Trade Payables		26,126,219	354,050
Accrued expenses and other payables		16,719,345	15,598,891
Employees defined benefits - paid		(4,420,291)	(1,606,062)
<b>Net cash generated from operating activities</b>		<u>120,496,000</u>	<u>150,475,256</u>
<b><u>INVESTING ACTIVITIES:</u></b>			
Additions of property, plant and equipment	6	(29,468,763)	(33,450,122)
<b>Net cash used in investing activities</b>		<u>(29,468,763)</u>	<u>(33,450,122)</u>
<b><u>Financing activities:</u></b>			
Repayment from facilities	10	(20,000,000)	(18,750,000)
Dividends paid	11	(860,262)	(2,221,202)
<b>Net cash used in financing activities</b>		<u>(20,860,262)</u>	<u>(20,971,202)</u>
Change in cash and cash equivalents during the year		70,166,975	96,053,932
Cash and cash equivalents at beginning of the period		320,213,283	503,597,996
<b>Cash equivalents at the end of the period</b>	9	<u>390,380,258</u>	<u>599,651,928</u>
<b><u>Significant non-cash transactions</u></b>			
Transfer from projects in progress to property, plant and equipment	6	--	67,900

The attached notes 1 to 16 of these condensed interim financial statements.

  
Vice Chief Executive  
Financial Officer

  
Chief Executive Officer

  
Chairman BOD

## **SOUTHERN PROVINCE CEMENT COMPANY**

(A Saudi Joint Stock Company)

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

As at 31 March 2023

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#### **1. GENERAL**

Southern Province Cement Company was established as a Saudi Joint Stock Company (“the Company”) under the Royal Decree No. M/3 on 24/3/1397H based on the Council of Ministers Resolution No. 1074 on 10/8/1394H and is registered in Abha City under the Commercial Registration No. 5850001443 on 27/04/1399H pursuant to the Ministry of Industry and Electricity Resolution No. 67/R dated 17/3/1396H.

The Company's main activity is to manufacture and produce cement, its derivatives and accessories, and to trade in those products and to carry out all works related directly to the realization of these purposes. The Company may have an interest or participate in any way with entities and companies that carry out works similar to their work or which may cooperate to achieve their purpose. It may own, or purchase shares in these companies, and to merge it or to merge into or to purchase them. The Company may have an interest or participate in any form with other companies, provided that it does not exceed 20% of its free reserves and does not exceed 10% of the share capital of the Company in which it participates. The total number of such shares shall not exceed the value of these reserves and the Ordinary General Assembly shall be informed in their first meeting.

As at 31 March 2023, the authorized, subscribed and fully-paid-up share capital 1.4 billion (31 December 2022: SR 1.4 billion) was divided into 140 million ordinary shares (31 December 2022: 140 million shares) of SR 10 each (31 December 2022: SR 10).

The registered address of the Company is as follows:

Southern Province Cement Company  
Abha City  
PO Box 548  
Jeddah, Kingdom of Saudi Arabia

The Company operates through three factories, which are as follows:

1. Jazan, Ahad Al Masariyah city.
2. Aseer, Bisha.
3. Mecca Region, Al Qunfudhah - Thaloth Emara.

The following factories operate under separate industrial licenses that are numbered and dated as follows:

<u>Factory</u>	<u>Industrial license No.</u>	<u>Industrial license date</u>
Ahad Al Masariyah - Jazan area	4111021101070	29/04/1441H
Bisha - Aseer area	441110123631	08/04/1441H
Tehama - Makkah area	411102102693	18/06/1441H



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

As at 31 March 2023

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**2. BASIS OF PREPERATION**

**a) Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard No. 34 “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants. These condensed interim financial statements should be read in conjunction with the financial statements of the last annual financial statements of the Company as in as at 31 December 2022 (“Previous Year Financial Statements”). These financial statements do not include all the information required to prepare a complete set of financial statements in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, however some accounting policies and explanatory notes have been included to explain the events and transactions that are important to understand the changes in the financial position and financial performance of the Company from the financial statements of the previous year. In addition, the results for the three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023.

**b) Basis of measurement**

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

- Accruals for employee defined benefit obligations that are measured at the present value of future liabilities are recognized using the projected unit credit method. Using the accrual basis of accounting and the going concern concept.

**c) Functional and presentation currency**

These condensed interim financial statements have been presented in Saudi Arabian Riyals (SR) which is the Company’s functional and presentation currency.

**3. USE OF JUDGEMENTS AND ESTIMATES**

The preparation of the condensed interim financial statements requires management to make judgments and estimates that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.

Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are also reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.

