AL JOUF CEMENT COMPANY

(Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month and six-month periods ended 30 June 2023

Together with the Independent Auditor's Review Report

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

TO THE SHAREHOLDERS OF AL JOUF CEMENT COMPANY
A SAUDI JOINT STOCK COMPANY
RIYADH,KINGDOM OF SAUDI ARABIA

INTRODUCTION

We have reviewed the accompanying interim Consolidated statement of financial position of Al Jouf Cement Company (the "Company") and its subsidiaries (Collectively referred to the ("Group") as at 30 June 2023 and the related interim Consolidated statements of profit or loss and other comprehensive income for the three months and Six -month period ended, and interim Consolidated statements of changes in equity and interim Consolidated statements of cash flows for the Six -month period then ended, and notes including a summary of significant accounting policies and other explanatory notes (the "interim condensed Consolidated financial statements"). Management is responsible for the preparation and presentation of this interim condensed Consolidated financial statements in accordance with International Accounting Standard - **"Interim Financial Reporting" ("IAS 34")** that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed Consolidated financial statements based on our review.

SCOPE OF REVIEW

Except as explained in the following paragraph, we conducted our review in accordance with International Standard on Review Engagement 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 condensed Consolidated financial statements 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.

BASIS FOR QUALIFIED CONCLUSION

During the six month –period ended 30 June 2023, the Group's managmant completed the transition of costing system from manual working to an enterprise resource planning (ERP) system. As part of the transition process, the management identified differences that increased the inventory balance as at 30 June 2023 by SR 81.5 million, and reduced the cost of sales during the six-month period ended on that date by the same amount. The management was still in the process of correcting system deficiencies, correcting errors and differences. As a result of that we were unable to verify the compatibility of these adustiments made in accordance with the requirements of International Accounting Standard (2) "Inventory" because we were not provided with the details and supporting documents for these adjustments. Had we been provided with the details, matters might have come to our attention indicating that adjustments might be necessary to interim condensed Consolidated financial statements.

PKF Ibrahim Ahmed Al-Bassam & Co. Certified Public Accountants

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

TO THE SHAREHOLDERS OF AL JOUF CEMENT COMPANY
A SAUDI JOINT STOCK COMPANY
RIYADH,KINGDOM OF SAUDI ARABIA

QUALIFIED CONCLUSION

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

OTHER MATTER

The interim condensed Consolidated financial statements of the group for the three-month period and the six-month period ended on 30 June, 2022, were reviewd by another auditor, who expressed a qualified conclusion on the interim condensed Consolidated financial statements on 25 August, 2022. The qualified conclusion expressed by predecessor auditor relates to his inability to verify the validity of the assumptions and estimates used by the management to prepare the impairment study of the property, plant and equipment. Further, The Consolidated financial statements of the Group for the year ended 31 December, 2022 were audited by another auditor, who expressed unmodified opinion on those Consolidated financial statements on 9 April, 2023.

MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN

We draw attention to Note (2.5) to the accompanying interim condensed Consolidated financial statements, which states that the group's current liabilities exceed its current assets by SR 508.1 million as at 30 June, 2023. To address this deficit, the group's management has appointed a consulting firm to restructure its loans. The restructuring process is expected to be completed during the fourth quarter of 2023. The group's management is fully confident of the success of the loan restructuring process. The success of the loan restructuring process depends mainly on the approval of the lenders. The group's failure to restructuring loans is considered unlikely from the point of view of management. However, the group's need for the approval of other parties in the success of its plan indicates that a material uncertainty exists that may cast significant doubts on the group's ability to continue as a going concern.

Our conclusion is not qualified in respect of these matters.

For Al-Bassam & Co.

Ibrahim Ahmed Al-Bassam
Certified Public Accountant
License No. 337
Riyadh: 01 Safar 1445 H
Corresponding to: 17 August 2023

البسام وشركاؤه محاسبون قانونيون
رقم الترخيص ٥٢٠/١١/٣٢٣
C.R.1010385804
License 520/11/323
Al-Bassam & Co. Certified Public Accountants

AL JOUF CEMENT COMPANY
(Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023
(All amounts in SAR unless otherwise stated)

