

**HAIL CEMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE THREE AND SIX MONTHS PERIOD ENDED**  
**JUNE 30, 2023**

# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

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INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE AND SIX MONTHS  
PERIOD ENDED JUNE 30, 2023

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Professional LLC  
Paid Capital One Million Saudi Riyals  
C.R. No. 4030291245  
58 Al Watan Al Arabi St. Al Hamra'a Dist.  
P.O.Box 780, Jeddah 21421  
Kingdom of Saudi Arabia  
T: 012 669 3478 / 665 8711  
F: 012 660 2432  
Head Office  
[www.elayouty.com](http://www.elayouty.com)

**TRANSLATED FROM ARABIC****INDEPENDENT AUDITOR'S REPORT ON REVIEW OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS:**  
**HAIL CEMENT COMPANY**  
**SAUDI JOINT STOCK COMPANY**  
**Hail – SAUDI ARABIA**

**Introduction:**

We have reviewed the interim condensed statement of financial position of Hail Cement Company – Saudi Joint Stock Company- ("the Company") as at June, 30, 2023, the condensed interim statements of profit or loss and other comprehensive income for the three and six months period ended at June, 30, 2023, the interim condensed changes in shareholders' equity and the interim condensed cash flows for Six months then ended, and summary of significant accounting policies and other explanatory notes which form an integral part of these interim condensed financial statements.

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34 "Interim Financial Reporting. Our responsibility is to express a conclusion on these interim condensed 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 Statements Information performed by the Independent Auditor of the Entity" approved in the Kingdom of Saudi Arabia. A review of interim financial statement 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 approved 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" approved in the Kingdom of Saudi Arabia.

Jeddah: **August 05, 2023**  
**Muharram 18, 1445H**

**FOR EL SAYED EL AYOUTY & CO.**

**Abdullah Ahmad Balamash**  
Certified Public Accountant  
License No. (345)

# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

(All amounts in Saudi Riyals)

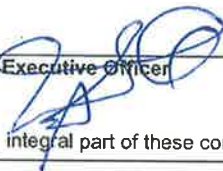
	Notes	30 June 2023 Unaudited	31 December 2022 Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	6	617,904,531	641,917,276
Intangible assets - net		1,504,533	1,824,020
Right to use assets - net		7,826,160	8,040,988
<b>Total non-current assets</b>		<b>627,235,224</b>	<b>651,782,284</b>
<b>Current assets</b>			
Inventories – Net		297,308,742	273,283,337
Trade receivables - net		17,318,295	13,146,301
Prepaid expenses and other receivable balances		22,077,447	20,754,546
Investments at FV through profit or loss	7	60,627,471	54,078,728
Cash and cash equivalents		115,046,580	130,972,569
<b>Total current assets</b>		<b>512,378,535</b>	<b>492,235,481</b>
<b>Total assets</b>		<b>1,139,613,759</b>	<b>1,144,017,765</b>
<b>Shareholders' equity and Liabilities</b>			
<b>Shareholders' equity</b>			
Share capital		979,000,000	979,000,000
Statutory reserve		58,348,557	58,348,557
Retained earnings		36,513,461	36,128,606
Treasury equities	8	(19,261,619)	(19,261,619)
Actuarial gains/(losses) from other comprehensive income		6,787,420	6,787,420
<b>Total shareholders' equity</b>		<b>1,061,387,819</b>	<b>1,061,002,964</b>
<b>Non-current liabilities</b>			
Lease obligations		8,669,699	8,781,388
Employee defined benefits obligations		16,303,035	14,749,826
Other provisions		4,213,042	4,152,568
<b>Total non-current liabilities</b>		<b>29,185,776</b>	<b>27,683,782</b>
<b>Current liabilities</b>			
Trade payable		15,055,354	19,630,274
Accrued expenses and dividends payable		27,140,940	22,400,588
Zakat provision	9	6,843,870	13,300,157
<b>Total current liabilities</b>		<b>49,040,164</b>	<b>55,331,019</b>
<b>Total liabilities</b>		<b>78,225,940</b>	<b>83,014,801</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,139,613,759</b>	<b>1,144,017,765</b>

The financial statements appearing on pages (1) to (8) have been approved by the Board of Directors and signed on their behalf by:

Finance Manager



Chief Executive Officer



BOD Chairman



The accompanying notes from 1 to 16 form an integral part of these condensed interim financial statements.

# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

## INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE AND SIX MONTHS PERIOD ENDED AT 30 JUNE 2023 (All amounts in Saudi Riyals)

Notes	For the three months ended at 30 June		For the six months ended at 30 June	
	2023 Unaudited	2022 Unaudited	2023 Unaudited	2022 Unaudited
Revenue	59,783,949	96,319,244	121,634,397	164,934,526
Cost of revenue	(52,557,243)	(78,355,588)	(91,814,190)	(148,612,692)
<b>Gross profit</b>	<b>7,226,706</b>	<b>17,963,656</b>	<b>29,820,207</b>	<b>16,321,834</b>
Selling and distribution expenses	(759,456)	(903,488)	(1,811,426)	(1,784,157)
General and administrative expenses	(3,267,491)	(14,718,877)	(8,684,389)	(19,555,284)
<b>Profit for the period from main operations</b>	<b>3,199,759</b>	<b>2,341,291</b>	<b>19,324,392</b>	<b>(5,017,607)</b>
Finance costs	(396,305)	(388,821)	(794,763)	(788,640)
Income from Murabaha deposits	1,393,143	6,051	2,642,403	10,584
Profit from changes in fair value of investments at fair value through the profits and losses	3,985,327	(5,663,175)	6,548,743	(1,512,152)
Other income	719,985	302,031	925,208	439,464
<b>Profit / (loss) before zakat</b>	<b>8,901,909</b>	<b>(3,402,623)</b>	<b>28,645,983</b>	<b>(6,868,351)</b>
Zakat	9 (2,926,741)	(3,426,741)	(4,159,497)	(6,853,482)
<b>Profit / (loss) for the period</b>	<b>5,975,168</b>	<b>(6,829,364)</b>	<b>24,486,486</b>	<b>(13,721,833)</b>
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss) / income</b>	<b>5,975,168</b>	<b>(6,829,364)</b>	<b>24,486,486</b>	<b>(13,721,833)</b>
<b>Basic earnings per share for the period:</b>				
Basic earnings / (loss) per share	0.061	(0.07)	0.250	(0.14)
Diluted earnings / (loss) per share	0.062	(0.07)	0.254	(0.14)
Weighted average number of shares	96,406,522	97,900,000	96,406,522	97,900,000

The financial statements appearing on pages (1) to (8) have been approved by the Board of Directors and signed on their behalf by:

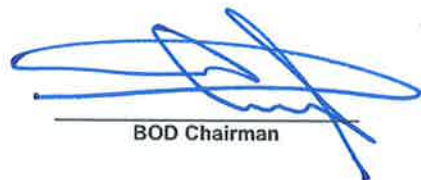
Finance Manager



Chief Executive Officer



BOD Chairman



The accompanying notes from 1 to 16 form an integral part of these condensed interim financial statements.

# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

## INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED AT 30 JUNE 2023 (All amounts in Saudi Riyals)

	<u>Share capital</u> <u>SR</u>	<u>Statutory</u> <u>Reserve</u> <u>SR</u>	<u>Retained</u> <u>Earnings</u> <u>SR</u>	<u>Treasury</u> <u>equities</u> <u>SR</u>	<u>Actuarial</u> <u>gains/(losses)</u> <u>from other</u> <u>comprehensive</u> <u>income</u> <u>SR</u>	<u>Total equity</u> <u>SR</u>
Balance as at 1 January 2022 (Audited)	979,000,000	56,707,109	69,883,755	-	(1,040,037)	1,104,550,827
Net loss for the period	-	-	(13,721,833)	-	-	(13,721,833)
Balance as at 30 June 2022 (Unaudited)	979,000,000	56,707,109	56,161,922	-	(1,040,037)	1,090,828,994
Balance as at 1 January 2023 (Audited)	979,000,000	58,348,557	36,128,606	(19,261,619)	6,787,420	1,061,002,964
Dividends	-	-	(24,101,631)	-	-	(24,101,631)
Net profit for the period	-	-	24,486,486	-	-	24,486,486
Balance as at 30 June 2023 (Unaudited)	979,000,000	58,348,557	36,513,461	(19,261,619)	6,787,420	1,061,387,819

The financial statements appearing on pages (1) to (8) have been approved by the Board of Directors and signed on their behalf by:

Finance Manager



Chief Executive Officer



BOD Chairman



The accompanying notes from 1 to 16 form an integral part of these condensed interim financial statements.



# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

## INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED AT 30 JUNE 2023

(All amounts in Saudi Riyals)

	<u>for the three months</u>	
	<u>ended at 30 June</u>	
	<u>Notes</u>	
	<u>2023</u>	<u>2022</u>
	<u>Unaudited</u>	<u>Unaudited</u>
<b>Operating activities</b>		
Profit for the period before Zakat	28,645,983	(6,868,351)
<b>Adjustment</b>		
Depreciation of property, plant and equipment	28,759,185	31,182,850
Right to use depreciation	214,830	214,830
Interests expense	556,689	556,689
Employee benefit obligations expense	1,563,055	2,998,062
Provisions	1,435,856	10,622,019
Losses / (Profit) from changes in fair value of investments at fair value through the profits and losses	(6,548,743)	1,512,152
<b>Changes in operating assets and liabilities</b>		
Inventories	(25,186,906)	34,037,523
Trade receivables, prepaid expenses and other receivable balances	(5,769,252)	(18,036,487)
Trade payable and accruals	557,042	(7,081,127)
Employee benefit obligations – paid during the period	(363,360)	(1,435,007)
Zakat – paid	(10,615,784)	(9,409,377)
<b>Net cash provided by operating activities</b>	<b>13,248,595</b>	<b>38,293,776</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(4,426,953)	(2,311,571)
Purchase of intangible assets	-	-
Proceeds from sale of property, plant and equipment	-	-
<b>Net cash (used in) investing activities</b>	<b>(4,426,953)</b>	<b>(2,311,571)</b>
<b>Finance activities</b>		
Dividends – paid	(24,101,631)	-
Lease payments	(646,000)	-
<b>Net cash (used in) financial activities</b>	<b>(24,747,631)</b>	<b>-</b>
Net (decrease) / increase in cash and cash equivalents	(15,925,989)	35,982,205
Cash and cash equivalents, beginning of the year	130,972,569	47,914,295
<b>Cash and cash equivalents, end of the year</b>	<b>115,046,580</b>	<b>83,896,500</b>
<b>Non-cash transactions:</b>		
Dividends – paid	-	-

The financial statements appearing on pages (1) to (8) have been approved by the Board of Directors and signed on their behalf by:

Finance Manager

Chief Executive Officer

BOD Chairman

The accompanying notes from 1 to 16 form an integral part of these condensed interim financial statements.

# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

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## Notes to the interim condensed financial statements for Six months period ended June 30, 2023

### 1. The Company and activity

#### The Company

HAIL CEMENT COMPANY (the "Company"), is a Saudi Joint Stock Company, registered in Hail, Saudi Arabia under Commercial Registration No. 3350026399 dated November 30, 2010 (corresponding to 24 Dhul Hijjah 1431 H). Furthermore, the Company has also obtained a ministerial resolution No. 384/G on November 30, 2010 (corresponding to 24 Dhul Hijjah 1431 H) from the Ministry of Commerce and Industry.

The company obtained an industrial investment license from the former Saudi Arabian General Investment Authority (SAGIA) (currently the Ministry of Investment) with No. 141931098717 on Ramadan 16, 1431 AH (corresponding to August 26, 2010).

The company's shares are listed on the Saudi stock market (Tadawul) under the supervision of the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia.

#### The Company's activities

The Company's activities include the production and distribution of cement and its derivatives of all kinds of building materials and related accessories inside and outside the Kingdom of Saudi Arabia. The company also trades in cement and its derivatives of all kinds of building materials and related accessories inside and outside the Kingdom of Saudi Arabia. The company operates through its factory located in the Hail region.

#### Company Address

The company's main address is: Hail. P.O. Box: 1008, Postal Code: 81431.

#### The Financial period

The financial period presented of the company begins on January 1, 2023 and ends on June 30, 2023 and the company's financial year starts from the beginning of January of each Gregorian year and ends at the end of December of the same year.

