

**YAMAMA CEMENT COMPANY
SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED FINANCIAL
STATEMENTS (UNAUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTHS AND SIX-MONTHS
PERIOD ENDED JUNE 30, 2023**

Yamama Cement Company

Saudi Joint Stock Company

Interim Condensed Financial Statements (unaudited)

For the three months and six-months periods ended June 30, 2023

(EXPRESSED IN SAUDI RIYALS)

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Report on the Review of the Interim Condensed Financial Statements

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

Introduction:

We have reviewed the interim condensed financial statements of **YAMAMA Cement Company** (the Company), which comprise the interim condensed statement of financial position as at June 30, 2023, and the interim condensed statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-months and six-months period then ended, and notes to the interim condensed financial statements, including a summary of significant accounting policies and other explanatory information.

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

Scope of review:

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

Conclusion:

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

For Al-Kharashi Co.



Abdullah S. Al Msned
License No. (456)



Riyadh:
14 Muharram 1445H
1 August 2023

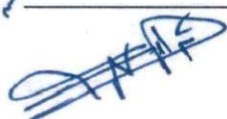
YAMAMA Cement Company
Saudi Joint Stock Company
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2023
(EXPRESSED IN SAUDI RIYALS)

	Note	June 30, 2023 (unaudited)	December 31, 2022 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment, Net	3	4,925,313,578	4,941,346,371
Projects under construction		68,460,444	47,288,669
Intangible assets	4	7,367,634	8,535,932
Right of use assets, Net	5	4,761,788	5,442,044
Investments in associates, Net	6	46,687,627	46,433,630
Financial assets at fair value through other comprehensive income	7	547,921,657	548,100,310
Total non-current assets		5,600,512,728	5,597,146,956
Current assets			
Trade receivables		302,176,506	173,662,324
Inventory		320,060,957	267,086,297
Prepayments and other debit balances		16,164,647	11,266,667
Due from related parties	8	93,026	747,500
Financial assets at fair value through profit or loss	9	-	225,000,000
Cash and cash equivalents		106,751,429	75,903,587
Total current assets		745,246,565	753,666,375
TOTAL ASSETS		6,345,759,293	6,350,813,331
EQUITY AND LIABILITIES			
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		1,120,464,888	1,112,256,998
Accumulative change in fair value of OCI items		207,008,366	207,187,020
Total Shareholders' Equity		4,659,293,789	4,651,264,553
Non-current liabilities			
Long term loans	10	936,500,000	840,333,333
Lease liabilities – non-current portion	5	2,806,777	2,761,386
Provision for land restoration subject to the franchise license		10,566,995	10,543,694
Employees defined benefit obligations		107,529,419	106,675,226
Total non-current liabilities		1,057,403,191	960,313,639
CURRENT LIABILITIES:			
Accounts payable		132,945,519	313,965,484
Long Term Loans – short portion	10	347,666,667	262,666,667
Lease liabilities – current portion	5	2,780,077	2,763,865
Due to Related Parties	8	715,392	301,992
Dividends payable		73,253,439	73,711,480
Accrued expenses and other credit balances		39,670,347	49,690,596
Provision for Zakat		32,030,872	36,135,055
Total current liabilities		629,062,313	739,235,139
TOTAL LIABILITIES		1,686,465,504	1,699,548,778
Total Liabilities & Shareholder's Equity		6,345,759,293	6,350,813,331

Vice CEO for Finance

CEO

Chairman





The accompanying notes are an integral part of these interim condensed financial statements (unaudited)

**YAMAMA Cement Company
Saudi Joint Stock Company**

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023
(EXPRESSED IN SAUDI RIYALS)**

