

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

**INTERIM CONDENSED
FINANCIAL STATEMENTS (UNAUDITED)**
For the three month and six-month
periods ended 30 June 2025
AND
INDEPENDENT AUDITOR'S REVIEW REPORT

**SOUTHERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL STATEMENTS (UNAUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

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INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Southern Province Cement Company** - a Saudi Joint Stock Company (the "Company") as at 30 June 2025, and the related interim condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended and the interim condensed statements of changes in shareholders equity and cash flows for the six-month period then ended and other explanatory notes.

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

Scope of review

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

Conclusion

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

Other matter

The interim condensed financial statements of the Company for the three-month and six-month periods ended 30 June 2024 G, and the three-month period ended 31 March 2025G were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed financial statements on 7 Safar 1446H corresponding to 11 August 2024G and 22 Dhul Qadah 1446H corresponding to 20 May 2025G, respectively. In addition, the financial statements of the Company as of and for the year ended 31 December 2024G were audited by another auditor who expressed an unmodified opinion on those financial statements on 10 Shaawal 1446H corresponding to 8 April 2025G. The management has restated the interim condensed financial statements for the six-month period ended 30 June 2024, refer to note 17.

For BDO Dr. Mohamed Al-Amri & Co.

Maher Al-Khatieb
Certified Public Accountant
License No. 514



Date: 12 Aug 2025G
Corresponding to 18 Safar 1447H

SOUTHERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025
(ALL AMOUNTS ARE EXPRESSED IN ﷲ)

	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Assets			
Non-current assets			
Property plant and equipment	7	3,487,049,642	3,086,225,242
Intangible assets		848,510	905,957
Investment properties		5,476,376	5,476,376
Total non-current assets		3,493,374,528	3,092,607,575
Current assets			
Inventories	8	1,036,459,189	959,097,904
Trade receivables		156,006,353	135,832,318
Prepayments and other current assets	9	50,286,454	54,408,314
Cash and cash equivalents	10	164,517,342	186,413,978
Total current assets		1,407,269,338	1,335,752,514
Total assets		4,900,643,866	4,428,360,089
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	1	1,400,000,000	1,400,000,000
Statutory reserve	1	700,000,000	700,000,000
Accumulated other comprehensive income		12,551,903	12,551,903
Retained earnings		1,203,015,091	1,258,916,874
Total shareholders' equity		3,315,566,994	3,371,468,777
Liabilities			
Non-current liabilities			
Bank borrowings	11	1,078,055,314	607,550,536
Employees' defined benefits obligations		97,635,447	106,197,155
Quarry rehabilitation provision		3,951,399	3,944,150
Total Non-current liabilities		1,179,642,160	717,691,841
Current liabilities			
Bank borrowings	11	23,151,236	41,607,924
Accrued expenses and other current liabilities		52,016,099	67,317,554
Trade payables		85,527,002	74,270,474
Dividend payables	12	224,176,034	128,738,188
Zakat provision	13	20,564,341	27,265,331
Total Current liabilities		405,434,712	339,199,471
Total liabilities		1,585,076,872	1,056,891,312
Total shareholders' equity and liabilities		4,900,643,866	4,428,360,089

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.


**Executive Vice
President of Finance**


Chief Executive Officer


Chairman

SOUTHERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025
(ALL AMOUNTS ARE EXPRESSED IN ﷲ)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2025 (Unaudited)	2024 (Unaudited) (Restated - Note 17)	2025 (Unaudited)	2024 (Unaudited) (Restated - Note 17)
Revenue	6	195,004,257	214,315,123	414,560,831	464,987,942
Cost of revenue		(154,761,785)	(159,769,843)	(327,162,307)	(312,070,017)
Gross profit		40,242,472	54,545,280	87,398,524	152,917,925
Expected credit losses on trade receivables		(118,143)	(562,302)	(118,143)	(2,172,189)
Selling and distribution expenses		(1,372,556)	(1,907,276)	(3,680,022)	(3,471,306)
General and administrative expenses		(17,602,231)	(18,880,376)	(30,996,480)	(35,388,729)
Operating profit		21,149,542	33,195,326	52,603,879	111,885,701
Finance income		1,130,075	4,425,110	2,514,732	5,577,059
Finance costs	11.3	(283,860)	(1,351,441)	(131,101)	(3,845,766)
Other income		(202,673)	41,040	384,849	809,630
Profit before zakat		21,793,084	36,310,035	55,372,359	114,426,624
Zakat	13	(6,525,405)	(6,309,945)	(13,274,142)	(12,553,482)
Profit for the period		15,267,679	30,000,090	42,098,217	101,873,142
<i>Other comprehensive income for the period</i>		-	-	-	-
Total comprehensive income for the period		15,267,679	30,000,090	42,098,217	101,873,142
Earnings per share:					
Basic and diluted, earning per share	14	0.11	0.21	0.30	0.73

