YAMAMA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

Yamama Cement Company
Saudi Joint Stock Company
Financial Statements together with Independent Auditor's Report
For the Year Ended December 31, 2023

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mazars

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Report on the Audit of the Financial Statements

To the **Shareholders of Yamama Cement Company**
(A Saudi Joint Stock Company)

Opinion:
We have audited the financial statements of **Yamama Cement Company** (the Company), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of 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 December 31, 2023, and its financial performance and its cash flows for the year then ended in in accordance with International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Auditors and Accountants.

Basis for Opinion:
We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 year. 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. For each key audit matter, a description of how our audit addressed the matter is set out below:

Key audit matters	How the matter was addressed in our audit
Revenue recognition: During the year ended 31 December 2023, Company's revenue amounted to SAR 935 million (2022: SAR 1 billion). The Company continues to be under pressure to meet goals and expectations which may lead to misstatements in revenue. Revenue recognition is a key audit matter because there is a risk that management may override controls to misrepresent revenue transactions.	We have performed the following procedures regarding revenue recognition: - Evaluating the appropriateness of the accounting policies related to the revenue recognition of the Company by taking into consideration the requirements of IFRS 15 "Revenue from Contracts with Clients". - Evaluating the design, implementation and testing of the operational effectiveness of the Company's control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with the Company's policy. - Testing sales transactions, on a sample basis, and perform cut-off tests of revenue made at the beginning or end of the year to assess whether the revenue has been recognized in the correct period.

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Report on the Audit of the Financial Statements (continued)

Key audit matters (continued)	How the matter was addressed in our audit (continued)
Revenue recognition (Continued): Please refer to notes 3-18 for revenue accounting policy and note 22 related to accompanying financial statements. **Property, machinery, equipment, and capital work in progress:** The property, plant and equipment and capital work in progress balances are considered of high relative importance, as the net book value of property, plant and equipment amounted to SAR 4,9 billion as at 31 December 2023 (2022: SAR 4,9 billion) and capital work in progress amounted to SAR 231,2 million as at 31 December 2023 (2022: SAR 47,3 million). There are also matters that require management to use some important estimates and assumptions that affect its balances by determining the productive ages and periodically reviewing those ages and the consequent assessment of depreciation periods and the impact of that on the result of the activity. Property, machinery and equipment include the balance transferred from the capital work in progress, which includes the costs of constructing the residential city in the new Yamamah cement factory, which amounted to SAR 50.4 million as at December 31, 2023, which represents 89% of the total transfer from capital work in progress to property, machinery and equipment., and the special procedures required to verify the validity of contracts, evidence, timing and conditions for converting them into property, machinery, and equipment. Therefore, we considered property, machinery, equipment, and capital work in progress as a key audit matter. The accounting policy for property, plant and equipment of the Company and capital work in progress were disclosed in note no. (3-9) and no. (3-11) in the accompanying financial statements Property, plant and equipment, and capital work in progress were disclosed in notes no. (5) and (6) respectively in the accompanying financial statements.	- Testing revenue transactions, on a sample basis, and verifying supporting documents, to ensure the accuracy and validity of revenue recognition. We have performed the following procedures regarding existence and valuation of property, plant and equipment and capital work in progress balances: - Evaluating the design and effectiveness of internal control procedures over the accounting cycle for property, plant and equipment and capital work in progress. We assessed the adequacy of the capitalization policies and undertook sample-based verification procedures and verified the depreciation policy for the year. We discussed with the management their professional judgment about the nature of items that have been capitalized and the appropriateness of useful lives and related policies in this regard. - We received the consultant's report on the residential city project at the new Yamama Cement Factory, and according to the consultant's report, the project was completed and actually received during January 2023.
Inventory: As at December 31, 2023, the Company's inventory balance amounted to SAR 332.4 million (2022: SAR 267 million), which exceeded 42% of total current assets and 5% of total assets (December 31, 2022: 35% of total current assets and 4% of total assets), and inventory balance included non-finished goods (clinker) with an amount of SAR 244.2 million (2022: SAR 195.4 million). Clinker stocks are in the form of piles in yards and hangars set up for this purpose. Whereas, determining the weight of this stock is not practically possible. The management estimates the available quantities at the year-end by measuring the stock piles and converting the measurements into unit volumes using the stability angle and the quantitative density. To do this, management assigns an independent inspection expert to estimate quantities at the year end.	We have performed the following procedures regarding existence and valuation of inventory balance: - Attending the physical inventory count held by the Company and the independent inspection expert. - Obtaining the stock inventory report submitted by the independent inspection expert regarding the stock of raw materials, especially clinker. - Evaluating the design and effectiveness of internal control procedures for the inventory accounting cycle. - Evaluating the appropriateness and adequacy of disclosures related to inventory in the financial statements.

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Report on the Audit of the Financial Statements (continued)

Key audit matters (continued)	How the matter was addressed in our audit
Inventory (continued): In addition, the management calculates the cost of sales and the value of inventory at year end based on costs incurred, quantities produced and the inventory balance at year end. Thus, the existence and valuation of inventory and cost of sales are affected by the above-mentioned inventory count process at year end. With reference to the importance of inventory balance and related valuations and assumptions used, this matter was considered a key audit matter. Please refer to note 3-5 for accounting policy and note 12 related to financial statements.	- Testing the validity of inventory measurement at cost or net realizable value, whichever is lower.

Other information included in the Company's annual report for the year ended 31 December 2023
Other information consists of other information included in the Company's annual report for the year ended 31 December 2023, other than the financial statements and the auditors' report thereon. We obtained the report of Board of Directors, prior to the date of our Auditors' report and we expect to obtain the remaining section of the 2023 Annual Report after the date of this auditor's report. The Company's management is responsible for the other information mentioned in its annual report .

Our opinion on the financial statements does not cover other information and we do not and will not express any form of assurance conclusion thereon. In our audit of the financial statements, it is our responsibility to read the information described above. In doing so, we consider whether the other information is not materially consistent with the financial statements or knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when it is available to us, if we discover that there is a material misstatement therein, we are required to inform 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 for the financial statements in accordance with IFRSs, 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 who are 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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Report on the Audit of the Financial Statements (continued)

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

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

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 year 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.

For Al-Kharashi Co.

Abdullah S. Al Misned
License No. (456)

الخراشي وشركاه
محاسبون و مراجعون قانونيون
س.ت: C.R.: 1010327044
Certified Accountants
& Auditors
AL-Kharashi Co.

