QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
Financial statements
For the year ended 31 December 2022
and Independent Auditor's Report

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(A Saudi Joint Stock Company)
Financial Statements
For the year ended 31 December 2022
and Independent Auditor's Report

Index

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Kingdom of Saudi Arabia
Commercial Registration No. 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Qassim Cement Company

Opinion

We have audited the financial statements of Qassim Cement Company (A Saudi Joint Stock Company) ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition	
With reference to Note (6) of the accounting policy related to revenue from contracts with customers, as well as Note (25) related to disclosure of contracts with customers.	
Key audit matter	**How the matter was addressed in our audit**
The Company applies IFRS 15. The Company generated revenues of SR 678 million for the year ended 31 December 2022. - Revenue is a key indicator for measuring performance, and this implies the presence of inherent risks by overstatement of revenue recognition to increase profitability. Therefore, revenue recognition was considered a key audit matter.	Our audit procedures in this area included, among others, based on our judgment, the following: - An examination of the revenue recognition process, taking into account the requirements of the relevant accounting standards, and an assessment of the appropriateness of the accounting policies used. - Test the design and implementation of internal control procedures related to revenue recognition and their operational effectiveness, including anti-fraud control procedures. - Conducting analytical audit procedures for revenues, by comparing sales quantities and prices for the current year with the previous year, and determining whether there are any significant trends or fluctuations that need additional examination in light of our understanding of the current market conditions. - On sample basis, test revenue transactions with the supporting documents, to verify that the revenues are recorded in their correct periods.

Independent Auditor's Report

To the Shareholders of Qassim Cement Company (continued)

<table>
<tr><th colspan="2">Existence and evaluation of inventory</th></tr>
<tr><td colspan="2">With reference to Note (6) of the accounting policy related to recognition of inventories, as well as Note (13) related to disclosure of existence and evaluation of inventory.</td></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Company applies IAS 2.

The raw materials amounted to SR 96 million, and the work in-progress stock amounted to SR 146 million (mainly consisting of clinkers stored in the form of piles in yards built for this purpose) for the year ended 31 December 2022.

Determining the weight of this inventory is not practically possible, therefore, the management estimates the quantities available at the end of the year by measuring the inventory piles and converting the measurements into unit volumes using the angle of repose and quantitative density. To do this, the management appoints an independent inspection expert to estimate the quantities using some practical methodological measurement calculations and apply density conversion methods applied to similar types of inventory that are used in the cement industry.

Given the importance of the inventory balances and related estimates used in determining the quantities, the existence and valuation of inventory was considered as a key audit matter.</td><td>Our audit procedures included, among others, based on our judgment, the following:
- Attending the physical inventory count conducted by the Company and an independent inspection expert.
- Evaluating the efficiency, qualifications, and objectivity of the independent inspection expert in this field.
- Obtaining the inventory count report submitted by the independent inspection expert regarding the main inventory items and checking them on the sample basis.
- Assessing the reasonableness of inventory piles measurements carried out by management during the physical count and recalculating the conversion of volumes into quantities.
- On a sample basis, testing the inventory valuation at the end of the year, and assessing judgments and estimates used in estimating the damages and the net realizable value of impairment by management.
- Assessing the completeness and adequacy of the disclosures related to inventory for the year ended 31 December 2022.</td></tr>
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Independent Auditor's Report

To the Shareholders of Qassim Cement Company (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, the Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of directors, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

To the Shareholders of Qassim Cement Company (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Qassim Cement Company ("the Company").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Fahad Mubark Aldossari
License No. 469

Riyadh on 29 Rajab 1444H
Corresponding to: 20 February 2023

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Lic No. 46
C.R. 1010425494
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ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
KPMG Professional Services

Qassim Cement Company
(A Saudi Joint Stock Company)
statement of financial position
As at 31 December 2022
(Saudi Riyal)

	Note	31 December 2022	31 December 2021 Restated - note (19)
ASSETS			
Non-current assets			
Property, plant and equipment	7	**547,841,833**	605,902,096
Projects in Progress	8	**94,232,742**	25,903,515
Investment properties	9	**9,516,450**	9,516,450
Financial investments at FVTPL	10-1	**39,962,379**	69,031,049
Financial investments at amortized cost - non-current portion	11	**100,000,000**	100,000,000
Right-of-use assets	12	**1,346,221**	2,080,523
Total non-current assets		**792,899,625**	812,433,633
Current assets			
Inventory	13	**345,766,076**	267,197,534
Financial investments at amortized cost - current portion	11	**224,000,000**	186,300,000
Financial investments at FVTPL	10-2	**437,163,400**	596,413,419
Trade receivables	14	**51,599,897**	34,739,752
Prepaid expenses and other receivables	15	**23,115,134**	15,476,196
Cash and cash equivalents	16	**51,883,753**	107,402,465
Total current assets		**1,133,528,260**	1,207,529,366
Total assets		**1,926,427,885**	2,019,962,999
EQUITY AND LIABILITIES			
Equity			
Share capital	17	**900,000,000**	900,000,000
Statutory reserve	18	**270,000,000**	270,000,000
Cumulative changes in the items of other comprehensive income		**(3,778,033)**	(3,863,383)
Retained earnings		**498,554,857**	566,042,300
Total equity		**1,664,776,824**	1,732,178,917
Liabilities			
Non-current liabilities			
Provision for rehabilitation of areas subject to franchise license	20	**13,900,094**	12,970,997
Employees' benefits obligations	21	**42,172,381**	41,231,316
Long-term lease liabilities	12	**606,653**	1,326,192
Total non-current liabilities		**56,679,128**	55,528,505
Current Liabilities			
Trade and other payables	22	**118,769,814**	118,998,275
Dividends payable	26	**57,510,427**	64,308,690
Zakat provision	23	**26,887,677**	29,144,597
Other provisions	24	**983,755**	18,983,755
Short-term lease liabilities	12	**820,260**	820,260
Total current liabilities		**204,971,933**	232,255,577
Total liabilities		**261,651,061**	287,784,082
Total equity and liabilities		**1,926,427,885**	2,019,962,999

The accompanying notes (1) through (37) form an integral part of these financial statements.
The financial statements have been approved for issuance by the Board of Directors on 19 February 2023 and signed on their behalf by:

Mr. Masoud Hamid Amin	Eng. Omar bin Abdullah Al Omar	Dr. Mohammad Bin Nasser Al Dawood
Finance Director (Acting)	Chief Executive Officer - Board Member	Chairman

Qassim Cement Company
(A Saudi Joint Stock Company)
Statement of profit or loss and other comprehensive income
As at 31 December 2022
(Saudi Riyal)

	Note	**31 December 2022**	31 December 2021 Restated - note (19)
Revenue	25	**678,456,217**	722,798,388
Cost of sales	25	**(489,970,597)**	(436,851,167)
Gross profit		**188,485,620**	285,947,221
Selling and marketing expenses	27	**(11,752,169)**	(10,428,691)
General and administrative expenses	28	**(34,840,994)**	(19,117,663)
Other income	29	**19,265,088**	29,008,189
Operating profit		**161,157,545**	285,409,056
Unrealized (losses) / gains on investments at FVTPL, net		**(21,238,957)**	19,951,906
Revenue from investments at fair value through profit or loss		**5,896,818**	5,478,783
Income from financial investments at amortized cost		**10,267,938**	12,244,417
Finance costs		**(1,029,818)**	(1,099,514)
Profit before zakat		**155,053,526**	321,984,648
Zakat	23	**(24,540,969)**	(30,112,406)
Profit for the year		**130,512,557**	291,872,242
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gains on re-measurement of employees' end-of-service benefits	21	**85,350**	218,446
Total other comprehensive income		**130,597,907**	292,090,688
Earning per share against net income for the year	32		
Basic		**1.45**	3,24
Diluted		**1.45**	3,24

The accompanying notes (1) through (37) form an integral part of these financial statements.

