

AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND**

INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE THREE-MONTH PERIOD ENDED

31 MARCH 2023

AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

<u>Contents</u>	<u>Page</u>
Independent auditor's review report on the interim condensed consolidated financial statements	1 - 2
Interim condensed consolidated statement of financial position	3
Interim condensed consolidated statement of profit or loss and other comprehensive income	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7 - 14

**INDEPENDENT AUDITOR'S REVIEW REPORT
ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**To the Shareholders of
Al-Jouf Cement Company
A Saudi Joint Stock Company
Riyadh, Kingdom of Saudi Arabia**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Jouf Cement Company (the "Company"), a Saudi Joint Stock Company, and its subsidiaries (hereinafter referred to as the "Group") as at 31 March 2023, the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standards 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

Except as explained in the following paragraph, we conducted our review in accordance with the International Standard for 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 the interim condensed consolidated financial statements consists of making inquiries primarily of the 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 the International Standards on Auditing (ISAs) as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all the significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

During the three-month period ended 31 March 2023, the Group's management completed the transition of the costing system from manual workings to an enterprise resource planning (ERP) system. As part of the transition process, the management used the assistance of a consultant to recalculate the standard cost of cement production and monitor the differences between the standard cost and the actual cost during the period. Based on a report from the consultant, the management increased the inventory balance as at 31 March 2023 by SR 18.7 million and reduced the cost of revenue during the three-month period then ended by the same amount. We were unable to verify that the adjustments made are in accordance with the requirements of IAS 2 "Inventories" because we were not provided with the detailed calculations. Had we been able to complete our review of inventory and cost of revenue, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed consolidated financial statements.

Qualified conclusion

Except for the adjustments to the interim condensed consolidated financial statements that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standards 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

**INDEPENDENT AUDITOR'S REVIEW REPORT
ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**To the Shareholders of
Al-Jouf Cement Company
A Saudi Joint Stock Company
Riyadh, Kingdom of Saudi Arabia**

Material Uncertainty Related to Going Concern

We draw attention to note 3 to the interim condensed consolidated financial statements which indicates, among other matters, that the Group's current liabilities exceeded current assets by SR 424.9 million as at 31 March 2023. To address this deficit, the Group's management has appointed a consulting firm to restructure its loans and the restructuring process is expected to be completed during the second quarter of 2023. The Group's management is fully confident of the success of the loans restructuring process. The success of the loans restructuring process depends mainly on the approval of the lenders. The possibility of the Group's failure in the loans restructuring process is considered remote from the management's perspective. Nevertheless, the Group's need for third-party approvals in the restructuring process indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Baker Tilly MKM & Co.
Certified Public Accountants
Jeddah, Kingdom of Saudi Arabia

Bader Hatim Al Tamimi
License No. 489
9 Dhual-Qa'dah 1444H
Corresponding to 29 May 2023



AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Note	31 March 2023 SR	31 December 2022 SR
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,703,125,311	1,712,263,234
Right-of-use assets		518,545	-
Intangible assets		1,411,969	1,506,100
Equity instruments at fair value through OCI	5	-	-
		1,705,055,825	1,713,769,334
Current assets			
Equity instruments at fair value through profit or loss	6	8,508,563	8,508,563
Inventory		187,249,471	154,344,311
Trade receivables		61,774,977	48,791,495
Due from related parties	7	-	-
Prepayments and other receivables		17,111,313	18,052,046
Cash and cash equivalents		1,505,182	16,977,082
		276,149,506	246,673,497
TOTAL ASSETS		1,981,205,331	1,960,442,831
EQUITY AND LIABILITIES			
Equity			
Capital	1	1,087,000,000	1,087,000,000
Statutory reserve		54,475,832	54,475,832
Retained earnings		64,338,035	40,861,759
Fair value reserve	5	(46,000,000)	(46,000,000)
Foreign operations translation reserve		(63,150)	(63,150)
Total Equity		1,159,750,717	1,136,274,441
Liabilities			
Non-current liabilities			
Lease liabilities		377,124	-
Long-term loans	8	111,459,754	484,159,727
Employee termination benefits		8,583,267	8,386,180
		120,420,145	492,545,907
Current liabilities			
Current portion of lease liabilities		93,896	-
Current portion of long-term loans	8	141,865,202	112,658,165
Non-current portion of long-term loans reclassified to current	8	335,750,000	-
Trade and other accruals	9	149,080,380	144,238,797
Provision against loan guarantee	5	39,594,920	39,594,920
Other provisions	10	31,340,132	31,340,132
Zakat payable	11	3,309,939	3,790,469
		701,034,469	331,622,483
Total liabilities		821,454,614	824,168,390
TOTAL EQUITY AND LIABILITIES		1,981,205,331	1,960,442,831