### 2. Basics of preparing interim condensed financial statements

#### Basis of preparation

These interim condensed financial statements have been prepared for the six months ended 30 June 2023 in accordance with IAS 34 Interim Financial Reporting adopted in Saudi Arabia and other standards and pronouncements endorsed by SOCPA. These interim condensed financial statements do not include all the information and explanations required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the Company's financial statements for the year ended 31 December 2022.

#### Basis of measurement

These interim condensed financial statements have been prepared according to the accrual basis of accounting using the concept of going concern and on the basis of historical cost, except for:

- Investments that are measured at fair value through profit or loss.
- Employee defined benefit obligations that are measured at the present value of future liabilities according to the projected credit unit method.

#### Functional and presentation currency

These financial statements' items are presented in Saudi Arabian Riyals "SR" which is the functional and presentation currency of the Company. All figures are rounded to the nearest Saudi Riyals unless otherwise stated.



# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

## Notes to the interim condensed financial statements for Six months period ended June 30, 2023

### 2. Basics of preparing interim condensed financial statements..(Continued)

#### Significant accounting estimates, assumptions and judgments

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures about assets and contingent liabilities at the date of the financial statements, the amounts of revenues and expenses declared, disclosure of contingent liabilities on the financial statements and the amounts of revenues and expenses of the declared values during the reporting period. Although these estimates and judgments are based on the best information available to management on operations and current events, actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation in these financial statements were the same as those that applied to the financial statements as at and for the year ended 31 December 2022.

### 3. Significant accounting policies

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

### 4. Changes in significant accounting policies

No new standards have been issued, however, a number of amendments to the standards are effective as of 1 January 2022 which have been explained in the annual financial statements of the Company for the year 2021 have no a material impact on interim condensed financial statements.

### 5. Segment information

The Company's core business is in one product within the Kingdom of Saudi Arabia, therefore it does not report on operating segments in multiple products or in different geographical areas.

### 6. Property, plant and equipment – net

For the purpose of preparing the interim condensed cash flow statement, the movement in property, plant and equipment during the Six-month period ended June 30 is as follows:

	<b><u>for the six months</u></b> <b><u>ended at 30 June</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
	<b><u>Unaudited</u></b>	<b><u>Unaudited</u></b>
Depreciation of property, plant and equipment	28,439,698	30,978,263
Purchase of property, plant and equipment	4,426,953	2,311,571

- The land on which the factory was built is leased from the Ministry of Petroleum and Mineral Resources (Ministry of Energy) for a period of 30 years starting from 2012. The mining license issued by the Ministry of Petroleum and Mineral Resources gives the company the exclusive right to produce and exploit specific minerals in the licensed area, which has an area of 46.4 square kilometers.

### 7. Investments at Fair value through profit or loss

The Company has invested SR 50 million, for the purpose of purchasing various shares, within the Discretionary Portfolio Management with Al Rajhi Capital. The fair value of the portfolio on June 30, 2023 amounted to SR 60,627,471 as follows:

# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

## Notes to the interim condensed financial statements for Six months period ended June 30, 2023

### 7. Investments at Fair value through profit or loss...(Continued)

	<b>As at June 30,</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
	<b><u>Unaudited</u></b>	<b><u>Unaudited</u></b>
<b>Balance at January 01, (Audited)</b>	54,078,728	57,762,605
Gain from change in the fair value for investments at FVTPL	6,548,743	(1,512,152)
<b>Balance at June 30, (Unaudited)</b>	<b><u>60,627,471</u></b>	<b><u>56,250,453</u></b>

### 8. Treasury equities

The Company's Extraordinary General Assembly, held on Tuesday 29 Dhul Qi'dah 1443H corresponding to June 28, 2022, resolved to approve the company's purchase of a number of its shares, with a maximum of (4,895,000) shares, and to keep them as treasury equities for a maximum period of (10) years from the date of the Extraordinary General Assembly approval, and after the expiration of this period, the company will follow the procedures and controls stipulated in the relevant rules and regulations.

During the year 2022, the company purchased 1,493,478 shares of the company's shares at a cost amounted to SR. 19,261,619.

### 9. Zakat status

- The company obtained a certificate for the year 2022 with No. 1110009160 dated 09/23/1444H, valid until 10/21/1445H (corresponding to April 30, 2024).