The financial statements have been approved for issuance by the Board of Directors on 19 February 2023 and signed on their behalf by:

Mr. Masoud Hamid Amin	Eng. Omar bin Abdullah Al Omar	Dr. Mohammad Bin Nasser Al Dawood
Finance Director (Acting)	Chief Executive Officer - Board Member	Chairman

Qassim Cement Company
(A Saudi Joint Stock Company)
Statement of changes in equity
For the year ended 31 December 2022
(Saudi Riyal)

	Note	Share capital	Statutory reserve	Cumulative changes in the items of other comprehensive income	Retained earnings	Total equity
Balance as at 1 January 2021		900,000,000	270,000,000	(4,081,829)	643,170,058	1,809,088,229
Profit for the year – (restated note (19))		-	-	-	291,872,242	291,872,242
Other comprehensive income		-	-	218,446	-	218,446
Total comprehensive income (restated - note (19))		-	-	218,446	291,872,242	292,090,688
Dividends (Note 26)		-	-	-	(369,000,000)	(369,000,000)
Balance at 31 December 2021 (restated - note (19))		900,000,000	270,000,000	(3,863,383)	566,042,300	1,732,178,917
Balance as at 1 January 2022		**900,000,000**	**270,000,000**	**(3,863,383)**	**566,042,300**	**1,732,178,917**
Profit for the year		-	-	-	**130,512,557**	**130,512,557**
Other comprehensive income		-	-	**85,350**	-	**85,350**
Total comprehensive income		-	-	**85,350**	**130,512,557**	**130,597,907**
Dividends (Note 26)		-	-	-	**(198,000,000)**	**(198,000,000)**
Balance as at 31 December 2022		**900,000,000**	**270,000,000**	**(3,778,033)**	**498,554,857**	**1,664,776,824**

The accompanying notes (1) to (37) form an integral part of these financial statements.
The financial statements have been approved for issuance by the Board of Directors on 19 February 2023 and signed on their behalf by:

Mr. Masoud Hamid Amin	Eng. Omar bin Abdullah Al Omar	Dr. Mohammad Bin Nasser Al Dawood
Finance Director (Acting)	Chief Executive Officer - Board Member	Chairman

Qassim Cement Company
(A Saudi Joint Stock Company)
Statement of cash flows
As at 31 December 2022
(Saudi Riyal)

	31 December 2022	31 December 2021 Restated - note (19)
Profit for the year	130,512,557	291,872,242
Adjustments:		
Zakat expense	24,540,969	30,112,406
Depreciation of property, plant and equipment	71,635,402	72,985,543
Depreciation of right-of-use assets	734,302	734,302
Reversal of impairment in provision for expected credit losses for trade receivables	(1,659,404)	(7,428,206)
Impairment of other receivables	743,473	-
Provision for obsolete and slow-moving inventory	1,684,890	3,737,846
Settlement of other provisions	(8,000,000)	(21,563,660)
Settlement of accrued expenses	(513,286)	(2,544,282)
Unrealized losses/ (gains) on investments at FVTPL	21,238,957	(25,499,309)
Income from financial investments at amortized cost	(10,267,938)	(12,244,417)
Employees' benefits obligations	4,819,160	4,472,512
Closing of projects in progress under expenses	208,280	229,452
Finance costs for rehabilitation of areas subject to franchise license	929,097	960,140
Finance costs from leases	100,721	139,374
Losses on disposal of property, plant and equipment	832	-
	236,708,012	335,963,943
Changes in working capital:		
Inventory	(80,253,432)	24,741,070
Trade receivables	(15,200,741)	14,641,367
Prepaid expenses and other receivables	(8,034,824)	72,517,501
Used from other provisions	(10,000,000)	(2,857,122)
Trade and other payables	284,825	10,245,456
End-of-service benefits paid	(3,792,745)	(3,077,582)
Zakat paid	(26,797,889)	(30,045,341)
Net cash generated from operating activities	92,913,206	422,129,292
Investing activities		
Payment for purchase of property, plant and equipment	(82,113,478)	(27,345,410)
Payment for purchase of investments at FVTPL	(74,913,186)	(240,414,694)
Proceeds from sale of investments at FVTPL	241,992,918	283,604,701
Paid to purchase financial investments at amortized cost	(290,382,875)	(321,300,000)
Proceeds from financial investments at amortized cost	252,682,875	285,000,000
Proceeds from revenue of investments at amortized cost	9,920,351	11,854,556
Net cash generated from (used in)/ investing activities	57,186,605	(8,600,847)
Financing activities		
Lease payments	(820,260)	(820,260)
Dividends distributed	(204,798,263)	(372,199,306)
Net cash used in financing activities	(205,618,523)	(373,019,566)
Change in cash and cash equivalents during the year	(55,518,712)	40,508,879
Cash and cash equivalents as at the beginning of the year	107,402,465	66,893,586
Cash and cash equivalents as at the end of the year	51,883,753	107,402,465

Non-cash transactions are disclosed in Note (35).

The accompanying notes (1) through (37) form an integral part of these financial statements.
The financial statements have been approved for issuance by the Board of Directors on 19 February 2023 and signed on their behalf by:

Mr. Masoud Hamid Amin	Eng. Omar bin Abdullah Al Omar	Dr. Mohammad Bin Nasser Al Dawood
Finance Director (Acting)	Chief Executive Officer - Board Member	Chairman

1. COMPANY INFORMATION

Qassim Cement Company (the "Company") is a Saudi Joint Stock Company that is listed in Saudi Stock Exchange under the commercial registration number (1131001224) issued in the city of Buraydah dated 28 Sha'aban 1398H (corresponding to 02 August 1978). The Company was established as per the Regulations for Companies under the Royal Decree no. M/62 dated 15 Sha'aban 1396H corresponding to 11 August 1976.

The Company is engaged in manufacturing and producing cement, its derivatives and supplements, the trade of these products, and carrying out all works directly and indirectly related to this purpose. The Company carries out its activities through its factory located in Buraydah - Qassim, address (4266, unit 1, Buraydah, 52271 - 6735).

The Company's financial year begins on 1st January and ends on the 31 December of each Gregorian year.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION

2-1 Statement of compliance

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

2-2 Basis of measurement

The financial statements are prepared under the historical cost convention except for the following significant items mentioned in the statement of financial position:

- Financial investments at FVTPL are measured at fair value.
- Defined benefit obligation for future liabilities are recognized based on the projected unit credit method.

Certain comparative figures have been amended to conform to the current year's presentation.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are prepared in Saudi Riyals (SR) which is the Company's functional and presentation currency.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. These changes are reflected in the assumptions when they occur.

In particular, information about significant areas of estimated uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

4- USE OF JUDGMENTS AND ESTIMATES (CONTINUED)

Measurement of employees' benefits obligations
The Company's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods and discounting that amount to arrive at present value. The calculation is performed annually by an independent actuary using the projected unit credit method. Judgments have been used in the estimation of actuarial assumptions. Key assumptions are disclosed in Note (21).

Impairment of inventory
The management estimates the impairment in the inventory to reach the net realizable value if its cost is not recoverable or it becomes damaged as a whole or a part of it, or if its selling price is less than its cost or if there are any other factors that may lead to a decrease in its realizable value for less than its cost. Estimates of net realizable value of inventory is based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the financial statements date to the extent that such events confirm conditions existing at the end of period.

Impairment of non-financial assets
At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventory) to determine whether there is any indication of impairment. When such indicator exists, the recoverable amount of the asset is estimated.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are cash flows resulting from continuous use that are largely independent from other assets and cash-generating units.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and value in use. Value of use is based on future cash flows deducted from its current value using a discount rate reflects the current market assessments of current value of money and risks related to an asset or cash-generating unit.

Impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Impairment losses are recognized in the statement of profit or loss and other comprehensive income, and the impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed its carrying amount, net of depreciation or amortization, which would have been determined if the impairment losses have not been recognized.

Useful lives of property, plant and equipment
The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods.

Impairment of receivables

These are disclosed in Note (6) - Financial Instruments.

(Saudi Riyal)

4- USE OF JUDGMENTS AND ESTIMATES (CONTINUED)

Fair value of assets and liabilities
Fair value is the price received to sell an asset or paid to transfer a liability within an orderly transaction between market participants on the measurement date or in the absence of that market, the best market available at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. The fair values are categorized into hierarchical levels based on the data used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that may be obtained on the measurement date.
- Level 2: Inputs other than quoted prices that are not included in the first level and that can be observed for assets and liabilities directly (such as prices) or indirectly (that are derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy. then the measurement is categorized in its entirety as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurred. As at 31 December 2022 and 31 December 2021, there are no transfers between levels.

The carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy have been disclosed. It doesn't include information about fair value of financial assets and financial liabilities not measured at fair value if the carrying amount reasonably equals fair value in note (34).