	Note	For the three-months period ended 30		For the six-months period ended 30	
		June		June	
		2023	2022	2023	2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue		218,940,488	209,287,272	502,091,616	430,862,779
Cost of revenue		(135,382,443)	(108,540,132)	(281,409,458)	(289,380,280)
Gross profit		83,558,045	100,747,140	220,682,158	141,482,499
Expenses and charges:					
Selling and distribution expenses		(2,123,584)	(6,858,421)	(8,049,779)	(12,445,754)
General and administrative expenses		(14,046,572)	(12,833,205)	(28,152,588)	(24,669,757)
Total expenses and charges		(16,170,156)	(19,691,626)	(36,202,367)	(37,115,511)
Profit from main activities		67,387,889	81,055,514	184,479,791	104,366,988
Other income / (expenses):					
Finance Cost		(13,056,504)	-	(23,341,804)	-
Investment income		9,535,698	2,532,942	13,672,385	5,949,964
Gain from sale of property, plant and equipment	11	20,327,436	10,325,592	20,327,436	18,646,733
Other income		17,114,305	6,781,587	21,570,082	7,348,313
Profit for the period before zakat		101,308,824	100,695,635	216,707,890	136,311,998
Zakat expense		(3,000,000)	(10,000,000)	(6,000,000)	(16,000,000)
Net profit for the period		98,308,824	90,695,635	210,707,890	120,311,998
Other comprehensive income / (Other comprehensive loss):					
Gain/ (loss) of change in fair value of financial assets at fair value through other comprehensive income		357,307	(8,486,042)	(178,654)	(8,039,408)
Other comprehensive income / (Other comprehensive loss)		357,307	(8,486,042)	(178,654)	(8,039,408)
Total comprehensive income for period		98,666,131	82,209,593	210,529,236	112,272,590
Earnings per share:	16				
From main activities		0.33	0.40	0.91	0.52
Earnings per share, in riyals		0.49	0.45	1.04	0.59

Vice CEO for Finance



CEO



Chairman



The accompanying notes are an integral part of these interim condensed financial statements (unaudited)

YAMAMA Cement Company
Saudi Joint Stock Company
INTERIM CONDENSED STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY(UNAUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023
(EXPRESSED IN SAUDI RIYALS)

	<u>Share capital</u>	<u>Legal reserve</u>	<u>Additional Reserve</u>	<u>Retained Earnings</u>	<u>Change in accumulated fair value</u>	<u>Total</u>
Balance as at January 1, 2022 (audited)	2,025,000,000	726,883,763	579,936,772	761,989,763	193,108,987	4,286,919,285
Net profit for the period	-	-	-	120,311,998	-	120,311,998
Other comprehensive loss	-	-	-	-	(8,039,408)	(8,039,408)
Balance as at June 30, 2022 (unaudited)	2,025,000,000	726,883,763	579,936,772	882,301,761	185,069,579	4,399,191,875
Balance as at January 1, 2023 (audited)	2,025,000,000	726,883,763	579,936,772	1,112,256,998	207,187,020	4,651,264,553
Net profit for the period	-	-	-	210,707,890	-	210,707,890
Dividends - (Note 13)	-	-	-	(202,500,000)	-	(202,500,000)
Other comprehensive loss	-	-	-	-	(178,654)	(178,654)
Balance as at June 30, 2023 (unaudited)	2,025,000,000	726,883,763	579,936,772	1,120,464,888	207,008,366	4,659,293,789

Vice CEO for Finance



CEO



Chairman



The accompanying notes are an integral part of these interim condensed financial statements (unaudited)

YAMAMA Cement Company
Saudi Joint Stock Company
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023
(EXPRESSED IN SAUDI RIYALS)