Riyadh:
4 Sha'ban, 1445H
14 February, 2024G

YAMAMA Cement Company

Saudi Joint Stock Company

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

	Note	2023	2022
Assets			
Non-current assets			
Property, plant and equipment, Net	(5)	4,857,498,764	4,941,346,371
Capital works in progress	(6)	231,197,287	47,288,669
Intangible assets	(7)	10,922,584	8,535,932
Right of use assets, Net	(8)	8,365,900	5,442,044
Investments in associates using equity method, Net	(9)	48,469,427	46,433,630
Financial assets at fair value through other comprehensive income	(10)	528,499,100	548,100,310
Total non-current assets		**5,684,953,062**	**5,597,146,956**
Current assets			
Trade receivables	(11)	131,084,392	145,684,971
Inventory	(12)	332,433,644	267,086,297
Prepayments and other debit balances	(13)	173,763,655	39,244,020
Due from related parties	(14)	342,948	747,500
Financial assets at fair value through profit or loss	(15)	-	225,000,000
Cash and cash equivalents	(16)	160,160,794	75,903,587
Total current assets		**797,785,433**	**753,666,375**
Total Assets		**6,482,738,495**	**6,350,813,331**
Shareholders' Equity and liabilities			
Shareholders' Equity:			
Share capital	(1)	2,025,000,000	2,025,000,000
Statutory reserve		726,883,763	726,883,763
Additional Reserve		579,936,772	579,936,772
Retained earnings		1,213,900,105	1,112,256,998
Cumulative change in fair value for Items of other comprehensive income		187,585,810	207,187,020
Total Shareholders' Equity		**4,733,306,450**	**4,651,264,553**
Non-current liabilities			
Long term loans- non-current portion	(17)	907,666,667	840,333,333
Lease liabilities – non-current	(8)	5,114,317	2,761,386
Provision for land restoration cost	(20)	10,590,647	10,543,694
Employees' defined benefits liabilities	(21)	114,064,732	106,675,226
Total non-current liabilities		**1,037,436,363**	**960,313,639**
Current liabilities:			
Trade payable		152,724,176	313,965,484
Long term loans- current portion	(17)	407,666,667	262,666,667
Lease liabilities – current	(8)	3,410,135	2,763,865
Due to Related Parties	(14)	9,002,182	301,992
Dividends Payable		73,125,999	73,711,480
Accrued expenses and other credit balances	(18)	49,830,766	49,690,596
Provision for Zakat	(19)	16,235,757	36,135,055
Total current liabilities		**711,995,682**	**739,235,139**
Total liabilities		**1,749,432,045**	**1,699,548,778**
Shareholders' Equity and Liabilities		**6,482,738,495**	**6,350,813,331**

EVP for Finance CEO Chairman

The accompanying notes are an integral part of these financial statements.

YAMAMA Cement Company

Saudi Joint Stock Company

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

	Note	2023	2022
Revenue, Net	(22)	935,192,569	1,008,111,137
Cost of revenue		(599,835,423)	(599,465,338)
Gross profit		**335,357,146**	**408,645,799**
Expenses and charges:			
Selling and distribution expenses	(23)	(13,043,404)	(11,460,657)
General and administrative expenses	(24)	(58,757,020)	(64,055,534)
Total expenses and charges		**(71,800,424)**	**(75,516,191)**
Income from main activities		**263,556,722**	**333,129,608**
Other (expenses)/ income:			
Provision expense for doubtful debts		-	(1,089,572)
Finance Cost		(42,610,888)	(6,788,227)
Investment income	(25)	16,402,589	14,701,771
Other income	(26)	46,225,330	3,367,822
Gain from sale of property, plant and equipment		32,678,090	34,477,148
Income for the year before zakat		**316,251,843**	**377,798,550**
Zakat charged for the year	(19)	(12,000,000)	(22,000,000)
Net income for the year		**304,251,843**	**355,798,550**
Other Comprehensive Income:			
(Loss) / gain or of change in fair value of financial assets designated at fair value through other comprehensive income	(10)	(19,601,210)	14,078,033
Re-measurement for employees' defined benefits	(21)	(108,736)	1,401,477
Total other comprehensive (loss) / income		**(19,709,946)**	**15,479,510**
Total comprehensive income for year		**284,541,897**	**371,278,060**
Earnings per share:	(30)		
From main activities		**1.30**	**1.65**
From net income for the year		**1.50**	**1.76**

EVP for Finance

CEO

Chairman

The accompanying notes are an integral part of these financial statements.

YAMAMA Cement Company
Saudi Joint Stock Company
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

	Share capital	Legal reserve	Additional Reserve	Retained Earnings	Cumulative change in fair value	Total
Balance as at 1 January 2022	2,025,000,000	726,883,763	579,936,772	755,056,971	193,108,987	4,279,986,493
Profit for the year	-	-	-	355,798,550	-	355,798,550
Other comprehensive income	-	-	-	1,401,477	14,078,033	15,479,510
Balance as at 31 December 2022	**2,025,000,000**	**726,883,763**	**579,936,772**	**1,112,256,998**	**207,187,020**	**4,651,264,553**
Balance as at 1 January 2023	2,025,000,000	726,883,763	579,936,772	1,112,256,998	207,187,020	4,651,264,553
Profit for the year	-	-	-	304,251,843	-	304,251,843
Dividends paid to shareholders	-	-	-	(202,500,000)	-	(202,500,000)
Other comprehensive loss	-	-	-	(108,736)	(19,601,210)	(19,709,946)
Balance as at 31 December 2023	**2,025,000,000**	**726,883,763**	**579,936,772**	**1,213,900,105**	**187,585,810**	**4,733,306,450**

EVP for Finance

CEO

Chairman

The accompanying notes are an integral part of these financial statements.

YAMAMA Cement Company

Saudi Joint Stock Company

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit for the year before zakat		316,251,843	377,798,550
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		175,237,279	35,605,237
Provision for obsolescence of main spare parts (machinery and ovens)	5	4,085,003	72,000,000
Employees' defined benefit obligations	21	10,847,137	9,291,017
Provision for land restoration cost	20	46,953	9,046,059
Gain from sale of property, plant and equipment		(32,678,090)	(34,477,148)
Realized gain from financial assets at fair value through other comprehensive income	25	(11,942,244)	(2,724,466)
Realized and unrealized gain from financial assets at fair value through profit or loss	25	(2,424,549)	(2,836,552)
Share of results from associate companies using equity method	25	(2,035,796)	(9,140,753)
Reversed zakat provision for prior years	19	(19,000,000)	-
		438,387,536	**454,561,944**
Changes in working capital			
Trade receivable		14,600,579	(52,487,541)
Inventory		(65,347,347)	15,573,427
Due from related parties		404,552	143,282
prepayments and other debit balances		(134,519,634)	7,820,212
Trade payable		(161,241,308)	127,917,408
Due to related parties		8,700,191	(1,540,308)
Accrued expenses and other credit balances		140,171	(17,205,701)
Change in lease obligations		2,999,201	2,674,981
Zakat Paid	19	(12,899,298)	(6,414,800)
Employees' defined benefits liabilities paid	21	(4,570,817)	(12,772,727)
Cash flows generated from operating activities		**86,653,826**	**518,270,177**
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in financial assets at fair value through profit or loss		225,000,000	(191,060,285)
Change in financial assets at fair value through OCI		-	(15,000,000)
Purchase of property, plant, and equipment		(12,011,862)	(3,019,850)
Proceeds from sale of property, plant, and equipment		32,903,277	34,477,148
Change in main spare parts (machinery and ovens)		(24,373,841)	(43,174,287)
Change in the right of use assets		(2,923,856)	(2,717,450)
Change in capital works in progress		(244,604,980)	(224,266,637)
Proceeds from investment income		14,366,792	3,967,800
Net cash flows used in investing activities		**(11,644,470)**	**(440,793,561)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repaid amount of long-term loan		(262,666,667)	(75,190,091)
Proceeds from loans		475,000,000	-
Dividends paid		(203,085,482)	(470,448)
Net cash flows generated from / (used in) financing activities		**9,247,851**	**(75,660,539)**
Change in cash and cash equivalents		84,257,207	1,816,077
Cash and cash equivalents at 1 January		75,903,587	74,087,510
Cash and cash equivalents at 31 December	(16)	**160,160,794**	**75,903,587**

The disclosure of non-cash activities in the Note (27).

