

RIYADH CEMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED JUNE 30,
2023 (UNAUDITED) AND REPORT ON REVIEW OF
CONDENSED INTERIM FINANCIAL INFORMATION

RIYADH CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

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Report on review of condensed interim financial information

To the shareholders of Riyadh Cement Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Riyadh Cement Company (the "Company") as of June 30, 2023 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as 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, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Mufaddal A. Ali
License Number 447



September 3, 2023

RIYADH CEMENT COMPANY


(A Saudi Joint Stock Company)

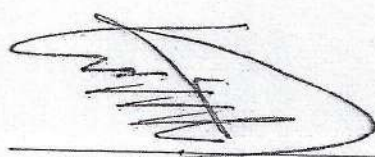
Condensed statement of financial position


(All amounts in Saudi Riyals unless otherwise stated)

		June 30, 2023	December 31, 2022
	Note	(Unaudited)	(Audited)
			(Restated Note - 16)
Assets			
Non-current assets			
Property, plant and equipment	5	1,259,037,274	1,287,233,888
Right-of-use assets		1,601,259	1,807,563
Total non-current assets		<u>1,260,638,533</u>	<u>1,289,041,451</u>
Current assets			
Inventories	6	323,223,329	296,514,508
Trade and other receivables	7	209,876,787	204,259,916
Advances, prepayments and other current assets		11,973,777	11,241,713
Cash and cash equivalents	8	66,622,342	89,934,028
Total current assets		<u>611,696,235</u>	<u>601,950,165</u>
Total assets		<u>1,872,334,768</u>	<u>1,890,991,616</u>
Equity and liabilities			
Equity			
Share capital		1,200,000,000	1,200,000,000
Statutory reserve		360,000,000	360,000,000
Retained earnings		151,833,383	115,185,740
Total equity		<u>1,711,833,383</u>	<u>1,675,185,740</u>
Liabilities			
Non-current liabilities			
Employee benefit obligations		25,051,304	24,059,012
Assets retirement obligations		7,607,875	7,386,287
Lease liabilities		1,388,326	1,548,780
Total non-current liabilities		<u>34,047,505</u>	<u>32,994,079</u>
Current liabilities			
Trade payables		32,314,237	30,018,276
Accruals and other current liabilities		54,511,050	111,736,854
Dividend payable		15,539,037	15,755,253
Current portion of lease liabilities		2,360,000	2,018,671
Zakat liability	9	21,729,556	23,282,743
Total current liabilities		<u>126,453,880</u>	<u>182,811,797</u>
Total liabilities		<u>160,501,385</u>	<u>215,805,876</u>
Total equity and liabilities		<u>1,872,334,768</u>	<u>1,890,991,616</u>

The accompanying notes form an integral part of this condensed interim financial information.


Chairman

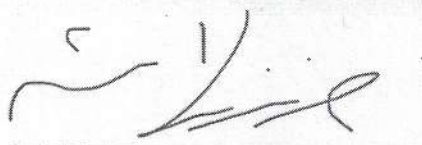

Chief executive officer

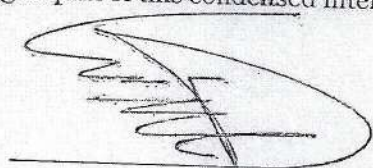

Chief financial officer


RIYADH CEMENT COMPANY
(A Saudi Joint Stock Company)
Condensed statement of comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Six-month period ended June 30,	
		2023 (Unaudited)	2022 (Unaudited) (Restated Note - 16)
Revenue	11	344,751,708	258,606,360
Cost of sales		(192,827,895)	(155,301,787)
Gross profit		151,923,813	103,304,573
Selling and marketing expenses		(1,940,702)	(1,676,695)
General and administrative expenses		(16,428,278)	(13,537,720)
Other income		192,610	287,911
Operating profit		133,747,443	88,378,069
Finance income		1,416,925	-
Finance costs		(516,725)	(1,198,441)
Profit before zakat		134,647,643	87,179,628
Zakat expense	9	(8,000,000)	(4,500,000)
Profit for the period		126,647,643	82,679,628
Other Comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of defined benefit obligation			
Total comprehensive income for the period		126,647,643	82,679,628
Earnings per share for profit attributable to the ordinary equity holders of the Company	12	1.06	0.69

The accompanying notes form an integral part of this condensed interim financial information.