	Note	30 June 2023 (Unaudited)	31 December 2022 Restated (note 19.1) (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	**1,694,923,627**	1,712,268,687
Intangible assets		**1,317,838**	1,506,100
Right-of-use assets		**471,405**	-
Investment in equity instruments at FVOCI	7	**-**	-
Total Non-Current Assets		**1,696,712,870**	1,713,774,787
Current Assets			
Investment in equity instruments carried at FVTPL	8	**-**	8,508,563
Inventory		**221,734,726**	154,344,311
Trade receivables	9	**65,705,727**	48,791,495
Prepayments and other receivables	11	**23,254,470**	18,046,593
Cash and cash equivalents		**3,081,336**	16,977,082
Total Current Assets		**313,776,259**	246,668,044
TOTAL ASSETS		**2,010,489,129**	1,960,442,831
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	**1,087,000,000**	1,087,000,000
Statutory reserve		**54,475,832**	54,475,832
Retained earnings		**84,483,137**	40,861,759
Fair value reserve		**(46,000,000)**	(46,000,000)
Foreign exchange reserve		**(63,150)**	(63,150)
TOTAL EQUITY		**1,179,895,819**	1,136,274,441
Non-Current Liabilities			
Long-term loans – non-current portion	12	**-**	484,159,727
Lease liabilities – non -current portion		**377,124**	-
Employee post-employment benefits		**8,311,006**	8,386,180
Total Non-Current Liabilities		**8,688,130**	492,545,907
Current Liabilities			
Long-term loans – current portion	12	**562,459,754**	102,658,165
Short-term loans	13	**21,762,861**	10,000,000
Lease liabilities – current portion		**103,917**	-
Trade and other payables		**162,945,164**	144,238,797
Provision for loan guarantee	7.3	**39,594,920**	39,594,920
Zakat provision	14.1	**35,038,564**	35,130,601
Total Current Liabilities		**821,905,180**	331,622,483
TOTAL LIABILITIES		**830,593,310**	824,168,390
TOTAL EQUITY AND LIABILITIES		**2,010,489,129**	1,960,442,831

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer	**Chief Executive Officer**	**Chairman**
Alabbas bin Ali Almusaed	Abdulkarim Bin Mohammed Alnuhayer	Abdullah Bin Owdah Bin Suleman Alenazi

AL JOUF CEMENT COMPANY
(Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three-month and six-month periods ended 30 June 2023
(All amounts in SAR unless otherwise stated)

		For the three- month period ended 30 June		For the six-month period ended 30 June	
	Note	**2023 (Unaudited)**	2022 (Unaudited)	**2023 (Unaudited)**	2022 (Unaudited)
Sales	17	**67,956,812**	49,479,523	**138,227,636**	98,293,140
Cost of sales		**(27,001,377)**	(36,606,702)	**(55,100,069)**	(71,500,143)
Gross profit		**40,955,435**	12,872,821	**83,127,567**	26,792,997
Selling and Marketing expenses		**(1,907,363)**	(963,986)	**(3,751,742)**	(2,232,272)
General and administrative expenses		**(7,348,085)**	(4,684,098)	**(13,645,996)**	(9,445,368)
Operating income		**31,699,987**	7,224,737	**65,729,829**	15,115,357
Finance costs		**(10,237,651)**	(6,792,993)	**(20,504,978)**	(11,129,783)
Allowance for expected credit losses	9	**-**	-	**(1,291,478)**	-
(Losses) / gains on changes in fair value of Investment in equity instruments	8	**(550,002)**	-	**(550,002)**	316,583
Other income		**151,639**	198,802	**695,970**	379,130
Net income for the period before Zakat		**21,063,973**	630,546	**44,079,341**	4,681,287
Zakat charge	14.1	**(834,088)**	(2,363,064)	**(1,500,000)**	(2,863,064)
Zakat reversal	14.1	**(84,783)**	-	**1,042,037**	-
Net income / (loss) for the period		**20,145,102**	(1,732,518)	**43,621,378**	1,818,223
Other comprehensive income items for the period		**-**	-	**-**	-
Total comprehensive income / (loss) for the period		**20,145,102**	(1,732,518)	**43,621,378**	1,818,223
Earnings / (loss) per share:					
Basic and diluted earnings / (loss) per share	15	**0.19**	(0.016)	**0.40**	0.017

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer	**Chief Executive Officer**	**Chairman**
Alabbas bin Ali Almusaed	Abdulkarim Bin Mohammed Alnuhayer	Abdullah Bin Owdah Bin Suleman Alenazi

	Share Capital	Statutory Reserve	Retained Earnings / (Losses)	Fair Value Reserve	Foreign Exchange Reserve	Total Equity
For the six-month period ended 30 June, 2023						
Balance as of January 1, 2023 (Audited)	**1,087,000,000**	**54,475,832**	**40,861,759**	**(46,000,000)**	**(63,150)**	**1,136,274,441**
Net income for the period	-	-	43,621,378	-	-	43,621,378
Other comprehensive income items	-	-	-	-	-	-
Total comprehensive income for the period	-	-	**43,621,378**	-	-	**43,621,378**
Balance as of 30 June 2023 (Unaudited)	**1,087,000,000**	**54,475,832**	**84,483,137**	**(46,000,000)**	**(63,150)**	**1,179,895,819**
For the six-month period ended 30 June, 2022						
Balance as of January 1, 2022 (Audited) - Restated	1,430,000,000	51,386,441	(332,973,898)	(46,000,000)	(63,150)	1,102,349,393
Net income for the period – Restated	-	-	1,818,223	-	-	1,818,223
Other comprehensive income items	-	-	-	-	-	-
Total comprehensive income for the period	-	-	1,818,223	-	-	1,818,223
Balance as of 30 June 2022 (Unaudited) – Restated (Note 19.2)	1,430,000,000	51,386,441	(331,155,675)	(46,000,000)	(63,150)	1,104,167,616

