

SAUDI CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
WITH
INDEPENDENT AUDITOR'S REPORT**

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

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KPMG Professional Services Company

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P.O. Box 4803
Al Khobar, 34412 - 3146
Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

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

المركز الرئيسي في الرياض

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of **Saudi Cement Company ("the Company") and its subsidiary (collectively referred as "the Group")**, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Key Audit Matters

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

KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR100,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.
Commercial Registration of the headquarters in Riyadh is 1010425494.

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مساهمة مهنية مسجلة في المملكة العربية السعودية، رأس مالها (١٠٠٠٠٠٠٠٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة التابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية خاصة محدودة بالضمان.
رقم السجل التجاري للمركز الرئيسي في الرياض هو ١٠١٠٤٢٥٤٩٤.



Independent Auditor's Report (continued)

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

Key audit matter Recognition of revenue

Referring to note 3 for the accounting policy of the revenue and note 21 for the disclosure of revenue.

The key audit matter

During the year ended 31 December 2024, the Group has recognized revenue from sales of goods amounting to SR 1.7 billion.

Revenue from sales of goods is recognised at point in time when control over the goods are transferred to the customer on delivery of the goods in accordance with "IFRS 15 -Revenue from contracts with customers".

Revenue is one of the core indicators for measuring performance, and consequently, there are inherent risks through recognizing revenue with more than its actual value or not recognizing in correct accounting period, in order to increase profitability. Therefore, the revenue recognition process has been considered as a key audit matter. In addition, revenue was also considered an area of significant audit risk as part of the audit process due to inherent risk related to fraud.

How the matter was addressed in our audit

The auditing procedures we performed in relation to revenue included, among other procedures, are following:

- Evaluated the appropriateness of the Group's accounting policies related to recognition of revenue from sales as well as assessing compliance with the requirements of applicable accounting standards and performed inquiry procedures with respect to risk of fraud;
- Evaluated the design and implementation of the internal control procedures related to revenue recognition, including anti-fraud control procedures;
- Performed testing of revenue transactions on a sample basis with underlying supporting documentation including dispatch documents and sales invoices;
- Tested on a sample basis, revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period; and
- Assessed the adequacy of the disclosures relating to the revenue in the accompanying consolidated financial statements.

Other Information

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

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

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

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



Independent Auditor's Report (continued)

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Independent Auditor's Report (continued)

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

KPMG Professional Services Company


Nasser Ahmed Al Shutairy
License No: 454



Al Khobar, 10 March 2025G
Corresponding to: 10 Ramadan 1446H

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(Expressed in Saudi Riyals in thousands, unless otherwise stated)

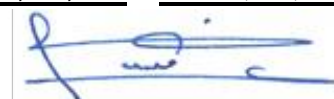
	Note	31 December 2024 SR '000	31 December 2023 SR '000
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,867,429	2,003,471
Right-of-use-assets	7	40,570	42,354
Intangible assets	8	14,578	11,413
Investment in an associate	9	52,813	48,497
Total non-current assets		1,975,390	2,105,735
Current assets			
Inventories	11	594,700	563,670
Trade receivables	12	412,127	387,366
Prepayments and other current assets	13	33,766	42,445
Cash and cash equivalents	14	120,969	114,916
Total current assets		1,161,562	1,108,397
Total Assets		3,136,952	3,214,132
EQUITY AND LIABILITIES			
Equity			
Share capital	15	1,530,000	1,530,000
Statutory reserve	15	-	459,000
Retained earnings		710,513	170,311
Total equity		2,240,513	2,159,311
Liabilities			
Non-current liabilities			
Employees' benefits	16	129,419	126,331
Lease liabilities	7	37,110	38,871
Provision for site restoration	17	7,625	6,049
Total non-current liabilities		174,154	171,251
Current liabilities			
Lease liabilities – current portion	7	6,768	6,722
Short term loans	18	255,000	400,000
Trade payables		52,374	60,922
Dividend payable	19	227,447	226,090
Accruals and other current liabilities	20	150,370	141,655
Contract liabilities	21	9,959	26,699
Provision for zakat	25	20,367	21,482
Total current liabilities		722,285	883,570
Total Liabilities		896,439	1,054,821
Total equity and liabilities		3,136,952	3,214,132



Finance Manager
Evan Abaza



Designated Member / CEO
Mohammed A. AlGarni



Chairman
Khaled Abdulrahman Al-Rajhi

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The accompanying notes 1 through 35 on pages 1 to 42 form an integral part of these consolidated financial statements.

