

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

**CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and nine-month periods ended September 30, 2023
with
INDEPENDENT AUDITORS' REPORT ON REVIEW



KPMG Professional Services

Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جدة 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

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

To the Shareholders of Southern Province Cement Company
(A Saudi Joint Stock Company)
Abha, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying September 30, 2023 condensed interim financial statements of **Southern Province Cement Company** ("Company"), which comprise of:

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

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

Scope of review

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

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

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (40,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاء 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 انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



Independent auditor's report on review of condensed interim financial statements (continued)

To the Shareholders of Southern Province Cement Company
(A Saudi Joint Stock Company)
Abha, Kingdom of Saudi Arabia

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying September 30, 2023 accompanying condensed interim financial statements of **Southern Province Cement Company** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Professional Services

Abdullah Oudah Althagafi
License No: 455



Jeddah, November 7, 2023
Corresponding to Rabi Al-Thani 23, 1445H

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2023


(Saudi Riyal)

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<u>ASSETS</u>			
Property plant and equipment	6	2,810,513,578	2,756,241,761
Investment properties		5,437,625	5,437,625
Non-current asset		2,815,951,203	2,761,679,386
Inventory	7	716,471,832	669,301,241
Trade receivables		112,577,184	78,122,596
Prepayments and other receivables	8	44,108,328	42,497,140
Cash and cash equivalents	9	285,959,493	320,213,283
Current assets		1,159,116,837	1,110,134,260
Total assets		3,975,068,040	3,871,813,646
<u>EQUITY AND LIABILITIES</u>			
<u>Equity:</u>			
Share capital	1	1,400,000,000	1,400,000,000
Statutory reserve		700,000,000	700,000,000
Retained earnings		1,107,782,275	1,105,593,835
Total equity		3,207,782,275	3,205,593,835
<u>Liabilities</u>			
Loans and facilities	10	311,997,000	173,397,000
Employees' defined benefit obligation		116,756,194	119,519,688
Non-current liabilities		428,753,194	292,916,688
Loans and facilities	10	--	80,000,000
Accrued expenses and other payables		66,980,230	65,800,847
Trade payables		80,499,459	48,323,134
Dividend payables	11	160,303,671	160,845,204
Zakat provision	21-b	30,749,211	18,333,938
Current liabilities		338,532,571	373,303,123
Total liabilities		767,285,765	666,219,811
Total equity and liabilities		3,975,068,040	3,871,813,646

The attached notes 1 to 16 of these condensed interim financial statements.


Executive Vice President
of Finance


Chief Executive Officer


Chairman

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

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

For the three-month and nine-month periods ended September 30, 2023
(Saudi Riyal)

		For the three-month period ended September 30,		For the nine-months period ended September 30,	
		2023	2022	2023	2022
	Note	(Unaudited)	Unaudited)	(Unaudited)	Unaudited)
Revenue		286,464,852	323,326,612	812,315,306	887,240,822
Coss of revenue		(205,737,239)	(217,578,870)	(624,200,004)	(619,039,420)
Gross profit		80,727,613	105,747,742	188,115,302	268,201,402
Selling and distribution expenses		(3,552,483)	(3,419,094)	(12,588,551)	(7,968,684)
General and administration expense		(18,712,501)	(9,327,661)	(40,310,902)	(33,698,639)
Operating income		58,462,629	93,000,987	135,215,849	226,534,079
Financial Costs		(3,671,602)	(3,153,332)	(9,597,322)	(7,234,750)
Other Income		2,832,328	2,805,298	8,839,121	6,104,809
Profit before zakat		57,623,355	92,652,953	134,457,648	225,404,138
Zakat provision no longer required	12-b	--	--	--	24,918,466
Zakat	12-a	(4,359,268)	(4,036,801)	(13,269,208)	(11,916,779)
Period profit		53,264,087	88,616,152	121,188,440	238,405,825
Other comprehensive income					
<i>Items that will not be reclassified under profit or loss:</i>					
Remeasurement of employees' defined benefits obligation		--	--	--	--
Total comprehensive income		--	--	--	--
Total comprehensive income		53,264,087	88,616,152	121,188,440	238,405,825
<u>Earnings per share to net income for the period (Saudi Riyals):</u>	13				
Basic		0.38	0.63	0.87	1.70
Diluted		0.38	0.63	0.87	1.70

The attached notes 1 to 16 of these condensed interim financial statements.