Chairman



Chief executive officer

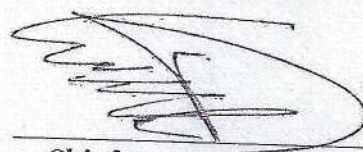

Chief financial officer


RIYADH CEMENT COMPANY
(A Saudi Joint Stock Company)
Condensed statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Total
Balance at January 1, 2022 (audited) (Restated Note - 16)	1,200,000,000	360,000,000	102,080,263	1,662,080,263
Profit for the period (Restated Note - 16)	-	-	82,679,628	82,679,628
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period (Restated Note - 16)	-	-	82,679,628	82,679,628
Dividend at the rate SR 0.75 per share (Note 13)	-	-	(90,000,000)	(90,000,000)
Balance at June 30, 2022 (unaudited) (Restated Note - 16)	1,200,000,000	360,000,000	94,759,891	1,654,759,891
Balance at January 1, 2023 (audited)	1,200,000,000	360,000,000	115,185,740	1,675,185,740
Profit for the period	-	-	126,647,643	126,647,643
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	126,647,643	126,647,643
Dividend at the rate SR 0.75 per share (Note 13)	-	-	(90,000,000)	(90,000,000)
Balance at June 30, 2023 (unaudited)	1,200,000,000	360,000,000	151,833,383	1,711,833,383

The accompanying notes form an integral part of this condensed interim financial information.


Chairman

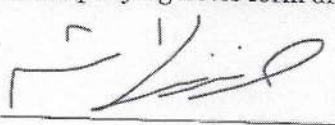

Chief executive officer


Chief financial officer


RIYADH CEMENT COMPANY
(A Saudi Joint Stock Company)
Condensed statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Six-month period ended June 30,	
		2023 (Unaudited)	2022 (Unaudited) (Restated Note - 16)
Cash flows from operating activities			
Profit before zakat		134,647,643	87,179,628
Adjustments for:			
Depreciation of property, plant and equipment	4	48,911,838	47,400,147
Depreciation of right-of use assets		206,304	494,716
Assets retirement obligations		221,588	197,063
Provision for employee benefits obligations		2,818,064	1,678,159
Finance costs		295,137	1,001,378
		<u>187,100,574</u>	<u>137,951,091</u>
Change in operating assets and liabilities			
Change in inventories		(26,708,821)	(16,950,855)
Change in trade and other receivables		(5,616,871)	4,165,624
Change in advances, prepayments and other current assets		(732,064)	(1,994,734)
Change in trade payables		2,295,961	(12,337,419)
Change in accruals and other current liabilities		(57,225,804)	11,418,983
Cash generated from operations		99,112,975	122,252,690
Employee benefit obligations paid		(1,825,772)	(1,065,560)
Finance costs paid		(234,267)	(647,006)
Zakat paid	8	(9,553,187)	(8,181,719)
Net cash generated from operating activities		<u>87,499,749</u>	<u>112,358,405</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(20,715,224)	(38,152,396)
Cash flows from financing activities			
Dividends paid to Company's shareholders		(90,216,216)	(103,568,514)
Proceeds from bank borrowings		-	25,000,000
Lease payments		120,005	-
Net cash used in financing activities		<u>(90,096,211)</u>	<u>(78,568,514)</u>
Net decrease in cash and cash equivalents		(23,311,686)	(4,362,505)
Cash and cash equivalents at the beginning of the period		89,934,028	35,512,263
Cash and cash equivalents at end of the period		<u>66,622,342</u>	<u>31,149,758</u>

The accompanying notes form an integral part of this condensed interim financial information.


Chairman


Chief executive officer


Chief financial officer

RIYADH CEMENT COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed interim financial information for the six-month period ended June 30, 2023

(All amounts in Saudi Riyals unless otherwise stated)

1 General information

Riyadh Cement Company (the "Company") is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010146169 dated 25 Safar 1418H (corresponding to July 1, 1997). The Company became listed on the parallel market "Nomu" on September 2, 2020.

On December 28, 2020, the General Assembly has approved the change of the Company's name to be "Riyadh Cement Company", the legal formalities of this decision have been completed by the Company's management during January 2021.

The Company is principally engaged in the production and selling of cement pursuant to Industrial License No. 494 dated 25 Jumada II 1414H (corresponding to December 8, 1993) as amended in the Ministerial Resolution No. 797 dated 29 Rajab 1419H (corresponding to November 18, 1998).