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(Expressed in Saudi Riyals in thousands, unless otherwise stated)

	Note	2024 SR '000	2023 SR '000
Revenue	21	1,675,807	1,461,832
Cost of revenue		(1,008,446)	(888,901)
Gross Profit		667,361	572,931
Selling and distribution expenses	22	(157,667)	(130,317)
General and administrative expenses	23	(81,201)	(80,225)
Other income		34,473	54,908
Operating Profit		462,966	417,297
Share of profit of investment in an associate	9	4,293	2,058
Finance cost	24	(27,385)	(29,170)
Gain on disposal of financial asset through FVOCI	10	-	8,842
Profit before Zakat		439,874	399,027
Zakat expense	25	(18,000)	(18,000)
Profit for the year		421,874	381,027
Other comprehensive income			
<i>Item that will not be reclassified to the consolidated statement of profit or loss in subsequent periods:</i>			
Re-measurement gain / (loss) on defined benefit obligations	16	3,555	(17,373)
Share of other comprehensive income / (loss) of investment in an associate	9	23	(55)
Total other comprehensive income / (loss)		3,578	(17,428)
Total comprehensive income for the year		425,452	363,599
Earnings per share:			
Basic and diluted earnings per share	26	SR 2.76	SR 2.49



Finance Manager
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SAUDI CEMENT COMPANY
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

	Attributable to shareholders of the Company				
	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2023	1,530,000	459,000	327	303,635	2,292,962
<i>Total comprehensive income for the year</i>					
Profit for the year	-	-	-	381,027	381,027
Other comprehensive loss for the year	-	-	-	(17,428)	(17,428)
Transfer of fair value reserve (note 10)	-	-	(327)	327	-
Total comprehensive income for the year	-	-	(327)	363,926	363,599
<i>Transactions with owners in their capacity as owners:</i>					
Dividend (note 19)	-	-	-	(497,250)	(497,250)
Balance at 31 December 2023	<u>1,530,000</u>	<u>459,000</u>	<u>-</u>	<u>170,311</u>	<u>2,159,311</u>
Balance at 1 January 2024	1,530,000	459,000	-	170,311	2,159,311
<i>Total comprehensive income for the year</i>					
Profit for the year	-	-	-	421,874	421,874
Other comprehensive income for the year	-	-	-	3,578	3,578
Total comprehensive income for the year	-	-	-	425,452	425,452
<i>Transactions with owners in their capacity as owners:</i>					
Dividend (note 19)	-	-	-	(344,250)	(344,250)
Transfer of statutory reserve to retained Earnings (note 15)	-	(459,000)	-	459,000	-
Balance at 31 December 2024	<u>1,530,000</u>	<u>-</u>	<u>-</u>	<u>710,513</u>	<u>2,240,513</u>


Finance Manager
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SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

		2024	2023
	Note	SR '000	SR '000
Cash flows from operating activities			
Profit for the year		421,874	381,027
Adjustment for:			
Depreciation - property, plant and equipment	6	210,671	214,017
Depreciation - right-of-use assets	7	6,855	5,383
Amortization - intangible assets	8	646	573
(Gain) / loss on disposal of property, plant and equipment		(504)	8
Share of profit of investment in associate	9	(4,293)	(2,058)
Zakat expense	25	18,000	18,000
Provision for employees' benefits	16	13,670	11,757
Provision for site restoration	17	1,268	5,917
Provision for spare parts	11	10,203	9,983
Finance cost	24	27,385	29,170
Gain on disposal of equity investment designated as FVOCI	10	-	(8,842)
		705,775	664,935
Changes in:			
Inventories		(41,233)	(21,475)
Trade receivables		(24,761)	(7,340)
Prepayments and other current assets		8,679	(6,453)
Trade payables		(8,548)	(73,194)
Accruals and other current liabilities		8,715	23,736
Contract liabilities		(16,740)	6,373
Cash generated from operating activities		631,887	586,582
Interest paid		(24,904)	(27,460)
Zakat paid	25	(19,115)	(16,669)
Lessee's lease payment – interest		(2,173)	(1,578)
Employees benefits paid	16	(7,027)	(9,047)
Net cash generated from operating activities		578,668	531,828
Cash flows from investing activities			
Additions to property, plant and equipment	6	(82,031)	(79,702)
Additions to intangibles	8	(3,811)	(524)
Proceeds from disposal of property, plant and equipment		7,906	143
Proceeds on disposal of equity investment designated as FVOCI	10	-	12,029
Net cash used in investing activities		(77,936)	(68,054)
Cash flows from financing activities			
Lessee's lease payment – principal		(6,786)	(6,000)
Proceeds from short term loans		425,000	500,000
Repayment of short term loans		(570,000)	(425,000)
Dividend paid		(342,893)	(509,334)
Net cash used in financing activities		(494,679)	(440,334)
Net change in cash and cash equivalents		6,053	23,440
Cash and cash equivalents at the beginning of the year		114,916	91,476
Cash and cash equivalents at the end of the year	14	120,969	114,916