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman
Alabbas bin Ali Almusaed	Abdulkarim Bin Mohammed Alnuhayer	Abdullah Bin Owdah Bin Suleman Alenazi

AL JOUF CEMENT COMPANY
(Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2023
(All amounts in SAR unless otherwise stated)

	Notes	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before Zakat		**44,079,341**	4,681,287
Adjustments for:			
Depreciation of property, plant and equipment	6	**21,502,750**	16,905,301
Allowance for expected credit losses	9	**1,291,478**	-
Depreciation of right-of-use assets		**94,281**	115,106
Amortization of intangible assets		**188,262**	188,263
Losses on disposal of property, plant and equipment		-	10,792
Finance costs		**20,504,978**	11,129,783
(Losses) / gains on changes in fair value of Investment in equity instruments	8	**550,002**	(316,583)
Employee post-employment benefits		**947,640**	724,572
		89,158,732	33,438,521
Changes in operating assets and liabilities:			
Inventory		**(67,390,415)**	(8,601,631)
Trade receivables		**(18,205,710)**	(9,280,852)
Prepayments and other receivables		**(5,207,877)**	(2,834,898)
Trade and other payables		**18,904,800**	5,686,435
Cash from operating activities		**17,259,530**	18,407,575
Employee post-employment benefits paid		**(1,022,814)**	(530,227)
Zakat paid		**(550,000)**	(708,000)
Net cash flows generated from operating activities		**15,686,716**	17,169,348
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	**(4,157,690)**	(1,312,908)
Proceeds from sale of Investment in equity instruments at FVTPL	8	**7,958,561**	-
Net cash flows generated from / (used in) investing activities		**3,800,871**	(1,312,908)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans paid during the period	12, 13	**(26,358,138)**	(14,936,229)
Loans received during the period	12, 13	**13,762,861**	2,000,000
Lease liabilities paid		**(104,500)**	(150,701)
Finance costs paid		**(20,683,556)**	(10,438,425)
Net cash flows used in financing activities		**(33,383,333)**	(23,525,355)
Net change in cash and cash equivalents		**(13,895,746)**	(7,668,915)
Cash and cash equivalents at beginning of the period		**16,977,082**	13,115,855
Cash and cash equivalents at end of the period		**3,081,336**	5,446,940
Non cash transactions:			
Additions in right-of-use assets		**565,686**	-

The accompanying notes 1 to 21 form an integ rt of these interim condensed consolidated financial ments.

Chief Financial Officer	**Chief ecutive Officer**	**Chairman**
Alabbas bin Ali Almusaed	Abdulk n Bin Mohammed lnuhayer	Abdullah Bin Owdah Bin Suleman Alenazi

1. ORGANIZATION AND ACTIVITY

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

The company's activities are represented in the manufacture of ordinary cement (Portland), the manufacture of salt-resistant cement, the manufacture of white cement, the manufacture of agglomerated cement (clinker), and the manufacture of pozzolanic cement.

The company’s shareholders approved in the Extraordinary General Assembly held on 2 Safar 1444 (corresponding to29 August 2022) to reduce the company’s capital from 1,430 million Saudi riyals to 1,087 million Saudi riyals by reducing the number of shares from 143 million shares to 108.7 million shares, at a value of 10 Saudi riyals per share, in order to amortize the accumulated losses of the group, which amounted to 343 million Saudi riyals at the end of 2021, and the legal and regulatory procedures to reduce the capital were completed.

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

Company Name	Country of Incorporation	Ownership Percentage	Main Activities
Al Jouf Cement Company	Jordan	**100%**	Import, export, wholesale and retail trade in the products of Al Jouf Cement company.
Al Jouf Investments Company	KSA	**100%**	Wholesale and retail trade in cement and its by-products, commercial, undertakings, Import, export and marketing services for others.
Jahez Al Jouf Company limited (One- Person Company)	KSA	**100%**	Wholesale of cement and similar products, land transport for goods.

2. BASIS OF PREPARATION

2.1 adopted accounting standards

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Charted and Professional Accountants (“SOCPA”) and should be read in conjunction with the consolidated financial statements of the group for year ended 31 December 2022. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual statements to prepare a complete set of financial statements; however, the accounting policies and explanatory notes are mentioned to explain events and the important transaction to understand the changes in the Group’s financial position and its performance since the last annual financial statement of the Group.