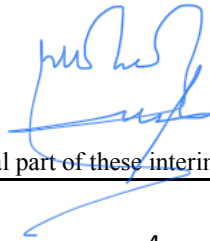
The accompanying notes form an integral part of these interim condensed consolidated financial statements

AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

	Note	For the three-month period ended 31 March	
		2023	2022 (Restated - Note 16)
		SR	SR
Revenue from contracts with customers	12	70,270,824	48,813,617
Cost of revenue		(28,098,692)	(34,893,441)
Gross profit		42,172,132	13,920,176
Selling and marketing expenses		(1,864,234)	(1,268,286)
General and administrative expenses		(6,297,911)	(4,761,270)
Operating profit		34,009,987	7,890,620
Finance costs		(10,247,471)	(4,336,790)
Expected credit losses		(1,291,478)	-
Gain from equity instruments at FVTPL	6	-	316,604
Other income		544,330	180,307
Profit before zakat		23,015,368	4,050,741
Reversal / (Zakat charge)	11	460,908	(500,000)
Net Profit		23,476,276	3,550,741
Other comprehensive income, in net		-	-
Total comprehensive income		23,476,276	3,550,741
Basic and diluted earnings per share	13	0.22	0.03

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

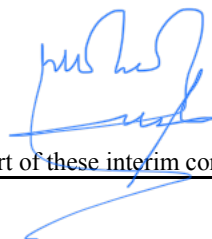


AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

	<i>Capital</i>	<i>Statutory reserve</i>	<i>Retained earnings / (Accumulated losses)</i>	<i>Fair value reserve</i>	<i>Foreign operations translation reserve</i>	<i>Total Equity</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
For the three-month period ended 31 March 2023						
As at 1 January 2023	1,087,000,000	54,475,832	40,861,759	(46,000,000)	(63,150)	1,136,274,441
Profit for the period	-	-	23,476,276	-	-	23,476,276
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	23,476,276	-	-	23,476,276
As at 31 March 2023	1,087,000,000	54,475,832	64,338,035	(46,000,000)	(63,150)	1,159,750,717
For the year ended 31 December 2022:						
As at 1 January 2022 (Restated)	1,430,000,000	51,386,441	(332,973,898)	(46,000,000)	(63,150)	1,102,349,393
Profit for the period (Restated - Note 16)	-	-	3,550,741	-	-	3,550,741
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	3,550,741	-	-	3,550,741
As at 31 December 2022	1,430,000,000	51,386,441	(329,423,157)	(46,000,000)	(63,150)	1,105,900,134