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended 31 December 2024
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

	Note	2024 SR '000	2023 SR '000
Non-cash transactions:			
Transfer of statutory reserve to retained earnings	15	459,000	-
Addition to right-of-use assets and lease liabilities	7	5,071	30,093
Termination of right of use asset and lease liabilities	7	-	1,205



Finance Manager
Evan Abaza



Designated Member / CEO
Mohammed A. AlGarni



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Chairman
Khaled Abdulrahman Al-Rajhi

The accompanying notes 1 through 35 on pages 1 to 42 form an integral part of these consolidated financial statements.

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

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 consolidated 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 December 2024	31 December 2023
United Cement Company W.L.L	Kingdom of Bahrain	100%	100%

United Cement Company W.L.L. (UCC), ("the Subsidiary"), 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The accompanying consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) as endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (here and after referring to as "IFRSs as endorsed in KSA").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

2 BASIS OF PREPARATION (CONTINUED)

2.2 Basis of measurement

These consolidated 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.

2.3 Functional and presentation currency

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

2.4 Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiary as at the reporting date. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses 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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control over its subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Non-Controlling Interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The Group and its subsidiary have the same reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024
(Expressed in Saudi Riyals in thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES

The accounting policies stated below have been consistently applied to all periods presented in these consolidated financial statements unless otherwise stated.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects (qualifying assets), if the recognition criteria are met. Where such assets are constructed in-house, their cost includes all amounts necessary to bring the asset to the present condition and location to be ready for intended use by management and excludes all costs such as general and administrative expenses and training costs.

When parts of property, plant and equipment are significant in cost in comparison to the total cost of the item, and where such parts/components have a useful life different than other parts and are required to be replaced at different intervals, the Group shall recognize such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its directly attributable cost is recognized in the carrying amount of the property, plant and equipment if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

Depreciation is calculated from the date the item of property, plant and equipment are available for its intended use or in respect of self-constructed assets from the date such assets are ready for the intended use. Depreciation is charged over the period which is shorter of the item's useful life or the remaining useful life of the property, plant and equipment.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Buildings and civil works	13 to 33 years
Plant and equipment	3 to 30 years
Transportation equipment	4 to 10 years
Furniture, fixtures and office equipment	4 to 10 years

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year-end.

Assets under construction, which are not ready for its intended use, and land are not depreciated.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction work in progress (CWIP)

CWIP is recognized at cost less accumulated impairment, if any. CWIP is transferred to the related property and equipment when the construction or installation and related activities necessary to prepare the property and equipment for their intended use have been completed and the property and equipment are ready for operational use.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalized and expenditure is recognized in the consolidated statement of profit or loss and other comprehensive income when it is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible assets.

Softwares are amortised using straight-line method over 10 years. Cost of obtaining / renewing quarry licenses to extract minerals is capitalised as intangibles and is amortised over the term of the licensing period (10 to 22 years) using straight-line method.

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

Right of use assets and leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. Currently, the Group has no contract which includes lease and non-lease component.

The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Right of use assets and leases (continued)

The Group as a lessee

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments in associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. In addition, when there has been a change recognised directly in the equity of the investee, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and investees are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and associate and its carrying value, then recognizes the loss as 'Share in results of equity-accounted investees' in the consolidated statement of profit or loss and other comprehensive income. Dividends from associates are adjusted against carrying amount when the right to receive the dividend is established which in the case of quoted securities is the ex-dividend date.