EVP for Finance   CEO   Chairman

The accompanying notes are an integral part of these financial statements.

1. THE COMPANY AND NATURE OF ITS BUSINESS:

a) The Establishing of The Company

Al-Yamama Cement Company is a Saudi Joint Stock Company - formed by Royal Decree No. 15 dated 13/3/1381H – and registered in Riyadh city under Commercial Registration No. 1010001578 dated 18-4-1379H.

b) The Nature of The Company's Activity

The nature of the company's activity is represented in the manufacturing and production of cement, its accessories, derivatives and components, and trade in it inside and outside the Kingdom of Saudi Arabia with Industry License No. (2370) dated 22/09/1439 H.

c) The Company's Capital

Al-Yamama Cement Company is a public joint stock Company listed on the Saudi stock market. With a capital of SAR 2,025 million divided into 202,500,000 shares with a value of 10 riyals per share, it is wholly owned by individuals and public institutions.

d) Fiscal year

The Company's financial year is twelve months starts from first January to end of December every year

e) Functional and presentation currency

The financial statements are prepared in Saudi Riyals, which is the functional and presentation currency for the Company, all the numbers are rounded to the nearest Riyal, unless otherwise indicated.

2. THE BASIS OF PREPARATION:

2.1 Statement of compliance

The Company's financial statements were prepared in accordance with the international standards of the financial report adopted in Saudi Arabia and other standards and issues issued by the Saudi Association of Chartered Accountants.

2.2 Accounting basis

Financial statements are prepared in accordance with the principle of historical cost and using Accrual basis and the concept of continuity of activity, excluding financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss and investments in Islamic Murabaha that are proven at fair value through the statement of profits or losses and investments in associate companies which are recorded in accordance with the method of equity.

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES:

The policies used to prepare the financial statements for the year ended December 31, 2023 are the same as those applied in the financial statements for the year ended December 31, 2022.

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (CONTINUE):

3.1 New standards, amendments and interpretations

a) New and amended standards that do not have a material impact on the financial statements.

The following are the recent changes to IFRS that must be applied in annual periods beginning on January 1, 2023.

- International Financial Reporting Standard (17) - "Insurance Contracts"
- Disclosure of accounting policies, amendments to International Accounting Standard (1) and the Statement of Practice.
- Definition of accounting estimate Amendments to the International Accounting Standard.
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction, these amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- Amendments to IAS 8 – The amendments aim to improve accounting policy disclosures and to help users of financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The application of the amended standards did not have any material impact on the amounts recognized in the current and prior years.

b) Standards issued but not yet effective

The standards and interpretations issued but not yet effective until the date of issuance of the company's interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Classifying liabilities as current or non-current. Amendments to International Accounting Standard (1) apply to annual periods beginning on or after January 1, 2024. That date.
- Lease obligations in sale and leaseback transactions Amendments to IFRS 16 apply to annual periods beginning on or after January 1, 2024.
- Non-current liabilities with commitments Amendments to International Accounting Standard (1), applicable to annual periods beginning on or after January 1, 2024.
- Sale or contribution of assets between the investor and the associate or joint venture. Amendments to IFRS (10) and IAS (28)), the effective date will be determined later.
- Supplier financing arrangements - amendments to IAS 7 and IFRS 7, applicable to annual periods beginning on or after January 1, 2024.
- Inability to exchange a foreign currency - amendments to International Accounting Standard (21), applicable to annual periods beginning on or after January 1, 2025.
- 5.2.4. Amendents to IAS 27 – Lack of exchangeability.
- IFRS S1, 'General requirements for disclosure of sustainability-related financial information, this standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- IFRS S2, 'Climate-related disclosures', this is the first thematic standard issued that sets out requirements for entities to disclose information about climate related risks and opportunities.

These above standards' amendments are not expected to have a material impact on the Company's financial statements.

3.2 Financial assets - recognition and measurement

At the initial recognition, all financial assets are proven at the price of their transactions, which represents fair value, unless the arrangement actually consists of a financing transaction. If the arrangement consists of a financing transaction, the item is measured initially at the current value of future flows discounted at the market interest rate of a similar debt instrument.

After initial recognition, the extinguished cost model (or in some cases the cost model by nature and purpose of the financial asset) is applied to measure the underlying financial instruments.

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):

3.2 Financial assets - recognition and measurement (continued):

Loans and receivable

Loans and receivables are non-derivative financial assets with fixed or identifiable payments that are not listed on an active market. They are part of current assets except those with a maturity date of more than 12 months after the end of the reporting period and are classified as non-current assets. Loans and receivables include accounts of commercial debtors and other debtor assets owed by related parties and cash in the fund and at banks.

Trade Receivables

The amounts due from customers for goods sold or services performed in the normal business context are represented. Debtors are proven to be the value of the original invoice minus the amount of doubtful amounts. An estimate of doubtful debts is made when there are fundamental doubts that the full amount cannot be collected. Bad debts are written off when there is no possibility of recovery.

Impairment in the value of financial assets

At the end of the fiscal year, an assessment is made to ensure that there is no objective evidence of an impairment in the value of any financial asset measured in cost or amortized cost. If there is such evidence of depreciation, the impairment loss is recognized by the profit or loss statement for that year. The value of the decline in value is determined as follows:

A) For fair-value assets, the impairment represented in the difference between cost and fair value, minus any loss of value previously demonstrated in the earnings or loss statement.
B) For cost-included assets, the impairment represented in the difference between the amount listed and the present value of future cash flows discounted by the current market rate of return from a similar financial asset line.
C) For assets listed at the amortized cost, the impairment represented in the difference between the amount listed and the present value of future cash flows discounted by the original actual commission rate.

3.3 Financial liability - recognition and measurement

Financial obligations are classified according to contractual arrangements and include creditors, amounts payable and loans. All financial obligations are initially recognized at fair value, after the first proof of direct transaction costs are proven based on the cost extinguished using the actual commission rate over the life of the instrument and are included in the statement of profits or losses.
Loans are classified as current liabilities unless the Company has an unconditional right to postpone payment for at least 12 months after the date of the financial position statement.

Trade payable

Trade payable are reimbursed for future payments for goods and services received, whether or not they are invoiced by suppliers.

3.4 Cash and cash equivalents

For the purposes of preparing the cash flow statement, cash and equivalent cash consists of the Fund, banks and Murabaha deposits, with a maturity period of three months or less from the date of acquisition.

3.5 Inventory

The inventory of raw materials, incomplete production, packing bags, etc. is assessed on the basis of cost and the moving weighted average method, and the total production stock is assessed at cost or net value recovered whichever is lower. The inventory is reduced by the value of stagnant and slow-moving items according to management estimates and inventory movement.

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):

3.2 Financial assets - recognition and measurement (continued):

3.6 Investments in associate companies using equity method

An associate Company is one over which the Company has the ability to exert significant influence, but not joint control or control, by participating in the financial and operational decisions of the Company's investor. The Company owns a minimum 20% stake in its capital.

These investments are accounted for in a proprietary manner. They are proven by cost and subsequently adjusted in light of the change in the Company's share of the Company's net assets invested in it. The Company's share of the Company's net profit and loss is included in the list of earnings or losses. Losses of an associate Company that exceeds the Company's ownership rights are not recognized.