	For the six-months period ended	
	Note	June 30, 2022
	June 30, 2023	June 30, 2022
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit before zakat	216,707,890	136,311,998
Adjustments to reconcile net profit to net cash provided from operating activities:		
Depreciation/Amortization	87,004,070	4,080,944
Provision for obsolescence of main spare parts	2,500,000	13,500,000
Employee defined benefit obligation expenses	3,923,618	7,456,620
Change in provision of land restorations cost	23,301	23,105
Gain from sale of property, plant and equipment	(20,327,436)	(18,646,733)
Realized gain from financial assets at fair value through other comprehensive income	(10,993,840)	(1,250,575)
Realized gain from financial assets at fair value through profit or loss	(2,424,549)	(452,148)
Gains from associate companies	(253,997)	(4,247,241)
Adjusted net income	276,159,057	136,775,970
Trade receivables	(128,514,182)	(21,207,212)
Inventories	(52,974,660)	45,356,386
Due from related parties	654,474	(76,814)
Prepayments and other debit balances	(4,897,980)	(2,357,541)
Accounts payable	(181,019,965)	(35,115,313)
Due to related parties	413,400	1,780,200
Accrued expenses and other credit balances	(10,020,248)	(20,103,185)
Change in leasing obligations	61,603	2,592,822
Zakat Paid	(10,104,183)	(6,414,800)
Employee defined benefit obligations paid	(3,402,285)	(10,144,463)
Net cash (used in)/ generated from operating activities:	(113,644,969)	91,086,050
INVESTING ACTIVITIES		
Change in financial investments at fair value through profit or loss	225,000,000	(55,000,000)
Purchase of property, plant and equipment and intangible assets	(1,221,117)	(645,244)
Proceeds from property, plant and equipment	20,327,436	18,646,733
Purchase of main spare parts	(18,085,416)	(19,368,333)
Change in the right of use the asset	680,256	(3,397,705)
Project under construction	(73,835,361)	(35,567,320)
Proceeds from investment income	13,418,388	1,250,575
Net cash generated from/ (used in) investing activities	166,284,186	(94,081,294)
FINANCING ACTIVITIES		
long- term loans paid	(93,833,333)	(190,091)
long- term loans Proceeds	275,000,000	-
Dividends payable	(202,958,042)	(349,369)
Net cash used in financing activities	(21,791,375)	(539,460)
Change in cash and cash equivalents	30,847,842	(3,534,704)
Cash and cash equivalents at beginning of period	75,903,587	74,087,510
Cash and cash equivalents at end of period	106,751,429	70,552,806

The disclosure of non-cash activities in the Note (12).

Vice CEO for Finance

CEO

Chairman





The accompanying notes are an integral part of these interim condensed financial statements (unaudited)

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023

(EXPRESSED IN SAUDI RIYALS)

1. THE COMPANY AND NATURE OF ITS BUSINESS:

1.1 Establishment of Company

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.

1.2 Nature of Company's Activity

The nature of the company's activity is the production of ordinary Portland cement, salt-resistant cement, clinker cement and finishing cement with industrial license No. (2370) dated 22/09/1439 H.

1.3 Company's Capital

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.

2. BASIS OF PREPARATION:

2.1 Statement of compliance

The company's interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in Kingdom of Saudi Arabia (KSA). The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2022. In addition, the results of operations for the period ended June 30, 2023 do not necessarily represent an indicator for the results of operations for year ending December 31, 2023.

2.2 Basis of measurement

The interim condensed financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are recognized at fair value through other comprehensive income (related to financial assets at fair value through other comprehensive income) and through profit or loss (related to financial assets at fair value through profit or loss), and investment in associate companies which is recognized by using equity method.

2.3 Functional and presentation currency

The interim condensed financial statements have been 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.

2.4 Significant accounting policies

The accounting policies applied in these interim condensed financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended December 31, 2022.

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023

(EXPRESSED IN SAUDI RIYALS)

2. BASIS OF PREPARATION (CONTINUED):**2.5 Significant accounting estimates, judgements, and assumptions**

The preparation of Company's interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The significant judgements made by management in applying the Company's accounting policies and key sources of estimates uncertainty were the same as those described in the financial statements for year ended 31 December 2022.

