

**SAUDI CEMENT COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023  
WITH  
INDEPENDENT AUDITOR'S REVIEW REPORT**

**SAUDI CEMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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## KPMG Professional Services

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Kingdom of Saudi Arabia  
Commercial Registration No 2051062328

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

الطابق ١٦، برج البرغش  
٦١٨٩ طريق الأمير تركي، الكورنيش  
ص.ب ٤٨٠٣  
الخبر ٣١٤٦ - ٣٤٤١٢  
المملكة العربية السعودية  
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Saudi Cement Company

## Introduction

We have reviewed the accompanying 31 March 2023 condensed consolidated interim financial statements of **Saudi Cement Company** ("the Company") and its subsidiary ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 31 March 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-months period ended 31 March 2023;
- the condensed consolidated statement of changes in equity for the three-months period ended 31 March 2023;
- the condensed consolidated statement of cash flows for the three-months period ended 31 March 2023 and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of Review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2023 condensed consolidated interim financial statements of Saudi Cement Company and its subsidiary are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.



# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Saudi Cement Company (continued)

## Other Matter

The condensed consolidated interim financial statements of the Group for the three-months period ended 31 March 2022, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 26 Ramadhan 1443H corresponding to 27 April 2022G.

## For KPMG Professional Services

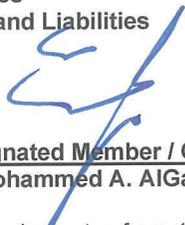
**Nasser Ahmed Al Shutairy**  
License No: 454



Al Khobar,  
Date: 26 Shawwal 1444H  
Corresponding to: 16 May 2023G

**SAUDI CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2023**  
**(Expressed in Saudi Riyals in thousands, unless otherwise stated)**

	Note	31 March 2023 (Un-Audited)	31 December 2022 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	2,102,603	2,137,937
Right-of-use assets		17,108	18,849
Intangible assets		11,319	11,462
Investment in an associate	5	46,531	46,494
Equity investment designated at fair value through other comprehensive income (FVOCI)		-	3,187
<b>Total non-current assets</b>		<b>2,177,561</b>	<b>2,217,929</b>
<b>Current assets</b>			
Inventories		544,266	552,178
Trade receivables		408,597	380,026
Prepayments and other current assets		47,717	35,992
Cash and cash equivalents	6	148,352	91,476
<b>Total current assets</b>		<b>1,148,932</b>	<b>1,059,672</b>
<b>Total Assets</b>		<b>3,326,493</b>	<b>3,277,601</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7	1,530,000	1,530,000
Statutory reserve		459,000	459,000
Fair value reserve		-	327
Retained earnings		427,672	303,635
<b>Total equity</b>		<b>2,416,672</b>	<b>2,292,962</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' benefits		106,674	106,248
Lease liabilities		16,636	16,634
<b>Total non-current liabilities</b>		<b>123,310</b>	<b>122,882</b>
<b>Current liabilities</b>			
Lease liabilities – current portion		2,701	6,071
Short term loans	8	300,000	325,000
Trade payables		37,491	134,116
Dividend payable	15	236,517	238,174
Accruals and other current liabilities		185,151	138,245
Provision for Zakat	9	24,651	20,151
<b>Total current liabilities</b>		<b>786,511</b>	<b>861,757</b>
<b>Total Liabilities</b>		<b>909,821</b>	<b>984,639</b>
<b>Total Equity and Liabilities</b>		<b>3,326,493</b>	<b>3,277,601</b>

  
**Designated Member / CEO**  
**Mohammed A. AlGarni**

  
**Finance Manager**  
**Evarl Abaza**

The accompanying notes from 1 to 18 on pages 5 to 13 form an integral part of these condensed consolidated interim financial statements.