3.7 Financial assets at fair value through other comprehensive income

Upon initial recognition, the Company can make an irrevocable decision (on an instrument-by-instrument basis) whereby the decision designates the investments in equity instruments as at fair value through other comprehensive income. These investments are not permitted to be classified at fair value through other comprehensive income if they are held for trading.

A financial asset or financial liability is held for trading in the following cases:

- ✓ It is acquired or incurred primarily for the purpose of selling or repurchasing it in the near term;
- ✓ On initial recognition, this is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a real pattern of profit-taking in the short term. or
- ✓ A derivative except for a derivative of a financial or specific security contract and an effective hedging instrument.

Investments in equity instruments are initially measured at fair value through other comprehensive income plus transaction costs.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in other comprehensive income and accumulated in other reserves. Gains or losses on equity instruments are never reclassified to the statement of profit or loss and no reduction is recognized in the statement of profit or loss. Investments in unlisted equity, which were previously recorded at cost in accordance with International Accounting Standard No. 39 approved in the Kingdom of Saudi Arabia, are now measured at fair value. The cumulative gain or loss will not be reclassified to the statement of profit or loss when the investments are sold.

Dividends on these investments are recognized in the statement of profit or loss when the company's right to receive the dividends is established in accordance with International Accounting Standard No. 18 endorsed in the Kingdom of Saudi Arabia, unless the dividend clearly represents a recovery of part of the cost of the investment.

The investment revaluation reserve includes the net cumulative change in the fair value of an equity investment measured at fair value through other comprehensive income. When these financial instruments are disposed of, the amount accumulated in the fair value reserve is transferred to retained earnings.

3.8 Financial assets at fair value through profit or loss

The company may, upon initial recognition, choose to classify a financial asset at fair value through profit or loss if it does not meet the requirements to classify it as a financial instrument at amortized cost or at fair value through other comprehensive income, if this leads to a significant reduction or reduction of the accounting mismatch that may appear. In other matters.

Financial assets are not reclassified after initial recognition, except for the period after the company changes its business model for managing financial assets.

Financial assets held for trading purposes, if any, whose performance is evaluated on the basis of fair value and included in financial assets at fair value through profit and loss, are measured because they are not held to collect contractual cash flows, nor are they kept to collect contractual cash flows, nor are they kept to collect contractual cash flows and sell financial assets.

3.9 Property, machinery and equipment

Property, machinery and equipment appear at cost minus accumulated depreciation and any decrease in value. The cost is consumed minus the residual estimated value of property, machinery and equipment (excluding land where it is not consumed) in a fixed-installment manner over its projected production life span using the following annual depreciation ratios:

• Building and facilities	3-10%
• Machinery and equipment	3-10%
• Vehicles and transport	25%
• Tools	10%
• Furniture and office equipment	20%
• Machinery and ovens' spare parts and furnaces (*)	

(*) Machinery and ovens' spare parts are assessed at cost and a fixed obsolescence allocation is calculated annually for them, and the Company's management has carried out a comprehensive study with regard to machine parts and furnaces to determine what will be consumed during the periods to the date of transition on the new plant, as well as the management laid the foundations for determining the fair value of the rest of the items consumed and will be sold, and is currently completing the study of fair values and indicated on the basis of the foundations and assumptions prepared by the technical department of the Company.

The book value of property, machinery and equipment is audited to ensure a decrease in its value when events or changes in circumstances indicate that the book value cannot be recovered. If such evidence exists and the book value is greater than the recoverable value, the value of property, machinery and equipment is reduced to the recoverable value, which represents the greater value of the equitable value of the asset minus the sale costs or the present value of cash flows for the estimated future benefits of that asset.

The profit or loss resulting from the exclusion or disposal of an asset is determined on the basis of the difference between the net consideration from the disposal and the book value of the asset and recognizes it in the statement of profit or loss.

Leasehold improvements are depreciated on a straight-line method over the productive life of improvements or rental period, whichever is shorter.

The repair and maintenance expenses reported in the statement profit or loss. Improvements that substantially increase the value or age of the asset in question are capitalized.

The remaining values, age of use and method of consumption are reviewed at the end of each fiscal year and the impact of any changes in estimate is calculated on the future basis.

The main parts of the property, machinery and equipment are recognized at cost and subsequently assessed in the manner of the weighted average.

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):

3.10 Intangible assets

Intangible assets with specified production ages purchased separately are included in the cost minus accumulated extinguishment and accumulated depreciation losses. Fire is recognized on a fixed premium basis over their estimated useful life. Estimated useful life and the method of extinguishing at the end of each reporting period should be reviewed, and the effects of any changes in estimates are calculated on a future basis. Intangible assets with undefined useful life purchased separately are listed at cost minus losses that have decreased the accumulate value.

The Company applies annual fire rates to its intangible assets:

Software licenses and IT Programs	20%

Any intangible asset is excluded as soon as it is disposed of or when no future economic benefits are expected from its use or disposal.

Gains or losses resulting from the exclusion of intangible asset, calculated on the basis of the difference between net sales intake and the book value of the asset, are recognized in gains or losses when the asset is excluded.

At the end of each reporting period, the Company reviews the book values of its tangible and intangible assets to determine whether there is any indication that those assets have suffered impairment losses. If such indicators exist, the recoverable value of the asset is estimated in order to determine the extent of loss of depreciation (if any). When it is not possible to estimate the refundable amount for a single asset, the Company estimates the refundable amount for the cash generating unit to which the asset belongs. When a reasonable and consistent basis for distribution can be established, the Company's assets are also distributed to individual cash generating units, or otherwise distributed to the smallest set of cash units for which a reasonable and consistent basis can be determined.

The refundable amount exceeds the fair value minus the sale cost and the value generated by the use. When estimating the value of use, estimated future cash flows are deducted from their current value using the pre-tax discount rate that reflects current market assessments of the time value of the money and the specific risks of the asset for which future cash flows have not been adjusted.

If the refundable amount (cash generating unit) is less than its book value, the book value (cash generating unit) of the asset is reduced to its refundable amount. A loss of depreciation is listed directly in profits or losses.

If the loss of value is subsequently reversed, the book value of the asset (or cash generating unit) must be increased to the adjusted estimates of the recoverable amount, but so that the increased book value does not exceed the book value that could have been determined if the loss of value of the asset (or cash generating unit) was not acknowledged in previous years. The loss of impairment is recognized directly in profits or losses.

3.11 Capital works in progress

The cost of capital work-in-progress consists of the contract value, costs that are directly attributable to developing and equipping the project assets to the location and condition necessary to enable them to operate and for the purpose for which they were acquired. Capital work-in-progress costs are transferred to the tangible assets and non-current intangible assets categories when they reach operating condition and are available for their intended purpose. The book value of capital work-in-progress is reviewed for impairment when events or changes in circumstances indicate that the book value may not be recoverable. If any such indication exists and when the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):

3.12 Borrowing costs

Borrowing costs directly related to the creation of eligible assets, which require a long period of time to be ready for the required use, are capitalized upon completion of all necessary activities related to the preparation of the eligible asset for the purpose for which it was created. All other borrowing costs are established as an allowance and are placed on the list of profits or losses in the period in which they occurred.