Executive Vice President
of Finance


Chief Executive Officer


Chairman


SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the nine-month period ended September 30, 2023
(Saudi Riyal)

	<u>Note</u>	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>
<u>For the nine-month period ended September 30, 2023:</u>					
Balance at January 1, 2023 (audited)		1,400,000,000	700,000,000	1,105,593,835	3,205,593,835
Profit for the period		--	--	121,188,440	121,188,440
Other comprehensive income		--	--	--	--
Total comprehensive income for the period		--	--	121,188,440	121,188,440
Transactions with shareholders of the Company					
Dividends distribution	11	--	--	(119,000,000)	(119,000,000)
Balance at September 30, 2023 (unaudited)		<u>1,400,000,000</u>	<u>700,000,000</u>	<u>1,107,782,275</u>	<u>3,207,782,275</u>
<u>Nine-month period ended September 30, 2022:</u>					
Balance as at January 1, 2022 (audited) (as previously reported)		1,400,000,000	700,000,000	1,107,491,974	3,207,491,974
Correction of previous years' errors		--	--	(32,377,321)	(32,377,321)
Balance as at January 1, 2022		1,400,000,000	700,000,000	1,075,114,653	3,175,114,653
Profit for the period		--	--	238,405,825	238,405,825
Other comprehensive income		--	--	--	--
Total comprehensive income for the period		--	--	238,405,825	238,405,825
Transactions with shareholders of the Company					
Dividends distribution	11	--	--	(280,000,000)	(280,000,000)
Balance at September 30, 2022 (unaudited)		<u>1,400,000,000</u>	<u>700,000,000</u>	<u>1,033,520,478</u>	<u>3,133,520,478</u>

The attached notes 1 to 16 of these condensed interim financial statements.


Executive Vice President
of Finance


Chief Executive Officer


Chairman

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

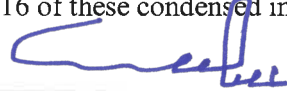
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine-month period ended September 30, 2023
(Saudi Riyals)

	Note	2023 (Unaudited)	2022 Unaudited)
Operating activities:			
Profit for the period before zakat		134,457,648	225,404,138
Adjustments:			
Depreciation on property, plant and equipment	6	146,769,517	163,660,830
Loss from disposal of property, plant and equipment	6	24	--
Financial Costs		9,597,322	7,234,750
Provision/ (reversal) for slow moving inventory		559,439	(2,738,402)
Employee defined benefit obligation charge for the period		7,077,342	11,344,179
		<u>298,461,292</u>	<u>404,905,495</u>
Change in working capital:			
Trade Receivable		(34,454,588)	(3,256,551)
Inventory		(47,730,030)	(107,972,717)
Prepayments and other receivables		(1,611,188)	14,409,755
Trade payables		32,176,325	(12,334,376)
Accrued expenses and other payables		(2,492,219)	(55,228,659)
Cash generated from operating activities		<u>244,349,592</u>	<u>240,522,947</u>
Employees defined benefits paid		(9,840,836)	(9,052,651)
Zakat paid	12-ب	(853,935)	(16,929,009)
Finance costs paid		(5,925,720)	(7,234,750)
Net cash generated from operating activities		<u>227,729,101</u>	<u>207,306,537</u>
Investing activities:			
Additions of property, plant and equipment	6	(201,041,358)	(85,680,031)
Net cash used in investing activities		<u>(201,041,358)</u>	<u>(85,680,031)</u>
Financing activities:			
Repayment from facilities	10	(20,000,000)	(56,250,000)
Received from facilities	10	78,600,000	--
Dividends paid	11	(119,541,533)	(280,620,785)
Net cash used in financing activities		<u>(60,941,533)</u>	<u>(336,870,785)</u>
Change in cash and cash equivalents during the period		(34,253,790)	(215,244,279)
Cash and cash equivalents at beginning of the period		320,213,283	503,597,996
Cash and cash equivalents at the end of the period	9	<u>285,959,493</u>	<u>288,353,717</u>
Significant non-cash transactions			
Transfer from projects in progress to property, plant and equipment	6	29,596,315	7,543,156

The attached notes 1 to 16 of these condensed interim financial statements.