3. PROPERTY, PLANT, AND EQUIPMENT:

	<u>June 30, 2023</u> (Unaudited)	<u>December 31, 2022</u> (Audited)
Property, Plant, and Equipment (Note 3-1)	4,666,233,887	4,697,852,096
ADD:		
Spare Parts Machineries and Ovens	410,743,041	392,657,625
Impairment of Spare Parts Machinery and Ovens*	<u>(151,663,350)</u>	<u>(149,163,350)</u>
Spare Parts Machinery and Ovens Net	<u>259,079,691</u>	<u>243,494,275</u>
	<u>4,925,313,578</u>	<u>4,941,346,371</u>

*Based on the decision of the Board of Directors to form an impairment provision of Spare Parts Machinery and Ovens per year, the movement of the provision was as follows:

	<u>June 30, 2023</u> (Unaudited)	<u>December 31, 2022</u> (Audited)
Balance at beginning of the period/year	149,163,350	77,163,350
Formed during the period/year	<u>2,500,000</u>	<u>72,000,000</u>
Balance at end of the period/year	<u>151,663,350</u>	<u>149,163,350</u>

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023

(EXPRESSED IN SAUDI RIYALS)

3/1. PROPERTY, PLANT, AND EQUIPMENT (continued):

	Land	Building, Construction	Plants & Machinery of the Factory	Vehicles	Tools	Furniture & Office Equipment	Total
Cost							
Balance at January 1,2023 (audited)	12,234,510	2,769,603,320	3,637,563,178	28,558,712	16,996,190	51,591,941	6,516,547,851
Additions during the period	-	-	550,875	-	149,503	212,325	912,703
Transferred from capital work in progress during the period	-	51,244,835	1,710,171	-	41,440	-	52,996,446
Balance at June 30,2023 (unaudited)	<u>12,234,510</u>	<u>2,820,848,155</u>	<u>3,639,824,224</u>	<u>28,558,712</u>	<u>17,187,133</u>	<u>51,804,266</u>	<u>6,570,457,000</u>
Accumulated depreciation							
Balance at January 1,2023 (audited)	-	565,270,734	1,186,367,995	25,172,873	9,822,294	32,061,859	1,818,695,755
Depreciation for the period	-	41,068,735	40,766,586	580,867	455,553	2,655,617	85,527,358
Balance at June 30,2023 (unaudited)	<u>-</u>	<u>606,339,469</u>	<u>1,227,134,581</u>	<u>25,753,740</u>	<u>10,277,847</u>	<u>34,717,476</u>	<u>1,904,223,113</u>
Net Book Value							
Balance at June 30,2023 (unaudited)	<u>12,234,510</u>	<u>2,214,508,686</u>	<u>2,412,689,643</u>	<u>2,804,972</u>	<u>6,909,286</u>	<u>17,086,790</u>	<u>4,666,233,887</u>
Balance at December 31,2022 (audited)	<u>12,234,510</u>	<u>2,204,332,586</u>	<u>2,451,195,183</u>	<u>3,385,839</u>	<u>7,173,896</u>	<u>19,530,082</u>	<u>4,697,852,096</u>

*On October 17, 2022, the company's board of directors approved the transfer of capital work in progress related to the new Yamama factory project, with a balance of 4,662 billion SAR, to property, machinery, and equipment, Also, during the first half of 2023, amount of SAR 53 million was capitalized from capital work in progress.

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023

(EXPRESSED IN SAUDI RIYALS)

4. INTANGIBLE ASSETS:

Intangible assets represent value of licenses and computer programs as follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cost:		
Balance at beginning of the period/year	14,561,514	13,517,514
Transferred from capital work in progress during the period/year	-	950,000
Additions during the period/year	308,414	94,000
Balance at end of the period/year	<u>14,869,928</u>	<u>14,561,514</u>
Accumulated amortization:		
Balance at beginning of the period/year	6,025,582	3,271,612
Amortized during the period/year	1,476,712	2,753,970
Balance at end of the period/year	<u>7,502,294</u>	<u>6,025,582</u>
Net book value	<u>7,367,634</u>	<u>8,535,932</u>