Impairment of non-financial assets

Other non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (pre-zakat) that reflects current market assessment of the time value of money and the risks specific to the asset.

The Group's impairment calculation is based on detailed budgets and forecast calculations which are prepared for the Group as whole, as the Group considered as single CGU. These budgets and forecast calculations are generally covering a five-year period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the budget period.

Impairment losses of continuing operations, including impairment on working capital, if applicable, are recognized in the consolidated statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

Irrespective of whether there is any indication of impairment, the Group shall also test intangible assets with an indefinite useful life (including goodwill) for impairment on annual basis.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

Other non-financial assets (continued)

For assets other than above, an assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss and other comprehensive income.

Inventories

Inventories, including raw materials, finished goods and consumables (spares) are valued at the lower of cost i.e. historical purchase prices based on the weighted average principle plus directly attributable costs (primarily duty and transportation) and the net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to complete a sale.

Inventories of finished goods include cost of materials, labor and an appropriate proportion of variable and fixed direct overheads.

The cost of inventories is assigned by using weighted average cost formula. The Group is using the same cost formula for all inventories having a similar nature and use to the Group. For inventories with a different nature or use, different cost formulas are used.

Abnormal inventory losses due to quality or other issues and overheads incurred during unplanned maintenance / shut down period are excluded from inventory costs. The allocation of overheads at period end for the purpose of inventory valuation are based on the higher of normal capacity or actual production for the period. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Management reduces the inventory to its net realizable value if the cost of the inventory is not recoverable or the inventory is damaged or become an obsolete in whole or in part, or if the selling price is lower than cost or any other factors that cause the net realizable value to become less than the carrying amount. Management valuation of net realizable value is based on the most reliable evidence at the time the estimates are used. These estimates take into account fluctuations in prices or costs directly attributable to events occurring after the date of the financial statements to the extent that they confirm that the circumstances of such events exist as at end of the financial period.

Consumable spare parts

Consumables are ancillary materials which are consumed in the production of semi-finished and finished products. Consumables may include engineering materials, one-time packaging materials and certain catalysts.

General spares, equipment items and other consumables which do not meet the recognition criteria for property, plant and equipment are recorded under inventory and are subject to assessment for provision.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Inventories (continued)

Work in process and finished goods

Clinker represents work in process inventories and Cement represents the finished goods inventories that are carried at the lower of cost or net realizable value. The cost of clinker and cement inventories includes the cost of raw materials, direct labor and manufacturing overheads and all other costs necessary to bring the cement inventories to their existing condition and location.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet, if any. Foreign currency bank accounts of the Group are mainly in US Dollar (USD), Euro (ER) and Bahraini dinar (BD).

Statutory reserve

In accordance with the previous Regulations for Companies in the Kingdom of Saudi Arabia, the Company established a statutory reserve by the appropriation of 10% of net income until the reserve equaled 30% of the share capital. This reserve was not available for distribution. During the year ended 31 December 2023, the Company updated its By-Laws as per the New Companies Law. During the current year, On 15 Shawal 1445H (corresponding to 24 April 2024 G), the General Assembly approved the transfer of statutory reserve balance amounting to SR 459 million to retained earnings.

Employees' benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in consolidated statement of financial position.

Employees' end of services benefits

The liability recognized in the consolidated statement of financial position in respect of the defined end of service benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined end of service benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss and other comprehensive income. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in consolidated statement of profit or loss and other comprehensive income as past service costs.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Employees' benefits (continued)

Employees' saving fund

The Group operates a saving plan to encourage its employees to make savings in a manner that will warrant an increase in their income and contribute to securing their future according to the established plan. The saving contributions from the participants are deposited in a separate bank account other than the Group's normal operating bank accounts and is only used for saving funds.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where management of the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in consolidated statement of profit or loss and other comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Decommissioning liability

Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the relevant asset. The cash flows are discounted at a rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed in the consolidated statement of profit or loss and other comprehensive income as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied, are added to or deducted from the cost of the asset.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, are recorded in the consolidated statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable. A contingent asset becomes a realized asset recordable on the consolidated statement of financial position when the realization of cash flows associated with it becomes relatively certain.