Executive Vice President
of Finance


Chief Executive Officer


Chairman

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

As at September 30, 2023
(Saudi Riyal)

1. GENERAL

Southern Province Cement Company was established as a Saudi Joint Stock Company (“the Company”) under the Royal Decree No. M/3 on 24/3/1397H based on the Council of Ministers Resolution No. 1074 on 10/8/1394H and is registered in Abha City under the Commercial Registration No. 5850001443 on 27/04/1399H pursuant to the Ministry of Industry and Electricity Resolution No. 67/R dated 17/3/1396H.

The Company's main activity is to manufacture and produce cement, its derivatives and accessories, and to trade in those products and to carry out all works related directly to the realization of these purposes. The Company may have an interest or participate in any way with entities and companies that carry out works similar to their work or which may cooperate to achieve their purpose. It may own, or purchase shares in these companies, and to merge it or to merge into or to purchase them. The Company may have an interest or participate in any form with other companies, provided that it does not exceed 20% of its free reserves and does not exceed 10% of the share capital of the Company in which it participates. The total number of such shares shall not exceed the value of these reserves and the Ordinary General Assembly shall be informed in their first meeting.

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

The registered address of the Company is as follows:

Southern Province Cement Company
Abha City
PO Box 548
Abha, Kingdom of Saudi Arabia

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

- a) Jazan, Ahad Al Masarihah city.
- b) Aseer region, Bisha Governorate.
- c) Mecca Region, Al Qunfudhah - Thaloth Emara.

The following factories operate under separate industrial licenses that are numbered and dated as follows:

<u>Factory</u>	<u>Industrial license No.</u>	<u>Industrial license date</u>
Ahad Al Masarihah - Jazan Region	4111021101070	29/04/1441H
Bisha - Aseer Region	441110123631	08/04/1441H
Tehama - Makkah Region	411102102693	18/06/1441H

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

As at September 30, 2023
(Saudi Riyal)

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard No. 34 “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants. These condensed interim financial statements should be read in conjunction with the financial statements of the last annual financial statements of the Company as in as at December 31, 2022 (“Previous Year Financial Statements”). These financial statements do not include all the information required to prepare a complete set of financial statements in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, however some accounting policies and explanatory notes have been included to explain the events and transactions that are important to understand the changes in the financial position and financial performance of the Company from the financial statements of the previous year. In addition, the results for the nine-month period ended September 30, 2023 are not necessarily indicative of the results that may be expected for the year ended December 31, 2023.

b) Basis of measurement

The condensed interim financial statements have been prepared on historical cost basis, except for the following major items presented in condensed interim statement of financial position:

- Accruals for employee defined benefit obligations that are measured at the present value of future liabilities are recognized using the projected unit credit method. Using the accrual accounting principle and the going concern concept, some comparative figures have been reclassified to be consistent with the current period’s presentation.

c) Functional and presentation currency

These condensed interim financial statements have been presented in Saudi Arabian Riyals (SR) which is the Company’s functional and presentation currency.

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the condensed interim financial statements requires management to make judgments and estimates that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.

Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are also reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.

Significant judgments and estimates made by the management upon the adopting the Company’s accounting policies correspond to the disclosed policies in last year’s financial statements.

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

As at September 30, 2023
(Saudi Riyal)

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company in preparing the financial statements are consistent with those followed in preparing the annual financial statements of the Company for the year ended December 31, 2022, and there are no new standards that were issued during the year.

