

SAUDI CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022
WITH
INDEPENDENT AUDITOR'S REVIEW REPORT**

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022**

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KPMG Professional Services

16th Floor, Al Barghash Tower
6189 Prince Turkey Road, Al Kurnaish
P.O. Box 4803
Al Khobar, 34412 - 3146
Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

الطابق ١٦، برج البرعش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب. ٤٨٠٣
الخير ٣١٤٦ - ٣٤٤١٢
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

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

To the Shareholders of Saudi Cement Company

Introduction

We have reviewed the accompanying 30 September 2022 condensed consolidated interim financial statements of **Saudi Cement Company** ("the Company") and its subsidiary ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 September 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2022;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2022; and
- the notes to the condensed consolidated interim financial statements.

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

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2022 condensed consolidated interim financial statements of Saudi Cement Company and its subsidiary are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥,٠٠٠,٠٠٠) ريال سعودي متوقع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفران وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة إنجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



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

To the Shareholders of Saudi Cement Company (continued)

Other Matter

The condensed consolidated interim financial statements of the Group for the three-month and nine-month periods ended 30 September 2021, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 28 Rabi Al-Awwal 1443H corresponding to 3 November 2021G and the consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 26 Rajab 1443H corresponding to 27 February 2022G.

For KPMG Professional Services

Abdulaziz Abdullah Alnaim
License no. 394

Al Khobar,
Date: 9 Rabi Al-Akhar 1444H
Corresponding to: 3 November 2022G



SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2022
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

		30 September 2022 (Un-Audited)	31 December 2021 (Audited)
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,175,499	2,283,292
Right-of-use assets		20,438	20,455
Intangible assets		12,134	14,941
Investment in an associate	4	44,674	37,407
Equity investment designated at fair value through other comprehensive income (FVOCI)		3,326	3,533
Total non-current assets		2,256,071	2,359,628
Current assets			
Inventories		561,389	517,070
Trade receivables		402,606	394,480
Prepayments and other current assets		48,029	39,476
Short term deposits		115	113
Cash and cash equivalents	5	133,432	81,496
Total current assets		1,145,571	1,032,635
TOTAL ASSETS		3,401,642	3,392,263
EQUITY AND LIABILITIES			
Equity			
Share capital	6	1,530,000	1,530,000
Statutory reserve		459,000	459,000
Fair value reserve		466	673
Retained earnings		152,374	443,619
Total equity		2,141,840	2,433,292
LIABILITIES			
Non-current liabilities			
Employees' benefits		103,205	104,255
Lease liabilities		20,047	14,755
Retention payable		-	1,400
Total non-current liabilities		123,252	120,410
Current liabilities			
Lease liabilities – current portion		3,496	8,853
Short term loans	7	600,000	350,000
Trade payables		47,882	57,405
Dividend payable	14	231,452	226,549
Accruals and other current liabilities		231,069	170,592
Provision for Zakat	8	22,651	25,162
Total current liabilities		1,136,550	838,561
TOTAL LIABILITIES		1,259,802	958,971
TOTAL EQUITY AND LIABILITIES		3,401,642	3,392,263


Designated Member / CEO
Mohammed A. AlGarni


Finance Manager
Evan Abaza

The accompanying notes from 1 to 18 on pages 5 to 12 form an integral part of these condensed consolidated interim financial statements.

SAUDI CEMENT COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three month and nine month periods ended 30 September 2022

(Expressed in Saudi Riyals in thousands, unless otherwise stated)