The accompanying condensed interim financial information includes the financial information of the Company and its two branches, registered in Riyadh, under CR numbers 1010210405, and 1010449308. The registered address of the Company is P.O. Box 17775, Riyadh 11494, Kingdom of Saudi Arabia.

The authorized, issued and paid-up capital of the Company is Saudi Riyals 1,200,000,000 divided into 120 million shares of Saudi Riyals 10 each.

On June 29, 2022, the Company's Board of Directors has approved the transfer of the Company from parallel market to main market. On June 18, 2023, the Company has submitted the application for the transition from parallel market to main market with the Capital Market Authority ("the Regulator").

As of the date of issuance of this condensed financial information, the application is under review by the Regulator.

2 Basis of preparation

(a) Statement of compliance

This condensed interim financial information has been prepared in accordance with the International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") in the Kingdom of Saudi Arabia.

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2022. IAS 34 states that the condensed interim financial information is intended to provide an update on the latest complete set of annual financial statements. Hence, IAS 34 requires less disclosure in interim financial information than IFRS requires in annual financial statements.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(b) Historical cost convention

This condensed interim financial information are prepared under the historical cost convention except for the measurement of employee benefit obligations which are measured using the projected unit credit method. This condensed interim financial information are presented in Saudi Riyal, which is the Company's presentation currency. This condensed interim financial statements have been rounded-off to the nearest Saudi Riyal, unless otherwise stated.

RIYADH CEMENT COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed interim financial information for the six-month period ended June 30, 2023

(All amounts in Saudi Riyals unless otherwise stated)

2 Basis of preparation (continued)

(c) New and amended standards

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those followed in preparing the Company financial statements for the year ended December 31, 2022, except for the adopted amendments to "IFRSs as endorsed in KSA", as elaborated in the next paragraph.

The Company has adopted the following relevant amendments to IFRS which are effective for periods beginning on and after 1 January 2023, and have no impact on the Company:

Title	Key requirements
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 has fundamentally changed the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.
Definition of Accounting Estimates – Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

(d) Standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting period and have not been early adopted by the Company. The relevant standards, interpretations and amendments issued, but are not yet effective are disclosed below:

Title	Key requirements	Effective date
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 'Presentation of Financial Statements, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.	January 1, 2024
Leases on sale and leaseback – Amendment to IFRS 16	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	January 1, 2024
Supplier Finance arrangements - Amendments to IAS 7 and IFRS 7	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	January 1, 2024

RIYADH CEMENT COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed interim financial information for the six-month period ended June 30, 2023

(All amounts in Saudi Riyals unless otherwise stated)

2 Basis of preparation (continued)

(d) Standards and interpretations issued but not yet effective (continued)

These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(e) Use of judgments and estimates

Preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities were the same as those described in the last annual financial statements.

The Company based its assumptions and estimates on parameters available when the condensed interim financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

3. Business performance

During the six-month period ended June 30, 2023, the Company has witnessed an increase in the prices of its products and volumes sold, primarily due to increase in business of the Company. The cost of sales of the Company has increased due to increase in quantities sold and increase in material prices and production overheads.

During the six-month period ended June 30, 2023, the Company paid quarry extraction fees of prior years which resulted in reduction in accruals and other current liabilities.

4. Segment information

All of the Company's operations are related to one operating segment which is cement manufacturing. Accordingly, segmental analysis by operating segment has not been presented. The information related to revenue from major customers and geographical area are disclosed in note 11.

As at June 30, 2023, four largest customers accounted for 96% (December 31, 2022: four largest customers accounted for 96%) of the outstanding trade receivables.

5. Property, plant and equipment

During the period, the Company purchased items of property, plant and equipment amounted to Saudi Riyals 20.7 million (Six-month period ended June 30, 2022: Saudi Riyals 38.1 million) and incurred depreciation charges for the six month-period ended June 30, 2023 of Saudi Riyals 48.91 million (six month period ended June 30, 2022: Saudi Riyals 46.7 million).