5. SEGMENT INFORMATION

The presentation of key segments is determined on the basis that the risks and rewards of the Company are substantially affected by the differences in the products of those segments. These segments are organized and managed separately according to the nature of the services and products, each forming a separate unit. The operational segments set out below are determined by distinguishing operating segments from which the Company generates revenues and incurs costs. The economic characteristics are reviewed and the operating segments are aggregated on the basis of the assessment made by the Chief Operating Decision Maker at least every quarter and reviewed by senior management. The Company has one operational sector, represented in the production of cement (ordinary cement, in both bulk and packed types, and resistant cement, in both bulk and packed types). The Company is operating its activities in the Kingdom of Saudi Arabia through three basic activities as follows:

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

As at September 30, 2023

(Saudi Riyal)

5. SEGMENT INFORMATION (continued)

	<u>Jazan factory</u>	<u>Besha factory</u>	<u>Tehama factory</u>	<u>head office</u>	<u>Total</u>
<u>As at September 30, 2023 (unaudited):</u>					
Total non-current assets	<u>337,638,403</u>	<u>1,033,019,505</u>	<u>1,431,319,774</u>	<u>13,973,521</u>	<u>2,815,951,203</u>
<u>For the period ended September 30, 2023:</u>					
<u>(Unaudited)</u>					
Revenue	<u>282,130,479</u>	<u>223,561,688</u>	<u>306,623,139</u>	<u>--</u>	<u>812,315,306</u>
Cost of revenue	<u>230,359,449</u>	<u>158,870,055</u>	<u>234,970,500</u>	<u>--</u>	<u>624,200,004</u>
Profit / (loss) for the period	<u>51,771,030</u>	<u>64,691,633</u>	<u>71,652,639</u>	<u>(66,926,862)</u>	<u>121,188,440</u>
<u>As at December 31, 2022 (Audited):</u>					
Total non-current assets	<u>228,990,884</u>	<u>1,019,338,954</u>	<u>1,502,020,164</u>	<u>11,329,384</u>	<u>2,761,679,386</u>
<u>for the period ended September 30, 2022:</u>					
<u>(Unaudited)</u>					
Revenue	<u>335,361,417</u>	<u>239,298,852</u>	<u>312,580,553</u>	<u>--</u>	<u>887,240,822</u>
Cost of revenue	<u>257,889,833</u>	<u>154,749,460</u>	<u>206,400,127</u>	<u>--</u>	<u>619,039,420</u>
Profit / (loss) for the period	<u>77,471,584</u>	<u>84,549,392</u>	<u>106,180,426</u>	<u>(29,795,577)</u>	<u>238,405,825</u>

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

As at September 30, 2023
(Saudi Riyal)

6. PROPERTY, PLANT AND EQUIPMENT

- 1) For the purposes of preparing the condensed statement of cash flows, the movement in property, plant and equipment during the nine-month period is as follows:

	September 30, <u>2023</u> (Unaudited)	September 30, <u>2022</u> (Unaudited)
Depreciation on property, plant and equipment	146,769,517	163,660,830
Additions of property, plant and equipment	201,041,358	85,680,031
Transfer from projects in progress to property, plant and equipment	29,596,315	7,543,156
Disposal of property, plant and equipment	24	--

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

7. INVENTORIES

Inventories comprise of following:

	September 30, <u>2023</u> (Unaudited)	December 31, <u>2022</u> (Audited)
Spare parts	272,295,070	268,424,295
Production under processing	431,366,384	385,593,040
Raw, filling and packaging materials	67,426,780	69,340,869
	771,088,234	723,358,204
Less: Allowance for slow moving inventory items	(54,616,402)	(54,056,963)
	716,471,832	669,301,241

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

	September 30, <u>2023</u> (Unaudited)	December 31, <u>2022</u> (Audited)
Balance at the beginning of the period / year	54,056,963	58,086,438
Addition	559,439	--
Provision no more required	--	(4,029,475)
	54,616,402	54,056,963

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

As at September 30, 2023
(Saudi Riyal)

8. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables comprise of the following:

	<u>Note</u>	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Suppliers' advances		33,749,571	31,086,075
Prepaid expenses		2,281,697	3,542,285
Other debit balances	8-1	8,077,060	7,868,780
		44,108,328	42,497,140

8.1 Other debit balances include an amount of 7 million Saudi riyals deposited with the court on behalf of a citizen in exchange for a plot of land, and the company has appealed. These amounts are classified under other debit balances until a final decision is issued by the court.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	<u>Note</u>	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Islamic deposits	9-1	160,000,000	200,000,000
Cash in hand and at banks		125,959,493	120,213,283
		285,959,493	320,213,283

9.1 Investment in Islamic deposits represents time deposits, placed with commercial bank and has a maturity of three months or less as at the original investment date. and on which a commission is generated according to the prevailing short-term deposit rates.