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.



Executive Vice
President of Finance



Chief Executive Officer



Chairman

SOUTHERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS ARE EXPRESSED IN ﷲ)

	Note	Share capital	Statutory reserve	Accumulated other comprehensive income	Retained earnings (Restated - Note 17)	Total
Balance as at 1 January 2024 (Audited)		1,400,000,000	700,000,000	283,831	1,185,920,537	3,286,204,368
Prior years adjustments	17	-	-	-	(9,750,000)	(9,750,000)
Profit for the period		-	-	-	101,873,142	101,873,142
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	-	-	101,873,142	101,873,142
Dividends	12	-	-	-	(91,000,000)	(91,000,000)
Balance as at 30 June 2024 (Unaudited)		<u>1,400,000,000</u>	<u>700,000,000</u>	<u>283,831</u>	<u>1,187,043,679</u>	<u>3,287,327,510</u>
Balance as at 1 January 2025 (Audited)		1,400,000,000	700,000,000	12,551,903	1,258,916,874	3,371,468,777
Profit for the period		-	-	-	42,098,217	42,098,217
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	-	-	42,098,217	42,098,217
Dividends	12	-	-	-	(98,000,000)	(98,000,000)
Balance as at 30 June 2025 (Unaudited)		<u>1,400,000,000</u>	<u>700,000,000</u>	<u>12,551,903</u>	<u>1,203,015,091</u>	<u>3,315,566,994</u>

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.


Executive Vice
President of Finance


Chief Executive Officer


Chairman

SOUTHERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS ARE EXPRESSED IN ﷲ)

		For the six-month period ended 30 June	
	Note	2025	2024
		(Unaudited)	(Unaudited) (Restated - Note 17)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Zakat		55,372,359	114,426,624
Adjustments for:			
Depreciation on property, plant and equipment	7	92,584,002	103,197,072
Amortisation on intangible assets		57,447	-
Amortization of loan rescheduling losses		-	(596,417)
Gain from disposal of property, plant and equipment		(122,853)	-
Inventory provision		-	(1,096,842)
Expected credit losses on trade receivables		118,143	2,172,189
Provision for employees' defined benefit obligations		4,771,451	4,313,298
Finance income		(2,514,732)	(5,577,059)
Finance cost		131,101	3,845,766
		150,396,918	220,684,631
Change in working capital:			
Trade receivables		(20,292,178)	(43,463,130)
Inventories		(77,361,285)	(133,072,835)
Prepayments and other current assets		4,121,860	(5,258,139)
Trade payables		11,256,528	15,358,590
Accrued expenses and other current liabilities		(15,301,455)	(16,215,925)
Cash generated from operating activities		52,820,388	38,033,192
Employees' defined benefit obligations paid		(13,333,159)	(4,345,141)
Finance cost paid		(123,852)	-
Zakat paid	13	(19,975,132)	(19,212,402)
Net cash generated from operating activities		19,388,245	14,475,649
CASH FLOW FROM INVESTING ACTIVITIES			
Additions of property, plant and equipment	7	(493,674,999)	(139,976,331)
Finance income received		2,514,732	5,577,059
Proceeds from disposal of property, plant and equipment		389,450	-
Additions to investment properties		-	(38,751)
Net cash used in investing activities		(490,770,817)	(134,438,023)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings	11	452,048,090	67,478,354
Dividends paid	12	(2,562,154)	(91,029,688)
Net cash generated from / (used in) financing activities		449,485,936	(23,551,334)
Net change in cash and cash equivalents		(21,896,636)	(143,513,708)
Cash and cash equivalents at beginning of the period		186,413,978	363,096,531
Cash and cash equivalents at the end of the period	10	164,517,342	219,582,823
Non-cash transactions			
Transfer from projects in progress to property, plant and equipment	7	6,394,519	35,400,628

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.