The results for the period six-month ended 30 June 2023 are not necessarily indicative of the results that can be expected for the financial year ended 31 December 2023.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Basis of Consolidation

The interim condensed consolidated financial statements include the financial statements of Al Jouf Cement Company and its subsidiaries (together referred to as the “Group”) as disclosed within note (1).

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee only when the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee company, and
- The ability to use its power over the investee company to affect its returns

When the Group maintains less than the majority of voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee company, including:

- The contractual arrangement with the over voting holders of the investee company.
- Rights arising from other contractual arrangements.
- The Groups voting rights and potential rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses its control the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date that the Group gains until the date the Group ceases to control over subsidiary.

Profit or loss and each component of consolidated other comprehensive income are attributed to shareholders of the Group.

Adjustments are made when necessary to the financial statements of subsidiaries in order to bring the accounting policies in line with the accounting policies of the group. All intra-group assets and liabilities, equity, revenues, expenses and cash flows relating to intra-group transactions are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control of a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in consolidated statement of profit or loss
- Reclassifies the parent Company share of components previously recognized in the comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2. BASIS OF PREPARATION (CONTINUED)

2.3 Basis of measurement

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost principle, except for:

a. Investments measured at fair value.
b. Employees' end of service benefits is recognized at the present value of future obligations using the projected unit credit method.

2.4 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

2.5 Going Concern

The interim condensed consolidated financial statements have been prepared on the going concern basis, which assumes that the Group will continue in business for the foreseeable future. As shown in the interim condensed consolidated financial statements, the Group's current liabilities exceeded its current assets by an amount of SR 508.1 million, as on June 30, 2023. Noting that the amount of SR 443.5 million has been reclassified as the value of non-current credit facilities to current liabilities due to non-compliance with financial covenants (Alinma Bank's share of the reclassified part is an amount of SR 332.5 million due the last instalment in April 2029. SABB share is an amount of SR111 million due the last instalment in April 2027. The group management has appointed a consulting firm to restructure its loans and it is expected to complete the process Loan restructuring during the fourth quarter of 2023. The group's management will also consider the option of increasing the company's capital by issuing rights issue in light of the results of the loan restructuring process. The success of the loan restructuring process depends mainly on the approval of the lenders, as well as the success of the loan restructuring process. The process of increasing the capital on the approval of the regulatory authorities and the presence of investors in the financial market The group's management considers that the group's failure to restructure the loans and its failure also to increase the capital are unlikely from its point of view, and the management is confident of its ability to reduce costs and increase Sold quantities, improved prices, and increased demand. However, management acknowledges that the Group's need for approval from third parties in both matters indicates the existence of a material uncertainty that may cast significant doubts about the Group's ability to continue as a going concern. The management of the group is fully confident in the success of the loan restructuring process, as well as in its ability to obtain the necessary regulatory approvals to increase its capital if required. Accordingly, these consolidated financial statements have been prepared on going concern basis.

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are new standards and a number of amendments to the standards that are effective as of January 1, 2023, and they were clarified in the annual financial statements of the group, but they do not have a material impact on the interim condensed financial statements of the group.

3.1 Standards issued that have not been applied yet

The following is a statement of the new standards and amendments to the adopted standards for the years beginning on or after January 1, 2024.

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED)

3.1 Standards issued that have not been applied yet (Continued)

3.1.1 International Standard on Sustainability 1

The objective of International Standard on Sustainability 1 is to require the group to disclose information about sustainability risks and opportunities that is useful to users of general purpose financial statements in making decisions about providing resources to the group.

3.1.2 International Standard on Sustainability 2

The International Standard on Sustainability 2 requires the Group to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, access to financing, or cost of capital in the short, medium or long-term.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant estimates made by management when applying the Group's accounting policies and the significant sources of estimation uncertainty were similar to those disclosed in the last issued annual financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing the interim condensed consolidated financial statements are consistent with those used in preparing the annual consolidated financial statements of the Group for the year ended December 31, 2022.

6. PROPERTY, PLANT AND EQUIPMENT

	30 June 2023 (Unaudited)	31 December 2022 Restated (Note 19.1) (Audited)
Cost:		
Balance at the beginning of the period / year - before adjustment	**2,289,315,921**	2,280,299,822
Adjustments (Note 19)	**-**	4,979,662
Balance at the beginning of the period / year - after adjustment	**2,289,315,921**	2,285,279,484
Additions during the period / year	**4,157,690**	3,510,275
Disposals during the period / year	**-**	(4,148,970)
Transferred from inventory during the period / year	**-**	4,675,132
Balance at the end of the period / year	**2,293,473,611**	2,289,315,921
Accumulated Depreciation:		
Balance at the beginning of the period / year – before adjustment	**577,047,234**	543,132,012
Adjustments (Note 19)	**-**	4,963,306
Balance at the beginning of the period / year - after adjustment	**577,047,234**	548,095,318
Charge for the period / year	**21,502,750**	32,092,973
Disposals during the period / year	**-**	(3,141,057)
Balance at the end of the period / year	**598,549,984**	577,047,234
Net book value for the period / year	**1,694,923,627**	1,712,268,687

- All property, plant and equipment are pledged as guarantee against loans (note 12).