10. LOANS AND FACILITIES

On 8 June 2023, the Company renewed the facilities agreement and rescheduled the bank facilities with a local bank, so that the total amount of the facilities amounted to SR 1.63 billion as at September 30, 2023 (December 31, 2022: SR 772.4 million), and the utilized balance of facilities at September 30, 2023 amounted to SR 311.9 million (December 31, 2022: SR 253.3 million) to be paid in variable quarterly installments starting on 6 October 2025 until the end of the year 2033. These facilities are secured by promissory note.

Facilitation agreements with banks include certain covenants, which among other things, state that the liquidity ratio should not be less than 1:1 based on the audited annual financial statements, and it also requires maintaining of some ratios and financial indicators.

A breach of these covenants in the future may lead to renegotiation. The management monitors the covenants on a monthly basis, and in case of the existence of a breach that is expected to occur in the future, the management takes the necessary measures to ensure compliance. The Company has fulfilled these covenants as at September 30, 2023.

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

As at September 30, 2023
(Saudi Riyal)

10. LOANS AND FACILITIES (continued)

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

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

	September 30, <u>2023</u> (Unaudited)	December 31, <u>2022</u> (Audited)
Current portion under current liabilities	--	80,000,000
Non-current portion under non-current liabilities	311,997,000	173,397,000
	<u>311,997,000</u>	<u>253,397,000</u>

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

	September 30, <u>2023</u> (Unaudited)	December 31, <u>2022</u> (Audited)
Balance at the beginning of the period / year	253,397,000	328,397,000
Received during the period	78,600,000	--
Provided during the period/year	(20,000,000)	(75,000,000)
	<u>311,997,000</u>	<u>253,397,000</u>

11. DIVIDEND PAYABLES

The movement on the dividends payable as follows:

	September 30, <u>2023</u> (Unaudited)	December 31, <u>2022</u> (Audited)
Balance at 1 January	160,845,204	161,586,672
Dividends declared during the period / year	119,000,000	280,000,000
Dividend payments during the period / year	(119,541,533)	(280,741,468)
	<u>160,303,671</u>	<u>160,845,204</u>

The Board of Directors, at its meeting held on Ramadan 5, 1444H, corresponding to March 27, 2023, recommended cash dividends of SR 70 million for the second half of the financial year 2022 at SR 0.5 per share.

On August 30, 2023, the Company's Board of Directors decided to distribute cash dividends for the first half of the year 2023 amounting to SR 49 million and 3.5% of the paid-up capital at the rate of SR 0.35. (First half of 2022: SR 105 million, at a rate of 7.5% of the paid-up capital, at SR 0.75).

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12. ZAKAT

a) Charge of the period

	September 30, <u>2023</u> (Unaudited)	December 31, <u>2022</u> (Audited)
Charged on the current period	13,269,208	11,916,779
Provision no more required	--	(24,918,466)
	<u>13,269,208</u>	<u>13,001,687</u>

b) Zakat provision

The movement in Zakat payable represented as follows:

	September 30, <u>2023</u> (Unaudited)	December 31, <u>2022</u> (Audited)
Balance at beginning of the period / year	18,333,938	43,438,517
Add: Charge of the period / year	13,269,208	16,742,896
Provision no more required	--	(24,918,466)
Less: Payments during the period / year	(853,935)	(16,929,009)
Balance at end of the period/year	<u>30,749,211</u>	<u>18,333,938</u>

c) Zakat and tax status

In the years 2015, 2016 and 2018, the decision of the First Circle to settle income tax violations and disputes in the city of Dammam No. (IZD-2022-724) issued in suit No. (Z-39955-2021) regarding the grievance of the Southern Region Cement Company over the connection Zakat for the years 2015, 2016 and 2018, which was required by the Zakat, Tax and Customs Authority to pay the due zakat in the amount of SR 40,583,829. As the decision was in favor of the Company in its main clauses, which led to a decrease in the amount of zakat due for those years to SR 5,243, and the company and the Zakat, Tax and Customs Authority appealed against the decision. Given the similarity of the main terms and reasons to the decision of the First Appeals Chamber for Income Tax Interventions and Disputes No. (IR-2022-194) issued for the years 2011 to 2013, according to which the Company's point of view was supported, it is expected that a similar decision will be issued.