**SAUDI CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME**  
**For the three months period ended 31 March 2023**  
**(Expressed in Saudi Riyals in thousands, unless otherwise stated)**

	<u>Note</u>	<u>Three-month period ended</u>	
		<u>31 March 2023</u> <u>(Un-Audited)</u>	<u>31 March 2022</u> <u>Un-Audited)</u>
Revenue	10	409,626	315,059
Cost of revenue		(233,850)	(214,323)
<b>Gross Profit</b>		<b>175,776</b>	<b>100,736</b>
Selling and distribution expenses		(33,068)	(21,642)
General and administrative expenses		(18,965)	(19,019)
<b>Operating Profit</b>		<b>123,743</b>	<b>60,075</b>
Other income		654	5,741
Gain on sale of Investment		8,842	-
Share of profit of investment in an associate		126	2,364
Finance charges		(5,072)	(1,552)
<b>Profit before Zakat</b>		<b>128,293</b>	<b>66,628</b>
Zakat expense	9	(4,500)	(5,500)
<b>Profit for the Period</b>		<b>123,793</b>	<b>61,128</b>
<b>Other comprehensive Income</b>			
<i>Item that will not be reclassified to the condensed consolidated statement of profit or loss in subsequent periods:</i>			
Share of other comprehensive loss of investment in an associate		(83)	(59)
<b>Total other comprehensive loss</b>		<b>(83)</b>	<b>(59)</b>
<b>Total comprehensive income for the period</b>		<b>123,710</b>	<b>61,069</b>
<b>Earnings per share:</b>			
		<b>SR</b>	<b>SR</b>
Basic and diluted earnings per share attributable to the shareholders of the Company	16	0.81	0.40

  
Designated Member / CEO  
**Mohammed A. AlGarni**

  
Finance Manager  
**Evan Abaza**

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**SAUDI CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the three months period ended 31 March 2023**  
**(Expressed in Saudi Riyals in thousands, unless otherwise stated)**

	<b>Attributable to shareholders of the Company</b>				
	<b>Share capital</b>	<b>Statutory reserve</b>	<b>Fair value reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
Balance at 1 January 2022 (Audited)	1,530,000	459,000	673	443,619	2,433,292
<i>Total comprehensive income for the period</i>					
Profit for the period	-	-	-	61,128	61,128
Other comprehensive loss	-	-	-	(59)	(59)
Total comprehensive income for the period	-	-	-	61,069	61,069
Balance at 31 March 2022 (Un-audited)	<u>1,530,000</u>	<u>459,000</u>	<u>673</u>	<u>504,688</u>	<u>2,494,361</u>
Balance at 1 January 2023 (Audited)	<b>1,530,000</b>	<b>459,000</b>	<b>327</b>	<b>303,635</b>	<b>2,292,962</b>
<i>Total comprehensive income for the period</i>					
Profit for the period	-	-	-	123,793	123,793
Other comprehensive income	-	-	(327)	244	(83)
Total comprehensive income for the period	-	-	(327)	124,037	123,710
<b>Balance at 31 March 2023 (Un-Audited)</b>	<b><u>1,530,000</u></b>	<b><u>459,000</u></b>	<b><u>-</u></b>	<b><u>427,672</u></b>	<b><u>2,416,672</u></b>

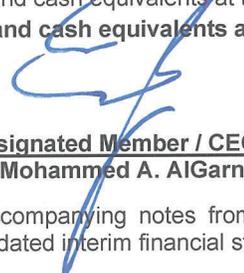
  
Designated Member / CEO  
**Mohammed A. AlGarni**

  
Finance Manager  
**Evan Abaza**

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**SAUDI CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the three months period ended 31 March 2023**  
**(Expressed in Saudi Riyals in thousands, unless otherwise stated)**