7. INVESTMENT IN EQUITY INSTRUMENTS AT FVOCI

	Ownership Percentage			
	2023	2022	**30 June 2023 (Unaudited)**	31 December 2022 (Audited)
Eastern Industrial Company (EIC) - Closed Saudi Joint Stock Co.(7.1)	**10%**	10%	**46,000,000**	46,000,000
Less: Fair value reserve for investment in Eastern Industrial Company (7.2)			**(46,000,000)**	(46,000,000)
			-	-

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

7.2 During the prior years, the Group reduced investment amount to nil through the fair value reserve of investment in the equity statement as a result of the accumulated losses incurred, in addition to the shareholders' decision to liquidate the company, a liquidator was appointed to carry out the liquidation.

7. INVESTMENT IN EQUITY INSTRUMENTS AT FVOCI (CONTINUED)

7.3 On 21 Jumada II 1443 H (corresponding to 24 January 2022), the Group received a claim from the Saudi Industrial Development Fund amounting to SR 49,549,920 as a result of the default of the Eastern Industrial Company. (An investee company in which Al-Jouf Cement Company previously guaranteed the payment of this loan), Accordingly, the Group has recognized the full amount in the year ended 31 December 2021 under provision against loan guarantee, and part of the loan was paid during the year ending on 31 December 2022. The Saudi Industrial Development Fund filed a court case against the Group to claim the amount of the guarantee, and the court issued a non-final ruling to seize the amount required to pay the amount of indebtedness, during the period ended 30 June 2023, the ruling was in favor of the group to lift the seizure of the group's funds due to a formal defect in the guarantee provided by the group in favor of Industrial Development Fund.

8. INVESTMENT IN EQUITY INSTRUMENTS AT FVTPL

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Units in KASB City Real Estate Fund	**-**	8,508,563
	-	8,508,563

The movement of equity instrument carried at FVTPL during the period / year is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period / year	**8,508,563**	9,174,155
Disposals during the period	**(7,958,561)**	-
Losses on Change in fair value during the period / year	**(550,002)**	(665,592)
Balance at end of the period / year	**-**	8,508,563

The group owns one million units in the KASB City Real Estate Fund, with a fair value per unit amounting to SAR 9.49 million on 31 December 2022, and during the period ended 30 June 2023. the group disposed the investment as a result of the liquidation of the fund, which resulted in realized losses as a result of Disposal.

9. TRADE RECEIVABLES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables	**117,478,321**	99,272,611
less:		
Allowance for expected credit losses	**(51,772,594)**	(50,481,116)
	65,705,727	48,791,495

9. TRADE RECEIVABLES (CONTINUED)

The movement of allowance for expected credit losses is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period / year	**50,481,116**	66,323,437
Charged during the period / year	**1,291,478**	2,600,000
Written off during the period / year	**-**	(12,442,321)
Reversal of allowance for expected credit losses during the year	**-**	(6,000,000)
Balance at the end of the period / year	**51,772,594**	50,481,116

- Trade receivables above include transactions with a related party, (principle shareholder) as at 30 June 2023 (Unaudited) in the amount of SAR 38.9 million (31 December 2022: SAR 39.7 million) (Audited). These transactions are carried out in the normal course of business for the group and in line with basis of third-party transactions

10. RELATED-PARTY TRANSACTIONS AND BALANCES

Transactions with related parties are mainly sales, salaries, allowances and remunerations to Board members, key executives and such transactions are carried out in the normal course of Group’s business and in line with basis of third-party transactions

Key management personnel are the persons who have the power and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including Board members (whether executives or otherwise).

Board members are not paid any compensation for their role in managing the group unless approved by the general assembly. Board members aren’t paid an allowance for attending the meetings of the Board of Directors and the meetings of the Board committees.

