

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

**CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**

For the three months and six-month periods ended 30 June 2023  
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 4030290792

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 30 June 2023 condensed interim financial statements of **Southern Province Cement Company (the "Company")**, which comprise of:

- the condensed interim statement of financial position as at 30 June 2023;
- the condensed interim statements of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2023;
- the condensed interim statement of changes in equity for the six-month period ended 30 June 2023;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2023; and
- the notes to the interim condensed 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.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (40,000,000) ريال سعودي متفرع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبين ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المسجلة، شركة التجزئة محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



# 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 30 June 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, 10 August 2023  
Corresponding to 23 Muharram 1445H

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

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

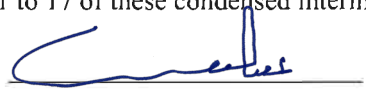
As at 30 June 2023

(Saudi Riyals)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
<b>ASSETS</b>			
<b>Net non-current assets</b>			
Property, plant and equipment	6	2,805,128,767	2,756,241,761
Investment properties		5,437,625	5,437,625
<b>Total non-current assets</b>		<b>2,810,566,392</b>	<b>2,761,679,386</b>
<b>Current assets</b>			
Inventories	7	714,708,788	669,301,241
Trade receivables		94,737,996	78,122,596
Prepayments and other receivables	8	40,677,811	42,497,140
Cash and cash equivalents	9	270,962,021	320,213,283
<b>Total current assets</b>		<b>1,121,086,616</b>	<b>1,110,134,260</b>
<b>Total assets</b>		<b>3,931,653,008</b>	<b>3,871,813,646</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity:</b>			
Share capital	1	1,400,000,000	1,400,000,000
Statutory reserve		700,000,000	700,000,000
Retained earnings		1,103,518,180	1,105,593,835
<b>Total shareholders' equity</b>		<b>3,203,518,180</b>	<b>3,205,593,835</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
<b>Bank facilities</b>	10	<b>291,984,571</b>	<b>173,397,000</b>
<b>Employees' defined benefit obligation</b>		<b>116,250,156</b>	<b>119,519,688</b>
<b>Total non-current liabilities</b>		<b>408,234,727</b>	<b>292,916,688</b>
<b>Current liabilities</b>			
<b>Bank facilities</b>	10	<b>--</b>	<b>80,000,000</b>
<b>Accrued expenses and other payables</b>		<b>63,910,814</b>	<b>65,800,847</b>
Trade payables		69,200,475	48,323,134
Dividend payables	11	160,398,869	160,845,204
Zakat provision	21-b	26,389,943	18,333,938
<b>Total current liabilities</b>		<b>319,900,101</b>	<b>373,303,123</b>
<b>Total liabilities</b>		<b>728,134,828</b>	<b>666,219,811</b>
<b>Total equity and liabilities</b>		<b>3,931,653,008</b>	<b>3,871,813,646</b>

The attached notes 1 to 17 of these condensed interim financial statements.

  
Executive Vice President  
of Finance

  
Chief Executive Officer

  
Chairman

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

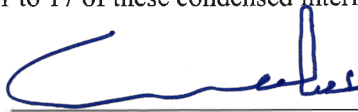
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (UNAUDITED)**

For the three-month and six-month periods ended 30 June 2023  
(Saudi Riyals)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue		226,005,105	233,940,542	525,850,454	563,914,210
Cost of revenue	13	(189,405,683)	(177,828,937)	(418,462,765)	(401,460,552)
<b>Gross profit</b>		<b>36,599,422</b>	<b>56,111,605</b>	<b>107,387,689</b>	<b>162,453,658</b>
Selling and distribution expenses		(4,617,458)	(1,967,888)	(9,036,068)	(4,549,590)
General and administrative expenses		(8,675,852)	(11,282,640)	(21,598,410)	(24,370,984)
<b>Operating income</b>		<b>23,306,112</b>	<b>42,861,077</b>	<b>76,753,211</b>	<b>133,533,084</b>
Financing costs		(1,936,922)	(2,360,636)	(5,925,719)	(4,081,418)
Other income		3,650,393	2,978,111	6,006,793	3,299,511
<b>Profit before zakat</b>		<b>25,019,583</b>	<b>43,478,552</b>	<b>76,834,285</b>	<b>132,751,177</b>
Zakat	12-1	(5,984,636)	17,038,488	(8,909,940)	17,038,488
<b>Period profit</b>		<b>19,034,947</b>	<b>60,517,040</b>	<b>67,924,345</b>	<b>149,789,665</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>--</b>	<b>--</b>
<b>Total comprehensive income</b>		<b>19,034,947</b>	<b>60,517,040</b>	<b>67,924,345</b>	<b>149,789,665</b>
<u>Earnings per share to net income for the period</u> (Saudi Riyals):	14				
<b>Basic</b>		<b>0.14</b>	<b>0.43</b>	<b>0.49</b>	<b>1.07</b>
<b>Diluted</b>		<b>0.14</b>	<b>0.43</b>	<b>0.49</b>	<b>1.07</b>