3.13 Employees' defined benefits obligations

The Company provides severance pay compensation to its employees in accordance with the provisions of the labor and workers' system in Saudi Arabia, which is entitled on the basis of the employee's final wage, length of service and completion of the minimum period of service.

The Employees' defined benefits obligations is calculated by estimating the value of future benefits that are due to employees in current and previous periods and the value is deducted to reach the current value.

The Company makes assumptions that are used when determining key elements of costs in order to meet these future liabilities. These assumptions are made after Consulting the Company's actuarial expert and include those used to determine the cost of the normal service as well as the financing elements of liabilities. A qualified actuary calculates the commitment to the specified benefits using the amounts due by unit method.

A reassessment of specific benefit obligations consisting of actuarial profits and losses is recognized directly in the list of other comprehensive income. The Company determines the interest expense on the specific benefit obligations for the year by applying the discount rate used to measure the specific benefit obligations at the beginning of the year after taking into account any change in net benefit obligations specified during the year as a result of contributions and payments for liabilities. Net interest and other expenses related to the benefit plans specified in the profits or losses statement are recognized.

3.14 Retirement benefit costs

The Company contributes to the costs of employee retirement benefits in accordance with the regulations of the General Social Insurance Corporation and is calculated as a percentage of employees' wages. Payments to government-managed retirement benefit plans are treated as payments to specific contribution plans as the Company's obligations against these plans are equivalent to those established in a specific contribution retirement plan. Payments to retirement benefit plans carry a specific contribution as an allowance when they are due.

3-15 Statuary Reserve

In line with the requirements of the Saudi Arabian Company's corporate system and the Company's statutes, the Company builds a regular reserve of 10% of the annual net profit until this reserve reaches 30% of the capital. The reserve is not available for distribution as dividends.

3.16 Additional reserve

Under the Company's statutes, an additional reserve is formed for the Company and this reserve is used by a decision of the Ordinary General Assembly of Shareholders.

3.17 Zakat

- The Company is subject to zakat in accordance with the instructions of the General Authority for Zakat, Tax and Customs in Saudi Arabia and is formed a provision for the estimated zakat.
- Zakat due is calculated on the basis of 2.5% of the zakat or adjusted net income whichever is more.

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):

3.18 Revenues 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 the 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 (or as) the entity satisfies a performance obligation.

If the consideration promised in a contract includes a variable amount, the Company shall estimate the amount of consideration to which the Company will be entitled in exchange for transferring the promised goods or services to a customer.

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

The Company sells packed and non-packed cement, where selling process is either through selling invoices and/or specific contracts with customers.

(a) Sales of goods

for contracts with customers which the only obligation is going to be selling cement, revenues shall be recognized at the time in which control over asset is transferred to the costumer at a specific point in time, which is usually at the delivery date.

The company recognises 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 considers the below mentioned indicators to assess the transfer of control of 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

3.19 Dividends income

Revenue from investment dividends is recognized after the shareholders' right to receive the dividend is declared, there is a possibility of obtaining economic benefits, and the amount of revenue can be measured reliably.

3.20 Other income

Other revenues are recognized on an accrual basis.

3. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued):

3.21 Expenses

Production costs and direct and indirect production-related expenses are classified as sales costs. All other expenses are classified as general and administrative expenses or sales and distribution expenses.

3.22 Foreign Exchange Translation

Transactions made during the period in foreign currencies are transferred to Saudi riyals at the prevailing transfer rates at the date of the transactions.

3.23 Earnings per share

Earnings per share from major operations and dividends per share from net profit for the year are calculated by dividing net profit from major operations and net profit on the weighted average number of shares at the end of the year.

3.24 Dividends

Dividends are confirmed in the financial statements in the year in which the General Assembly approves these dividends.

3.25Transactions with related parties

Parties are related parties because of their ability to exercise control over the Company or to exert significant influence or joint control over the Company's financial and operational decisions. Also, companies are related parties when the Company can exert influence, or jointly control the financial and operational decisions of these parties.

Transactions with related parties usually involve the transfer of resources, services, or obligations between the parties.

4. MEASURING FAIR VALUE:

A) Fair value is the amount received when an asset is sold or paid to transfer a liability in an organized transaction between market participants on the date of measurement. Fair value measurement assumes that the transaction to sell assets or to transfer the liabilities line occurs either:

1. In the main market of asset or liabilities. Or
2. In the absence of the main market, in the most preferred market for asset or liabilities.

The fair value of the asset or liability line is measured using assumptions that market participants will use when pricing the asset line or liabilities, assuming that market participants act on the basis of their economic interest.

Measuring the fair value of non-financial assets takes into account the ability of the market participant to achieve economic advantages by using the asset line at the highest and best use of it or by selling it to another market participant who will use the asset line at the highest and best use.

All assets and liabilities for which fair value is measured or disclosed in financial statements are classified into the fair value hierarchy, described as follows, based on the minimum input needed to measure fair value as a whole:

Level 1. (unadjusted) market prices in active markets for similar assets or liabilities.

Level 2 - valuation techniques that use the minimum inputs required to measure fair value and directly or indirectly observe

Level 3 - other valuation techniques that use the minimum inputs required to measure fair value but are not based on observable market data.

With regard to the assets and liabilities recognized in the financial statements on a recurring basis, the Company determines whether the transfers were made between levels in the sequence by reassessing the classification (based on the minimum input needed to measure the fair value as a whole) at the end of each year to prepare the financial reports.

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

4. MEASURING FAIR VALUE (CONTINUED):

B) Book values and fair value

Below are the levels in the hierarchy of financial instruments measured at fair value:

December 31, 2023	Level 1 SAR	Level 2 SAR	Level 3 SAR	Total SAR
Financial assets at fair value				
Through other comprehensive income	54,661,081	-	473,838,019	528,499,100
	54,661,081	-	**473,838,019**	**528,499,100**

December 31, 2022	Level 1 SAR	Level 2 SAR	Level 3 SAR	Total SAR
Financial assets at fair value				
Through profit or loss	225,000,000	-	-	225,000,000
Through other comprehensive income	58,725,449	-	489,374,861	548,100,310
	283,725,449	-	**489,374,861**	**773,100,310**

C) Fair value measurement

The following table shows the evaluation methods used to measure the fair value of the second level as at December 31, 2023. and December 31, 2022. addition to the substantial inputs used, which are not observed.

Type	Evaluation method	Unobserved material input	The relationship between unobserved core inputs and fair value measurement
Sukuk and investment funds	Evaluations are based on prices received by the portfolio manager at the end of each year and on closing prices for the net value of the declared assets.	Not applicable.	Not applicable.
Investment in unlisted companies	Cost that falls within the range of potential fair value measurements as the best estimate of fair value	Not applicable.	Not applicable.