RIYADH CEMENT COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed interim financial information for the six-month period ended June 30, 2023

(All amounts in Saudi Riyals unless otherwise stated)

6. Inventory

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Work in process		154,730,357	147,186,319
Spare parts and suppliers, not held for sale		125,046,318	111,387,941
Raw materials		52,421,558	41,215,563
Finished goods		9,941,885	6,086,768
Goods in transit		2,768,666	12,323,372
		<u>344,908,784</u>	<u>318,199,963</u>
Less: Provision for slow-moving inventories		<u>(21,685,455)</u>	<u>(21,685,455)</u>
		<u>323,223,329</u>	<u>296,514,508</u>

7. Trade and other receivables

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited) (Restated Note - 16)
Financial assets			
Trade receivables - third parties		152,491,766	144,105,448
-related parties	10	60,114,411	62,954,746
Less: Provision for expected credit losses		<u>(3,032,631)</u>	<u>(3,032,631)</u>
		<u>209,573,546</u>	<u>204,027,563</u>
Receivable from employees		303,241	232,353
		<u>209,876,787</u>	<u>204,259,916</u>

8. Cash and cash equivalents

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash at banks		11,005,567	24,843,879
Cash in hand		207,350	90,149
Short term deposits	8.1	<u>55,409,425</u>	<u>65,000,000</u>
		<u>66,622,342</u>	<u>89,934,028</u>

8.1 These represent deposits placed in Murabaha deposits with a maturity period of three months or less from the date of placement and yielded finance income at commercial rates.

RIYADH CEMENT COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim financial information for the six-month period ended June 30, 2023**

(All amounts in Saudi Riyals unless otherwise stated)

9. ZAKAT

The movement in the Zakat provision is as follows:

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Opening balance	23,282,743	21,964,462
Provision	8,000,000	9,500,000
Payments	(9,553,187)	(8,181,719)
	<u>21,729,556</u>	<u>23,282,743</u>

9.1 Status of final assessments

There are no changes to the status of open zakat assessments, as at June 30, 2023, as disclosed in the financial statements for the year ended December 31, 2022.

10. Related party transactions and balances

Related parties comprise the shareholders, directors, associate company, key management personnel. Related parties also include business entities in which certain directors or senior management have an interest (other related parties).

*(a) Major shareholder***Effective ownership interest %**

Following is the major shareholder of the Company:

Name	Place of incorporation	Effective ownership interest %	
		June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Rashid Development Company Limited (Rashidco)*	Saudi Arabia	23.21	23.21

* Rashid Development Company Limited (Rashidco) is 100% owned by Al Awael Investment Holding Company which is the ultimate parent of Rashid Development Company Limited (Rashidco).

(b) Followings are the significant transactions with related parties:

Name	Nature of transactions	Six-month period ended June 30,	
		2023 (Unaudited)	2022 (Unaudited)
Alrashed Cement Company (common ownership)	Sales	51,161,274	46,636,006
Towa Development Company (common directorship)	Sales	20,524,148	19,048,485

RIYADH CEMENT COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim financial information for the six-month period ended June 30, 2023**

(All amounts in Saudi Riyals unless otherwise stated)

10. Related party transactions and balances (continued)*(c) Key management personnel compensation:*

	Six-month period ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits	4,007,900	4,136,600
Post-employment benefits	1,234,225	2,488,574

(d) Directors and other committees' remuneration and related expenses

	Six-month period ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Board of Directors' remunerations	1,227,500	1,245,000
Audit committees' attendance fees and expenses	132,500	100,890
	1,360,000	1,345,890

(e) Due from related parties

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Towa Development Company (common directorship)	43,210,336	43,223,443
Alrashed Cement Company (common ownership)	16,904,075	19,731,303
	60,114,411	62,954,746

(f) Terms and conditions

The transactions with related parties are entered at mutually agreed terms and conditions and a price agreed upon according to a contract / arrangement / agreement. Key management personnel remunerations are made according to their contractual terms.

11. Revenue

	Six-month period ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Revenue from sale of cement	349,472,203	260,562,320
Less: volume discounts and rebates	(4,720,495)	(1,955,960)
	344,751,708	258,606,360

The Company derives revenue from the sale of cement at a point in time in the following major product lines:

	Six-month period ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Grey cement	272,610,788	193,133,522
White cement	72,140,920	65,472,838
	344,751,708	258,606,360

RIYADH CEMENT COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim financial information for the six-month period ended June 30, 2023**

(All amounts in Saudi Riyals unless otherwise stated)

11 Revenue (continued)

Revenue from two major customers amounted to Saudi Riyals 131,420,065 and Saudi Riyals 51,130,742, respectively. (six-month period ended June 30, 2022: Saudi Riyals 96,838,655 and Saudi Riyals 46,636,006, respectively). The rest of the revenue is derived from various customers whose individual revenue is less than 10 % of total revenue.