5. Leasing contracts

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Right of use assets		
Cost:		
Balance at beginning of the period/year	10,889,598	6,811,637
Additions during the period/year	-	4,077,961
Balance at end of the period/year	<u>10,889,598</u>	<u>10,889,598</u>
Accumulated depreciation:		
Balance at beginning of the period/year	5,447,554	4,087,043
Depreciation during the period/year	680,256	1,360,511
Balance at end of the period/year	<u>6,127,810</u>	<u>5,447,554</u>
Net book value	<u>4,761,788</u>	<u>5,442,044</u>

Leasing liabilities

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of the period/year	5,525,251	2,850,270
Adjustment on leasing contracts during the year	-	3,952,284
Interest charged during the period/year	61,603	166,697
Paid during the period/year	-	(1,444,000)
Balance at end of the period/year	<u>5,586,854</u>	<u>5,525,251</u>
The current portion of leasing liabilities	2,780,077	2,763,865
Non-current portion of leasing liabilities	<u>2,806,777</u>	<u>2,761,386</u>
	<u>5,586,854</u>	<u>5,525,251</u>

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023

(EXPRESSED IN SAUDI RIYALS)

6. INVESTMENTS IN ASSOCIATE COMPANIES, NET:

	Percentage equity %	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Saudi Yamani Cement Co.-Yamani Closed Joint Stock	20%	75,060,000	75,060,000
Less: Impairment of Investments		(75,060,000)	(75,060,000)
Net, Investment in Saudi Yamani co.		-	-
Cement Product Industry Co. Ltd.	33.33%	46,687,627	46,433,630
		46,687,627	46,433,630

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

	Percentage equity %	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Industrialization & Energy Service Co. (Joint Stock Co.)	3.92%	489,374,861	489,374,861
Investments in real estate funds and sukuk		58,546,796	58,725,449
		547,921,657	548,100,310

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

8. RELATED PARTIES:

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

	<u>Nature of relationship</u>	<u>June 30, 2023</u> (Unaudited)	<u>December 31, 2022</u> (Audited)
Due from Related Parties:			
Obeikan digital solutions Co. Ltd	Procurement services development	-	747,500
Saudi Yamani Cement Co.-Yamani Closed Joint Stock	associate	93,026	-
		<u>93,026</u>	<u>747,500</u>
Due to Related Parties:			
	<u>Nature of relationship</u>	<u>June 30, 2023</u> (Unaudited)	<u>December 31, 2022</u> (Audited)
Sahl Al-Madar Trading Co. Ltd.	Development of logistics services	-	301,992
Cement Product Industry Co. Ltd.	associate	715,392	-
		<u>715,392</u>	<u>301,992</u>

Significant period/year end balances arising from transactions with related parties are as follows:

<u>Name of related party</u>	<u>Type of Transactions</u>	<u>June 30, 2023</u> (Unaudited)	<u>December 31, 2022</u> (Audited)
Cement Product Industry Co. Ltd.	Purchasing Packing Paper Bags	15,861,168	33,591,408
Arabian Shield Co-operative Insurance Co.	Insurance	8,460,562	16,299,251
Saudi Joint Stock Co.			
Saudi Yamani Cement Co.-Yamani Closed Joint Stock	Payment on behalf	93,026	198,790
Mobile Telecommunication Company Saudi Arabia -Zain	Communication services	1,078,043	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	5,790,947	1,085,050

YAMAMA CEMENT COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

8. 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.

The Chairman of the Board of Directors of Al Rajhi Bank is the brother of the 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.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/ INVESTMENTS:

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Murabaha funds	-	225,000,000
	<u>-</u>	<u>225,000,000</u>

10. LONG TERM LOANS:

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Saudi Industrial Development Fund	540,000,000	540,000,000
Saudi National Bank	744,166,667	563,000,000
	<u>1,284,166,667</u>	<u>1,103,000,000</u>
divided into:		
Short portion of long-term loans	347,666,667	262,666,667
Long term portion of long-term loans	936,500,000	840,333,333
	<u>1,284,166,667</u>	<u>1,103,000,000</u>

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.