Going concern
The management of the Company has assessed the Company's ability to continue as a going concern, and concluded that the Company has sufficient resources to continue its business in the foreseeable future. In addition, the management does not have any material doubts about the Company's ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

5. NEW STANDARDS ISSUED

5-1 New standards, interpretations and amendments adopted by the Company

The accounting policies applied 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 31 December 2021, except for the adoption of the new standards that are effective on 1 January 2022 and have no material effect on these financial statements.

Effective from	New Standards and Amendments
1 April 2021	COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (amendments to IAS 37) Annual Improvements to IFRS Standards 2018-2020 Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16) Reference to the Conceptual Framework (Amendments to IFRS 3)

5- NEW STANDARDS ISSUED (CONTINUED)

5.2 Standards issued but not adopted

Following are the standards and amendments that were issued but not yet effective. The Company does not expect to have a material impact on the financial statements if the below standards and amendments are adopted.

Effective for annual periods beginning on or after	**New Standards and Amendments**
1 January 2023	Classification of liabilities as current or non-current (Amendments to IAS 1)
	IFRS 17 - Insurance Contracts and amendments to IFRS 17 - "Insurance Contracts"
	Disclosure of Accounting Policies (amendments to IAS 1 and IFRS Practice Statement 2)
	Definition of Accounting Estimates (Amendments to IAS 8)
	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
Available for optional adoption / effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

6. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been consistently applied the following accounting policies to all periods presented in these financial statements, except for what are indicated in Note (5).

Revenue from contracts with customers

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15 'Revenue from Contracts with Customers'.

Step 1 - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 - Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 - Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 - Recognize revenue when the entity satisfies a performance obligation.

If the amount to be paid in the contract includes a variable amount, the Company estimates the amount to which the Company is entitled in exchange for transferring the goods or services promised to provide to the customer.

7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (continued)

An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The amount of the promised consideration may also vary if the Company's entitlement to the consideration is conditional on the occurrence or non-occurrence of a future event.

The Company sells clinker and bulk and packaged cement, where the sale is made according to sales invoices and / or independent specific contracts concluded with the clients.

(a) Sale of goods
For contracts with customers in which the sale of cement is generally expected to be the only performance obligation, revenue from the sale is recognized at the time that control of the asset is transferred to the customer at a point in time, which is usually upon delivery.

The Company recognizes revenue at the point in time at which the customer obtains control of a promised asset and the entity satisfies the performance obligations. The Company takes into account the below-mentioned indicators in assessing the transfer of control over the promised asset:

- The Company has a present right to payment for the asset
- The customer has legal title to the asset
- The Company has transferred physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset

Leases

a) Definition of a lease
The Company assesses whether the arrangement represents or contains a lease. under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of an arrangement that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

b) As a lessee
Lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at the date of the lease. Right-to-use assets are measured using an amount equal to the lease liability adjusted for prepayments or accrued leases. The Company has applied this method to all leases.

The Company used the permissible exemption in not recognizing right-of-use assets and lease liabilities for leases of less than 12 months.

The lease liability is re-measured when there is a change in future lease payments.

Employees' benefits:

Defined employees' benefits plans

According to the Saudi Labor Law in the Kingdom of Saudi Arabia, the Company is required to pay end-of-service benefits (a defined benefit plan), which are calculated based on the half of the last month's salary of each year of the first five years of service, including the fractions of the year plus the full last month's salary for each year of the next or remaining service includes fractions of the year. End-of-service benefit plan is unfunded.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation technique and key assumptions for the actuarial study

Under requirements of IAS 19 "Employees' benefits", end-of-service benefits obligations are calculated using the actuarial valuation and using the projected unit credit method at the end of each fiscal year. Gains or losses arising from the actuarial revaluation are recorded in the other comprehensive income (OCI) for the period in which the revaluation occurred. The recognized remeasurement in OCI is immediately included under retained earnings and is not included under profit or loss. Past service cost is calculated in profit or loss during the plan amendment period. The interest is calculated using the discount rate at the beginning of the period, on the employees' defined benefits obligations.

The current service cost of the defined benefit plan is recognized in profit or loss under employees' benefits expense, to reflect the increase in the liability resulting from employee services for the current year and cases of change, curtail or settlement of benefits. The cost of services for previous years is included immediately in the profit or loss.

Actuarial gains and losses resulting from adjustments and changes in actuarial assumptions are charged and included in the equity in OCI in the period in which they arise.

Defined benefit costs are classified as follows:

- Service cost (including current service costs and past service costs, in addition to gains and losses resulting from employees' promotions and reimbursements);
- Interest cost, and
- Re-measurement.

Short term employees' benefits

The liability is recognized and measured for benefits related to wages, salaries, annual leave and sick-leave in the period in which the service is provided on the undiscounted amounts of the benefits expected to be paid in exchange for those services.

Finance income

Finance income consists of Islamic Murabaha income on the amounts invested, which are recognized in profit or loss. Revenue from Islamic Murabaha is recognized as it becomes due in profit or loss, using the effective interest rate method.

Zakat

Zakat provision is calculated in accordance with the Zakat, Tax and Customs Authority ("ZATCA") provisions and rules in the Kingdom of Saudi Arabia. Zakat is calculated for the period in an estimate, and the provision for Zakat is charged in a separate item in the profit or loss. Additional Zakat liability, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized.

Inventory

Inventory is measured at cost or net realizable value, whichever is lower. Inventory cost is calculated using the weighted average method, which includes expenditure incurred in bringing inventory to their existing location and condition and in case of manufactured invenotries and work in progress, inventory is charge with an appropriate share of production overheads based on normal operation capacity of the company. Net realizable value is the estimated selling price in the Company's ordinary course of business less estimated costs to complete the sale.

Foreign currencies

Foreign currency transactions

Transactions denominated in foreign currencies are translated to the functional currency of the Company at the exchange rates ruling at the date of the transactions.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the reporting date. For non-financial assets and liabilities that are measured at fair value in a foreign currency, they are retranslated into the functional currency according to the exchange rates prevailing on the date of determining the fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate ruling on the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

Provision for rehabilitation of areas subject to franchise license

The provision for the rehabilitation of areas subject to a franchise license is measured at the present value of the expected cost of re-settlement of the Company's franchise site, using the discount rate as at the start date of the franchise license contract.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. For internally constructed assets, the cost of the asset includes the cost of materials, direct labor and other direct costs that are required to prepare them to the condition in which they are operated at their location and for the purpose for which they were acquired.

Major or essential components of an item of property, plant and equipment that have different useful lives are accounted for as separate items (major components) within property, plant and equipment.

Profits or losses arising from the disposal of an item of property, plant and equipment are determined on the basis of the difference between the net proceeds of sale and the book value of the disposed items of property, plant and equipment, and are included in the statement of profit or loss in the period in which the disposal is made.

Subsequent costs

The costs of replacing a part of an item of property, plant and equipment are recognized in the carrying cost of this item if it is probable that the future economic benefits inherent in that part will flow to the Company, in addition to the possibility of measuring this cost reliably. The carrying amount of the replaced part is eliminated. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit as loss as incurred.

Major inspections and maintenance are accounted for as a separate component if they are used in more than one financial period. The carrying amount of these components is determined by reference to the current market price of these repairs.

Depreciation

Depreciation is the systematic allocation of the depreciable value of items of property, plant and equipment (the cost of the asset less the residual value of the asset) over its useful life.

Depreciation charge is recognized in the statement of profit or loss on the straight-line method over the estimated useful life of each item of property, plant and equipment. Leased assets are depreciated over the lower of lease term or the useful lives of the assets. Unless there is reasonable assurance that the Company will acquire ownership of these assets at the end of the lease term. Freehold land of the Company is not depreciated.

When the useful life of an item of property, plant and equipment differs it is accounted for as separate items.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The estimated useful lives of main items of property, plant and equipment for current and comparative years are as follows:

Asset	Useful lives (Years)
Building	20-33
Plant and equipment	20-30
Tools and instruments	5-20
Furniture and fixtures	5-10
Motor vehicles	5

Depreciation methods, useful lives and residual values of property, plant and equipment are reviewed by the Company at the end of the financial year. In the event that there is a difference, it is treated as changes in the accounting estimates (in the year of change and subsequent years).