	<b>Note</b>	<b>31 March 2023 (Un-Audited)</b>	<b>31 March 2022 (Un-Audited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period		123,793	61,128
<b>Adjustments for:</b>			
Depreciation - property, plant and equipment	4	53,240	53,675
Depreciation - right-of-use assets		1,741	1,907
Amortization - intangible assets		143	936
Share of profit of investment in an associate		(126)	(2,364)
Gain on sale of FVOCI investment		(8,842)	-
Zakat expense	9	4,500	5,500
Provision for employees' benefits		2,894	2,525
Finance charges		5,072	1,552
Provision for slow moving and obsolete inventories		-	59
Reversal of impairment of receivables		-	(6)
		<b>182,415</b>	<b>124,912</b>
<b>Changes in:</b>			
Inventories		7,912	(29,646)
Trade receivables		(28,571)	11,392
Prepayments and other current assets		(11,725)	(4,098)
Trade payables		(96,625)	(8,929)
Accruals and other current liabilities		46,906	53,690
<b>Cash generated from operating activities</b>		<b>100,312</b>	<b>147,321</b>
Finance charges paid		(4,799)	(1,316)
Employees benefits paid		(2,468)	(4,740)
<b>Net cash from operating activities</b>		<b>93,045</b>	<b>141,265</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	4	(17,932)	(15,329)
Proceeds from sale of FVOCI investment		12,027	-
<b>Net cash used in investing activities</b>		<b>(5,905)</b>	<b>(15,329)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liability		(3,607)	(3,318)
Proceeds from short term loans		50,000	50,000
Repayment of short term loans		(75,000)	(50,000)
Dividend paid		(1,657)	-
<b>Net cash used in financing activities</b>		<b>(30,264)</b>	<b>(3,318)</b>
Net change in cash and cash equivalents		56,876	122,618
Cash and cash equivalents at the beginning of the period		91,476	81,496
<b>Cash and cash equivalents at the end of the period</b>		<b>148,352</b>	<b>204,114</b>

  
**Designated Member / CEO**  
**Mohammed A. AlGarni**

  
**Finance Manager**  
**Evan Abaza**

The accompanying notes from 1 to 18 on pages 5 to 13 form an integral part of these condensed consolidated interim financial statements.

**SAUDI CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the three months period ended 31 March 2023**  
**(Expressed in Saudi Riyals in thousands, unless otherwise stated)**

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**1 CORPORATE INFORMATION**

Saudi Cement Company ("the Company") is a Saudi Joint Stock Company incorporated under Royal Decree number 6/6/10/726 dated 8 Rabi' II 1375 H (corresponding to 23 November 1955) and registered in the Kingdom of Saudi Arabia, in the city of Dammam under Commercial Registration number 2050000602 dated 6 Dhul Qadah 1377 H (corresponding to 24 May 1958). The Company is engaged in manufacturing and selling cement and its related products.

The Company obtained under the Royal Decree number 10/6/6/8500 dated 26 Rajab 1370H corresponding to 3 May 1951, the right of the mining concession for the extraction of limestone, gypsum and clay and all the necessary materials for the manufacture of cement in Al Hassa for 30 years period.

Thereafter, the Company obtained the licenses for the existing quarries under the Royal Decree number M/11 dated 29/04/1405H (corresponding to 22/01/1985) which gives mining concession for the extraction of limestone, gypsum and clay and all the necessary materials for the manufacture of cement for 30 years period.

In the year 1985, a Saudi Bahraini Company obtained the right of the mining concession for the extraction of limestone, gypsum and clay under the Royal Decree number M/12 dated 29/04/1405H (corresponding to 22/01/1985) which was merged with the Saudi Cement Company in 1990. Accordingly, the Ministry of Petroleum and Mineral Resources resolved on 04/01/1412H (corresponding to 15/07/1991) to transfer all quarries and related licenses of Saudi Bahraini Company to the Saudi Cement Company.

In the year 2020, all of the above licenses which have been issued under the Royal Decree numbers M/11 and M/12 dated 29/04/1405H (corresponding to 22/01/1985) were renewed by the Ministry of Industry and Mineral Resources for a period of 30 years started from 29/4/1435 H (corresponding to 01 March 2014) except quarry license for Aba Hamama area in Al-Ahsa region which has been renewed for 10 years started from 11/12/1441 (corresponding to 01 August 2020).

The accompanying condensed consolidated interim financial statements includes the activities of the Company and its following subsidiary (collectively referred to as "the Group")

Name	Country of incorporation	Percentage of holding	
		31 March 2023 (Un-Audited)	31 December 2022 (Audited)
United Cement Company W.L.L	Kingdom of Bahrain	100%	100%

United Cement Company W.L.L. (UCC) is a limited liability company incorporated in the Kingdom of Bahrain on 15 March 1989 with the Ministry of Industry, Commerce and Tourism under commercial registration number 20906.