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



AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

	For the period ended 31 March	
	2023	2022
	<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES		
Profit for the period	23,476,276	3,550,741
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	10,879,749	8,400,072
Depreciation of right-of-use assets	47,141	64,051
Amortization of intangible assets	94,131	94,131
Gains from disposal of property, plant and equipment	(500,000)	-
Finance costs incurred	10,247,471	4,336,790
Gain from equity instruments at FVTPL	-	(316,583)
Employee termination benefits incurred	417,363	1,189,559
(Reversal) / zakat charge	(460,908)	500,000
	44,201,223	17,818,761
Changes in working capital:		
Inventory	(32,905,160)	(12,466,928)
Trade receivables	(12,983,482)	(7,238,586)
Prepayments and other receivables	940,733	(2,858,101)
Trade and other accruals	4,517,665	13,443,827
	3,770,979	8,698,973
Employee termination benefits paid	(220,276)	(1,015,005)
Zakat paid	(19,622)	-
Finance cost paid	(9,913,718)	(4,336,790)
Net cash flows (used in) / generated from operating activities	(6,382,637)	3,347,178
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,318,757)	(462,941)
Proceeds from disposal of property, plant and equipment	1,076,931	-
Net cash flows used in investing activities	(1,241,826)	(462,941)
FINANCING ACTIVITIES		
Repayment of long-term loans	(14,700,000)	(13,536,229)
Proceeds from long-term loans	6,957,064	-
Bank overdraft	-	5,656,798
Repayment of lease liabilities	(104,501)	-
Net cash flows used in financing activities	(7,847,437)	(7,879,431)
Net change in cash and cash equivalents	(15,471,900)	(4,995,194)
Cash and cash equivalents at 1 January	16,977,082	13,115,855
CASH AND CASH EQUIVALENTS AT 31 MARCH	1,505,182	8,120,661
Non-cash transactions:		
Accrued interest	323,918	-
Unwinding off interest related to lease liability	9,835	-
Right of use of Assets additions through lease liabilities	565,686	-

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

AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

1 ORGANISATION AND ACTIVITIES

Al-Jouf Cement Company (the "Company") is a Saudi joint stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010225259 issued in Riyadh on 1 Thul Qi'dah 1427H corresponding to 22 November 2006.

The Company is engaged in manufacturing ordinary cement (Portland), salt-resistant cement, white cement, agglomerated cement (clinker) and pozzolanic cement.

The shareholders of the Company at the Extraordinary General Assembly held On 2 Safar 1444H (corresponding to 29 August 2022) approved the decrease of Company's capital from SR 1,430 million to SR 1,087 million by decreasing the number of shares from 143.0 million shares to 108.7 million shares amounting SR 10 per each share to absorb the Company's accumulated losses of SR 343 million. The legal formalities have been completed to reflect this decrease.

The interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries (hereinafter referred to as (the "Group") as follows:

Subsidiary name	Country of incorporation	Direct ownership	
Al-Jouf Cement Company	Jordan	100%	Import, export, wholesale and retail trade in the products of Al Jouf Cement Company and Building Materials.
Al-Jouf Investments Company	Saudi Arabia	100%	Wholesale and retail trade in cement and its by-products, commercial, undertakings, Import, export and marketing services for
Jahez Al-Jouf company limited	Saudi Arabia	100%	Wholesale of cement and similar products, road transport of merchandise.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia.

The accounting policies and calculation methods applied in preparing the interim condensed consolidated financial statements for the period ended 31 March 2023 are consistent with those followed in preparing the consolidated financial statements of the Group for the year ended 31 December 2022.

During the period new standards and amendments to International Financial Reporting Standards became effective as of 1 January 2023, and none of these standards and amendments resulted in any impact on the Group's interim condensed consolidated financial statements. The interim condensed consolidated financial statements do not include all the information required in the annual financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements as at 31 December 2022.

The interim period is an integral part of the full fiscal year. However, the results of operations for the interim periods may not be a fair indication of the results of operations for the full year.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for what was disclosed in the relevant accounting policies in the annual consolidated financial statements for the year ended 31 December 2022. The interim condensed consolidated financial statements are presented in Saudi Riyals which is the functional currency of the Company and all values are rounded to the nearest Saudi Riyal (SR), except when otherwise indicated.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**
3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities revenues and expenses. Although judgements and estimates are based on management's best estimates, actual results might vary from these estimates. Estimates and assumptions are reviewed continuously.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that were applied to the annual consolidated financial statements as at 31 December 2022.

3.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognized in the interim condensed consolidated financial statements:

Going concern basis of accounting

The interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue its operations in the foreseeable future. As stated in the interim condensed consolidated financial statements, the Group's current liabilities exceeded its current assets by SR 424.9 million. To address this deficit, the Group's management has appointed a consulting firm to restructure its loans, and the restructuring process is expected to be completed during the second quarter of 2023. The success of the loan restructuring process depends mainly on the approval of the lending parties.