Projects in Progress

The cost of projects in progress is calculated on the basis of the actual cost and is presented separately from the item of property, plant and equipment until they are ready for use, and then transferred to property, plant and equipment and the calculation of their depreciation is performed when it is ready to use for their intended purpose according to their estimated useful lives.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. For intangible assets developed internally (except for capitalized development costs), they are not capitalized and the expenses are recognized in the statement of profit or loss at the time in which these expenses are accrued.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The estimated useful lives of intangible assets are as follows:

Asset	Useful lives (Years)
Computer and intangible assets	3-5

Investment properties

Investment properties are properties or lands held either to earn rental income or for capital appreciation or both, and they are not used in production or the supply of goods or services or for administrative purposes. Investment properties are initially carried at cost, and transaction costs are recognized in the initial measurement, and are subsequently measured according to the cost model (at historical cost less accumulated depreciation - except for lands, which are carried at its cost - and the accumulated impairment losses, if any).

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

The Company has applied the following classification and measurement requirements for financial instruments.

Recognition of financial instruments

The financial asset and liability are recognized when the Company becomes a party to the contractual obligations of the instrument, and this generally occurs on the trade date. The Company derecognizes the financial assets when the contractual cash flows of those assets expire or when the Company transfers the right to obtain contractual cash flows from the financial asset in a transaction in which all the risks and rewards of ownership of the financial assets are substantially transferred. Any interest arising from the transferred financial assets that the Company creates or retains is recognized as a separate asset or liability.

Derecognition

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in the statement of profit or loss. However, in respect of equity securities designated as at FVOCI, any cumulative gain / loss recognized in the statement of other comprehensive income is not recognized in the profit or loss on de-recognition.

The financial liability is derecognized from the statement of financial position when the Company pays the obligation arising, the contract is canceled or expired.

Classification of financial instruments

The Company classifies its financial assets in the following measurement categories:

1) Assets to be measured at amortized cost; or
2) Fair value through profit or loss (FVTPL).
3) Fair value through other comprehensive income (FVOCI).

The classification depends on the Company's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

Financial assets are not reclassified subsequently to initial recognition unless the Company changed the business model for managing the financial assets. In such case, all affected financial assets are reclassified at the first day of the first financial period subsequent to business model change.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial measurement of investments in financial instruments that the Company does not hold for the trading purposes, the Company may elect to present any subsequent changes in the fair value of those investments in the statement of other comprehensive income. This election is made on an investment-by-investment basis.

Any other financial assets not classified and measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Financial assets – Subsequent measurement and gains and losses:

Financial assets at amortisedcost

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividends, are recognized in statement of profit or loss.

Receivables

Account receivable are non-derivative financial assets with fixed or determinable payments that are not listed in an active market, and arise primarily by providing goods and services to customers (such as trade receivables). It also includes other types of contractual financial assets that are initially recognized at fair value plus direct costs associated with obtaining it, and they are subsequently recognized at amortized cost using the effective interest method less provision for impairment.

Trade receivables, recorded in a separate account after deducting the provision, are recognized in the statement of profit or loss and when their collectability is confirmed, their gross carrying amount is written off against their associated provision.

Reclassification

When an entity changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with the above-mentioned classification requirements.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is an enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Trade payables and accruals

Trade payables and other payables are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method. The Company derecognizes a financial liability (or part of the financial liability) from its statement of financial position when, and only when its contractual obligations are discharged or cancelled, or expired.

Share capital

Instruments issued by the Company are classified as equity (shareholders' equity) only to the extent that they do not meet the definition of an asset or liability. The Company's ordinary shares are classified as equity instruments (shareholders' equity).

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

Impairment of financial assets

IFRS 9 requires an entity to follow an expected credit loss model for the impairment of financial assets.

ECLs shall be measured for financial assets measured at amortized cost or FVOCI.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date.
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Company may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the Company may choose to apply this policy also for trade receivables and contract assets with no significant financing component. The Company has elected to measure loss allowances for trade receivables at an amount equal to 12-month ECLs.

The carrying amount of financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is reversed at a later time, it is recorded in the profit or loss in the period in which it is recovered.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment exists when the carrying amount of the asset or cash-generating unit exceeds the recoverable value, which is the higher of the fair value of the asset less costs to sell or the value in use. The recoverable value of an asset is determined unless the asset is generating cash flows that are largely independent of the cash flows from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered to be impaired and reduced to the recoverable amount. In determining fair value less costs to sell, the most recent market transactions are taken into consideration. If no such transactions can be identified, an appropriate valuation model is used. Value in use is based on a discounted cash flow model, whereby the expected future cash flows are discounted using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment (continued)

Impairment loss is recognized in the profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets. in the unit (group of units) on a pro-rata basis.

At each reporting date, an assessment is made to determine whether there is evidence that previously recognized impairment losses no loner exist or have decresed. If such evidence exists, the Company estimates the recoverable amount of the asset or cash-generating unit. An impairment loss recognized previously is reversed only if there has been a change in the assumptions used to determine the recoverable amount since the date of recognition of last impairment loss. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss.

Any impaired non-financial assets - other than goodwill, if any - are examined for possible reversal of this impairment at the end of each financial reporting period.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) at the statement of financial position date arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to that liability.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The discount rate used to determine the present value is a pre-zakat rate that reflects current market assessments of the time value of money and the risks specific to liability.

The increase in the provision due to the passage of time is recognized as interest expense.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, and other short-term, highly liquid investments whose maturity dates are within three months or less of the original investment date and available to the company without restrictions, and the cash flows statement is prepared according to the indirect method.

Expenses

Selling and marketing expenses are those arising from the Company's efforts underlying the marketing and selling functions. All other expenses, excluding cost of sales and financial charges, are classified as administrative expenses. Allocations of common expenses between cost of sales and selling, marketing and administrative expenses, when required, are made reasonably based on the nature and function of expenses.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current/non-current classification

The Company classifies assets and liabilities in the statement of financial position as current/non-current. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Segment information

An operating segment is a group of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that differ from those of other business segments which are measured in accordance with the reports used by the executive management.

The Company mainly operates in an operating sector, which is mainly sold to local customers and an investing sector.

The Company conducts most of its activities inside the Kingdom of Saudi Arabia, and therefore the financial information is not separated into geographical sectors.

Dividends

Dividends are approved by the Shareholders' General Assembly and interim dividends are distrbuted in accordance with the authorization from the Shareholders' General Assembly to the Board of Directors under the Regulations for Companies.

Statutory reserve

The Company's Bylaws require that 10% of the net annual income be transferred to the statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve reaches (30%) of paid-up capital.

(Saudi Riyal)

7. PROPERTY, PLANT AND EQUIPMENT

7-1 The movement in property, plant and equipment during the year ended 31 December 2022 is as follows:

	Lands	Buildings	Plant and equipment	Motor vehicles	Computer and intangible assets	Furniture and fixtures	Tools and instruments	Total
Cost:								
Balance at the beginning of the year	10,507,750	716,010,862	1,617,614,562	629,178	12,781,214	11,871,231	12,426,053	2,381,840,850
Additions	-	354,174	9,212,172	494,587	914,773	456,294	248,654	11,680,654
Transferred from projects in progress	-	1,229,482	665,835	-	-	-	-	1,895,317
Disposals during the year	-	-	(1,537,000)	-	(258,247)	(168,294)	(145,645)	(2,109,186)
Balance at 31 December 2022	10,507,750	717,594,518	1,625,955,569	1,123,765	13,437,740	12,159,231	12,529,062	2,393,307,635
Accumulated depreciation:								
Balance at the beginning of the year	-	(480,780,894)	(1,263,317,826)	(363,728)	(11,220,107)	(11,117,213)	(9,138,986)	(1,775,938,754)
Depreciation charged for the year	-	(12,824,462)	(57,084,887)	(133,373)	(859,554)	(222,136)	(510,990)	(71,635,402)
Disposals during the year	-	-	1,536,999	-	258,211	168,065	145,079	2,108,354
Balance at 31 December 2022	-	(493,605,356)	(1,318,865,714)	(497,101)	(11,821,450)	(11,171,284)	(9,504,897)	(1,845,465,802)
Net carrying amount:								
At 31 December 2022	10,507,750	223,989,162	307,089,855	626,664	1,616,290	987,947	3,024,165	547,841,833

(Saudi Riyal)

7- PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The movement in property, plant and equipment during the year ended 31 December 2021 is as follows:

	Lands	Buildings	Plant and equipment	Motor vehicles	Computer and intangible assets	Furniture and fixtures	Tools and instruments	Total
Cost:								
Balance at the beginning of the year	10,507,750	713,955,898	1,610,579,368	911,800	11,954,470	11,527,450	11,603,193	2,371,039,929
Additions	-	25,000	6,044,414	11,478	778,559	351,498	827,280	8,038,229
Transferred from projects in progress	-	2,029,964	750,838	-	-	-	-	2,780,802
Adjustments and reclassification	-	-	239,942	(294,100)	48,350	10,228	(4,420)	-
Disposals during the year	-	-	-	-	(165)	(17,945)	-	(18,110)
Balance at 31 December 2021	10,507,750	716,010,862	1,617,614,562	629,178	12,781,214	11,871,231	12,426,053	2,381,840,850
Accumulated depreciation:								
Balance at the beginning of the year	-	(466,172,220)	(1,206,719,828)	(290,740)	(10,371,964)	(10,951,323)	(8,465,245)	(1,702,971,320)
Depreciation charged for the year	-	(14,608,674)	(56,569,932)	(101,848)	(847,599)	(183,749)	(673,741)	(72,985,543)
Adjustments and reclassification	-	-	(28,066)	28,860	(709)	(85)	-	-
Disposals during the year	-	-	-	-	165	17,944	-	18,109
Balance at 31 December 2021	-	(480,780,894)	(1,263,317,826)	(363,728)	(11,220,107)	(11,117,213)	(9,138,986)	(1,775,938,754)
Net carrying amount:								
At 31 December 2021	10,507,750	235,229,968	354,296,736	265,450	1,561,107	754,018	3,287,067	605,902,096

(Saudi Riyal)

7- PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

7-1 The Company obtained a mining concession in the Jabal Al-Quwaiter area, north of Buraydah, under the Royal Decree no. M/9 dated 4 Rabi' I 1398H for a period of (30) Hijri years and renewable if the Company so desired in return for an annual fees, and on which the Company's buildings, machines and facilities were built. The license to exploit the limestone was renewed by the Ministerial Resolution No. 93/Q dated 17 Shawwal 1428H, valid for a period of 30 years, effective from the 3 Rabi' I 1428H.

7-2 Depreciation for the year was allocated as follows:

	Note	**31 December 2022**	31 December 2021
Cost of sales		**71,141,526**	72,501,663
General and administrative expenses	28	**314,773**	294,273
Selling and marketing expenses	27	**179,103**	189,607
		71,635,402	72,985,543

7-3 There are no mortgages on the property, plant and equipment owned by the Company as at 31 December 2022.

8. PROJECTS IN PROGRESS

The balance of projects in progress as at 31 December 2022 amounted to SR 94,2 million (2021: SR 25,9 million), mainly consist of the construction of a cement mill, improvement projects and raising the efficiency of production lines and civil works.

9. INVESTMENT PROPERTIES (LANDS)

Investments properties represent plots of lands owned by the Company for the purpose of leasing or reselling them in the future. As at 31 December 2022, the fair value of these lands amounted to SR 20,140,912 according to an approved valuer (Qeima Aqaria), who is an independent expert certified and licensed by the Saudi Authority for Accredited Valuers (Taqeem) (License number 1210000338). The valuation techniques used were in the second level of fair value based on the prevailing market prices of similar investment properties.

	31 December 2022	31 December 2021
Carrying amount	**9,516,450**	9,516,450
Fair value	**20,140,912**	20,141,212

(Saudi Riyal)

10. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2022	31 December 2021
Investments at FVTPL - non-current (10-1)	**39,962,379**	69,031,049
Financial investments at FVTPL - current (10-2)	**437,163,400**	596,413,419

10-1 Financial investments at FVTPL - non-current

	31 December 2022	31 December 2021
Balance at the beginning of the year	**69,031,049**	63,865,085
Disposals during the year	**(34,913,186)**	-
Unrealized gains	**5,844,516**	5,165,964
	39,962,379	69,031,049

The above investments consist of shares of real estate funds, and these investments are valued by funds managers at their fair value.

10-2 Financial investments at FVTPL - current

	31 December 2022	31 December 2021
Balance at the beginning of the year	**596,413,419**	621,178,885
Additions during the year	**74,913,186**	240,414,694
Disposals during the year	**(207,079,732)**	(285,513,505)
Unrealized (losses) / gains	**(27,083,473)**	20,333,345
	437,163,400	596,413,419

The above investments represent shares of commodity trading funds, trading finance funds, and discretionary portfolio with financial companies, which are valued at fair value.

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11. FINANCIAL INVESTMENTS AT AMORTIZED COST:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**286,300,000**	250,000,000
Additions during the year	**290,382,875**	321,300,000
Disposals during the year	**(252,682,875)**	(285,000,000)
	324,000,000	286,300,000

Financial investments classified at amortized cost as at the end of the year are as follows:

Non-current portion of financial investments at amortized cost (*)	**100,000,000**	100,000,000
Current portion of financial investments at amortized cost	**224,000,000**	186,300,000

The above investments consist of Murabaha and Sukuk, and a return is due.

The average commission is 5,38% annually (2021: 4.57%). During the year ended 31 December 2022, total Murabaha revenue amounted to SR 10,2 million has been recognized in the profit or loss (31 December 2021: SR 12,2 million).

(*) Non-current portion of financial investments at amortized cost is represented in Sukuk that will mature in June 2026.

12. LEASES

a) Right-of-use assets:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**2,080,523**	2,814,825
Depreciation during the year	**(734,302)**	(734,302)
	1,346,221	2,080,523

Right-of-use assets represent the present value of the discounted payments of a long-term car rental contract signed with Al-Jomaih Company on 07 September 2020, for a period of four years, with a total value of SR 3,281,040. The discount rate used is 5.5%.

b) Lease liabilities

Lease liabilities have been consist of statement of financial position as follows:

	31 December 2022	31 December 2021
Long-term lease liabilities	**606,653**	1,326,192
Short-term lease liabilities	**820,260**	820,260
	1,426,913	2,146,452

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13. INVENTORY

Inventory as at 31 December comprise the following:

	31 December 2022	31 December 2021
Spare parts	**115,026,192**	112,791,435
Raw materials	**96,550,088**	17,506,100
Production in progress	**146,914,938**	150,065,043
Finished goods	**4,916,866**	7,160,999
Packing materials	**3,159,189**	2,637,392
Consumables and supplies	**3,457,736**	3,358,800
Goods-in-transit	**1,957,806**	661,579
	371,982,815	294,181,348
Less: Provision for obsolete and slow-moving inventory	**(26,216,739)**	(26,983,814)
	345,766,076	267,197,534

Movement in provisions for obsolete and slow-moving inventory is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**26,983,814**	31,029,440
Provided during the year (*)	**1,684,890**	3,737,846
Utilized during the year	**(2,451,965)**	(7,783,472)
	26,216,739	26,983,814

(*) During the year ended 31 December 2022, the Company recognized a provision for slow moving spare parts and raw materials inventories of SR 1,68 million (31 December 2021: SR 3,74 million)

14. TRADE RECEIVABLES

a) Trade receivables comprise the following:

	31 December 2022	31 December 2021
Trade receivables	**52,889,042**	37,688,301
Less: Allowance for expected credit losses	**(1,289,145)**	(2,948,549)
	51,599,897	34,739,752

b) Movement in provision for expected credit losses on trade receivables is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**2,948,549**	10,410,757
Reversal of impairment in provision for expected credit losses for trade receivables	**(1,659,404)**	(7,428,206)
Utilized during the year	**-**	(34,002)
	1,289,145	2,948,549

Additional information related to credit and market risks exposures is disclosed in Note (34-b).

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15. PREPAID EXPENSES AND OTHER RECEIVABLES

Prepaid expenses and other receivables comprise the following:

	31 December 2022	31 December 2021
Accrued recoverable investments (*)	-	1,908,804
Advances to suppliers	**11,209,676**	4,776,174
Prepaid expense	**4,248,788**	3,741,283
Accrued income	**2,327,660**	2,389,381
Employees' receivables	**1,180,141**	1,062,494
Refundable customs deposits	**1,430,800**	1,405,401
Other receivables	**3,736,911**	563,045
	24,133,976	15,846,582
Less: Impairment of other receivables	**(1,018,842)**	(370,386)
	23,115,134	15,476,196

Movement in provision for expected credit losses on other receivables is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**370,386**	627,784
Provided during the Year	**743,474**	-
Utilized during the year	**(95,018)**	(257,398)
	1,018,842	370,386

(*) The accrued recoverable investments represent the remaining amounts from the disposal of financial investments at FVTPL and have not yet been collected.

16. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash in hand	**600,893**	139,775
Cash at banks in local currency	**46,984,693**	65,967,041
Cash at banks in foreign currencies	**4,298,167**	41,295,649
	51,883,753	107,402,465

17. SHARE CAPITAL

The authorized and paid up share capital of the Company is SR 900 million divided into 90 million shares of SR 10 each.