The principal activities of UCC include import, export and sale of cement in different forms. The registered office of UCC is situated at Mina Salman Industrial Area, P.O. Box 26719, Mina Salman Industrial Area, Kingdom of Bahrain.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the By-Laws to the provisions of the Law.

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Statement of compliance**

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

**SAUDI CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the three months period ended 31 March 2023**  
**(Expressed in Saudi Riyals in thousands, unless otherwise stated)**

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**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.1 Statement of compliance (Continued)**

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022 ("Last Annual Financial Statements"). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The results for the interim periods are unaudited hence interim results may not be an indicator for the full year results.

**2.2 Basis of preparation**

These condensed consolidated interim financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for certain employees' benefits which are measured at present value of the defined benefit obligation using the projected unit credit method and equity investment designated at FVOCI which is measured at fair value.

**2.3 Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR) which is the Company's functional and Group's presentation currency.

**2.4 Use of judgements and estimates**

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

**2.5 Significant accounting policies**

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

**2.6 Basis of consolidation**

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting right.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

**SAUDI CEMENT COMPANY**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the three months period ended 31 March 2023**  
**(Expressed in Saudi Riyals in thousands, unless otherwise stated)**

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**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.6 Basis of consolidation (Continued)**

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**3 NEW STANDARDS, AMENDMENTS AND INTERPRETATION**

**a) New and revised standards with no material effect on the interim financial statements**

Following are the recent changes to IFRSs that are required to be adopted in annual periods beginning on 1 January 2023:

- IFRS 17 insurance contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimate (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes;

The application of the revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

**b) Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to 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.

- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024
- Lease liabilities in a Sale and Leaseback (Amendments to IFRS 16), effective for annual periods beginning on or after 1 January 2024.
- Non-current Liabilities with Covenants (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), effective date yet to be determined.

The above-mentioned standards are not expected to have a significant impact on the Group's interim financial statements.

**SAUDI CEMENT COMPANY**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the three months period ended 31 March 2023**  
**(Expressed in Saudi Riyals in thousands, unless otherwise stated)**

**4 PROPERTY, PLANT AND EQUIPMENT**

The movement of property, plant and equipment is as follows:

	<b>31 March 2023 (Un-Audited)</b>	31 December 2022 (Audited)
Carrying value at the beginning of the period / year	<b>2,137,937</b>	2,283,292
Additions	<b>17,932</b>	74,718
Disposals, net of accumulated depreciation	<b>(26)</b>	(31)
Depreciation for the period / year	<b>(53,240)</b>	(220,042)
Carrying value at the end of the period / year	<b><u>2,102,603</u></b>	<u>2,137,937</u>

Property, plant and equipment includes construction work in progress which majorly represents the ongoing construction work of a bulk railway loading facility and its railway link (collectively referred to as “the railway project”) and other construction projects. In March 2022, the Group received an offer letter for additional cost of SR 7.50 million to complete the project. As at period ended 31 March 2023, majority of the project work has been completed and final connection is remaining.

**5 INVESTMENT IN AN ASSOCIATE**

Investment in an associate represents 33.33% share in Cement Product Industry Company Limited (CPI). CPI is a limited liability company registered and operating in the Kingdom of Saudi Arabia. The company is engaged in the manufacturing of cement derivative products and other products necessary for manufacturing and packing cement.

**6 CASH AND CASH EQUIVALENTS**

	<b>31 March 2023 (Un-Audited)</b>	31 December 2022 (Audited)
Cash at banks	<b>148,144</b>	91,206
Cash in hand	<b>208</b>	270
	<b><u>148,352</u></b>	<u>91,476</u>

**7 SHARE CAPITAL**

The authorized, issued and paid up capital of the Company is SR 1,530 million which is divided into 153 million shares (31 December 2022: 153 million shares) of SR 10 each.