Disaggregation by geographical markets

	Six-month period ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Saudi Arabia	341,833,951	256,906,099
Outside Saudi Arabia	2,917,757	1,700,261
	344,751,708	258,606,360

12. Earnings per share

Earnings per share have been calculated by dividing the profit for the period of the Company by the weighted average number of shares outstanding during the period.

	Six-month period ended June 30,	
	2023 (Unaudited)	2022 (Unaudited) (Restated Note – 16)
Profit for the period	126,647,643	85,067,139
Weighted average number of shares	120,000,000	120,000,000
Basic earnings per share (Saudi Riyals per share)	1.06	0.69

The Company does not have any dilutive potential shares.

13. Dividends

On May 3, 2023, the General Assembly approved dividends distribution of Saudi Riyals 0.75 per share (Saudi Riyals 90 million in total). Payments against this dividend distribution commenced during May 2023.

On May 23, 2022, the General Assembly approved dividends distribution of Saudi Riyals 0.75 per share (Saudi Riyals 90 million in total). Payment against this dividend distribution commenced during May 2022.

On September 04, 2022, as authorized according to the Company's By-laws, the Board of Directors approved interim dividends distribution of Saudi Riyals 0.75 per share (Saudi Riyals 90 million in total) for the first half of 2022, Payment against this dividend distribution commenced during 2022.

RIYADH CEMENT COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim financial information for the six-month period ended June 30, 2023**

(All amounts in Saudi Riyals unless otherwise stated)

14. Commitments*i) Guarantees and letters of credit*

The bank issued guarantees and letters of credit on behalf of the Company as at June 30, 2023 for an amount of Saudi Riyals 30.07 million (December 31, 2022: Saudi Riyals 26.12 million).

ii) Capital commitments

The Company has capital commitments in relation with contracts for constructing property and equipment as at June 30, 2023 amounting to Saudi Riyals 12.92 million (December 31, 2022: Saudi Riyals 15.4 million).

15. Financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments comprise of financial assets and financial liabilities. The Company's financial assets mainly consist of cash and bank balances, trade receivables and certain other current assets. Its financial liabilities mainly consist of trade payables, short term borrowing, lease liabilities and certain payable and accruals.

The management has assessed that fair value of bank balances, trade receivables and other current assets, trade payables, other payables and accruals approximate their carrying amounts largely due to the short-term maturities of these instruments.

15.1 Financial Assets

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Financial assets measured at amortised cost		
Trade and other receivables	209,876,787	204,259,916
Cash and bank balances	66,622,342	89,934,028
	276,499,129	294,193,944
Non-current	-	-
Current	276,499,129	294,193,944
Total financial assets	276,499,129	294,193,944

15.2 Financial Liabilities

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Financial liabilities measured at amortised cost		
Trade payables	32,314,237	30,018,276
Accruals and other current liabilities	54,511,050	111,736,854
Dividend payable	15,539,037	15,755,253
Lease liabilities	3,748,326	3,567,451
	106,112,650	161,077,834
Non-current	1,388,326	1,548,780
Current	104,724,324	159,529,054
Total financial liabilities	106,112,650	161,077,834

RIYADH CEMENT COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed interim financial information for the six-month period ended June 30, 2023

(All amounts in Saudi Riyals unless otherwise stated)

16. Restatement of comparative information

In the financial statements for the year ended December 31, 2022 the Company made a number of restatements and reclassifications. Some of these restatements impact the six-month period ended June 30, 2022 while others impacted only 2021 and do not alter the figures previously reported for June 30, 2022. In addition to giving effect to the restatements made at year end, the Company also reassessed how it groups certain current assets for presentation on the face of the statement of financial position.

Restatement - 1 (Change in current assets presentation)

During the six-month period ended June 30, 2023, the Company reassessed the presentation of financial assets and non-financial assets in the statement of financial position. Previously, trade receivables, advances, prepayments and other receivables were included in one line item "Trade receivables and prepayments" in the statement of financial position. In light of the fact that IAS 1 requires "Trade and other receivables" to be separately presented on the face of the statement of financial position, and that these items are financial instruments while advances and prepayments are not, trade and other receivables have now been presented separately in the statement of financial position. Advances and prepayments are also presented separately.