Zakat

Zakat is provided in accordance with the Zakat, Tax and Customs Authority Regulations (ZATCA) in the Kingdom of Saudi Arabia. The provision is charged to the consolidated statement of profit or loss and other comprehensive income. The zakat charge is computed on the Saudi shareholders' share of the zakat base or adjusted net profit whichever is higher. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Value added tax

Expenses and assets are recognised net of the amount of value added tax ("VAT"), except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.
- The net amount of VAT recoverable from, or payable.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Accounts receivable and debt securities issued are initially recognised when they are originated. All other financial instruments are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group determines the classification of its financial assets at initial recognition. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

i. Initial recognition and measurement

At initial recognition, the Group measures a financial asset (unless it is an accounts receivable without a significant financing component) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss and other comprehensive income as incurred. Accounts receivable without a significant financing component is initially measured at the transaction price.

ii. Subsequent measurement

The financial assets are classified in the following measurement categories for the purpose of subsequent measurement:

- a) Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit or loss), and
- b) Those to be measured at amortized cost.

Financial assets at fair value

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. Net gains and losses, including any interest or dividend income, are recognised in consolidated statement of profit or loss. Dividends on financial assets at FVOCI are recognized as income in consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

For assets measured at fair value, gains and losses are either be recorded in consolidated statement of profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Financial assets at amortized cost

Subsequent measurement of financial assets at amortized cost depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies financial assets at amortised cost based on the below:

- a) The asset is held within a business model with the objective of collecting the contractual cash flows, and
- b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets at amortized cost (continued)

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Shareholder loans to joint venture entities are carried at amortized cost. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Group's financial assets at amortized cost include trade receivables, due from related parties and cash and cash equivalents.

Trade receivables are stated at the amortized cost, which generally correspond to face value (original invoice amount), do not bear interest, and generally have a 30 to 90 days term, less any provision for doubtful debts and impairment. An allowance for doubtful debts is made based upon Company's best estimate of expected credit losses related to those receivables. Such estimate is based on customers' financial status and historical write-off experience. Account balances are written off against such allowance after all means of collection have been exhausted and potential of recovery is remote. Bad debts written off as such are recorded in the consolidated statement of profit or loss and other comprehensive income as incurred.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model and assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

De-recognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Impairment of financial assets

The Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure that are debt instruments and are measured at amortized cost e.g., trade receivables, cash and banks etc.

Expected credit losses are the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the Group expects to receive. The expected credit losses consider the amount and timing of payments and hence a credit loss arises even if the Group expects to receive the payment in full but later than when contractually due. The expected credit loss method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognizing allowance for expected credit losses in the consolidated statement of profit or loss and other comprehensive income even for receivables that are newly originated or acquired.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets

Impairment of financial assets is measured as either 12 month expected credit losses or life time expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. '12 month expected credit losses' represent the expected credit losses resulting from default events that are possible within 12 months after the reporting date. 'Lifetime expected credit losses' represent the expected credit losses that result from all possible default events over the expected life of the financial asset.

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime expected credit losses does not differ from that measured as 12 month expected credit losses. The Group applies simplified approach for measuring expected credit losses for trade receivables.

Financial liabilities

The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortized cost like borrowings are accounted at the fair value determined based on the effective interest rate method (EIR) after considering the directly attributable transaction costs.

The financial liabilities are classified in the following measurement categories:

- a) Those to be measured as financial liabilities at fair value through profit or loss, and
- b) Those to be measured at amortized cost.

The Group classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

The effective interest rate ("EIR") method calculates the amortized cost of a debt instrument by allocating interest charge over the relevant effective interest rate period. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category generally applies to borrowings and trade payables.

The Group's financial liabilities include trade and other payables, borrowings including bank overdrafts and amounts due to related parties. The Group measures financial liabilities (except derivatives) at amortized cost.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Transactions and balances in foreign currency

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss and other comprehensive income.

Foreign operation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Saudi Riyals at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Saudi Riyals at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI (if any).

Revenue

The Group is engaged in manufacturing and selling cement and its related products. The sale is performed by sale invoices and / or specific contracts independently entered into with customers.

Sale of cement and its related products (clinker) is the sole performance obligation. The Group has concluded that revenue from sale should be recognized at a point in time when control of asset is transferred to the customer, which is generally at the date of delivery.