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

5. PROPERTY, PLANT, AND EQUIPMENT:

	2023	2022
Property, Plant, and Equipment (Note 5-1)	4,593,715,651	4,697,852,096
ADD:		
Main spare parts (machinery and ovens)	417,031,466	392,657,625
Provision for main spare parts (machinery and ovens) *	(153,248,353)	(149,163,350)
Net, main spare parts (machinery and ovens)	263,783,113	243,494,275
Total	**4,857,498,764**	**4,941,346,371**

* Based on the Board of Directors' decision dated February 11, 2019, a provision is made for the obsolescence of machinery and equipment spare parts in the amount of SAR5 million annually, But based on the decisions of the Board of Directors on October 17, 2022 and on December 10, 2022, a provision was created for the obsolescence of main spare parts in the machinery and ovens amounted to SAR 72 million during the fiscal year ending on December 31, 2022, and the movement of the provision was as follows:

	2023	2022
Balance as at 1 January	149,163,350	77,163,350
Formed during the Year	5,000,000	72,000,000
Utilized during the year	(914,997)	-
Balance as at 31 December	**153,248,353**	**149,163,350**

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

1/5. PROPERTY, PLANT, AND EQUIPMENT (continued):

	Land	Buildings and Construction	Plants and Machinery of the Factory	Vehicles	Tools	Furniture and Office Equipment	Total
Cost							
Balance as at January 1,2023	12,234,510	2,769,603,319	3,637,563,178	28,558,712	16,996,190	51,591,941	6,516,547,850
Additions	-	4,998	10,380,165	112,024	268,438	937,823	11,703,448
Transferred from capital works in progress*	-	54,553,816	1,886,157	-	41,440	-	56,481,413
Disposals**	-	-	-	(2,876,110)	-	-	(2,876,110)
Adjustment	-	-	3,990,000	-	(3,990,000)	256,932	256,932
Balance as at December 31,2023	**12,234,510**	**2,824,162,133**	**3,653,819,500**	**25,794,626**	**13,316,068**	**52,786,696**	**6,582,113,533**
Accumulated depreciation							
Balance as at January 1,2023	-	565,270,734	1,186,367,995	25,172,873	9,822,294	32,061,859	1,818,695,755
Depreciation charged for the year	-	81,752,297	82,878,938	1,394,673	752,693	5,317,518	172,096,119
Disposals**	-	-	-	(2,650,923)	-	-	(2,650,923)
Adjustment	-	-	2,527,090	-	(2,527,000)	256,841	256,931
Balance as at December 31,2023	**-**	**647,023,031**	**1,271,774,023**	**23,916,623**	**8,047,987**	**37,636,218**	**1,988,397,882**
Net Book Value:							
Balance as at December 31,2023	**12,234,510**	**2,177,139,102**	**2,382,045,478**	**1,878,003**	**5,268,081**	**15,150,478**	**4,593,715,651**
Balance as at December 31,2022	**12,234,510**	**2,204,332,586**	**2,451,195,183**	**3,385,839**	**7,173,896**	**19,530,082**	**4,697,852,096**

* During 2023, the Company transferred a Capital work in progress, related to a residential city project in the new Yamama cement factory to buildings and construction, with a balance of SAR 50.4 million, according to the consultant's report.

** During 2023, The Company sold a parts of the property accessories, machinery and equipment existed at the Yamama Cement old factory, and the resulted gain from these sales transactions amounted to SAR 32.7 million.

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

6. CAPITAL WORKS IN PROGRESS:

	2023	2022
Capital works in progress (6/1)	229,620,766	41,545,769
IT project for purchasing and finance	1,576,521	5,742,900
	231,197,287	**47,288,669**

6/1 The capital work in progress includes an amount of SAR 196 million, represented in the project of seventh production line.

7. INTANGIBLE ASSETS:

	2023	2022
Cost:		
Balance as at 1 January	14,561,514	13,517,514
Transfer from capital works in progress	5,219,400	950,000
Additions during the year	308,414	94,000
Total costs as at 31 December	**20,089,328**	**14,561,514**
Amortization:		
Balance as at 1 January	6,025,582	3,271,612
Amortization charged the year	3,141,162	2,753,970
Balance as at 31 December	**9,166,744**	**6,025,582**
Net book value as at 31 December	**10,922,584**	**8,535,932**

8. Lease contracts

	2023	2022
Right to use assets		
Cost:		
Balance as at 1 January	10,889,598	6,811,637
Additions of lease contract during the year	4,166,525	4,077,961
Total costs as at 31 December	**15,056,123**	**10,889,598**
Amortization:		
Balance as at 1 January	5,447,554	4,087,043
Amortization during the year	1,242,670	1,360,511
Balance as at 31 December	**6,690,224**	**5,447,554**
Net book value as at 31 December	**8,365,900**	**5,442,044**

Lease obligations

	2023	2022
Cost:		
Balance as at 1 January	5,525,251	2,850,270
Additions of lease contract during the year	2,947,013	3,952,284
Interest charged for the year	52,188	166,697
Paid during the year	-	(1,444,000)
Balance as at 31 December	**8,524,452**	**5,525,251**
Lease obligations – Current portion	3,410,135	2,763,865
Lease obligations – Non-current portion	5,114,317	2,761,386
	8,524,452	**5,525,251**

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

9. INVESTMENTS IN ASSOCIATE COMPANIES USING EQUITY METHOD:

	Percentage equity %	2023	2022
Saudi Yamani Cement Co. (closed joint Stock)	20%	75,060,000	75,060,000
Less: Provision for Investment		(75,060,000)	(75,060,000)
Net, Investment in Saudi Yamani Cement Co. (closed joint stock)		-	-
Cement Product Industry Co. Ltd.*	33.33%	48,469,427	46,433,630
Balance as at 31 December		**48,469,427**	**46,433,630**

* The movement in investment during the year ending December 31 as follows:

	2023	2022
Balance as at 1 January	46,433,630	37,292,877
Share of results from associate company	2,035,797	9,140,753
	48,469,427	**46,433,630**

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:

	Percentage equity %	2023	2022
Investments in Securities:			
Industrialization & Energy Service Co. (Joint Stock Co.)	3.92%	473,838,019	489,374,861
Investments in real estate funds and sukuk		54,661,081	58,725,449
Balance as at 31 December		**528,499,100**	**548,100,310**

The movement on financial assets at fair value through other comprehensive income during the year ended on 31 December as follows:

	2023	2022
Balance as at 1 January	548,100,310	519,022,277
Additions during the year	-	15,000,000
Change in fair value during the year	(19,601,210)	14,078,033
Balance as at 31 December	**528,499,100**	**548,100,310**

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

11. TRADE RECEIVABLES:

	2023	2022
Accounts receivables	131,084,392	145,684,971
	131,084,392	**145,684,971**

Trade receivables generally have a term of 30 to 90 days. There is no provision for expected credit losses as the balance of trade receivables as at 31 December 2023 is fully covered against letters of guarantee received from customers.

12. INVENTORY:

	2023	2022
Work in Process - clinker	244,174,596	195,359,809
Raw materials	45,302,943	26,246,322
Work in Process - other	28,056,646	27,598,814
Finished Goods	9,248,433	8,517,516
Fuel and oil	4,038,727	7,815,377
Packing materials	1,612,299	1,548,459
	332,433,644	**267,086,297**

13. PREPAYMNETS AND OTHER DEBIT BALANCES:

	2023	2022
Advances to suppliers	167,326,883	27,977,353
Due to employees	3,659,457	4,609,887
Pre-paid expenses	1,935,588	2,667,179
Other debit balance	841,727	3,989,601
	173,763,655	**39,244,020**

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

14. RELATED PARTIES:

Dealing with related parties are in ordinary scope of work for the Company. Determining the value of those transactions by fair value.