18. STATUTORY RESERVE

In accordance with the requirements of the Regulations for Companies and the Bylaws, the Company set aside (10%) of the annual net income until the fortieth extraordinary general assembly decided to amend the Company's Bylaws on 30 Rabi` I 1438H (corresponding to 29 December 2016)in accordance with the new Regulations for Companies 1437/2015. It also decided to transfer an amount of SR 150,148,023 from the statutory reserve to retained earnings and to stop setting aside a percentage of the net income to the statutory reserve. Thus, the balance of the statutory reserve as at 31 December 2022 represents (30%) of the paid-up capital. This balance is not distributed as dividends.

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19. CORRECTION OF PRIOR YEARS ERRORS

At the end of the current year 2022, it became clear to the Company that there was an error in calculating the accrued expenses of the limestone exploitation, which is due in favor of the Ministry of Industry and Mineral Resources, as a result of the issuance of the update of the Executive Regulations of the new Mining Investment Law on 9 Jumada' I 1442H, which the Company did not implement at the time. Accordingly, the Company's management has re-presented its financial information by amending the items of the previous financial statements that were affected by this error in line with the requirements of IAS (8) "Change in Accounting Policies, Estimates and Accounting Errors".

The following tables summarize the impact on the Company's statement of financial position, statement of profit and loss and other comprehensive income, Statement of Changes in Equity, and Statement of cash flows for the year ended at 31/12 2021:

	As at 31 December 2021		
Statement of financial position	**Balance before restatement**	**Adjustments**	**Balance after restatement**
Retained earnings	569,436,355	(3,394,055)	566,042,300
Total equity	1,735,572,972	(3,394,055)	1,732,178,917
Trade and other payables	115,604,220	3,394,055	118,998,275
Total current liabilities	228,861,522	3,394,055	232,255,577
Total liabilities	284,390,027	3,394,055	287,784,082

	As at 31 December 2021		
Statement of Profit or Loss and Other Comprehensive Income	**Balance before restatement**	**Adjustments**	**Balance after restatement**
Cost of sales	(433,457,112)	(3,394,055)	(436,851,167)
Gross profit	289,341,276	(3,394,055)	285,947,221
Operating profit	288,803,111	(3,394,055)	285,409,056
Profit before Zakat	325,378,703	(3,394,055)	321,984,648
Profit for the year	295,266,297	(3,394,055)	291,872,242
Total other comprehensive income	295,484,743	(3,394,055)	292,090,688
Earnings per share of profit of the year (Basic and diluted)	3,28	(0,04)	3.24

	As at 31 December 2021		
Statement of changes in equity	**Balance before restatement**	**Adjustments**	**Balance after restatement**
Retained earnings	569,436,355	(3,394,055)	566,042,300
Total equity	1,735,572,972	(3,394,055)	1,732,178,917

There is no significant impact of the above adjustments on the statement of cash flows for the financial year ended 31 December 2021.

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20. PROVISION FOR REHABILITATION OF AREAS SUBJECT TO FRANCHISE LICENSE

The provision for the rehabilitation of areas subject to a franchise license represents the present value of the expected cost of re-settlement of the Company's franchise site. Movement in provision for rehabilitation of areas subject to franchise license is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**12,970,997**	12,010,857
Finance costs for rehabilitation of areas subject to franchise license	**929,097**	960,140
	13,900,094	12,970,997

21. EMPLOYEES' BENEFITS OBLIGATIONS

a) Movement in the employees' benefits obligation is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**41,231,316**	40,054,832
Additions during the year (*)	**4,819,160**	4,472,512
Payments made during the year	**(3,792,745)**	(3,077,582)
Actuarial (gains) from re-measurement of employees' benefits obligations	**(85,350)**	(218,446)
	42,172,381	41,231,316

(*) The additions (current service cost and interest expense) were distributed as follows:

	31 December 2022	31 December 2021
Cost of sales	**3,455,076**	3,265,795
General and administrative expenses	**935,078**	828,484
Selling and marketing expenses	**429,006**	378,233
	4,819,160	4,472,512

b) The significant actuarial assumptions used by the independent external actuary are as follows:

	31 December 2022	31 December 2021
Discount rate	**4,35%**	2,65%
Salary increase rate	**5%**	3,5%
Employees' turnover rate	**Moderate**	Moderate

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21. EMPLOYEES' BENEFITS OBLIGATIONS (CONTINUED)

c) Sensitivity in defined benefit obligation

		31 December 2022	31 December 2021
	Base		
	1% increase	**44,961,438**	43,959,165
Change in salary rate	1% decrease	**39,646,015**	38,773,675
	Base		
	1% increase	**39,793,646**	38,914,877
Discount rate	1% decrease	**44,845,471**	43,850,499
Assumption of a statistical study of employees			
Membership data			
Employees average entry age (years)		39	40
Average years of past service		7,8	8,4

22. TRADE AND OTHER PAYABLES

Accrued expenses and other payables comprise of the following:

	31 December 2022	31 December 2021 Restated - Note (19)
Trade payables	**29,129,692**	26,529,892
Accrued expenses	**43,296,651**	40,366,116
Accrued quarry fees	**21,725,816**	27,818,988
Advances from costumers	**5,408,691**	11,290,893
Retention payable	**14,926,622**	10,772,782
VAT payable	**3,333,494**	1,704,208
Accrued withholding tax	**153,258**	190,387
Other payables	**795,590**	325,009
	118,769,814	118,998,275

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23. ZAKAT PROVISION

a) Zakat base of the Company comprises the following:

	31 December 2022	31 December 2021
Equity at the beginning of the year	**1,736,042,300**	1,813,170,058
Additions	**173,219,409**	210,073,118
Deductions	**(1,115,517,466)**	(1,179,513,719)
Basis for calculation of Zakat	**793,744,243**	843,729,457
Adjusted net income for the year subject to Zakat	**163,230,148**	334,549,201
	956,974,391	1,178,278,658
Zakat base (equity method) (a)	**956,974,391**	1,178,278,658
Zakat base (adjusted net income) (b)	**163,230,148**	334,549,201
Zakat payable, higher of (a) or (b)	**24,540,969**	30,112,406
Less: carried forward balance from previous periods	**-**	-
Zakat charge made during the year	**24,540,969**	30,112,406

b) Movement in Zakat Provision during the year is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**29,144,597**	29,077,532
Provided during the Year	**24,540,969**	30,112,406
Paid during the year	**(26,797,889)**	(30,045,341)
	26,887,677	29,144,597

c) Zakat status:

The Company submitted all Zakat returns due up to the year ended at 31 December 2021. On 13 Ramadan 1443H (corresponding to 14 April 2022), the Company obtained a certificate from ZATCA for the year ended 31 December 2021 to enable it to complete all of its transactions, including the payment of its final accruals for contracts.

24. OTHER PROVISIONS

	31 December 2022	31 December 2021
Provision for legal claims and objections	**983,755**	18,983,755
	983,755	18,983,755

Movement in other provisions during the year is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**18,983,755**	43,404,537
Utilized during the year	**(10,000,000)**	(2,857,122)
Reversal during the year	**(8,000,000)**	(21,563,660)
	983,755	18,983,755

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25. REVENUE AND COST OF SALES

- No other revenue classifications have been disclosed as the entire amount of revenue is a result of cement sales within the Kingdom of Saudi Arabia, there are no other products for the Company, and there is no key difference between the selling prices or the production cost of the two types of bulk or packed cement. The Company also sells its entire products through distributors. The sale takes place at a point in time and not over time.
- The cost of sales represents mainly the cost of raw materials, direct wages, fuel, power, spare parts and consumables.

26. DIVIDENDS

During the year ended 31 December 2022

- On 8 February 2022, based on the authorization of the Shareholders' General Assembly, the Board of Directors recommended to distribute dividends of SR 54 million at SR 0,60 per share for the fourth quarter dividends of 2021.
- On 23 March 2022, the Company's general assembly convened and approved the Board of Directors' distribution of dividends to the shareholders in the amount of SR 315 million at (SR 3.5) per share for the first, second, third and fourth quarters of 2021.
- On 17 May 2022, based on the authorization of the General Assembly of shareholders, the Board of Directors recommended to distribute dividends of SR 45 million at SR 0,50 per share for the first quarter dividends of the year 2022.
- On 13 September 2022, based on the authorization of the General Assembly of shareholders, the Board of Directors recommended (by passing) to distribute dividends of SR 45 million at SR 0,50 per share for the second quarter dividends of the year 2022.
- On 21 November 2022, based on the authorization of the Shareholders' General Assembly, the Board of Directors recommended to distribute dividends of SR 54 million at SR 0,60 per share for the third quarter dividends of the year 2022.