Significant judgments and estimates made by the management upon the adopting the Company’s accounting policies correspond to the disclosed policies in last year’s financial statements.

**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

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

As at 31 March 2023

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Company in preparing the financial statements are consistent with those followed in preparing the annual financial statements of the Company for the year ended 31 December 2022, and there are no new standards that were issued during the year.

**5. SEGMENT INFORMATION**

The presentation of key segments is determined on the basis that the risks and rewards of the Company are substantially affected by the differences in the products of those segments. These segments are organized and managed separately according to the nature of the services and products, each forming a separate unit. The operational segments set out below are determined by distinguishing operating segments from which the Company generates revenues and incurs costs. The economic characteristics are reviewed and the operating segments are aggregated on the basis of the assessment made by the Chief Operating Decision Maker at least every quarter and reviewed by senior management. The Company has one operational sector, represented in the production of cement (ordinary cement, in both bulk and packed types, and resistant cement, in both bulk and packed types). The Company is operating its activities in the Kingdom of Saudi Arabia through three basic activities as follows:

	<u>Jazan factory</u>	<u>Besha factory</u>	<u>Tehama factory</u>	<u>Head office</u>	<u>Total</u>
<b><u>As at 31 March 2023</u></b>					
<b><u>(Unaudited)</u></b>					
Total non-current assets	<u>228,055,391</u>	<u>1,020,817,614</u>	<u>1,480,225,093</u>	<u>13,059,633</u>	<u>2,742,157,731</u>
<b><u>For the period ended</u></b>					
<b><u>March 31, 2023:</u></b>					
<b><u>(Unaudited)</u></b>					
Revenue	<u>102,271,011</u>	<u>75,918,116</u>	<u>121,656,223</u>	<u>--</u>	<u>299,845,350</u>
Cost of revenue	<u>84,343,100</u>	<u>53,641,993</u>	<u>90,890,787</u>	<u>--</u>	<u>228,875,880</u>
Profit / (loss) for the period	<u>17,927,911</u>	<u>22,276,123</u>	<u>30,765,436</u>	<u>(22,080,064)</u>	<u>48,889,406</u>
<b><u>As at 31 December</u></b>					
<b><u>2022 (Audited):</u></b>					
Total non-current assets	<u>228,990,884</u>	<u>1,019,338,954</u>	<u>1,502,020,164</u>	<u>11,329,384</u>	<u>2,761,679,386</u>
<b><u>For the period ended</u></b>					
<b><u>March 31, 2022</u></b>					
<b><u>(Unaudited):</u></b>					
Revenue	<u>135,105,769</u>	<u>84,199,112</u>	<u>110,668,787</u>	<u>--</u>	<u>329,973,668</u>
Cost of revenue	<u>95,740,627</u>	<u>56,669,288</u>	<u>71,221,698</u>	<u>--</u>	<u>223,631,613</u>
Gain/ (Loss) for the period	<u>39,365,142</u>	<u>27,529,824</u>	<u>39,447,089</u>	<u>(19,301,244)</u>	<u>87,040,811</u>

**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

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

As at 31 March 2023

**6. PROPERTY, PLANT AND EQUIPMENT**

- 1) For the purposes of preparing the condensed statement of cash flows, the movement in property, plant and equipment during the three-month period is as follows:

	<b>31 March 2023 (Unaudited)</b>	31 March 2022 (Unaudited)
Depreciation on property, plant and equipment	<b>48,990,418</b>	56,514,993
Additions of property, plant and equipment	<b>29,468,763</b>	33,450,122
Transfer from projects in progress to property, plant and equipment	--	67,900

1. During the year ended 31 December 2021, the Company's management took a decision to replace the two production lines of Jazan factory and to establish a production line with a production capacity of 10 thousand tons per day, provided that the replacement process would be completed by January 2025. Accordingly, the Company's management reviewed the estimated useful lives of the two production lines of Jizan factory, which led to a change in the estimated useful life of those lines. Accordingly, the useful life of the two production lines has been reduced from 10 years to 3 years to be depreciated over the remaining useful life of those lines. The change in the actual and estimated depreciation expense included in the cost of sales was as follows:

	<u>2022</u>	<u>Estimated 2023</u>	<u>2024</u>
Depreciation before adjustment	1,213,234	1,211,145	752,205
Increase in depreciation expenses	<u>13,116,044</u>	<u>12,132,341</u>	<u>10,166,901</u>

- 2) Company's property, plant and equipment are not pledged against standing loans as at 31 March 2023 and 31 March 2022.