The Group's management considers the possibility of the failure in the loans restructuring process as a remote possibility from its perspective. Also, the management is confident it will be capable of reducing costs, increase the sold quantities, improve the selling prices and increase demand. Nevertheless, management acknowledges that the Group's need for third-party approvals indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as going concern. The Group's management is fully confident of the success of the loan restructuring process. Therefore, these interim condensed consolidated financial statements have been prepared on a going concern basis.

4 PROPERTY, PLANT AND EQUIPMENT

	<i>For the three- months period ended 31 March 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Cost:		
Balance at the beginning of the period / year	2,284,336,259	2,280,299,822
Additions	2,318,757	3,510,275
Disposals	(2,505,339)	(4,148,970)
Transfers	-	4,675,132
Balance at the end of the period / year	2,284,149,677	2,284,336,259
Accumulated depreciation and impairment:		
Balance at the beginning of the period / year	572,073,025	543,132,012
Charge during the period / year	10,879,749	32,076,618
Disposals	(1,928,408)	(3,135,605)
Balance at the end of the period / year	581,024,366	572,073,025
Net book value at the end of the period / year	1,703,125,311	1,712,263,234

* All property, plant and equipment are pledged as guarantee against long-term loans (note 8).

AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023****5 EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	Ownership %	As at 31 March 2023 SR	As at 31 December 2023 SR
Equity instruments at FVOCI			
Eastern Industrial Company (EIC) - Saudi Closed Joint Stock Co.*	10%	46,000,000	46,000,000
Less: Fair value reserve for investment in Eastern Industrial Company**		(46,000,000)	(46,000,000)
		-	-

* The Group owns 10% of Eastern Industrial Company (Closed Saudi Joint Stock Co.). The Group does not have any control or significant influence over this company.

** During the previous years, the Group reduced investment amount to nil through the fair value reserve as a result of the accumulated losses incurred by the investee and the shareholders' resolution to liquidate the investee. A liquidator was appointed to carry out the liquidation.

On 21 Jumada II 1443H (corresponding to 24 January 2022), the Group received a claim from the Saudi Industrial Development Fund amounting SR 49,549,920 as a result of the default of EIC. This claim represents the Group share of EIC loan which was previously guaranteed by the Group. Accordingly the Group has recognized the full amount in the year ended 31 December 2021 under provision against loan guarantee, and part of this loan was repaid during the year ended 31 December 2022.

6 EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The equity instruments at fair value through profit or loss comprise the following:

	For the three- months period ended 31 March 2023 SR	For the year ended 31 December 2022 SR
Units in KASB City Real Estate Fund	8,508,563	8,508,563

The movement of financial assets at fair value through profit or loss is as follows:

	For the three- months period ended 31 March 2023 SR	For the year ended 31 December 2022 SR
At the beginning of the period / year	8,508,563	9,174,155
Remeasurement through profit or loss	-	(665,592)
At the end of the period / year	8,508,563	8,508,563

The Group owns one million units in KASB City Real Estate Fund as at 31 March 2023 (31 December 2022: one million units). The fair value per unit amounted SR 8.5 as at 31 March 2023 (31 December 2022: SR 8.5).

The fair value of the investment in KASB City Real Estate Fund is based on the fair value measurement that is carried out semi-annually. The last valuation of this fund was on 31 December 2022.

AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023****7 RELATED PARTIES DISCLOSURES**

The following table provides the total amount of significant transactions that have been entered into with related parties along with the related balances as at 31 March 2023 and 31 December 2022:

		Amounts due from related parties
Sister company		SR
Eastern Industrial Company	2023	41,268,824
	2022	41,268,824
Less: Impairment allowance	2023	(41,268,824)
	2022	(41,268,824)
Total	2023	-
	2022	-

An impairment was made for the full amount due from Eastern Industrial Company because the shareholders of Eastern Industrial Company have resolved to liquidate it, and the management expect that it will not be able to recover these amounts.