The following table shows the most significant related-party transactions in detail:

10.1 The most significant related-party transactions

	Nature of Relationship	**30 June 2023 (Unaudited)**	30 June 2022 (Unaudited)
Principal shareholder	Sales	**37,365,312**	21,434,546

10. RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)

10.2 Benefits, remunerations and compensations to key management and executives

The following table shows compensations and remunerations paid to Board members and key management personnel:

	30 June 2023 (Unaudited)		30 June 2022 (Unaudited)	
	BOD and related committees	**Executive management**	BOD and related committees	Executive management
Remunerations to board members and related committees	**2,867,000**	**-**	1,809,916	-
Allowances for attending board and committees	**87,000**	**-**	117,500	-
Salaries, Wages and equivalents	**-**	**2,426,700**	-	1,415,066
Accrued employee benefit obligations	**-**	**207,225**	-	117,922

11. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2023 (Unaudited)	31 December 2022 Restated (Note 19.1) (Audited)
Selling indebtedness of subsidiary invested in and other receivables	**37,076,369**	37,076,369
Advances to suppliers	**20,951,130**	17,864,856
Prepaid expenses	**6,644,828**	5,023,009
Receivables from the Ministry of Commerce	**3,790,884**	3,790,884
Employee receivables	**459,158**	665,694
Others	**2,664,650**	1,958,330
	71,587,019	66,379,142
Less:		
Impairment of prepayments and other receivables	**(48,332,549)**	(48,332,549)
	23,254,470	18,046,593

12. LONG-TERM LOANS

	Note	**30 June 2023 (Unaudited)**	31 December 2022 (Audited)
Long-term loans - local commercial banks	12.1, 12.2, 12.3	**505,459,754**	529,817,892
Industrial Development Fund loan	12.4	**57,000,000**	57,000,000
		562,459,754	586,817,892

12. LONG-TERM LOANS (CONTINUED)

The current and non-current portion was as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Long-term Tawarruq loans – non-current portion	**-**	484,159,727
Long-term Tawarruq loans – current portion	**118,905,080**	102,658,165
The non-current portion of long-term loans reclassified to current for non-compliance with bank covenants	**443,554,674**	-

The movement of loans was as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period / year	**586,817,892**	620,502,878
Paid during the period / year	**(24,358,138)**	(33,684,986)
Balance at the end of the period / year	**562,459,754**	586,817,892

12.1 The group has credit facilities from SABB Bank in the amount of SR 154.4 million. This loan is guaranteed by a promissory note for the full value of the loan. This loan is repaid in quarterly installments. The last installment of this loan is due in April 2027.

12.2 The group has credit facilities from Alinma Bank in the amount of SR 345 million. This loan is guaranteed by a second mortgage on the group's properties, plant and equipment (Note 6). This loan is repaid in semi-annual installments. The last installment for this loan is due in August 2029.

12.3 The group has credit facilities from Al-Jazira Bank in the amount of SR 6 million. This loan is guaranteed by a promissory note for the full value of the loan. It is payable in six semi-annual installments, starting from December 2020

12.4 The group has a loan from the Industrial Development Fund in the amount of SR 57 million. This loan is guaranteed by mortgage of all properties, plants and equipments for the first production line, existing or to be constructed in the concession area granted to the company and located in the southeast of Turaif Governorate, on which the company's factory is located and its area is 22.6 square kilometers with the entire factory, its equipments, machineries and all its accessories (Note 6). According to the agreement, the last installment of this loan was due in the year 2017 and has not been repaid to date.

Financial Covenants

These credit facilities contain bank covenants, breach of which may lead to renegotiation with the lenders. These covenants are monitored on a periodic basis by the management. In the event of a potential breach of these covenants, actions are taken by the management to ensure that these covenants are fulfilled. Some of these covenants are related to financial ratios and due to the non-compliance with some financial ratios according to the commitments contained in the agreements with local banks and the Saudi Industrial Development Fund. The amount of SR 443.6 million has been reclassified from the non-current to the current portion of the value of credit facilities.

13. SHORT-TERM LOANS

The group obtained banking facilities from Alinma Bank. The total credit limit for these loans amounted by SR 21.8 million. These facilities are subject to commission based on market rates, and they are detailed as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Short-term loan	**21,762,861**	10,000,000
	21,762,861	10,000,000

The movement of the loan was as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period / year	**10,000,000**	-
Paid during the period /year	**(2,000,000)**	-
Additions during the period / year	**13,762,861**	10,000,000
Balance at the end of the period / year	**21,762,861**	10,000,000

14. ZAKAT PROVISION

14.1 Zakat Movement

The movement of zakat payable by the Group is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period / year	**35,130,601**	34,733,580
Charged during the period / year	**1,500,000**	5,397,315
Zakat reversal	**(1,042,037)**	-
Paid during the period / year	**(550,000)**	(5,000,294)
Balance at the end of the period / year	**35,038,564**	35,130,601

14.2 Zakat Assessment status

- The Company submitted its zakat returns up to the year ended 31 December 2022, and obtained a valid zakat certificate until 30 April 2024.

- The company obtained a zakat assessment for the years from 2014 to 2018 in the amount of 34.3 million Saudi riyals. The objection was made, and a partial acceptance was issued. The objection was raised to the General Secretariat of the Tax Committees, and the committee’s decision was issued for the years 2014 and 2015 to cancel the Authority’s procedure for the year 2014.for 2015, the company submitted appeal request, as for the rest of the years from 2016 to 2018, no decision was issued by the committee until the date of issuance of the interim condensed consolidated financial statements.