	Nature of relationship	2023	2022
Due from Related Parties:			
Obeikan Digital Solutions Co. Ltd.	Procurement services development	-	747,500
Saudi Yamani Cement (Joint Stock Co.)	Associate Company	342,948	-
		342,948	**747,500**

	Nature of relationship	2023	2022
Due to Related Parties:			
Arabian Shield Co-operative Insurance Co (Saudi Joint Stock)	Insurance	2,440,340	-
Sahl Al-Madar Trading Co. Ltd.	Development of logistics services	329,670	301,992
Obeikan Digital Solutions Co. Ltd.	Procurement services development	747,500	-
Cement Product Industry Co. Ltd.	Associate Company	5,484,672	-
		9,002,182	**301,992**

Significant transactions with related parties were as follows:

Name of related party	Type of Transactions	2023	2022
Cement Product Industry Co. Ltd.	Purchasing Packing Paper Bags	27,968,184	33,591,408
Arabian Shield Co-operative Insurance Co (Saudi Joint Stock)	Insurance	14,031,508	16,299,251
Saudi Yamani Cement (Joint Stock Co.)	Payments on behalf	342,948	198,790
Mobile Telecommunication Company Saudi Arabia -Zain- (Saudi Joint Stock)	Communication services	1,996,924	2,287,662
Al Rajhi Bank	Sukuk Investment	-	15,000,000
Obeikan Digital Solutions Co. Ltd.	Purchasing services development	-	747,500
Sahl Al-Madar Trading Co. Ltd.	Development of logistics services	2,087,520	1,085,050

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

14. RELATED PARTIES (continued):

The Chairman of Board of Directors of the Arabian Shield Co-operative Insurance Company is a member of the Board of Directors of the Company.
The Chairman of Zain is a member of the Board of Directors of the Company.
Board member of Arabian Shield Co-operative Insurance Company is a member of the Board of Directors of the Company.
Chairman of Obeikan Digital Solutions Company He is a member of the Board of Directors of the company.
Chairman of Sahl Al-Madar Trading Company He is a member of the Board of Directors of the company.

Transactions with members of the Board of Directors and senior executives:
Related party transactions are mainly the salaries, allowances and remunerations of senior executives. Senior management personnel are the persons who exercise authority and responsibility in planning, directing and controlling the Company's activities, directly or indirectly, including directors and shareholders (whether executive or non-executive). That). The item on salaries, wages and the like during the year ending on December 31, includes the following:

Transaction with	Nature of transaction	2023	2022
Senior Executives	Salaries and benefits	**14,070,701**	**12,073,856**
Senior Executives	Employees defined benefits obligations	**802,127**	**740,896**
Board of Directors	Board Remuneration	**2,400,000**	**1,650,000**

The reward for attending committees for the year ended December 31, 2023, was SAR 213,000 compared SAR 195,000 for the year ended December 31, 2022.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:

	2023	2022
*Registered Murabaha funds	-	225,000,000
	-	**225,000,000**

* The registered murabaha fund balance was fully settled during the year 2023, and the resulting profit amounted to SAR 2,424,549 (note 25).

16. CASH AND CASH EQUIVALENTS:

	2023	2022
Cash at banks*	160,110,794	75,878,678
Cash in hand	50,000	24,909
Cash and cash equivalents	**160,160,794**	**75,903,587**

* The cash at banks including a restricted cash amounted to SAR 37.2 million for dividends payable, and this balance isn't under Company's control.

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

17. LONG TERM LOANS:

	2023	2022
Saudi Industrial Development Fund (1/17)	465,000,000	540,000,000
Saudi National Bank (2/17)	850,333,334	563,000,000
Total	**1,315,333,334**	**1,103,000,000**
divided into:		
Current portion	407,666,667	262,666,667
Non-current portion	907,666,667	840,333,333
	1,315,333,334	**1,103,000,000**

1/17 Loan from Saudi Industrial Development Fund:

On December 20, 2016, the Company received long-term financing which was in accordance with sharia laws of SAR 900 million from the Saudi Industrial Development Fund to finance the construction of a new Al Yamama cement plant in the Northern Halal area of Al-Kharj, Riyadh. With a guarantee mortgage of the new plant assets. which are in addition to order bonds for the loan to be repaid on 12 semi-annual payments as of 2020.

Financial Covenants - Loan from Saudi Industrial Development Fund:

The loan agreement with the Saudi Industrial Development Fund includes certain covenants with the Fund. Under the terms of this agreement, management monitors the covenants periodically, and in the event of any potential breach, management takes corrective actions.

2/17 National Bank of Saudi Arabia:

- On March 31, 2022, the company signed an Islamic Murabaha agreement with the Saudi National Bank that is compatible with Islamic Sharia, according to which the company obtains partial bank facilities in the amount of SAR 1,842,500,000 million.
- An Islamic Murabaha agreement with the Saudi National Bank, secured by a promissory note, provided that the loan will be repaid in 6 semi-annual installments, starting from March 2023.

Financial Covenants - Loan from National Bank of Saudi Arabia:

The loan agreement with the National Bank of Saudi Arabia includes certain covenants with the Bank. Under the terms of this agreement, management monitors the covenants periodically, and in the event of any potential breach, management takes corrective actions, Although the company hasn't complied with the covenant related to the debt coverage ratio for the National Bank of Saudi Arabia loan, the company obtained a waiver letter from the National Bank of Saudi Arabia regarding non-compliance with this covenant as of December 31, 2023.

18. ACCRUED EXPENSES AND OTHER CREDIT BALANCES:

	2023	2022
Advances from customers	16,123,196	18,607,718
Due to employees	13,495,620	17,538,567
Accrued expenses	15,086,053	10,148,633
Accrued taxes	3,228,778	1,470,164
Other	1,897,119	1,925,514
	49,830,766	**49,690,596**

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

19. ZAKAT PROVISION:

A) Zakat Calculations:	2023	2022
Book Net profit before zakat	316,251,843	377,798,550
Provisions charged during the year	13,874,075	93,566,476
Adjusted net profit	**330,125,918**	**471,365,026**
Total added items	6,489,965,355	6,178,736,470
Total subtracted items	(6,039,332,991)	(5,776,881,338)
Estimated Zakat base	450,632,364	401,855,132
Estimated Zakat by 2.5% of the Zakat base	**11,265,809**	**10,046,378**

B) The movement in zakat provision is as follows:

	2023	2022
Balance as at 1 January	36,135,055	20,549,855
Paid during the Year	(12,899,298)	(6,414,800)
Reversed zakat provision for prior years	(19,000,000)	-
Charged for the Year *	12,000,000	22,000,000
Balance at 31 December	**16,235,757**	**36,135,055**

***Zakat position:**
The company submitted its zakat returns till the year of 2022, and the zakat due was paid according to these returns, and the company obtained the final assessment till 2020, and it also obtained a restricted certificate for the years 2021 and 2022, thus the Company reversed a zakat provision no longer required amounted to SAR 19 million related to years from 2013 till 2020.