During the year ended 31 December 2021

- On 3 February 2021, the Board of Directors has recommended, based on an authorization from the Shareholders' General Assembly, to distribute dividends of SR 108 million at SR 1.20 per share for the fourth quarter dividends of 2020.
- On 17 March 2021, the Company's General Assembly convened and approved the Board of Directors' distribution of dividends to the shareholders amounting to SR 400.5 million at (SR 4.45) per share for the first, second, third and fourth quarters of 2020.
- On 2 May 2021, based on the authorization of the shareholders' General Assembly, the Board of Directors recommended to distribute dividends of SR 99 million at SR 1.10 per share for the first quarter dividends of 2021.
- On 18 August 2021, based on the authorization of the Shareholders' General Assembly, the Board of Directors recommended to distribute dividends of SR 90 million at SR 1 per share for the second quarter dividends of 2021.
- On 23 November 2021, based on the authorization of the Shareholders' General Assembly, the Board of Directors recommended to distribute dividends of SR 72 million at SR 0,80 per share for the third quarter dividends of the year 2021.

Movement in dividends payable during the year is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**64,308,690**	67,507,996
Declared during the year	**198,000,000**	369,000,000
Paid during the year	**(204,798,263)**	(372,199,306)
	57,510,427	64,308,690

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27. SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the year ended 31 December comprise the following:

	31 December 2022	31 December 2021
Salaries, wages and equivalents	**6,968,930**	6,121,175
Other employees' benefits and medical insurance	**485,031**	489,443
Assignments and business trips costs	**151,309**	158,092
Maintenance and fuel	**161,908**	172,257
Depreciation	**179,103**	189,607
Stationery and publications	**161,157**	167,087
Other expenses	**98,326**	168,305
Communications	**6,561**	5,689
Expenses charged from cost of common service centers	**3,539,844**	2,957,036
	11,752,169	10,428,691

28. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year ended 31 December comprise the following:

	31 December 2022	31 December 2021
Salaries, wages and equivalents	**15,619,708**	14,499,203
Other employees' benefits and medical insurance	**403,651**	457,149
Training, assignments and business trips costs	**191,462**	77,037
Directors' remuneration	**2,900,000**	2,824,110
Remuneration of committee members from outside the board of directors	**300,000**	400,000
Allowance to attend meeting of the Board of Directors and Committees	**451,000**	473,000
Maintenance, fuel and electricity	**154,904**	152,492
Listing and deposit center fees	**854,022**	844,046
Depreciation	**314,773**	294,273
Legal and financial consultancy	**8,717,843**	1,016,982
Donations and social responsibility	**121,697**	123,122
Telecommunication and postage	**34,406**	44,702
Bank commissions	**336,574**	221,502
Stationery and publications	**103,689**	96,793
Insurance expense	**25,445**	22,718
Out-of-Pocket Expenses	**305,790**	160,219
Expenses charged from cost of common service centers	**3,262,556**	2,410,315
Impairment of other receivables	**743,474**	-
(Reversal) / charge of provision for donations	**-**	(5,000,000)
	34,840,994	19,117,663

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29. OTHER INCOME, NET

Other income, net for the year ended 31 December comprises the following:

	31 December 2022	31 December 2021
Deposits received from Human Resource Development Fund	**1,237,177**	407,836
Revenue from sale of cement dust	**125,443**	176,651
Rental income	**1,185,544**	749,417
Reversal of provisions and expenses reimbursements	**15,172,690**	26,536,148
Other miscellaneous income	**1,544,234**	1,138,137
	19,265,088	29,008,189

30. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 December 2022, the Company has bank facilities in the form of letters of guarantee and letters of credit from commercial banks of SR 91,8 million (31 December 2021: SR 23,5 million).

Furthermore, the capital commitments of the Company as at 31 December 2022 amounted to SR 121,8 million (31 December 2021: SR 177,7 million). As at 31 December 2022, the total value of existing project contracts amounted to SR 201,8 million (31 December 2021: SR 203,4 million).

31. SEGMENT INFORMATION

The Company's activities mainly represent two operating sectors: the first one is the manufacturing and selling of cement and it is mainly sold to local customers, and the second is the investing sector. The Company's segment information is divided into units as follows:

a) Financial information for revenue and profits for sectors for the years ended 31 December 2022 and 2021 is as follows:

	Operating segment		**Investing sector**	
	31 December 2022	December 31 2021 (restated note (19))	**31 December 2022**	31 December 2021
Revenue from contracts with customers	**678,456,217**	722,798,388	-	-
Profits/ (losses) for the year before Zakat	**160,127,727**	284,309,542	**(5,074,201)**	37,675,106

b) Financial information for revenue and profits for sectors for the years ended 31 December 2022 and 2021 is as follows:

	Operating segment		**Investing sector**	
	31 December 2022	31 December 2021 Restated - note (19)	**31 December 2022**	31 December 2021
Total assets	**1,125,302,106**	1,068,218,531	**801,125,779**	951,744,468
Total liabilities	**266,651,061**	287,784,082	-	-

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32. EARNINGS PER SHARE – BASIC AND DILUTED

Basic earnings per share was calculated by dividing the distributable income for the year among the shareholders who own the ordinary shares of the Company by the weighted average number of ordinary shares outstanding during the year.

The diluted earnings per share are the same as the basic earnings per share as the Company has no diluted instruments.

	31 December 2022	December 31 2021 (restated note 19)
Net profit for the year	**130,512,557**	291,872,242
Weighted average number of shares	**90,000,000**	90,000,000
Basic and diluted earnings per share	**1.45**	3.24

33. DISCLOSURES OF RELATED PARTY PARTIES

The Company's related parties are the major shareholders, members of the Board of Directors of the Company, key management personnel of the Company, and entities managed or a significant influence is exercised over them by these parties.

Key management personnel remuneration
The remuneration of the board of directors and other key management personnel charged during the year are as follows:

	31 December 2022	31 December 2021
Salaries and short-term benefits - key management personnel	**12,691,071**	12,634,309
Post-employment benefits - key management personnel	**800,800**	735,228
Board of Directors and committees' remuneration and allowances	**3,651,000**	3,838,754
	17,142,871	17,208,291

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34. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

a) Fair value measurement of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

	31 December 2022							
	Carrying amount				Fair value			
	Fair value	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value:								
Investments at fair value through profit or loss	477,125,779	-	-	477,125,779	73,299,404	344,994,754	58,831,620	477,125,778
	477,125,779	-	-	477,125,779	73,299,404	344,994,754	58,831,620	477,125,778
Financial assets at amortized cost:								
Financial investments at amortized cost	-	324,000,000	-	324,000,000	-	-	-	-
Trade receivables	-	51,599,897	-	51,599,897	-	-	-	-
Cash and cash equivalents	-	51,883,753	-	51,883,753	-	-	-	-
	-	427,483,650	-	427,483,650	-	-	-	-
Financial liabilities not measured at fair value:								
Trade payables	-	-	29,129,692	29,129,692	-	-	-	-
Accrued expenses and other payables	-	-	89,640,122	89,640,122	-	-	-	-
	-	-	118,769,814	118,769,814	-	-	-	-

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34- FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

a) Fair value measurement of financial instruments (continued)

	31 December 2021 Restated - note (19)							
	Carrying amount				**Fair value**			
	Fair value	**Amortized cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value:								
Investments at fair value through profit or loss	665,444,468	-	-	**665,444,468**	121,570,706	452,805,258	91,068,504	**665,444,468**
	665,444,468	-	-	**665,444,468**	121,570,706	452,805,258	91,068,504	**665,444,468**
Financial assets at amortized cost:								
Financial investments at amortized cost	-	286,300,000	-	286,300,000	-	-	-	-
Trade receivables	-	34,739,752	-	34,739,752	-	-	-	-
Cash and cash equivalents	-	107,402,465	-	107,402,465	-	-	-	-
	-	428,442,217	-	428,442,217	-	-	-	-
Financial liabilities not measured at fair value:								
Trade payables	-	-	26,529,892	26,529,892	-	-	-	-
Accrued expenses and other payables	-	-	92,468,383	92,468,383	-	-	-	-
	-	-	118,998,275	118,998,275	-	-	-	-

34- FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

a) Fair value measurement of financial instruments (continued)

There were no transfers between the levels of fair value hierarchies during the year.