The Company has also made the following pledges:

- The ratio of the current assets to the current liabilities should not be less than 1:1 throughout the life of the loan.
- That the ratio of total liabilities to net tangible value is not more than 3: 1 throughout the life of the loan.
- There are no restrictions on the profits allocated for distribution, annual rents and capital expenditures as long as the Company is committed to paying the loan installments.

YAMAMA CEMENT COMPANY

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(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

10. LONG TERM LOANS (CONTINUED):**Commercial banks:**

- 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, of which only an amount of 563 million Saudi riyals was used during 2022 for the purpose of repaying the Al-Rajhi Bank loan, which was paid in full subsequently on the day of April 3, 2022.
- On April 2, 2023, the company used part of the long-term banking facilities of the National Bank of Saudi Arabia in the amount of 200 million riyals from the financing limit for the Line No. 7.
- On April 2, 2023, the company paid an amount of 93,833,333 Saudi riyals from the long-term bank facilities of the National Bank of Saudi Arabia.
- On May 7, 2023, the company used part of the long-term banking facilities of the National Bank of Saudi Arabia in the amount of 75 million riyals from the financing limit for the Line No. 7.

The Company has also made the following pledges:

- The liquidity ratio should not be less than (1) throughout the term of the loan.
- The leverage ratio should not exceed (2:1) throughout the term of the loan.
- The tangible property rights should not be less than (3 billion) Saudi riyals throughout the term of the loan.
- The percentage of debt service coverage ratio should not be less than 1.25%.

11. GAINS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT:

The gains from the sale of property, plant and equipment is represented in the profits resulting from the sale of some accessories of the old production lines during the first six months of the year 2023 AD, which were excluded during the year 2022.

12. NON-CASH ACTIVITIES:

	June 30, 2023 <i>(Unaudited)</i>	June 30, 2022 <i>(Unaudited)</i>
Un-Realizable Gain from Investments through other comprehensive income	178,654	-
Transfer from capital work-in-progress to assets	52,996,446	-
Transfer from provision of employee liabilities to capital work-in-progress	332,860	496,079

13. 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.

14. 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 equivalents, trade receivables, advance payments to suppliers, other debit balances and due from related parties.

Financial liabilities consist of trade payables, due to related parties and other credit balances.

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

YAMAMA CEMENT COMPANY

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15. RISK MANAGEMENT:**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.

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 the 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 period.

16. EARNINGS PER SHARE:

Earnings per share for the period is calculated by dividing net profit for the period by the weighted average of the number of shares during the period which is as follows:

	June 30, 2023	June 30, 2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net profit for the period attributable to Shareholders of the Company	210,707,890	120,311,998
Weighted average number of shares	202,500,000	202,500,000
Earnings per share for the period	1.04	0.59

- During the period, there were no dilutive shares, so the diluted earnings per share does not differ from the basic earnings per share.

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FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2023

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17. GEOGRAPHICAL DISTRIBUTION:

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

18. SEGMENT INFORMATION:

The company's main business is one product locally and therefore does not report on the operating sectors in multiple products or geographical areas.

19. CONTINGENCIES AND COMMITMENTS:

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 June 30, 2023: SAR 39 million (as at December 31, 2022: SAR 169 million).

The potential liabilities are the value of the letters of guarantee issued to third parties by the Company, which amounted to SAR 58 million as of June 30, 2023, for third-party services (as at December 31, 2022: 59 million).

20. APPROVAL THE INTERIM CONDENSED FINANCIAL STATEMENTS:

These interim condensed financial statements were approved by the Company's Board of Directors on 31 July 2023, 13 Muharram 1445H