Restatement - 2 (Effect of year end 2022 restatements on half year 2022)

During the year ended December 31, 2022, the Company restated certain amounts and balances included in the financial statements which have a corresponding impact on the statement of comprehensive income for the six-month period ended June 30, 2022, statement of cash flows for the six-month period ended June 30, 2022 and the statement of financial position as at June 30, 2022. In addition "Retained earnings" and "Total equity" balance as at January 1, 2022, and June 30, 2022, as previously disclosed in the prior period condensed interim statement of changes in equity have been restated.

The effects of such restatements as at 1 January 2022, six-month period ended June 30, 2022 and as at June 30, 2022 have been summarised below including detailed explanation for each error:

Description	Note	Impact as of	Impact for the	Impact as of
		January 1, 2022	six months period ended June 30, 2022	June 30, 2022
		Amount	Amount	Amount
Accumulated depreciation of property, plant and equipment	(a)	(9,583,888)	(644,927)	(10,228,815)
Accumulated depreciation on right-of-use assets	(b)	(704,148)	(166,295)	(870,443)
Reversal of interest on asset retirement obligation	(c)	2,790,058	273,890	3,063,948
Valuation of inventories	(d)	6,405,471	(2,429,936)	3,975,535
Expense for employee benefit obligations	(e)	(853,439)	737,653	(115,786)
Royalty on limestone extraction	(f)	(7,160,305)	(157,896)	(7,318,201)
Total impact of restatements		(9,106,251)	(2,387,511)	(11,493,762)

- (a) In prior years certain items of property, plant and equipment were depreciated over a longer period instead of being depreciated over the shorter of their useful lives and the lease term of the land on which the property, plant and equipment were constructed. This led to the understatement of the depreciation expense in prior periods on these items of property, plant and equipment, which was corrected in the financial statements for year ended December 31, 2022. The interim financial information for the six-month period ended June 30, 2022 has now also been restated for the effect of this error.

RIYADH CEMENT COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim financial information for the six-month period ended June 30, 2023**

(All amounts in Saudi Riyals unless otherwise stated)

16 Restatement of comparative information (continued)

- (b) In prior periods, there was an error in the computation of the depreciation on the right-of-use assets. This led to the understatement of the right-of-use assets. The financial statements for the year ended December 31, 2022 were restated to correct this error. The interim financial information for the six-month period ended June 30, 2022 has now also been restated for the effect of this error.
- (c) In prior periods, there was an error in the calculation of unwinding the asset retirement obligation which led to the overstatement of the finance costs and asset retirement obligation in the prior years. Despite being correctly calculated and discounted originally, the discount was unwound in subsequent years using too high a rate. The financial statements for the year ended December 31, 2022 were restated to correct this error. The condensed interim financial information for the six-month period ended June 30, 2022 has now also been restated for the effect of this error.
- (d) In prior periods, production overhead costs were not being allocated correctly to the products produced by the Company. During the year ended December 31, 2022, management reviewed the allocation of production overhead costs and corrected carrying amounts of inventory and cost of sales expenses in previous periods. The condensed interim financial information for the six-month period ended June 30, 2022 has now also been restated for the effect of this error.
- (e) In 2022 management involved an independent actuary to perform the actuarial valuation for the employee benefits obligations for the year ended December 31, 2021 and December 31, 2022. It had previously been estimated by management without professional assistance. The professional actuarial valuation indicated errors in the previous valuation approach. The financial statements for the year ended December 31, 2022 were restated to correct this error. The condensed interim financial information for the six-month period ended June 30, 2022 has now also been restated for the effect of this error. The profit or loss impact of this adjustment shown in the table above is the combination of a decrease in cost of sales by Saudi Riyals 1,092,025 and an increase in finance costs by Saudi Riyals 354,372, respectively, for the six-month period ended June 30, 2022.
- (f) In March 2022, the Company became aware of an error in the calculation of the royalty payable for limestone extraction for the financial year ended December 31, 2021. The government issued an update to the Company in respect of the executive regulations of the mining investment system; on March 29, 2022. The Company is of the view that this update represented a clarification of the existing law (rather than a change in law) and believes that this information was available shortly before its 2021 annual financial statements were authorised for issue later that day. As additional information was available at the time of authorization of the 2021 annual financial statements that should have indicated that the Company's calculation was not correct, the Company believes this represented an error which was restated in the financial statements for the year ended December 31, 2022. The condensed interim financial information for the six-month period ended June 30, 2022 has now also been restated for the effect of this error.