Level 1 consists of investments in local portfolios, as they are traded in a recognized financial market at their most recent quoted prices.

Level 2 consists of investments in both local and international portfolios. Investments in unlisted mutual funds are valued using unadjusted net asset value or when units in the fund are redeemable on the basis of net assets value, at the measurement date, as appropriate.

Level 3 consists of investments in both local and international funds. Investments in local and international mutual funds and real estate funds, managed by the Company, are valued at fair value based on the latest net assets values reported by the fund managers.

b) Risk management

The Company's overall risk management program focuses on the unpredictable fluctuations in financial markets and aims to minimize potential negative impacts on the Company's financial performance.

Financial risk management framework

Risk management policy is carried out by the senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

The Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The teamwork conducts meetings on a regular basis, and any changes or matters related to compliance with policies are reported to the Board of Directors through the Audit Committee.

The risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. Through training, management standards and procedures, the Company aims to develop a responsible and constructive control environment so that all employees are aware of their roles and responsibilities.

The Risk Committee oversees the management's compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Financial instruments included in the statement of financial position include cash and cash equivalents, trade and other receivables, financial assets, trade and other payables. The recognition methods used are disclosed in the individual policy statement for each item.

The Company is exposed to the following risks as a result of its use of financial instruments:

a) Credit risk
b) Liquidity risk
c) Market risk

(Saudi Riyal)

34- FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations and arises principally from the Company's trade receivables and cash and cash equivalents. The carrying amount of financial asset represents the maximum credit exposure.

Bank balances and trade receivables

The cash and cash equivalents of the Company are deposited in public accounts with local banks with good credit ratings.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each individual customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry.

The management also continues to monitor the credit risk of its customers and creates a provision for doubtful balances. The existing customer balances are continuously monitored. Cash and cash equivalents are placed with national banks with sound credit ratings. Trade and other receivables are basically due from customers in local markets and most balances are pledged against effective bank guarantees from local banks with sound credit ratings. Trade and other receivables have been shown at their estimated recoverable value.

Management takes into account available and supportive forward-looking information such as:

a) Significant actual or anticipated changes in the business.
b) Actual or expected significant changes in the operating results of the counterparty,
c) Financial or economic conditions that are expected to cause a significant change in the counterparty's ability to fulfill its obligations.
d) Significant increase in credit risk on other financial instruments of the same counterparty,
e) Significant changes in the value of the collateral in support of the obligation or in the quality of counterparty guarantees or credit improvements.

The Company reconized a provision for expected credit losses, which amounted to SR 1,289,145 as at 31 December 2022.

The ageing of trade receivables at reporting date is as follows:

	31 December 2022		31 December 2021	
Period	**Balance**	**Impairment**	Balance	Impairment
Not past due and not impaired	**41,479,357**	**-**	18,531,805	-
0 - 90 days	**9,219,640**	**151,669**	13,347,384	173,287
90 - 180 days	**1,061,606**	**12,314**	275,115	4,802
180 - 360 days	**3.036**	**133**	-	-
360 - 720 days	**622**	**248**	4,000,000	1,236,462
More than 720 days	**1,124,781**	**1,124,781**	1,533,998	1,533,998
	52,889,042	**1,289,145**	37,688,302	2,948,549

(Saudi Riyal)

34- FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

A) Credit risk (continued)

Management believes that the amounts that have been impaired and that are past due for more than 90 days are still fully collectible based on the previous payment behavior and comprehensive analysis of the customer's credit risk, including the customer's underlying credit ratings, if available. The Company reconized a provision for all balances past due for more than 720 days (2021: 720 days). The balance of the provision for expected credit losses amounted to SR 1,289,145 as of 31 December 2022 (2021: SR 2,948,549).

b) Liquidity risk

Liquidity risk is the difficulties that an entity will encounter in raising funds to meet commitments related to financial instruments. Liquidity risk may result from the inability to sell financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring liquidity on an ongoing basis and ensuring that sufficient financial resources are in place. Concentration in liquidity risk may arise from terms of repayment of financial obligations, sources of financing, or reliance on a specific market to obtain liquid assets. The following are the contractual maturities of the financial liabilities at the end of the year that were presented in gross and undiscounted amounts.

2022	**Total carrying amount**	**Less than 3 months**	**3-12 months**	**1 to 5 years**	**Accrued interests for future periods**	**Total contractual maturity**
Payables	**29,129,692**	29,129,692	-	-	-	**29,129,692**
Accrued expenses and other payables	**89,640,122**	-	89,640,122	-	-	**89,640,122**
Dividends payable	**57,510,427**	-	57,510,427	-	-	**57,510,427**
Lease lability	**1,426,913**	186,178	574,207	666,527	**76,896**	**1,503,809**
Other provisions	**983,755**	-	983,755	-	-	**983,755**
	178,690,909	**29,315,870**	**148,708,511**	**666,527**	**76,896**	**178,767,805**

2021 Restated - note (19)	Total carrying amount	Less than 3 months	3-12 months	1 to 5 years	Accrued interests for future periods	Total contractual maturity
Payables	26,529,892	26,529,892	-	-	-	26,529,892
Accrued expenses and other payables	92,468,383	-	92,468,383	-	-	92,468,383
Dividends payable	64,308,690	-	64,308,690	-	-	64,308,690
Lease lability	2,146,452	176,177	543,362	1,426,913	177,619	2,324,071
Other provisions	18,983,755	-	18,983,755	-	-	18,983,755
	204,437,172	26,706,069	176,304,190	1,426,913	177,619	204,614,791

As at 31 December 2022, the Company maintains cash and cash equivalents of SR 51,8 million (31 December 2021: SR 107,4 million). Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(Saudi Riyal)

34- FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

b) Liquidity risks (continued)

Capital management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. And to maintain a strong capital base to support the sustained development of its businesses.

The Company's adjusted net liabilities to equity ratio is as follows:

	31 December 2022	31 December 2021
		Restated - note (19)
Total liabilities	**261,651,061**	287,784,082
Less: cash and cash equivalents	**(51,883,753)**	(107,402,465)
Net liabilities	**209,767,308**	180,381,617
Total equity	**1,664,776,824**	1,732,178,917
Net liabilities to equity	**0,12**	0,10

c) Market risk

Market risk is the risk of possible impact of changes in market prices, such as foreign exchange rates and commission rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in currency foreign exchange rates. Since the Saudi Riyal is pegged against the US Dollar, there are no significant currency risks. The Company's management monitors the changes in foreign currency exchange rates and believes that foreign currency risks are insignificant.

Commission rate risk
Commission rate risk arises from the possibility that changes in market commission rates will affect future profitability or the fair value of the financial instruments. The Company monitors the fluctuations in commission rates and believes that the effect of the commission rate risk is not material.

(Saudi Riyal)

35. NON-CASH TRANSACTIONS

The most signifcant non-cash transactions for the purposes of preparing the statement of cash flows are as follows:

Significant non-cash transactions	**31 December 2022**	31 December 2021
Transferred from projects in progress to property, plant and equipment	**1,895,317**	2,780,802
Due from sale of investments at FVTPL	-	1,908,804
Actuarial gains on employees' benefits	**85,351**	218,446

36. SUBSEQUENT EVENTS

- The new Regulations for Companies, issued by the Royal Decree no. M/132 dated 1/12/ 1443H (corresponding to 30 June 2022) (Hereinafter referred as the "the Regulations for Companies"), came into force on 26/6/1444H (corresponding to 19 January 2023). For some provisions of the Regulations, full compliance is expected no later than two years from 26/6/1444H (corresponding to 19 January 2023) and management is in the process of evaluating the impact of the new Regulations for Companies and will amend its Articles of Association/By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the company shall present its By-laws to the shareholders in the Annual Extraordinary General Assembly meeting for approval.

- On 19 February 2023, based on the authorization of the Shareholders' General Assembly, the Board of Directors recommended to distribute dividends of SR 54 million at SR 0,60 per share for the fourth quarter dividends of 2022.

Management is not aware of any significant subsequent events that have occurred after the reporting date and through the date when these financial statements were issued that would have material impact on the Company's financial position and its financial performance as at and for the year ended 31 December 2022 other than what has been indicated above.

37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 28 Rajab 1444H corresponding to 19 February 2023.