	Note	Three-month period ended		Nine-month period ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
Revenue	9	328,051	304,925	992,084	1,082,118
Cost of revenue		(203,694)	(195,874)	(621,019)	(660,731)
GROSS PROFIT		124,357	109,051	371,065	421,387
Selling and distribution expenses		(19,488)	(27,477)	(66,605)	(89,356)
General and administrative expenses		(19,122)	(18,823)	(55,693)	(52,641)
OPERATING PROFIT		85,747	62,751	248,767	279,390
Other income		2,069	2,901	13,271	5,366
Share of profit of investment in an associate – net of zakat		2,716	1,522	7,326	2,743
Finance charges		(5,381)	(2,450)	(10,550)	(6,546)
PROFIT BEFORE ZAKAT		85,151	64,724	258,814	280,953
Zakat	8	(4,500)	(6,000)	(14,500)	(18,000)
PROFIT FOR THE PERIOD		80,651	58,724	244,314	262,953
Other comprehensive Income					
<i>Item that will not be reclassified to the condensed consolidated statement of profit or loss in subsequent periods:</i>					
Share of other comprehensive income of investment in an associate		-	-	(59)	-
Fair value change in equity investment designated at FVOCI		-	-	(207)	575
Total other comprehensive (loss) / income		-	-	(266)	575
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		80,651	58,724	244,048	263,528
Profit attributable to:					
- Shareholders of the Company		80,651	58,724	244,314	264,518
- Non-controlling interests	16	-	-	-	(1,565)
		80,651	58,724	244,314	262,953
Total comprehensive income attributable to:					
- Shareholders of the Company		80,651	58,724	244,048	265,093
- Non-controlling interests	16	-	-	-	(1,565)
		80,651	58,724	244,048	263,528
Earnings per share (Saudi Riyals)					
Basic and diluted earnings per share attributable to the shareholders of the Company	15	0.53	0.38	1.60	1.73


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SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine month period ended 30 September 2022
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

	Attributable to shareholders of the Company					Non-controlling interests	Total equity
	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total		
Balance at 1 January 2021 (Audited)	1,530,000	459,000	111	662,974	2,652,085	24,851	2,676,936
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	264,518	264,518	(1,565)	262,953
Other comprehensive income	-	-	575	-	575	-	575
Total comprehensive income for the period	-	-	575	264,518	265,093	(1,565)	263,528
Acquisition of non-controlling interest (note 16)	-	-	-	(4,714)	(4,714)	(23,286)	(28,000)
Dividends (note 14)	-	-	-	(535,500)	(535,500)	-	(535,500)
Balance at 30 September 2021 (Un-audited)	<u>1,530,000</u>	<u>459,000</u>	<u>686</u>	<u>387,278</u>	<u>2,376,964</u>	<u>-</u>	<u>2,376,964</u>
Balance at 1 January 2022 (Audited)	1,530,000	459,000	673	443,619	2,433,292	-	2,433,292
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	244,314	244,314	-	244,314
Other comprehensive loss	-	-	(207)	(59)	(266)	-	(266)
Total comprehensive income for the period	-	-	(207)	244,255	244,048	-	244,048
Dividends (note 14)	-	-	-	(535,500)	(535,500)	-	(535,500)
Balance at 30 September 2022 (Un-Audited)	<u>1,530,000</u>	<u>459,000</u>	<u>466</u>	<u>152,374</u>	<u>2,141,840</u>	<u>-</u>	<u>2,141,840</u>


Designated Member / CEO
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Finance Manager
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SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine month period ended 30 September 2022
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