**8 SHORT TERM LOANS**

Short term loans represent Tawarruq facilities obtained from various local banks to meet the working capital requirements with a total facility limit amount of SR 2,000 million (31 December 2022: SR 2,000 million). The utilized balance as of 31 March 2023 amounted to SR 300 million (31 December 2022: SR 325 million). These facilities carry financial costs in excess of SIBOR and are consistent with the terms of each facility agreement that are secured by promissory notes issued by the Group and carry charges agreed with the facilities’ providers.

The outstanding financing is classified under current liabilities in the condensed consolidated statement of financial position as these are repayable within 12 months from the reporting date.

**9 ZAKAT**

The Company has submitted its zakat returns up to year ended 31 December 2021, settled zakat as per the returns and obtained the required certificates and official receipts. The Company received a final zakat assessment from Zakat, Tax and Customs Authority (“ZATCA”) up to year 2020 which has been settled. However, the final assessment for the year 2021 & 2022 is still under review by ZATCA.

**SAUDI CEMENT COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the three months period ended 31 March 2023**  
**(Expressed in Saudi Riyals in thousands, unless otherwise stated)**

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**10 REVENUE**

The Company generates revenue primarily from the sale of cement and clinker.

*Disaggregation of revenue*

In the following table, revenue is disaggregated by primary geographical market and major products. Revenue is recognised at point in time for all products.

	<b>31 March 2023 (Un-Audited)</b>	31 March 2022 (Un-Audited)
<b>Primary geographic markets</b>		
Local	<b>282,018</b>	240,620
Export	<b>127,608</b>	74,439
	<b>409,626</b>	315,059
<b>Major product types</b>		
Cement	<b>346,312</b>	271,088
Clinker	<b>63,314</b>	43,971
	<b>409,626</b>	315,059

The following table provides information about trade receivables and advance from customers.

	<b>31 March 2023 (Un-Audited)</b>	31 December 2022 (Audited)
Trade receivables	<b>408,597</b>	380,026
Contract liabilities*	<b>22,071</b>	20,326

\* Contract liabilities represent advance consideration received from customers for the products to be sold, for which revenue is recognized at point in time. This will be recognized as revenue when the Group deliver the products to the customers and their balances for advances are settled with the revenue made.

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**11 RELATED PARTY TRANSACTIONS AND BALANCES**

The following table provides the total amount of transactions that have been entered into with related parties during the three-month period ended 31 March 2023 and 31 March 2022 and related parties balances as at 31 March 2023 and 31 December 2022.

Related party	Relationship	Nature of transaction	Three-month period		Ending balance		
			Amount of transaction		31 March	31 December	
			31 March 2023	31 March 2022	2023	2022	
				(Un-Audited)	(Un-Audited)	(Un-Audited)	(Audited)
Cement Product Industry Company Limited	Associate	Purchases of raw materials	<b>13,216</b>	8,604	<b>(3,537)</b>		-
Wataniya Insurance Company	Common directorship	Insurance of property, plant and equipment	<b>7,470</b>	7,445	<b>1,150</b>		9

***Terms and conditions of transactions with related parties***

Transactions with related parties are made in the ordinary course of business. Outstanding balances at the period ended 31 March 2023 are unsecured and settled in cash. There have been no guarantees provided to amounts due to related parties.

Prices and terms for the above transactions are approved by the Group's management.

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**12 COMMITMENTS**

- a) As of 31 March 2023, the capital expenditure contracted by the Company but not incurred till 31 March 2023 was approximately SR 36.37 million (31 December 2022: SR 20.90 million).
- b) The Company's bankers have given guarantees, on behalf of the Company amounted to SR 82.89 million (31 December 2022: SR 89.6 million).
- c) UCC's bankers have issued guarantees, on behalf of UCC, in favour of various suppliers against purchase and services obtained in the normal course of business amounted to SR 2.52 million (31 December 2022: SR 17.24 million).