**Executive Vice
President of Finance**


Chief Executive Officer


Chairman

SOUTHERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS ARE EXPRESSED IN ﷲ)

1. GENERAL

Southern Province Cement Company was established as a Saudi Joint Stock Company ("the Company") under the Royal Decree No. M/3 on 12/2/1398H based on the companies law and executive regulations from the Ministry of Commerce.

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 or indirectly to the realization of these purposes.

As at 30 June 2025, the Company authorized, subscribed and fully paid-up capital amounted to ﷲ 1.4 billion (2024: ﷲ1.4 billion) divided into 140 million ordinary shares (2024: 140 million ordinary shares) of ﷲ 10 each (2024: ﷲ 10).

In accordance with the company's bylaws, the ordinary general assembly, based on the proposal of the Board of Directors, may decide to form reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed dividend as much as possible to shareholders.

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:

1. Jazan, Ahad Al Masarihah city.
2. Aseer, Bisha.
3. 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 expiry date</u>
Ahad Al Masarihah - Jazan area	451102131374	24 Shawal 1450H, corresponding to 10 March 2029G
Bisha - Aseer area	441110123631	24 Rajab 1449H, corresponding to 23 December 2027G
Tehama - Makkah area	451110129097	6 Rabea Al Awal 1451 H, corresponding to 18 July 2029 G.

SOUTHERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS ARE EXPRESSED IN ﷲ)

2. BASIS OF PREPARATION

a) Statement of compliance

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

These interim condensed financial statements do not include all the information and disclosures required in the full set of annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2024. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements. In addition, results for the interim period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

b) Basis of measurement

The interim condensed financial statements have been prepared on historical cost convention using the accruals basis of accounting and going concern concept except for employee defined benefits obligations which are measured at present value for the future obligations and provision for quarry rehibition is measured at the present value of the expected cost of resurfacing the site using the discount rate as at the contract inception date.

c) Functional and presentation currency

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

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the interim condensed 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 estimate book value of 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.

The significant judgments and estimates made by management in applying the Company's accounting policies are consistent with those disclosed in the annual financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company in preparing the interim condensed financial statements are consistent with those followed in preparing the annual financial statements of the Company for the year ended 31 December 2024.

SOUTHERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS ARE EXPRESSED IN ﷲ)

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board ("IASB") that are effective in future accounting periods that the Company has decided not to adopt early.

IFRS	Summary	Effective date
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Disclosures - Subsidiaries without Public Accountability	1 January 2027

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not expect any standard issued by IASB that are yet to be effective to have a material impact on the Company.

New standards, interpretations, and amendments effective in the current period

The following are the new standards, interpretations and amendments to standards that are effective in the current period but they have no impact on these interim condensed financial statements of the Company.

IFRS	Summary	Effective date
IAS 21	Amendment - Lack of Exchangeability	1 January 2025

SOUTHERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS ARE EXPRESSED IN ٬)

6. SEGMENT INFORMATION

The Company has one main product, which is packed and unpackaged cement. The main sectors of the Company are presented according to geographical sectors. These segments are organized and managed separately according to the geographical location, each forming a separate unit. The geographical segments set out below are determined by distinguishing business activities from which the Company generates revenues and incurs costs. The economic characteristics are reviewed and the method of determining the geographical sectors is reconsidered in light of the evaluation made by the Chief Operating Decision Maker at least every quarter, provided that they are approved by the Company's Board of Directors. The Company is operating its activities in the Kingdom of Saudi Arabia through the following geographic areas:

For the period ended 30 June 2025
(Unaudited)