		30 September 2022 (Un-Audited)	30 September 2021 (Un-Audited)
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		244,314	262,953
Adjustments for:			
Depreciation - property, plant and equipment	3	165,096	161,703
Depreciation - right-of-use assets		5,503	5,669
Amortization - intangible assets		2,807	2,808
Share of profit of investment in an associate – net of zakat		(7,326)	(2,743)
Zakat	8	14,500	18,000
Provision for employees' benefits		7,058	8,737
Finance charges		10,550	6,546
Provision for slow moving and obsolete inventories		-	9,165
Reversal of impairment of receivables		-	(19)
Loss on disposal of property, plant and equipment		-	196
		442,502	473,015
Changes in:			
Inventories		(44,319)	86,440
Trade receivables		(8,126)	17,322
Prepayments and other current assets		(8,553)	(6,393)
Trade payables		(9,523)	(8,429)
Accruals and other current liabilities		60,477	21,147
Retention payable		(1,400)	-
Cash generated from operating activities		431,058	583,102
Finance charges paid		(9,843)	(6,546)
Zakat paid		(17,011)	(18,792)
Employees benefits paid		(8,108)	(3,955)
Net cash from operating activities		396,096	553,809
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	3	(57,303)	(44,965)
Short term deposits		(2)	(3)
Net cash used in investing activities		(57,305)	(44,968)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability		(6,258)	(5,440)
Net movement in short term loans		250,000	100,000
Additional investment made in subsidiary		-	(28,000)
Dividend paid		(530,597)	(528,956)
Net cash used in financing activities		(286,855)	(462,396)
Net change in cash and cash equivalents		51,936	46,445
Cash and cash equivalents at the beginning of the period	5	81,496	124,513
Cash and cash equivalents at the end of the period	5	133,432	170,958

NON CASH TRANSACTIONS

Addition to right-of-use assets and lease liabilities

5,486

-


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Finance Manager
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SAUDI CEMENT COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month and nine month periods ended 30 September 2022

(Expressed in Saudi Riyals in thousands, unless otherwise stated)

1 CORPORATE INFORMATION

Saudi Cement Company ("the Company") is a Saudi Joint Stock Company incorporated under Royal Decree number 6/6/10/726 dated 8 Rabi' II 1375 H (corresponding to 23 November 1955) and registered in the Kingdom of Saudi Arabia, in the city of Dammam under Commercial Registration number 2050000602 dated 6 Dhul Qadah 1377 H (corresponding to 24 May 1958). The Company is engaged in manufacturing and selling cement and its related products.

The Company obtained under the Royal Decree number 10/6/6/8500 dated 26 Rajab 1370H corresponding to 3 May 1951, the right of the mining concession for the extraction of limestone, gypsum and clay and all the necessary materials for the manufacture of cement in Al Hassa for 30 years period.

Thereafter, the Company obtained the licenses for the existing quarries under the Royal Decree number M/11 dated 29/04/1405H (corresponding to 22/01/1985) which gives mining concession for the extraction of limestone, gypsum and clay and all the necessary materials for the manufacture of cement for 30 years period.

In the year 1985, a Saudi Bahraini Company obtained the right of the mining concession for the extraction of limestone, gypsum and clay under the Royal Decree number M/12 dated 29/04/1405H (corresponding to 22/01/1985) which was merged with the Saudi Cement Company in 1990. Accordingly, the Ministry of Petroleum and Mineral Resources resolved on 04/01/1412H (corresponding to 15/07/1991) to transfer all quarries and related licenses of Saudi Bahraini Company to the Saudi Cement Company.

In the year 2020, all of the above licenses which have been issued under the Royal Decree numbers M/11 and M/12 dated 29/04/1405H (corresponding to 22/01/1985) were renewed by the Ministry of Industry and Mineral Resources for a period of 30 years started from 29/4/1435 H (corresponding to 01 March 2014) except quarry license for Aba Hamama area in Al-Ahsa region which has been renewed for 10 years started from 11/12/1441 (corresponding to 01 August 2020).

The accompanying condensed consolidated interim financial statements includes the activities of the Company and its following subsidiary (collectively referred to as "the Group")

Name	Country of incorporation	Percentage of holding	
		30 September 2022 (Un-Audited)	31 December 2021 (Audited)
United Cement Company W.L.L	Kingdom of Bahrain	100%	100%

United Cement Company W.L.L. (UCC) is a limited liability company incorporated in the Kingdom of Bahrain on 15 March 1989 with the Ministry of Industry, Commerce and Tourism under commercial registration number 20906.