**13 SEGMENT INFORMATION**

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Group's operations are related to two operating geographical segments which are Saudi Cement Company operating in the Kingdom of Saudi Arabia and United Cement Company operating in Kingdom of Bahrain. Both segments are engaged in cement manufacturing and are sold to local and foreign customers. Accordingly, segment analysis by geography are presented as follows:

	Kingdom of Saudi Arabia	Kingdom of Bahrain	Elimination	Total
<b>For the three-month period ended 31 March 2023 (Un-Audited)</b>				
External revenue	398,961	10,665	-	409,626
Inter-segment revenue	6,311	-	(6,311)	-
Total revenue	405,272	10,665	(6,311)	409,626
Cost of revenue	(228,075)	(12,086)	6,311	(233,850)
Profit for the period	123,793	6,069	(6,069)	123,793
Finance cost	(5,020)	(52)	-	(5,072)
Depreciation	(51,395)	(1,845)	-	(53,240)
Depreciation – right of use assets	(1,716)	(25)	-	(1,741)
Amortization – intangible assets	(143)	-	-	(143)
Share of profit from an associate	126	-	-	126
Zakat expense	(4,500)	-	-	(4,500)

For the three-month period ended  
31 March 2022 (Un-audited)

External revenue	296,689	18,370	-	315,059
Inter-segment revenue	11,849	-	(11,849)	-
Total revenue	308,538	18,370	(11,849)	315,059
Cost of revenue	(208,167)	(18,005)	11,849	(214,323)
Profit / (loss) for the period	61,494	(958)	592	61,128
Finance cost	(1,482)	(70)	-	(1,552)
Depreciation	(52,386)	(1,289)	-	(53,675)
Depreciation – right of use assets	(1,882)	(25)	-	(1,907)
Amortization – intangible assets	(936)	-	-	(936)
Share of profit from an associate	2,364	-	-	2,364
Zakat expense	(5,500)	-	-	(5,500)

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**13 SEGMENT INFORMATION (CONTINUED)**

	Kingdom of Saudi Arabia	Kingdom of Bahrain	Elimination	Total
<b>As at 31 March 2023 (Un-Audited)</b>				
Total assets	3,316,304	63,452	(53,263)	3,326,493
Total liabilities	897,300	22,339	(9,818)	909,821
<b>As at 31 December 2022 (Audited)</b>				
Total assets	3,268,864	61,006	(52,269)	3,277,601
Total liabilities	972,597	25,962	(13,920)	984,639

**14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorized within the fair value hierarchy.

This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. As of 31 December 2022, the Group's equity investment designated at FVOCI was determined at level 3 of the fair value hierarchy. The carrying values of other financial assets and liabilities in the condensed consolidated interim statement of financial position approximate to their fair values.

**15 DIVIDENDS**

On 22 Ramadan 1444H (corresponding to 13 April 2023), the General Assembly approved the Board of Directors' resolution to distribute cash dividend amounting to SR 1.50 per share (SR 229.50 million in total) for the first half of 2022 as well as the Board of Directors' proposal to distribute cash dividend amounted to SR 1.75 per share (SR 267.7 million in total) for the second half of 2022.

Dividend payable as at 31 March 2023 amounted to SR 236.52 million (31 December 2022: SR 238.17 million) represents unclaimed dividend for prior years.

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**16 EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

The following reflects the profit and share capital data used in the basic and diluted earnings per share computations:

	<b>Three-month period ended</b>	
	<b>31 March</b>	31 March
	<b>2023</b>	2022
	<b>(Un-Audited)</b>	(Un-Audited)
	<b>SR '000</b>	SR '000
Profit attributable to equity holders	<b>123,793</b>	61,128
Number of shares outstanding in '000	<b>153,000</b>	153,000
Earnings per share in (SR)	<b>0.81</b>	0.40

There has been no item of dilution affecting the weighted average number of ordinary shares.

**17 EVENTS AFTER THE REPORTING DATE**

Except as disclosed in note 15 to these consolidated interim financial statements, there have been no significant subsequent events since the period ended 31 March 2023 till the date of authorization for issuance and approval of these condensed consolidated interim financial statements by the Board of Directors that require either an adjustment or disclosure in these condensed consolidated interim financial statements.

**18 APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements were authorized for issue and approved by the Board of Directors on 15 May 2023 G corresponding to 25 Shawwal 1444 H.