14. ZAKAT PROVISION (CONTINUED)

14.2 Zakat Assessment status (Continued)

- The company obtained a Zakat assessment for the years from 2019 to 2020 in the amount of 3.4 million Saudi riyals, and it was objected to by the Authority (ZATCA) , and a payment was made on account to complete the objection procedures, and the objection was rejected by the Authority (ZATCA) , and the objection was raised to the General Secretariat of Tax Committees (GSTC) and it was not issued It has a decision from the committee up to the date of issuance of the interim condensed consolidated financial statements.

15. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings per share were calculated by dividing the net income for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The diluted earnings per share are the same as the basic earnings per share since the Group does not have any dilutive instruments.

	For the three-month period ended 30 June		**For the six-month period ended 30 June**	
	2023 (Unaudited)	2022 (Unaudited)	**2023 (Unaudited)**	2022 (Unaudited)
Net Income / (loss) for the period	**20,145,102**	(1,732,518)	**43,621,378**	1,818,223
Weighted average number of shares	**108,700,000**	108,700,000	**108,700,000**	108,700,000
Basic and diluted earnings / (loss) per share out of net income / (loss) for the period	**0.19**	(0.016)	**0.40**	0.017

The weighted average number of shares outstanding during the period has been adjusted retrospectively as a result of capital reduction in accordance with IAS 33 requirements “Earnings per Share” (Note 1).

16. CONTINGENCIES AND CAPITAL COMMITMENTS

The Group’s management believes that there are no contingencies or capital commitments to be disclosed

17. SEGMENT REPORTS

The Group has one business segment, which is mainly the production and sale of ordinary (Portland) cement, Sulphates salt-resistant cement, agglomerated cement (clinker) and pozzolanic cement. The Group operates in the city of Turaif in Kingdom of Saudi Arabia and exports cement and clinker to some Arab countries according to data set out below:

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Inside Kingdom of Saudi Arabia	**105,919,545**	82,350,469
Outside Kingdom of Saudi Arabia	**32,308,091**	15,942,671
	138,227,636	98,293,140

18. FAIR VALUE

Fair value is the amount for which an asset could be exchanged, or a liability settled, in a transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will take place either:

- In the principal market for the asset or liability, or
- In the most advantageous market for the asset or liability in the absence of a principal market.

The principal or most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market parties use when pricing the asset or liability, assuming that market parties act in their best economic interests.

The fair value measurement of a non-financial asset considers the ability of market parties to provide economic benefits by using the asset for the best benefit, or by selling it to another market party for the best benefit.

The Group uses valuation techniques that are appropriate to circumstances and conditions and have sufficient data to measure fair value, maximize the use of relevant observable inputs, and minimize the use of unobservable inputs substantially.

All assets and liabilities whose fair values are measured or disclosed at their fair values in the interim condensed consolidated financial statements are categorized within the fair value hierarchy set out below based on the lowest level inputs that is significant to the fair value measurement as a whole:

- Level 1: prices that are quoted in active markets for identical assets or liabilities.
- Level 2: other valuation techniques in which the lowest level of significant inputs is directly or indirectly observable to the fair value measurement.
- Level 3: Other valuation techniques in which the lowest level inputs that are significant are not observable to the fair value measurement.

For assets and liabilities recognized in the interim condensed consolidated financial statements on an ongoing basis, the Group determines whether transfers have taken place between levels of the hierarchy above by reassessing categorization (based on the lowest level inputs that are significant to the fair value measurement as a whole) At the end of each period of preparation of interim condensed consolidated financial statements.

The carrying amount of financial assets that cannot be measured at fair value approximates its fair value. The financial liabilities have been measured at amortized cost, which is a reasonable approximation of their fair value.

All financial assets and liabilities are measured at amortized cost except for investments carried at FVTPL. The carrying amount of all other financial assets and liabilities measured at amortized cost approximates their fair values.