**7. INVENTORIES**

Inventories comprise the following:

	<b>31 March 2023 (Unaudited)</b>	31 December 2022 (Audited)
Spare parts	<b>271,892,970</b>	268,424,295
Production under processing	<b>383,343,907</b>	370,488,598
Raw, filling and packaging materials	<b>89,177,662</b>	84,445,311
	<b>744,414,539</b>	723,358,204
Less: Allowance for slow moving inventory items	<b>(54,056,963)</b>	(54,056,963)
	<b>690,357,576</b>	669,301,241

**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

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

As at 31 March 2023

**7. INVENTORIES (continued)**

Movement in provision for slow-moving inventory items is as follows:

	<b>31 March 2023 (Unaudited)</b>	31 December 2022 (Audited)
Balance at the beginning of the period/ year	<b>54,056,963</b>	58,086,438
Charge during the period / year	--	--
Provision no more required	--	(4,029,475)
	<b>54,056,963</b>	54,056,963

**8. PREPAYMENTS AND OTHER RECEIVABLES**

Prepayments and other receivables comprise of the following:

	<b>31 March 2023 (Unaudited)</b>	31 December 2022 (Audited)
<u>Note</u>		
Payments to suppliers	<b>27,783,393</b>	31,086,075
Prepaid expenses	<b>7,278,702</b>	3,542,285
Other receivable balances, net	<b>8,242,365</b>	7,868,780
	<b>43,304,460</b>	42,497,140

**9. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of the following:

	<b>31 March 2023 (Unaudited)</b>	31 December 2022 (Audited)
<u>Note</u>		
Cash in hand and at banks	<b>120,380,258</b>	120,213,283
Islamic deposits	<b>270,000,000</b>	200,000,000
	<b>390,380,258</b>	320,213,283

9.1 Represent deposits placed with local commercial banks and their original maturity periods not exceeding three months from the date of the original maturity.

**10. BANK FACILITIES**

The Company has bank facilities with a local bank with a total amount of SR 772.4 million as at 31 March 2023 (31 December 2022: SR 772.4 million), and the utilized balance of facilities at 31 March 2023 amounted to SR 233,4 million (31 December 2022: SR 253,3 million) to be paid in variable quarterly installments until the end of the year 2025.

Facilitation agreements with banks include certain covenants, which among other things, state that the liquidity ratio should not be less than 1:1 based on the audited annual financial statements, and it also requires maintaining of some ratios and financial indicators.

**SOUTHERN PROVINCE CEMENT COMPANY**  
(A Saudi Joint Stock Company)

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

As at 31 March 2023

**10. BANK FACILITIES (continued)**

A breach of these covenants in the future may lead to renegotiation. The management monitors the covenants on a monthly basis, and in case of the existence of a breach that is expected to occur in the future, the management takes the necessary measures to ensure compliance. The Company has fulfilled these covenants as at 31 March 2023.

All banking facilities carry agreed upon commissions according to the commercial rates prevailing in the market.

The facilities are stated in the statement of financial position as follows:

	<b>31 March 2023 (Unaudited)</b>	31 December 2022 (Audited)
Current portion under current liabilities	<b>81,250,000</b>	80,000,000
Non-current portion under non-current liabilities	<b>152,147,000</b>	173,397,000
	<b><u>233,397,000</u></b>	<u>253,397,000</u>

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

	<b>31 March 2023 (Unaudited)</b>	31 December 2022 (Audited)
Balance at the beginning of the period/ year	<b>253,397,000</b>	328,397,000
Provided during the period/year	<b>(20,000,000)</b>	(75,000,000)
	<b><u>233,397,000</u></b>	<u>253,397,000</u>

**11. DIVIDEND PAYABLES**

The movement on the dividends payable as follows:

	<b>31 March 2023 (Unaudited)</b>	31 December 2022 (Audited)
<b>Balance at 1 January</b>	<b>160,845,204</b>	161,586,672
Dividends declared during the period / year	--	280,000,000
Dividend payments during the period / year	<b>(860,262)</b>	(280,741,468)
	<b><u>159,984,942</u></b>	<u>160,845,204</u>

The Board of Directors, at its meeting held on 5 Ramadan 1444H, corresponding to 27 March 2023, recommended cash dividends of SR 70 million for the second half of the financial year 2022 at SR 0.5 per share provided that the dividends are attributable to the shareholders of the Company who own shares on the maturity date registered in the registry of the Company's shareholders' in the Securities Depository Center (Edaa) at the end of the second trading day following the day of the Company's General Assembly meeting, the date of which will be announced later, after taking the necessary approvals.