The attached notes 1 to 17 of these condensed interim financial statements.

  
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**SOUTHERN PROVINCE CEMENT COMPANY**  
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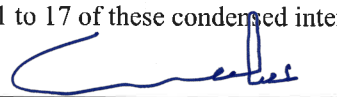
**CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

For the six-month period ended 30 June 2023  
(Saudi Riyals)

	Note	Share capital	Statutory reserve	Retained earnings	Total
<b><u>Six-month period ended 30 June 2023:</u></b>					
Balance at 1 January 2023 (audited)		1,400,000,000	700,000,000	1,105,593,835	3,205,593,835
Profit for the period		--	--	67,924,345	67,924,345
Other comprehensive income		--	--	--	--
Total comprehensive income for the period		--	--	67,924,345	67,924,345
Transactions with shareholders of the Company					
Dividends	11	--	---	(70,000,000)	(70,000,000)
Balance at 30 June 2023 (Unaudited)		1,400,000,000	700,000,000	1,103,518,180	3,203,518,180
<b><u>The six-month period ended 30 June 2022:</u></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 of January 1, 2022		1,400,000,000	700,000,000	1,075,114,653	3,175,114,653
Profit for the period		--	--	149,789,665	149,789,665
Other comprehensive income		--	--	--	--
Total comprehensive income for the period		--	--	149,789,665	149,789,665
Transactions with shareholders of the Company					
Dividends	11	--	--	(175,000,000)	(175,000,000)
Balance at 30 June 2022 (Unaudited)		1,400,000,000	700,000,000	1,049,904,318	3,149,904,318

The attached notes 1 to 17 of these condensed interim financial statements.

  
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Chief Executive Officer

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

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


For the six-month period ended 30 June 2023


(Saudi Riyals)

	Note	2023 (Unaudited)	2022 (Unaudited)
<b><u>Operating activities:</u></b>			
Profit for the period before Zakat		76,834,285	132,751,177
<b><u>Adjustments:</u></b>			
Depreciation on property, plant and equipment	6	98,687,601	110,668,416
Loss from disposal of property, plant and equipment	6	24	983,865
Employee defined benefit obligation charge for the period		4,914,868	9,002,671
		<u>180,436,778</u>	<u>253,406,129</u>
Change in working capital:			
Trade receivables		(16,615,400)	(8,525,372)
Inventories		(45,407,547)	(80,428,372)
Prepayments and other receivables		1,819,329	1,955,485
Trade payables		20,877,341	(4,987,636)
Accrued expenses and other payables		(1,890,033)	(38,676,949)
Employees defined benefits - paid		(8,184,400)	(5,080,827)
Zakat paid	12-b	(853,935)	(16,929,009)
<b>Net cash generated from operating activities</b>		<u>130,182,133</u>	<u>100,733,449</u>
<b><u>Investing activities:</u></b>			
Additions of property, plant and equipment	6	(147,574,631)	(67,468,482)
<b>Net cash used in investing activities</b>		<u>(147,574,631)</u>	<u>(67,468,482)</u>
<b><u>Financing activities:</u></b>			
Repayment from facilities	10	(40,012,429)	(37,500,000)
Proceeds from facilities	10	78,600,000	--
Dividends paid	11	(70,446,335)	(176,485,078)
<b>Net cash used in financing activities</b>		<u>(31,858,764)</u>	<u>(213,985,078)</u>
Change in cash and cash equivalents during the period		(49,251,262)	(180,720,111)
Cash and cash equivalents at beginning of the period		320,213,283	503,597,996
<b>Cash and cash equivalents at the end of the period</b>	9	<u>270,962,021</u>	<u>322,877,885</u>
<b><u>Significant non-cash transactions</u></b>			
Transfer from projects in progress to property, plant and equipment	6	26,357,693	316,060

The attached notes 1 to 17 of these condensed interim financial statements.