#### The years 2019 and 2020

- A decision was issued by the Department of Zakat, Tax and Customs that the Company's objection for the years 2019 - 2020 was partially accept , and all dues received accordingly were paid.
- The Company received Zakat assessments for the years from 2015 until 2018, which resulted in differences amounting to (SR 7,057,344). The Company objected to those differences, and escalated to the General Secretariat of the Zakat and Tax Committees.

#### The status of appeal and objection submitted by the company

##### The years 2015 and 2018

- On 14/06/2022, the General Secretariat of the Tax and Zakat Committees of the Dispute Settlement Committee issued a decision regarding the years 2015 and 2018, rejecting the objection submitted by the Company, and the Company submitted an appeal against the committee's decision, and according to the opinion of the Company's Zakat advisor, the Company is expected that the Company will succeed in settling those differences without obligations or paying any differences arising from those Zakat differences.

##### The years 2016 and 2017

- On 26/07/2022, the General Secretariat of the Tax and Zakat Committees at the Dispute Settlement Committee issued a decision regarding the years 2016 and 2017 rejecting the objection submitted by the Company to some of the objected items. The Company submitted an appeal against the committee's decision, and according to the opinion of the Company's Zakat advisor, the Company is expected that the Company will succeed in settling those differences without obligations or paying any differences arising from those Zakat differences.

### 10. Earnings per share

The basic and diluted earnings per share for the financial period ended June 30, 2023, were calculated as follows:

# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

## Notes to the interim condensed financial statements for Six months period ended June 30, 2023

### 10. Earnings per share...(Continued)

	<u>for the three months</u> <u>ended at 30 June</u>	
	<u>2023</u>	<u>2022</u>
	<u>Unaudited</u>	<u>Unaudited</u>
Net profit / (loss) for the period	24,486,486	(13,721,833)
Weighted average number of outstanding shares	96,406,522	97,900,000
Basic and diluted earnings per share for the period		
Basic earnings / (loss) per share	0.250	(0.14)
Diluted earnings / (loss) per share	0.254	(0.14)

The weighted average number of shares has been adjusted to reflect the effect of the treasury equities held by the company (note 8).

### 11. Contingent liabilities

As at 30 June 2023, the Company has letters of guarantee in favor of the Customs Department for custom duties amounting to SR 530 thousand (31 December 2022: SR 530 thousand).

### 12. Interim results

The results of operations in the interim condensed financial statements may not be an accurate indication of the results of the operations included in the company's annual financial statements.

### 13. Dividends

On 26/10/1444H (corresponding to 16/05/2023), the Board of Directors resolved to distribute the cash of dividends to the shareholders of the Company amounting to SR 24,101,630, SR 0.25 per share, provided that the eligibility is for the shareholders who own shares and registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the due date on Tuesday 17/11/1444H (corresponding to 06/06/2023).

### 14. Comparative figures

Certain comparative figures have been reclassified to conform to the classification of the current period.

### 15. Significant events

On January 16, 2023, corresponding to Jumada Al-Akhir 23, 1444H, and based on the resolution of the Minister of Commerce No. (284), the implementing regulations for the new Companies' Act were issued. On January 19, 2023, corresponding to Jumada Al-Akhir 26, 1444H, the new Companies' Act issued by Royal Decree No. (M / 132) entered into force. The company's management will make the necessary amendments to the company's articles of association as required by the new Companies' Act and its implementing regulations.

# HAIL CEMENT COMPANY

(A Saudi Joint Stock Company)

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## Notes to the interim condensed financial statements for Six months period ended June 30, 2023

### 16. Subsequent events

The Extraordinary General Assembly's meeting was held on July 31, 2023 to amend some of Articles of Association to comply with the new Companies' Act. The Assembly approved the amendment of these Articles of Association, the most prominent of which was transferring the balance of the statutory reserve of the Company amounting to SR 58,348,557 as stated in the financial statements of the financial year ended December 31, 2022 to retained earnings account. The legal formalities to amend the Company's Articles of Association is under process.

Other than what was mentioned above, the management believes that there are no other significant subsequent events since the date of the company's interim condensed financial statements for the period ending on June 30, 2023 until the date preparing these financial statements that may have a material impact on the company's financial position.

### 17. Approval of the interim condensed financial statements financial Statements

The board of directors has approved these interim condensed financial statements on 18 Muharram 1445 H (corresponding to 05 August 2023).