	Jazan	Bisha	Tehama	Unallocated	Total
Revenue from sales of cement	146,074,019	136,326,000	120,961,437	-	403,361,456
Revenue from sales of clinker	11,199,375	-	-	-	11,199,375
Total revenue	157,273,394	136,326,000	120,961,437	-	414,560,831
Cost of revenue	(120,020,303)	(71,364,929)	(43,193,073)	-	(234,578,305)
General and Administrative expenses	-	-	-	(30,996,480)	(30,996,480)
Selling and distribution expenses	(1,377,318)	(1,199,056)	(1,103,648)	-	(3,680,022)
Depreciation	(11,299,613)	(29,611,071)	(51,124,045)	(549,273)	(92,584,002)
Provision for expected credit losses on trade receivables	-	-	-	(118,143)	(118,143)
Finance income	-	-	-	2,514,732	2,514,732
Finance cost	-	-	-	(131,101)	(131,101)
Other income	-	-	-	384,849	384,849
Profit / (loss) before zakat	24,576,160	34,150,944	25,540,671	(28,895,416)	55,372,359
Zakat expense	-	-	-	(13,274,142)	(13,274,142)
Profit/ (loss) for the period	24,576,160	34,150,944	25,540,671	(42,169,558)	42,098,217
As at 30 June 2025					
Total assets	1,471,767,650	1,410,016,629	1,833,157,250	185,702,337	4,900,643,866
Total liabilities	934,816,057	320,525,881	87,934,225	241,800,709	1,585,076,872

SOUTHERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS ARE EXPRESSED IN ﷲ)

6. SEGMENT INFORMATION (Continued)

**For the period ended 30 June 2024
(Unaudited)**

	Jazan	Bisha	Tehama	Unallocated	Total
Revenue from sales of cement	127,506,827	131,661,546	182,559,284	-	441,727,657
Revenue from sales of clinker	23,260,285	-	-	-	23,260,285
Total revenue	150,767,112	131,661,546	182,559,284	-	464,987,942
Cost of revenue	(92,852,120)	(58,941,448)	(57,079,377)	-	(208,872,945)
General and Administrative expenses	-	-	-	(35,388,729)	(35,388,729)
Selling and distribution expenses	(1,222,141)	(996,289)	(1,252,876)	-	(3,471,306)
Depreciation	(22,092,875)	(29,202,852)	(51,474,960)	(426,385)	(103,197,072)
Provision for expected credit losses on trade receivables	-	-	-	(2,172,189)	(2,172,189)
Finance income	-	-	-	5,577,059	5,577,059
Finance cost	-	-	-	(3,845,766)	(3,845,766)
Other income	-	-	-	809,630	809,630
Profit /(loss) before zakat	34,599,976	42,520,957	72,752,071	(35,446,380)	114,426,624
Zakat expense	-	-	-	(12,553,482)	(12,553,482)
Profit/(loss) for the period	34,599,976	42,520,957	72,752,071	(47,999,862)	101,873,142
As at 31 December 2024					
Total assets	1,010,563,264	1,417,052,108	1,807,948,406	192,796,311	4,428,360,089
Total liabilities	733,610,303	73,871,629	95,820,044	153,589,336	1,056,891,312

(*) The timing of the revenue recognition from the sale of cement and clinker are at a point in time.

SOUTHERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS ARE EXPRESSED IN ﷲ)

7. PROPERTY, PLANT AND EQUIPMENT

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

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Depreciation for the period	92,584,002	103,197,072
Additions during the period- Property, plant and equipment	6,056,790	15,445,519
Additions during the period- Capital work in progress (Plant and other equipment)	487,618,209	124,530,812
Transfer from projects in progress	6,394,519	35,400,628
Disposal during the period	266,597	-

7.2 Company's property, plant and equipment are not pledged against standing loans as at 30 June 2025 and 31 December 2024.

8. INVENTORIES

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Production under processing	750,521,251	671,818,371
Spare parts	254,596,693	266,336,124
Fuel	30,170,215	29,243,511
Inter-plant transferred Clinker	20,955,648	9,593,565
Packaging	5,630,220	5,189,798
Raw Materials	5,268,033	5,901,673
Oils and Lubricants	4,870,157	5,616,147
Explosives	1,130,772	988,658
Other	15,729,973	16,823,830
	1,088,872,962	1,011,511,677
Less: provision for inventory	(52,413,773)	(52,413,773)
	1,036,459,189	959,097,904

Movement in write-down inventory items is as follows:

	For the six month period ended 30 June 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at the beginning of the period/year	52,413,773	55,055,406
Reversal during the period/year	-	(2,641,633)
	52,413,773	52,413,773

9. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Payments to suppliers	34,589,782	29,832,978
Prepaid expenses	8,467,558	4,525,189
Other receivables balances (Refer to 9.1)	7,229,114	20,050,147
	50,286,454	54,408,314

SOUTHERN PROVINCE CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS ARE EXPRESSED IN ₪)

9. PREPAYMENTS AND OTHER CURRENT ASSETS (Continued)

9.1 Other receivable balances include an amount of ₪ 7 million deposited with the court in the name of a citizen in exchange for a plot of land. The Company has appealed against it. These amounts have been classified under other receivables until the issuance of final decision from the court.

10. CASH AND CASH EQUIVALENTS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Cash at banks	164,446,003	106,376,457
Cash in hand	71,339	37,521
	164,517,342	106,413,978
Islamic deposits (Refer to 10.1)	-	80,000,000
	164,517,342	186,413,978

10.1 Investment in Islamic deposits represents time deposits, placed with commercial banks, and has a maturity of 3 months or less as at the original investment date, and on which a commission is generated according to the prevailing short-term deposit rates. All the Islamic deposits matured during the period.

11. BANK BORROWINGS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Current portion under current liabilities	23,151,236	41,607,924
Non-current portion under non-current liabilities	1,078,055,314	607,550,536
	1,101,206,550	649,158,460

The movement on bank borrowings during the period/year is as follows:

	For the six months period ended 30 June 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at the beginning of the period/year	649,158,460	362,376,589
Proceed during the period/year	452,048,090	287,993,510
Amortization of loan rescheduling losses	-	(1,211,639)
Balance at the end of the period/year	1,101,206,550	649,158,460

11.1 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 ₪ 1.68 billion as at 30 June 2025 (31 December 2024: ₪ 1.63 billion), and the utilized balance of facilities at 30 June 2025 amounted to ₪ 1,1 Billion (31 December 2024: ₪ 649 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 a promissory note.

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11. BANK BORROWINGS (Continued)

- 11.2 The loan agreements include covenants which, among other things, require certain financial ratios to be maintained. All banking facilities carry agreed upon commissions according to the commercial rates prevailing in the market
- 11.3 The decrease in financing costs by SAR 3.7 million during the current period, compared to the period ended June 30, 2024, is primarily due to loan restructuring and the capitalization of borrowing costs on qualifying assets during the period.

12. DIVIDEND PAYABLES

	For the six- months period ended 30 June 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at 1 January	128,738,188	159,375,577
Dividends declared during the period/year	98,000,000	161,000,000
Dividend payments during the period/year	(2,562,154)	(191,637,389)
	224,176,034	128,738,188

The Board of Directors, at its meeting held on 26 Ramadan 1446H, corresponding to 26 March 2025, recommended cash dividends of ﷲ 98 million for the second half of the financial year 2024 at ﷲ 0.70 per share. which was approved by the Company's General Assembly in their meeting dated 22 Dhu al-Hijjah 1446H, corresponding to 18 June 2025.

The Board of Directors, in its meeting held on 3 Ramadan 1445H, corresponding to 13 March 2024, recommended cash dividends of ﷲ 91 million for the second half of the financial year 2023 at ﷲ 0.65 per share, which was approved by the Company's General Assembly in their meeting dated 12 Dhu al-Qi'dah 1445H, corresponding to 20 May 2024.

On 4 Safar 1446H corresponding to 8 August 2024, the Company's Board of Directors decided to distribute cash dividends for the first half of the year 2024 amounting to ﷲ 70 million, representing 5% of the paid-up capital at a rate of ﷲ 0.50 per share.

13. ZAKAT

	For the six- month period ended 30 June 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance as at the beginning of the period/year	27,265,331	19,995,347
Provision for the period/year	13,274,142	26,482,386
Paid during the period/year	(19,975,132)	(19,212,402)
Balance as at the end of the period/year	20,564,341	27,265,331

Zakat and tax status

- In the years 2015, 2016 and 2018, the decision of the First Circuit for Settlement of Income Tax Violations was issued regarding the appeal of the Company against the zakat assessment for the years referred to, in which the Zakat, Tax and Customs Authority, in its appeal submitted to the General Secretariat of the Zakat, Tax and Customs Committees, demanded the company to pay zakat amounted to ﷲ 40,583,829. However, in the prior year, the appeal decision was upheld on several key points of the Company, which resulted in the amount of zakat owed being reduced to ﷲ 557,793.