  
Executive Vice President  
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Chief Executive Officer

  
Chairman

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

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

As at 30 June 2023  
(Saudi Riyals)

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

The registered address of the Company is as follows:

Southern Province Cement Company  
Abha City  
P.O. Box 548, Jeddah  
Kingdom of Saudi Arabia

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

- a) Jazan, Ahad Al Masarihah city.
- b) Aseer, Bisha.
- c) 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 Masarihah - Jazan area	4111021101070	29/04/1441H
Bisha - Aseer area	441110123631	08/04/1441H
Tehama - Makkah area	411102102693	18/06/1441H



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

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

As at 30 June 2023

(Saudi Riyals)

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**2. BASIS OF PREPARATION**

**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 six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the year ended 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.

**4. CHANGES IN 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.

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

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

As at 30 June 2023  
(Saudi Riyals)

**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>
As at 30 June 2023 (unaudited):					
Total non-current assets	310,250,828	1,031,124,072	1,456,594,618	12,596,874	2,810,566,392
<b>For the period ended 30 June 2023 (Unaudited)</b>					
Revenues	173,700,438	142,664,909	209,485,107	--	525,850,454
Cost of revenue	147,300,220	103,680,328	167,482,217	--	418,462,765
Profit / (loss) for the period	26,400,218	38,984,581	42,002,890	(39,463,344)	67,924,345
As at 31 December 2022 (Audited):					
Total non-current assets	228,990,884	1,019,338,954	1,502,020,164	11,329,384	2,761,679,386
<b>For the period ended 30 June 2022 (Unaudited)</b>					
Revenues	216,225,819	154,288,215	193,400,176	--	563,914,210
Cost of revenue	169,450,392	99,846,822	132,163,338	--	401,460,552
Profit / (loss) for the period	46,775,427	54,441,393	61,236,838	(12,663,993)	149,789,665

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
As at 30 June 2023  
(Saudi Riyals)

**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 six-month period is as follows:

	<b>30 June 2023 (Unaudited)</b>	<b>30 June 2022 (Unaudited)</b>
Depreciation on property, plant and equipment	98,687,601	110,668,416
Additions of property, plant and equipment	147,574,631	67,468,482
Transfer from projects in progress to property, plant and equipment	26,357,693	316,060
Disposal of property, plant and equipment	24	983,865

2. Company's property, plant and equipment are not pledged against standing loans as at 30 June 2023 and 31 December 2022.

**7. INVENTORIES**

Inventories comprise the following:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Spare parts	274,337,225	268,424,295
Production under processing	427,840,505	385,593,040
Raw, filling and packaging materials	66,588,021	69,340,869
	<u>768,765,751</u>	<u>723,358,204</u>
Less: Allowance for slow moving inventory items	<u>(54,056,963)</u>	<u>(54,056,963)</u>
	<u>714,708,788</u>	<u>669,301,241</u>

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

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Balance at the beginning of the period / year	54,056,963	58,086,438
Provision no more required	--	(4,029,475)
	<u>54,056,963</u>	<u>54,056,963</u>

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

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

As at 30 June 2023

(Saudi Riyals)

**8. PREPAYMENTS AND OTHER RECEIVABLES**

Prepayments and other receivables comprise of the following:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Payments to suppliers	28,049,221	31,086,075
Prepaid expenses	4,594,835	3,542,285
Other debit balances	8,033,755	7,868,780
	<b>40,677,811</b>	<b>42,497,140</b>

**9. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the following:

	<b>Note</b>	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Cash in hand and at banks		140,962,021	120,213,283
Islamic deposits	9.1	130,000,000	200,000,000
		<b>270,962,021</b>	<b>320,213,283</b>

- 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**

On 8 June 2023, The Company renewed bank facilities with a local bank, so that the total amount of the facilities amounted to SR 1,63 billion as at 30 June 2023 (31 December 2021: SR 772.4 million), and the utilized balance of facilities at 30 June 2022 amounted to SR 291,9 million (31 December 2022: SR 253,3 million) to be paid in variable quarterly installments starting on 6 October 2025 until the end of the year 2033.

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.

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 30 June 2023.