The principal activities of UCC include import, export and sale of cement in different forms. The registered office of UCC is situated at Mina Salman Industrial Area, P.O. Box 26719, Mina Salman Industrial Area, Kingdom of Bahrain.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as endorsed in Kingdom of Saudi Arabia (KSA) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three month and nine month periods ended 30 September 2022
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Statement of compliance (Continued)

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021 ("Last Annual Financial Statements"). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The results for the interim periods are unaudited hence interim results may not be an indicator for the full year results.

2.2 Basis of preparation

These condensed consolidated interim financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for certain employees' benefits which are measured at present value of the defined benefit obligation using the projected unit credit method and equity investment designated at FVOCI which is measured at fair value.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR) which is the Company's functional and Group's presentation currency.

2.4 Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

2.5 Significant accounting policies

The accounting policies applied in these condensed financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021. A number of amendments to existing standards, as explained in the Group's annual consolidated financial statements for the year ended 31 December 2021, became effective from 1 January 2022 but they do not have a material effect on the condensed consolidated interim financial statements of the Group. The Group has not early adopted any interpretation or amendment that has been issued but is not yet effective.

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three month and nine month periods ended 30 September 2022
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

3 PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment is as follows:

	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
Carrying value at the beginning of the period / year	2,283,292	2,434,391
Additions	57,303	65,149
Disposals, net of accumulated depreciation	-	(173)
Depreciation for the period / year	(165,096)	(216,075)
Carrying value at the end of the period / year	2,175,499	2,283,292

Property, plant and equipment includes construction work in progress which majorly represents the ongoing construction work of a bulk railway loading facility and its railway link (collectively referred to as “the railway project”) and other construction projects. In order to facilitate and complete the railway connection work urgently, in March 2022, the Company received offer letter from Saudi Railway Company to complete the said project in four months with a cost of SR 7.50 million without involving the previous contractors. The Company is currently evaluating the offer.

4 INVESTMENT IN AN ASSOCIATE

Investment in an associate represents 33.33% share in Cement Product Industry Company Limited (CPI). CPI is a limited liability company registered and operating in the Kingdom of Saudi Arabia. The company is engaged in the manufacturing of cement derivative products and other products necessary for manufacturing and packing cement.

5 CASH AND CASH EQUIVALENTS

	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
Cash at banks	125,726	63,763
Cash in hand	206	194
Murabaha investments	7,500	17,539
	133,432	81,496

Murabaha investments represent placements with banks having original maturity of less than three months and carry profits at commercial rates.

6 SHARE CAPITAL

The authorized, issued and paid up capital of the Company is SR 1,530 million which is divided into 153 million shares (31 December 2021: 153 million shares) of SR 10 each.

7 SHORT TERM LOANS

Short term loans represent Tawarruq facilities obtained from various local banks to meet the working capital requirements with a total facility limit amount of SR 2,000 million (31 December 2021: SR 2,250 million). The utilized balance as of 30 September 2022 amounted to SR 600 million (31 December 2021: SR 350 million). These facilities carry financial costs in excess of SIBOR and are consistent with the terms of each facility agreement that are secured by promissory notes issued by the Group and carry charges agreed with the facilities' providers.

The outstanding financing is classified under current liabilities in the condensed consolidated statement of financial position as these are repayable within 12 months from the reporting date.

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three month and nine month periods ended 30 September 2022
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

8 ZAKAT

The Company has submitted its zakat returns up to year ended 31 December 2021, settled zakat as per the returns and obtained the required certificates and official receipts. The Company received a final zakat assessment from Zakat, Tax and Customs Authority ("ZATCA") up to year 2020 which has been settled. However, the final assessment for the year 2021 is still under review by ZATCA.

9 REVENUE

The Company generates revenue primarily from the sale of cement and clinker.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market and major products. Revenue is recognised at point in time for all products.

	30 September 2022 (Un-Audited)	30 September 2021 (Un-Audited)
Primary geographic markets		
Local	754,319	802,052
Export	237,765	280,066
	992,084	1,082,118
Major product types		
Cement	877,637	911,364
Clinker	114,447	170,754
	992,084	1,082,118

The following table provides information about trade receivables and advance from customers.