20. Provision for land restoration cost:

	2023	2022
Balance as at 1 January	10,543,694	1,497,635
Charged for the year	46,953	9,046,059
Balance as at 31 December	**10,590,647**	**10,543,694**

21. Employees' defined benefit obligations:

	2023	2022
Balance as at 1 January	106,675,226	110,757,016
Charged for the Year	7,015,087	7,425,251
Interest cost	4,836,500	2,667,163
Paid during the Year	(4,570,817)	(12,772,727)
Actuarial remeasurement loss / (gain)	108,736	(1,401,477)
Balance as at 31 December	**114,064,732**	**106,675,226**

The main assumptions for the actuarial valuation were as follows:

	2023	2022
Salary increases rate	4%	4%
Discount rate	4.9%	4.7%

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

22. Revenue:
The company sells cement products and there is no fundamental difference between the selling prices or the production cost for the two types of bulk or packaged cement. The sale takes place at a point in time, and the sale does not take place over a period of time, also all Company's sales transactions with a local customer.

23. SELLING AND DISTRIBUTION EXPENSES:

	2023	2022
Salaries and employees' benefits	8,737,695	8,018,925
Advertisement and marketing	2,511,932	2,137,068
Depreciation	225,247	174,253
Training Expenses	201,220	145,357
Fees and subscription	172,722	152,597
Maintenance	119,901	67,147
Insurance	28,492	151,160
Donation	12,000	9,750
Other	1,034,195	604,400
	13,043,404	**11,460,657**

24. GENERAL AND ADMINISTRATIVE EXPENSES:

	2023	2022
Salaries and employees' benefits	39,185,725	35,794,338
Depreciation	6,009,596	5,742,720
Fees & Subscription	4,510,904	3,919,185
Maintenance	1,873,262	1,265,787
Donation	1,292,294	1,925,000
services expenses	932,992	613,147
Training	561,998	459,969
Water & Electricity	500,529	936,230
Bank charges	494,653	287,572
Insurance	370,047	112,770
Legal fees	-	10,000,000
Other	3,025,020	2,998,816
Total	**58,757,020**	**64,055,534**

25. Investment income:

	2023	2022
Realized gain from financial assets at fair value through profit or loss	2,424,549	2,836,552
Realized gain from financial assets at fair value through other comprehensive income (dividends received)	11,942,244	2,724,466
Income from investments in associate companies using equity method (note 9)	2,035,796	9,140,753
	16,402,589	**14,701,771**

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

26. Other income:

	2023	2022
Reversed zakat provision for prior years (note 19)	19,000,000	-
Delay fines received from contractors	14,989,317	-
Customs fees refundable and other	7,701,800	2,702,538
Scrap sales	2,574,598	-
Earned discount	281,522	625,141
Other	1,678,093	40,143
	46,225,330	**3,367,822**

27. Non-Cash Transactions

	2023	2022
Loss of change in fair value of financial assets at fair value through other comprehensive income	(19,601,210)	(14,078,033)
Transfer from employee defined benefits obligations to capital work-in-progress	1,004,450	801,397
Transfer from capital work-in-progress to propert, plant and equipment	56,481,413	4,653,847,889
Transfer from capital work-in-progress to intangible assets	**5,219,400**	**950,000**

28. FAIR VALUE OF FINANCIAL TOOLS:

Fair value is the amount received when an asset is sold or paid to transfer a liability in an organized transaction between market participants on the date of measurement. The Company's financial instruments consist of financial assets and financial liabilities.

The Company's financial assets consist of cash and its judgment, commercial debtors and payments to suppliers and other debtor assets due from related parties.

Financial liabilities consist of credit suppositions and receivables to related parties and other credit balances.

The fair value of financial instruments is not fundamentally different from their listed value, unless otherwise indicated.

29. RISK MANAGMENT:

Credit risk

Credit risk represents one party's inability to meet its obligations, resulting in the other party incurring financial loss. The Company is committed to managing customer-related credit risk by setting credit limits for each customer and monitoring existing debits.

Special commission price risk

Special commission price risk relates to the risks resulting from the fluctuation of the value of a financial instrument as a result of the change in the prevailing commission rates in the market, and the Company is subject to the risk of special commission rates on its assets associated with special commissions such as Murabaha deposits and credit facilities.

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

29. RISK MANAGEMENT (Continued):

Liquidity risk

Liquidity risks represent the Company's difficulties in providing funds to meet financial instrument obligations. Liquidity risk results from the inability to sell a financial asset quickly at an amount equivalent to its fair value. The Company manages liquidity risks by maintaining cash balances with banks and ensuring that adequate facilities can be obtained, if necessary, to continuously cover its short-term obligations.

The terms of collection include the collection of the value of the sales within a period of 30 to 60 days from the date of sale and that the purchases are paid within a period of 30 to 60 days from the date of purchase.

Currency risk

Currency risk resulting from fluctuating value of financial instruments is the result of changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates during its normal business cycle. The Company did not conduct any significant transactions in currencies other than the Saudi riyal, US dollar and euro during the year.

30. SHARE OF PROFIT FOR THE YEAR:

Profit per share by division of profit for the year is calculated by the weighted rate of the number of shares during the year and stated as follows:

	December 31, 2023	December 31, 2022
Net profit for the year of the Company's shareholders	304,251,843	355,798,550
Weighted average number of shares	202,500,000	202,500,000
From Income from main activities	**1.30**	**1.65**
From net income for the year	**1.50**	**1.76**

- There were no reduced list shares during the year, so the reduced return per share is equal to the underlying return per share.

31. DIVIDENDS TO SHAREHOLDERS:

On March 20, 2023, the Board of Directors' recommendation has been approved to distribute cash dividends in the amount of 202,500,000 Saudi riyals to shareholders for the year ended December 31, 2022, at 1.00 Saudi riyal per share, which represents 10% of the nominal value of one share, provided that the dividend distribution had began on April 9, 2023.

32. GEOGRAPHICAL DISTRBUTION:

All of the Company's assets and liabilities are located in Saudi Arabia except for investments in the Saudi Yamani Cement Company, which is headquartered in Yemen.

33. SEGMENT INFORMATION:

The Company's main business is two products (Clinker and Cement) and all sales for local customers and therefore does not report on the operating sectors in multiple products or geographical areas.

34. CONTINGOUSION AND COMMITMENTS:

A. The Company engages in commitments related to substantial capital expenditures, mainly in connection with the construction of the new YAMAMA plant. Existing capital expenditure commitments as of December 31, 2023: SAR 517.4 million (as at December 31, 2022: SAR 169 million).

B. The potential liabilities are the value of the letters of guarantee issued to third parties by the Company, which amounted to SAR 57 million as of December 31, 2023, for third-party services (as at December 31, 2022:SAR 59 million). Also, documentary credits amounting to SAR 375 million as of December 31, 2023 (as of December 31, 2022: SAR : nothing).

35. COMPARATIVE FIGURES:

Insignificant ccomparative figures for the year ending on December 31, 2022 have been reclassified in line with the current year's classification.

36. SUBSEQUENT EVENTS:

The Company's Board of Directors recommended to the General Assembly, in its meeting on February 12, 2024, the distribution of cash dividends for the year ended December 31, 2023, amounted to SAR 202,500,000 for number of shares amounted to 202,500,000 share (SAR 1 per share).

The Company announces on January 11, 2024, that it has received an official notice from the Saudi Arabian Oil Company (Saudi Aramco), indicating a modification in the prices of fuel products used in cement production, effective January 1, 2024. The company currently underway to calculate the expected financial impact. Additionally, the company will work in the coming period to explore ways to minimize the financial impact of this adjustment on its financial results.

37. APPROVAL THE FINACIAL STATEMENTS:

These financial statements were approved by the Company's Board of Directors on 12 February, 2024, 2 Sha'ban, 1445H.