The compensations of key management personnel comprise the following:

	<i>For the three- months period ended 31 March 2023</i>	<i>For the three- months period ended 31 March 2022</i>
	SR	SR
Short-term employee benefits	1,243,350	1,577,869
Termination benefits	103,613	64,947
	1,346,963	1,642,816

8 LONG-TERM LOANS

Long-term borrowings comprise the following:

	<i>As at 31 March 2023</i>	<i>As at 31 December 2022</i>
	SR	SR
Saudi Industrial Development Fund (note A)	57,000,000	57,000,000
SABB Bank (note B)	156,459,754	167,659,754
Alinma Bank (note C)	363,457,037	356,999,973
Al-Jazira Bank (note D)	12,158,165	15,158,165
	589,074,956	596,817,892

	<i>As at 31 March 2023</i>	<i>As at 31 December 2022</i>
	SR	SR
Non-current portion of long term loans	111,459,754	484,159,727
Non-current portion of long term loans reclassified to current	335,750,000	-
Current portion of long term loans	141,865,202	112,658,165
	589,074,956	596,817,892

AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023****8 LONG-TERM LOANS (CONTINUED)**

- A) The Group obtained a loan from the Saudi Industrial Development Fund. This loan is guaranteed by mortgage of all existing buildings or those that are constructed in the concession area granted to the Group, located to the southeast of Turaif Governorate on which the Company's factory is located, with an area of 22.6 square kilometers with the entire factory and its equipment's, plants and facilities (note 4). As per the agreement, the loan is guaranteed also the Group made payment of 5 million during the last year and no payments made during the current period.
- B) The Group has a loan from SABB Bank. This loan is guaranteed by a promissory note. This loan will be repaid in quarterly installments. The last installment is due in April 2027. The loan charges financing cost based on the borrowing rate between Saudi banks plus a fixed margin.
- C) The Group has a loan from Alinma Bank. This loan is guaranteed by a second mortgage on the property, plant and equipment of the Group (note 4). This loan is to be paid in semi-annual installments. The last installment is due in August 2029. The loan charges financing cost based on the borrowing rate between Saudi banks plus a fixed margin.

The non-current portion of Alinma bank loan has been reclassified to current liabilities due to the Group's breach of the covenants mentioned in the facility agreement. This breach entitles the bank to claim the full amount of the loan.

- D) The Group has a loan from Al-Jazira Bank. This loan is guaranteed by a promissory note for the full amount of the loan. The loan will become fully due in the second quarter of the year 2023. The loan charges financing cost based on the borrowing rate between Saudi banks plus a fixed margin.

The maturity schedule for long-term loans as at 31 March 2023 and 31 December 2022 is as follows:

	<i>As at 31 March 2023</i>	<i>As at 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Less than one year	477,615,202	112,658,165
More than one year and less than two years	36,000,000	74,199,973
More than two years and less than three years	36,000,000	60,000,000
More than three years	39,459,754	349,959,754
	589,074,956	596,817,892

9 TRADE AND OTHER PAYABLES

	<i>As at 31 March 2023</i>	<i>As at 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Accounts payable	98,510,944	90,633,232
Accrued expenses	25,186,519	22,746,447
Accrued finance costs	10,475,308	10,151,390
Government claims provision	10,000,000	10,000,000
Refund liabilities	3,722,902	7,727,686
Retentions payable	906,284	944,284
Other payables	278,423	2,035,758
	149,080,380	144,238,797

AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023****10 OTHER PROVISIONS**

The Group built a provision amounting SR 31.3 million to meet contingent liabilities that may result from the Group's objection on zakat assessments issued by Zakat, Tax and Customs Authority (ZATCA). This objection is still under legal proceedings at the date of these interim condensed consolidated financial statements.

11 ZAKAT

The Group's zakat movement is as follows:

	<i>For the three- months period ended 31 March 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Balance at the beginning of the period/ year	3,790,469	3,393,448
Provided during the period/ year	665,912	5,397,315
Prior years provision reversal	(1,126,820)	
Paid during the period/ year	(19,622)	(5,000,294)
Balance at the end of the period/ year	3,309,939	3,790,469

Outstanding assessments

The Company received a Zakat assessment for the years 2014 to 2018 amounting SR 34.3 million. An objection was made and it was partially accepted. The objection was escalated to the General Secretariat of the Tax Committees. The revised assessment that ZATCA continues to claim for these years amounts SR 27.7 million .