	30 September 2022 (Un-Audited)	31 December 2021 (Audited)
Trade receivables	402,606	394,480
Contract liabilities*	13,323	11,762

* Contract liabilities represent advance consideration received from customers for the products to be sold, for which revenue is recognized at point in time. This will be recognized as revenue when the Company deliver the products to the customers and their balances for advances are settled with the revenue made.

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three month and nine month periods ended 30 September 2022
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

10 RELATED PARTY TRANSACTIONS AND BALANCES

The following table provides the total amount of transactions that have been entered into with related parties during the nine-month period ended 30 September 2022 and 30 September 2021 and related parties balances as at 30 September 2022 and 31 December 2021.

Related party	Relationship	Nature of transaction	Nine-month period		Ending balance	
			Amount of transaction			
			30 September 2022	30 September 2021	30 September 2022	31 December 2021
			(Un-Audited)	(Un-Audited)	(Un-Audited)	(Audited)
Cement Product Industry Company Limited	Associate	Purchases of raw materials	29,368	24,186	-	-
Wataniya Insurance Company	Common directorship	Insurance of property, plant and equipment	7,548	8,229	-	-

Terms and conditions of transactions with related parties

Transactions with related parties are made in the ordinary course of business. Outstanding balances at the period ended 30 September 2022 are unsecured and settled in cash. There have been no guarantees provided to amounts due to related parties.

Prices and terms for the above transactions are approved by the Group's management.

SAUDI CEMENT COMPANY**(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****For the three month and nine month periods ended 30 September 2022****(Expressed in Saudi Riyals in thousands, unless otherwise stated)****11 COMMITMENTS**

- a) As of 30 September 2022, the capital expenditure contracted by the Company but not incurred till 30 September 2022 was approximately SR 25.58 million (31 December 2021: SR 17.79 million).
- b) The Company's bankers have given guarantees, on behalf of the Company amounted to SR 3.11 million (31 December 2021: SR 3.11 million) in respect of performance guarantees.
- c) UCC's bankers have issued guarantees, on behalf of UCC, in favour of various suppliers against purchase and services obtained in the normal course of business amounted to SR 16.86 million (31 December 2021: SR 28.81 million).

12 SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Group's operations are related to two operating geographical segments which are Saudi Cement Company operating in the Kingdom of Saudi Arabia and United Cement Company operating in Kingdom of Bahrain. Both segments are engaged in cement manufacturing and are sold to local and foreign customers. Accordingly, segment analysis by geography are presented as follows:

	Kingdom of Saudi Arabia	Kingdom of Bahrain	Elimination	Total
For the nine-month period ended 30 September 2022 (Un-Audited)				
External revenue	945,300	46,784	-	992,084
Inter-segment revenue	27,918	-	(27,918)	-
Total revenue	973,218	46,784	(27,918)	992,084
Cost of revenue	(601,759)	(47,178)	27,918	(621,019)
Profit / (loss) for the period	244,851	(4,357)	3,820	244,314

For the nine-month period ended
30 September 2021 (Un-audited)

External revenue	1,037,326	44,792	-	1,082,118
Inter-segment revenue	32,012	-	(32,012)	-
Total revenue	1,069,338	44,792	(32,012)	1,082,118
Cost of revenue	(640,154)	(52,589)	32,012	(660,731)
Profit / (loss) for the period	262,224	(12,183)	12,912	262,953

	Kingdom of Saudi Arabia	Kingdom of Bahrain	Elimination	Total
As at 30 September 2022 (Un-Audited)				

Total assets	3,389,588	61,970	(49,916)	3,401,642
Total liabilities	1,244,672	25,319	(10,189)	1,259,802

As at 31 December 2021 (Audited)

Total assets	3,382,308	77,314	(67,359)	3,392,263
Total liabilities	946,684	25,044	(12,757)	958,971

SAUDI CEMENT COMPANY**(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****For the three month and nine month periods ended 30 September 2022****(Expressed in Saudi Riyals in thousands, unless otherwise stated)**

13 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorized within the fair value hierarchy.