Effect on condensed interim statement of financial position

	Previously reported	Restatement- 1	Restated
<u>As at December 31, 2022</u>			
Trade and other receivables	215,501,629	(11,241,713)	204,259,916
Advances, prepayments and other current assets	-	11,241,713	11,241,713

RIYADH CEMENT COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim financial information for the six-month period ended June 30, 2023****(All amounts in Saudi Riyals unless otherwise stated)****16 Restatement of comparative information (continued)****Effect on condensed interim statement of financial position (continued)**

	Note	Previously reported	Restatement - 2	Restated
<u>As at June 30, 2022</u>				
Property, plant and equipment	a	1,336,157,329	(10,228,815)	1,325,928,514
Right-of-use assets	b	2,595,901	(870,443)	1,725,458
Inventories	d	301,451,287	3,975,535	305,426,822
Employee benefit obligations	e	27,110,424	(115,786)	26,994,638
Assets retirement obligations	c	10,229,206	3,063,948	13,293,154
Accruals and other current liabilities	f	105,687,839	(7,318,201)	98,369,638
Retained earnings		106,253,653	(11,493,762)	94,759,891

Effect on condensed interim statement of comprehensive income

	Note	Previously reported	Restatement	Restated
<u>For the six-month period ended June 30, 2022</u>				
Cost of sales	a,b,d,e,f	(152,994,758)	(2,307,029)	(155,301,787)
Gross profit	a,b,d,e,f	105,611,602	(2,307,029)	103,304,573
Operating profit	a,b,d,e,f	90,685,098	(2,307,029)	88,378,069
Finance costs	c,e	(1,117,959)	(80,482)	(1,198,441)
Profit before zakat		89,567,139	(2,387,511)	87,179,628
Profit for the period		85,067,139	(2,387,511)	82,679,628
Total comprehensive income for the period		85,067,139	(2,387,511)	82,679,628
Earnings per share for profit attributable to the ordinary equity holders of the Company		0.71	(0.02)	0.69

There were certain adjustments relating to the reclassifications of amounts in the statement of comprehensive income for the year ended December 31, 2022. These reclassifications have no effect on the condensed interim financial statements for the six-month period ended June 30, 2022. Accordingly, no adjustments have been passed in the interim financial information for the six-month period ended June 30, 2022.

RIYADH CEMENT COMPANY
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Notes to the condensed interim financial information for the six-month period ended June 30, 2023

(All amounts in Saudi Riyals unless otherwise stated)

16 Restatement of comparative information (continued)

Effect on condensed interim statement of changes in equity

	Previously reported	Restatement	Restated
<u>As at January 1, 2022</u>			
Retained earnings	111,186,514	(9,106,251)	102,080,263
Total equity	1,671,186,514	(9,106,251)	1,662,080,263
Profit for the period	85,067,139	(2,387,511)	82,679,628
Total comprehensive income for the period	85,067,139	(2,387,511)	82,679,628
<u>As at June 30, 2022</u>			
Retained earnings	106,253,653	(11,493,762)	94,759,891
Total equity	1,666,253,653	(11,493,762)	1,654,759,891

Effect on condensed interim statement of cash flows

<u>For the six-month period ended June 30, 2022</u>	Previously reported	Restatement	Restated
Cash flows from operating activities			
Profit before zakat	89,567,139	(2,387,511)	87,179,628
Adjustments for:			
Depreciation of property, plant and equipment	46,755,220	644,927	47,400,147
Depreciation of right-of use assets	328,421	166,295	494,716
Assets retirement obligations	470,953	(273,890)	197,063
Provision for employee benefits obligations	2,770,184	(1,092,025)	1,678,159
Finance costs	1,117,959	(116,581)	1,001,378
	141,009,876	(3,058,785)	137,951,091
Change in operating assets and liabilities			
Change in inventories	(19,380,791)	2,429,936	(16,950,855)
Change in accruals and other current liabilities	10,790,134	628,849	11,418,983

17 Date of approval and authorization for issue

The condensed interim financial information was approved by the Board of Directors on August 23, 2023, corresponding to Safar 7, 1445H.