The Company received a Zakat assessment for the years 2019 and 2020 amounting SR 3.4 million. An objection against this assessment has been filed by the Company to ZATCA, and an advance payment was made in order for the Company to complete the objection procedures. The objection was rejected by ZATCA and it was escalated to the General Secretariat of the Tax Committees and no decision was issued by the Committee until the date of the interim condensed consolidated financial statements.

A sufficient provision was created against the claims raised by ZATCA for the years 2014 to 2020.

12 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's revenue comprises the sale of ordinary cement, salt-resistant cement, agglomerated cement and pozzolanic cement. Revenue from contracts with customers is recognized at a specific point in time when the goods are delivered to customers.

The Group's revenues from contracts with customers are classified by product type into:

	<i>For the three- months period ended 31 March 2023</i>	<i>For the three- months period ended 31 March 2022</i>
	<i>SR</i>	<i>SR</i>
Cement	53,844,969	45,190,663
Clinker	7,098,260	3,622,954
Transportation revenue	9,327,595	-
	70,270,824	48,813,617

AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023****12 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)**

The Group's revenues from contracts with customers are classified by geographical areas into:

	<i>For the three- months period ended 31 March 2023</i>	<i>For the three- months period ended 31 March 2022</i>
	<i>SR</i>	<i>SR</i>
Local sales	59,473,224	45,190,663
Exports	10,797,600	3,622,954
	70,270,824	48,813,617

13 EARNINGS PER SHARE

The basic and diluted earnings per share from net profit is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Following is the calculation of the basic and diluted earnings per share:

	<i>For the three- months period ended 31 March 2023</i>	<i>For the three- months period ended 31 March 2022</i>
	<i>SR</i>	<i>SR</i>
Net profit for the period (SR)	23,476,276	3,550,741
Weighted average number of shares outstanding	108,700,000	108,700,000
Basic and diluted earnings per share (SR)	0.22	0.03

The weighted average number of shares outstanding during the year ended 31 December 2022 was adjusted retrospectively as a result of capital decrease (note 1).

14 SEGMENT REPORTING

The Group has one business segment, which is mainly represented in the production and sale of ordinary (Portland) cement, salt-resistant cement, agglomerated cement (clinker) and pozzolanic cement. The Group operates in the city of Turaif in the Kingdom of Saudi Arabia.

15 FINANCIAL INSTRUMENTS

The Group's financial assets consist of equity instruments at fair value through other comprehensive income, equity instruments at fair value through profit or loss, cash and cash equivalents, trade receivables and amounts due from related parties, and the financial liabilities consist of trade payable and long term loans.

There were no transfers between fair value levels during the year ended 31 March 2023.

16 RESTATEMENT OF COMPARATIVE FIGURES

During the period ended 31 March 2022, the Group noticed that the balance of other provision as at 31 December 2021 was less than what was required by SR 990,229, while the balance of zakat payable at the same date was higher than what was required by SR 11,033,006. Therefore, the Group corrected the error in the comparative figures. The impact of this adjustment resulted in a decrease in accumulated losses as at 31 December 2021 by SR 10,042,777. As well as an increase in the zakat charge for the 3 months period ended March 2022 by the amount of SR 2 millions.

AL JOUF CEMENT COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023****16 RESTATEMENT OF COMPARATIVE FIGURES (CONTINUED)**

The impact of the adjustments above on the interim condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 March 2022 is as follows:

For the three-month period ended 31 March 2022				
	Note	Before restatement	Reclassification	Restatement Adjustment
		SR	SR	SR
Reverse of Zakat expense	A	2,000,000	(2,000,000)	-
Profit for the period	A	5,550,741	(2,000,000)	3,550,741
Total comprehensive income	A	5,550,741	(2,000,000)	3,550,741
Basic earnings per share	A	0,04	(0,01)	0,03

The adjustments above had no impact on the interim condensed consolidated statement of cash flows for the three months period ended 31 March 2022, and accordingly it was not disclosed separately.

17 DATE OF AUTHORIZATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were authorized for issue by the Company's board of directors on 9 Thu Alqeda 1444H corresponding to 29 May 2023.