This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. As of 30 September 2022 and 31 December 2021, the Group's equity investment designated at FVOCI was determined at level 3 of the fair value hierarchy. The carrying values of other financial assets and liabilities in the condensed consolidated interim statement of financial position approximate to their fair values.

14 DIVIDENDS

On 09 Ramadan 1443H (corresponding to 10 April 2022), the General Assembly approved the Board of Directors' proposal to distribute cash dividend amounting to SR 2.00 per share (SR 306.00 million in total) for the second half of 2021.

On 09 Ramadan 1443H (corresponding to 10 April 2022), the General Assembly authorized the Board of Directors to distribute interim cash dividend. Accordingly, on 02 Dhul Qadah 1443 (corresponding to 01 June 2022), the Board of Directors has resolved to distribute interim cash dividend amounting to SR 1.50 per share (SR 229.50 million in total) for the first half of 2022. Payment of this dividend distribution was commenced on 16 Dhul Qadah 1443 (corresponding to 15 June 2022).

On 25 Sha'ban 1442 (corresponding to 07 April 2021), the General Assembly approved the Board of Directors' proposal to distribute cash dividend amounting to SR 2 per share (SR 306 million in total) for the second half of 2020.

On 09 Ramadan 1443H (corresponding to 10 April 2022), the General Assembly approved the Board of Directors' proposal to distribute interim cash dividend amounting to SR 1.50 per share (SR 229.50 million in total) for the first half of 2021.

Dividend payable as at 30 September 2022 amounted to SR 231.45 million (31 December 2021: SR 226.55 million) represents unclaimed dividend for prior years.

SAUDI CEMENT COMPANY**(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****For the three month and nine month periods ended 30 September 2022****(Expressed in Saudi Riyals in thousands, unless otherwise stated)****15 EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

The following reflects the profit and share capital data used in the basic and diluted earnings per share computations:

	Three-month period ended		Nine-month period ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
Profit attributable to equity holders	80,651	58,724	244,314	264,518
Number of shares outstanding in '000	153,000	153,000	153,000	153,000
Earnings per share in SR	0.53	0.38	1.60	1.73

There has been no item of dilution affecting the weighted average number of ordinary shares.

16 ACQUISITION OF NON-CONTROLLING INTEREST

As of 31 December 2019, the Company had 36% investment in shares of United Cement Company (UCC). On 09 January 2020 (acquisition date / business combination date), the Company acquired additional 27% shares of UCC at a cash consideration of SR 22.98 million and consequently, it becomes a subsidiary of the Company with an aggregate shareholding of 63%.

On 11 May 2021, the Group acquired further 37% shares in UCC at a cash consideration of SR 28 million, which resulted in an increase in its shareholding from 63% to 100%. The purchase was accounted for as an equity transaction and the difference of SR 4.71 million between the carrying value of non-controlling interests i.e. SR 23.29 million and cash consideration paid i.e. SR 28 million has been recorded in the retained earnings of the Group. Profit attributable to non-controlling interest from 01, January 2021 till the date of further acquisition amounted to SR 1.57 million and is shown in the condensed consolidated statement of profit or loss and other comprehensive income.

The consideration paid amounting to SR 28 million is reclassified from investing activities to financing activities in the condensed consolidated statement of cash flows.

17 EVENTS AFTER THE REPORTING DATE

There have been no significant subsequent events since the period ended 30 September 2022 till the date of authorization for issuance and approval of these condensed consolidated interim financial statements by the Board of Directors that require either an adjustment or disclosure in these condensed consolidated interim financial statements.

18 APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were authorized for issue and approved by the Board of Directors on 3 November 2022 G corresponding to 9 Rabi Al-Akhar 1444 H.