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12. ZAKAT (continued)

c) Zakat and tax status (continued)

The years 2011 till 2013, the decision of the First Appeals Circuit for Income Tax Violations and Disputes No. (IR-2022-194), issued on the appeal of the Southern Province Cement Company and the Zakat, Tax and Customs Authority on the decision of the First Circuit in the settlement of income tax violations and disputes in Jeddah No. IZJ-2020-141 related to the assessment of zakat and withholding tax for the years from 2011 to 2013, which ZATCA requires to pay zakat differences, withholding tax and delay fines in the amount of SR 45,319,700. The decision came in general in support of the Company's point of view, by accepting the appeal submitted by the Company, and rejecting the appeal of the Zakat, Tax and Customs Authority. Thus, the decision of the First Appeals Circuit and Income Tax Violations and Disputes No. (IR-2022-194) is considered final and enforceable by the Zakat, Tax and Customs Authority, and in light of the decision, the zakat and tax dues on the Company decreased to become overpaid amounts of SR 39,566,720.

At the year 2022, the Company filed the zakat declaration and the financial statements and paid the zakat due accordingly, and obtained a certificate valid until April 30, 2024.

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

13. EARNINGS PER SHARE

a) Basic earnings per share

The calculation of basic earnings per share has been based the distributable earnings attributable to shareholders of ordinary shares and the weighted average number of ordinary shares outstanding at the date of the financial statements.

	For the three-month period ended		For the nine-month period ended	
	September 30, <u>2023</u>	September 30, <u>2022</u>	September 30, <u>2023</u>	September 30, <u>2022</u>
Profit for the period (SR)	53,264,087	88,616,152	121,188,440	238,405,825
Number of shares (weighted average)	140,000,000	140,000,000	140,000,000	140,000,000
basic earnings per share (SR)	0.38	0.63	0.87	1.70

b) Diluted EPS

The calculation of diluted earnings per share has been based on the profit distributable to shareholders on ordinary shares and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any. During the period there are no factors diluting earnings per share.

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14. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

- a) As at September 30, 2023, the contingent liabilities against issued banking letters of guarantee amounted to SR 26,4 million (September 30, 2022: SR 64,8 million).
- b) As at September 30, 2023, the capital commitments related to projects in progress amounted to SR 1,56 billion (September 30, 2022: SR 57,6 million) related to the construction of the third line of the Jizan factory.
- c) There are cases against the Company that are still pending before the courts, and neither the Company's management nor its legal advisor expects an expected financial obligation to be paid for these cases at the present time, and accordingly no provisions have been made against these cases.

15. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related party transactions mainly represent transaction with companies related to BOD members, salaries, allowances and bonuses of senior executives.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Directors and shareholders (whether executive or otherwise).

<u>Description</u>	<u>Nature of relationship</u>
Saudi Chemical Company Limited	A company related to BOD members
The Cooperative Insurance Company	A company related to BOD members
Company's BOD members	Corporate governance officials
Key management and senior executives	Executive management of the Company

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

<u>Transactions with</u>	<u>Nature of transaction</u>	<u>Volume of transactions</u>		<u>Closing balance</u>	
		<u>September 30, 2023</u> (Unaudited)	<u>December 31, 2022</u> (Audited)	<u>September 30, 2023</u> (Unaudited)	<u>December 31, 2022</u> (Audited)
Saudi Chemical Company Limited	Purchases of raw material	9,742,910	12,361,048	655,926	--
The Cooperative Insurance Company	Insurance	4,887,734	6,576,600	--	--

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15. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

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

<u>Transactions with</u>	<u>Nature of transaction</u>	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Key Management Personnel	Salaries, wages and equivalents	<u>6,701,785</u>	<u>7,922,481</u>
BOD members	BOD's remunerations	<u>1,800,000</u>	<u>1,800,000</u>

16. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The condensed interim financial statements were authorized for issue by the audit committee on November 1, 2023, corresponding to Rabi Al-Thani 17, 1445H.