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

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

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

As at 30 June 2023

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**10. BANK FACILITIES (continued)**

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

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Current portion under current liabilities	--	80,000,000
Non-current portion under non-current liabilities	<u>291,984,571</u>	<u>173,397,000</u>
	<u>291,984,571</u>	<u>253,397,000</u>

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

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Balance at beginning of period/year	253,397,000	328,397,000
Proceeds during the period	78,600,000	--
Provided during the period/year	<u>(40,012,429)</u>	<u>(75,000,000)</u>
	<u>291,984,571</u>	<u>253,397,000</u>

**11. DIVIDEND PAYABLES**

The movement on the dividends payable as follows:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Balance at 1 January	160,845,204	161,586,672
Dividends declared during the period / year	70,000,000	280,000,000
Dividend payments during the period / year	<u>(70,446,335)</u>	<u>(280,741,468)</u>
	<u>160,398,869</u>	<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.

**12. ZAKAT**

**a) Charge of the period**

	<b>30 June 2023 (Unaudited)</b>	<b>30 June 2022 (Audited)</b>
Charged on the current period	8,909,940	7,879,978
Provision no more required	--	(24,918,466)
	<u>8,909,940</u>	<u>(17,038,488)</u>

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**12. ZAKAT (continued)**

**b) Zakat provision**

The movement in Zakat payable represented as follows:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Balance at beginning of the period / year	<b>18,333,938</b>	43,438,517
Add: Charge of the period / year	<b>8,909,940</b>	16,742,896
Provision no more required	--	(24,918,466)
Less: Payments during the period / year	<b>(853,935)</b>	(16,929,009)
Balance at end of the period/year	<b>26,389,943</b>	18,333,938

**c) Zakat and tax status**

- 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.
- 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 2024.

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

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**13. COST OF SALES**

a) Cost of sales for the year ended 30 June comprises the following:

	<b>30 June 2023 (Unaudited)</b>	<b>30 June 2022 (Audited)</b>
Raw materials	56,554,122	46,050,289
Depreciation	98,298,164	109,930,617
Salaries, wages and equivalents	85,219,784	87,891,395
Spare parts	48,544,773	43,510,488
Quarry utilization fees	28,248,901	36,682,771
Maintenance and repair	17,793,185	16,708,062
Packaging cost	22,844,259	23,515,640
Transportation expenses	14,659,507	9,619,802
Fuel	71,252,509	69,901,351
Others	17,295,026	12,582,971
Total operating costs	460,710,230	456,393,386
Movement in provision	(42,247,465)	(54,932,834)
	<b>418,462,765</b>	<b>401,460,552</b>

**14. 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.

	For the three-month period ended		For the six months period ended	
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
Profit for the period (SR)	19,034,947	60,517,040	67,924,345	149,789,665
Number of shares (weighted average)	140,000,000	140,000,000	140,000,000	140,000,000
Basic earnings per share (SR)	0.14	0.43	0.49	1.07

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.

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**15. CONTINGENCIES AND CAPITAL COMMITMENTS**

- a) As at 30 June 2023, the contingent liabilities against issued banking letters of guarantee amounted to SR 39 million (30 June 2022: SR 71,2 million).
- b) As at 30 June 2023, the capital commitments related to projects in progress amounted to SR 1,6 billion (30 June 2022: 64,3).
- 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.

**16. 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

- a) The following table shows the balances of related parties, which are recognized in trade payables as on 30 June 2023 and 31 December 2022:

<u>Transactions with</u>	<u>Nature of transaction</u>	<u>Volume of transactions</u>		<u>Closing balance</u>	
		<u>30 June 2023</u>	<u>31 December 2022</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
		<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Saudi Chemical Company Limited	Purchases of raw material	1,804,525	12,361,048	--	--
The Cooperative Insurance Company	Insurance	4,531,914	6,576,600	147,514	--

The salaries, wages and related costs benefits for the period ended 30 June 2023 and 31 December 2022 include the following:

<u>Transactions with</u>	<u>Nature of transaction</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
		<u>(Unaudited)</u>	<u>(Audited)</u>
Key Management Personnel	Salaries, wages and equivalents	5,160,497	7,922,481
BOD members	BOD's remunerations	1,800,000	1,800,000



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

The condensed interim financial statements were authorized for issue by the audit committee on 10 August 2023, corresponding to 23 Muharram 1445H.