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

As at 31 March 2023

**12. ZAKAT**

**a) Charge of the period**

	<b>31 March 2023 (Unaudited)</b>	31 March 2022 (Unaudited)
Charged on the current period	<u>2,925,304</u>	2,231,816
	<u>2,925,304</u>	<u>2,231,816</u>

**b) Zakat provision**

The movement in Zakat payable represented as follows:

	<b>31 March 2023 (Unaudited)</b>	31 December 2022 (Audited)
Balance at beginning of the period / year	<b>18,333,938</b>	43,438,517
Add: Charge of the period / year	<b>2,925,304</b>	16,742,896
Provision no more required	--	(24,918,466)
Less: Payments during the period / year	--	(16,929,009)
Balance at end of the period/year	<u><b>21,259,242</b></u>	<u>18,333,938</u>

**c) Zakat and tax status**

- At the year 2022, the Company filed the zakat declaration and the financial statements and paid the zakat due accordingly, and obtained a certificate valid until 30 April 2023.
- In the years 2015, 2016 and 2018, the decision of the First Circle to settle income tax violations and disputes in the city of Dammam No. (IZD-2022-724) issued in suit No. (Z-39955-2021) regarding the grievance of the Southern Region Cement Company over the connection Zakat for the years 2015, 2016 and 2018, which was required by the Zakat, Tax and Customs Authority to pay the due zakat in the amount of SR 40,583,829. As the decision was in favor of the Company in its main clauses, which led to a decrease in the amount of zakat due for those years to SR 5,243, and the company and the Zakat, Tax and Customs Authority appealed against the decision. In light of the decision of the First Appeals Circuit for Income Tax Violations and Disputes No. (IR-2022-194) issued for the years from 2011 to 2013, according to which the company's point of view was supported, and due to the similarity of the items and the reasons in the main items, a similar decision is expected.
- The company has finalized its zakat status for the years from 2011 to 2013
- The company has finalized its zakat status for the years from 2019 to 2020

The Company has sufficient allocations to meet any potential zakat obligations that may arise from the final assessments, if any.

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As at 31 March 2023

**13. EARNINGS PER SHARE**

**a) Basic earnings per share**

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

	<b>31 March <u>2023</u></b>	<b>March 31 <u>2022</u></b>
Profit for the period (SR)	<b>48,889,406</b>	87,040,811
Number of shares (weighted average)	<b>140,000,000</b>	140,000,000
Basic earnings per share (SR)	<b>0.35</b>	0.62

**b) Diluted EPS**

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

During the period there are no factors diluting earnings per share.

**14. CONTINGENCIES AND CAPITAL COMMITMENTS**

- a) As at 31 March 2023, the contingent liabilities against issued banking letters of guarantee amounted to SR 48,4 million (31 March 2022: SR 81,1 million).
- b) As at 31 March 2023, the capital contingencies related to projects in progress amounted to SR 38,4 million (31 March 2022: SR 82,5 million).
- c) There are cases against the Company that are still pending before the courts, and neither the Company's management nor its legal advisor expects an expected financial obligation to be paid for these cases at the present time, and accordingly no provisions have been made against these cases.

**15. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related party transactions mainly represent transaction with companies related to BOD members, salaries, allowances and bonuses of senior executives.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Directors and shareholders (whether executive or otherwise).

<u>Description</u>	<u>Nature of Relationship</u>
Saudi Chemical Company Limited	A company related to BOD members
The Cooperative Insurance Company	A company related to BOD members
Company's BOD members	Corporate governance officials
Key management and senior executives	Executive management of the Company

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

As at 31 March 2023

**15. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)**

- a) The following table shows the balances of related parties, which are recognized in trade payables as on 31 March 2023 and 31 December 2022:

<u>Transactions with</u>	<u>Nature of transaction</u>	<u>Volume of transactions</u>		<u>Closing balance</u>	
		<u>31 March</u> <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)	<u>31 March</u> <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Saudi Chemical Company Limited	Purchases of raw material	<b>4,384,400</b>	12,361,048	--	--
The Cooperative Insurance Company	Insurance	<b>1,804,525</b>	6,576,600	--	--

The salaries, wages and related costs benefits for the period ended 31 March 2023 and 31 December 2022 include the following:

<u>Transactions with</u>	<u>Nature of transaction</u>	<u>31 March</u> <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Key Management Personnel	Salaries, wages and equivalents	<b>3,224,356</b>	7,922,481
BOD members	BOD's remunerations	<b>1,800,000</b>	1,800,000

**16. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS**

The condensed interim financial statements were authorized for issue by the board of director on 15 May 2023, corresponding to 25 Shawwal 1444H.