18. FAIR VALUE (CONTINUED)

As at 30 June 2023 (Unaudited)	**Fair value level**			
	1	**2**	**3**	**Total**
Investment in equity instruments at FVOCI	**-**	**-**	**46,000,000**	**46,000,000**
Investment in equity instruments carried at FVTPL	**-**	**-**	**-**	**-**

As at 31 December 2022 (Audited)	Fair value level			
	1	2	3	Total
Investment in equity instruments at FVOCI	-	-	46,000,000	46,000,000
Investment in equity instruments carried at FVTPL	8,508,563	-	-	8,508,563

19. COMPARATIVE FIGURES

19.1 Prior years' adjustments to notes to the interim condensed consolidated statement of financial position items as at 31 December 2022

The group has adjusted some of the amounts and balances included in the consolidated financial statements for the prior year, as the transactions related to these balances have not been properly accounted for, and accordingly, the adjustment was made in accordance with the requirements of International Accounting Standard No. (8) “Accounting Policies, Changes in Accounting Estimates and Errors”. Details of each of these modifications are summarized below;

A- During the three-month and six-month periods ended 30 June 2023, the Group's management noticed that the cost of properties, plants and equipments as at 31 December 2022 was less than it should have been by an amount of SR 4.9 million, in order to take the net impact from the records of subsidiaries during the financial year ended 31 December 2022 and the accumulated depreciation decreased by SR 4.9 million as at 31 December 2022. The impact on the consolidated statement of financial position as at 31 December 2022 as a result is nil Saudi riyals.

B- The group's management noticed, during the three-month and six-month periods ended 30 June 2023, that it took the net impact of some receivables in subsidiaries owned by 100% and did not show it in the group's records. Therefore, the group's management recorded the balance within prepayments and other receivables in the amount of SR 37 million and recognize impairment provision of SR 37 million. The impact on the consolidated statement of financial position as at 31 December 2022 as a result is nil Saudi riyals.

The impact of the above adjustments on the notes to the consolidated statement of financial position items as at 31 December 2022 is as follows:

Statement of financial position items	**Note**	**As previously stated**	**Adjustment**	**After adjustment**
Cost of property, plant and equipment	A	2,284,336,259	4,979,662	2,289,315,921
Accumulated depreciation	A	(572,073,025)	(4,974,209)	(577,047,234)
Prepayments and other receivables	B	29,308,226	37,070,916	66,379,142
Impairment of prepayments and other receivables	B	(11,256,180)	(37,076,369)	(48,332,549)

19. COMPARATIVE FIGURES (CONTINUED)

19.2 adjustments to the Interim condensed consolidated statement of changes in equity for the six-month period ended 31 December 2022

The following errors have been corrected in the interim condensed consolidated financial statements as at 31 December 2022 which led to the adjustment of the equity balances as at 30 June 2022;

A- The group de-recognized property, plant and equipment that did not meet the recognition requirements according to IAS 16 requirements, retroactively, as of 1 January 2021 and the net book value of the derecognized property, plant and equipment amounted to SR 36.5 million, which led to an increase in Accumulated losses as on 1 January 2021.

B- The group did not record a provision for government claims amounting to SR 10 million, which led to an increase in accumulated losses as of 1 January 2021.

C- During March 2023, the management conducted an impairment test in the value of properties, plants and equipment as at 31 December 2021, and this resulted in adjusting the comparative figures for the year ended 31 December 2021, as a result of reducing the impairment of the value of properties, plants and equipment by an amount of SR 58.8 million, this led to a reduction in the accumulated losses as of 1 January 2021.

D- The group noticed that some of the expenses recorded during the year 2022 relate to the year 2021 by an amount of SR,2,632,725 which led to an increase in accumulated losses as at 1 January 2021.

The impact of the above adjustments on the interim condensed consolidated statement of changes in equity for the six-month period ended 31 December 2021 is as follows:

Statement of changes in equity items	Note	As previously stated	Adjustment	After adjustment
Accumulated Losses	A,B,C,D	(340,861,848)	9,706,173	(331,155,675)
Total equity	A,B,C,D	1,094,461,443	9,706,173	1,104,167,616

19.3 Reclassification of comparative figures in the interim condensed consolidated financial statements as at 31 December 2022

During the period ended 30 June 2023, the Group has reclassified certain balances as shown below, which management considers to be a more accurate presentation and reflects the related nature

The interim condensed consolidated statement of financial position balances that have been reclassified:

	31 December 2022 (before reclassification)	Balances that have been reclassified	31 December 2022 (after reclassification)
Assets			
Long-term loans - current portion	112,658,165	(10,000,000)	102,658,165
Short-term loans	-	10,000,000	10,000,000
Zakat provision	3,790,469	31,340,132	35,130,601
Other provisions	31,340,132	(31,340,132)	-

19. COMPARATIVE FIGURES (CONTINUED)

The interim condensed consolidated statement of cash flows amounts that have been reclassified to:

	30 June 2022 (before reclassification)	Balances that have been reclassified	30 June 2022 (after reclassification)
Net cash flows from operating activities	6,730,923	10,438,425	17,169,348
Net cash flows from financing activities	(13,086,930)	(10,438,425)	(23,525,355)

20. SUBSEQUENT EVENTS

There are no significant subsequent events since the end of the period that may require disclosure or adjustment to these interim condensed consolidated financial statements.

21. DATE OF APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Board of Directors on 26 Muharam 1445 H corresponding to 13 august 2023.