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13. ZAKAT (Continued)

Zakat and tax status (continued)

- The Company filed its zakat return for the year ended 31 December 2024 and paid the zakat due accordingly, and obtained a certificate valid until 30 April 2026.

14. EARNING PER SHARE

The calculation of basic earnings per share has been based on the distributable earnings attributable to shareholders of ordinary shares and the weighted average number of ordinary shares outstanding at the date of the interim condensed financial statements. The calculation of diluted earnings per share ('EPS') is not applicable to the Company.

	For the three-month period ended (Unaudited)		For the six months period ended (Unaudited)	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Profit for the period (₪)	15,267,679	30,000,090	42,098,217	101,873,142
Weighted average number of shares	140,000,000	140,000,000	140,000,000	140,000,000
Basic earnings per share (₪)	<u>0.11</u>	<u>0.21</u>	<u>0.30</u>	<u>0.73</u>

15. RELATED PARTY TRANSACTIONS AND BALANCES

The Company, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standard 24. Related parties represent major shareholders, directors, and key management personnel of the Company and entities controlled, jointly controlled, or significantly influenced by such parties. The transactions with related parties are made at approved contractual terms. The significant transactions and the related amounts are as follows:

Related party	Nature of relationship	Nature of transactions	Amounts of transactions for the three-month period ended 30 June		Amounts of transactions for the six-month period ended 30 June	
			2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Key management personnel	Employees	Long-term / Short-term benefits	3,544,636	3,214,709	7,089,272	6,429,418
Board of Directors'	Board of Directors'	Board of Directors' remuneration	1,350,000	1,350,000	2,700,000	2,700,000

16. CONTINGENCIES AND CAPITAL COMMITMENTS

- As at 30 June 2025, the contingent liabilities against issued banking letters of guarantee amounted to ₪ 64.97 million (30 June 2024: ₪ 49.2 million).

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16. CONTINGENCIES AND CAPITAL COMMITMENTS (Continued)

- b) As at 30 June 2025, the capital commitments related to projects in progress amounted to ﷲ 1.3 billion (30 June 2024: 1.1 billion).
- c) There are cases against the Company that are still pending in the courts, and the Company's management and its legal advisor expect a financial obligation for these cases, and accordingly, provisions have been made against these cases.

17. PRIOR YEARS ADJUSTMENTS

During the year 2024, the Company discovered that it did not recognize the bonus expense using accrual basis in accordance with the International Financial Reporting Standards (IFRS). As a result, the bonus amount of ﷲ 9.75 million was recognised in the statement of profit & loss and other comprehensive income for the period ended 30 June 2024 which should have been recognised in the financial statements for the year ended 31 December 2023. The Company has appropriately reflected this by decreasing the expenses respectively in the statement of profit or loss and other comprehensive income for the period ended 30 June 2024, and adjusting the retained earnings as at 1 January 2024.

	30 June 24 (Previously stated) (Unaudited)	Prior year error	30 June 24 (Restated) (Unaudited)
IMPACT ON STATEMENT OF FINANCIAL POSITION			
Impact on equity			
Retained earnings	1,177,293,679	9,750,000	1,187,043,679
IMPACT ON STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Cost of revenue	(317,894,709)	5,824,692	(312,070,017)
Selling and distribution expenses	(3,662,688)	191,382	(3,471,306)
General and administrative expenses	(39,122,655)	3,733,926	(35,388,729)
		9,750,000	
	1 January 2024 (Previously stated) (Audited)	Prior year error	1 January 2024 (Restated) (Audited)
IMPACT ON STATEMENT OF FINANCIAL POSITION			
Impact on equity			
Retained earnings	1,185,920,537	(9,750,000)	1,176,170,537

18. SUBSEQUENT EVENTS

There have been no significant subsequent events since the period end, that would require disclosures or adjustments in these interim condensed financial statements.

19. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were authorized for issuance by the board of director on 4 August 2025G, corresponding to 10 Safar 1447H.