The Group recognizes revenue at the point in time at which the customer obtains control of a promised asset and the entity satisfies the performance obligations. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment. No element of financing component is deemed present as the sales are either made on cash or credit terms with less than 12 months.

Other income

Other income relates to income from non-operating activities which is recognized when earned. It mainly relates to the scrap sales of assets and materials.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

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 financial statements are categorized within the fair value hierarchy, 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.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

Expenses

Cost of revenue

All expenses are recognized on an accrual basis. Operating costs are recognized on a historical cost basis. Production costs and direct manufacturing expenses are classified as cost of sales. This includes raw material, direct labor or employee cost, depreciation, amortization and other attributable overhead costs. Other costs related to selling costs are recorded as selling and distribution expenses while all remaining other costs are presented as general and administrative expenses.

Selling and distribution expenses

These include any costs incurred to carry out or facilitate all selling activities at the Group. These costs typically include marketing and distribution and logistics expenses as well as commissions. These also include allocations of certain general overheads.

General and administrative expenses

These pertain to operation expenses which are not directly related to the production of any goods or services. These also include allocations of general overheads which are not specifically attributed to cost of sales or selling and distribution expenses.

Allocation of overheads between cost of sales, selling and distribution expenses, and general and administrative expenses, where required, is made on a consistent basis based on predetermined rates as appropriate by the Group.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Earnings per share

Basic earnings per share are calculated by dividing:

- the net income attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares, if any.

Diluted EPS is calculated by dividing the net profit attributable to ordinary shareholders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion, (if any) of all the dilutive potential ordinary shares into ordinary shares.

Segment information

An operating segment is a company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. A geographical segment is associated with the provision of products or services in a specific economic environment that is subject to risks and rewards that differ from those of segments of business in economic environment.

Dividend

Interim dividends are recorded as liability in the period in which these are approved by the Board of directors. Year-end dividends are recorded in the consolidated financial statements in the period in which these are approved by the shareholders.

4 USE OF JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

4.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material carrying amounts of assets and liabilities within the financial year include:

Useful lives of property, plant and equipment

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

4 USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

4.1 Key sources of estimation uncertainty (continued)

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

The cash flows are derived from the budget and marketing terms forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the growth rate used for extrapolation purposes.

Provisions

Provisions are recognized when; the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effect of the time value of money are material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Long-term assumptions for employees' benefits

The cost of the employees' end-of-service benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provision for spare parts

The Group holds spare parts inventory for the machinery of its plant and these spare parts are held for no longer than one reporting period. Management estimate the appropriate level of provisioning for spare parts at the end of each reporting period based on management's expectations for future utilization in the process of production, disposal or sale plans for the spare parts.

Existence of inventory

Inventories comprise of raw materials (mainly limestone, iron ore, bauxite and gypsum) and work in process (mainly clinker which are stored in stockpiles). Since the weighing of these inventories is not practicable, management assesses the quantities on hand at the year-end by obtaining measurements of the stockpiles and converting these measurements to unit of volumes by using the angle of repose and the bulk density. In doing so, management appoints external surveyors to estimate the quantities by using certain scientific systematic measurements calculations, after which management applies the density conversion method which is applied for similar stock in the cement industry.

Zakat

The Company is subject to Zakat in accordance with the Zakat, Tax and Custom Authority ("ZATCA") regulations. Zakat computation involves relevant knowledge and judgement of the Zakat rules and regulations to assess the impact of Zakat liability at a particular period end. This liability is considered an estimate until the final assessment by ZATCA is carried out until which the Company retains exposure to additional Zakat liability.

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5 STANDARDS, INTERPRETATIONS, AMENDMENTS TO EXISTING STANDARDS

New standards, interpretations and amendments effective in the current year

The following are the new interpretations and amendments to the standards that are effective in the current year and which either do not give rise to significant changes or not applicable to the Group's accounting policies:

<u>Title</u>	<u>Effective date</u>
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases	1 January 2024
Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements	1 January 2024

New and amended IFRS Standards that are not yet effective

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group does not foresee any material impact on consolidated financial statements upon the adoption of these amendments to standards.

<u>Title</u>	<u>Effective date</u>
Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	1 January 2026
Annual Improvements to IFRS Accounting Standards – Amendments to: • IFRS 1 First-time Adoption of International Financial Reporting Standards; • IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; • IFRS 9 Financial Instruments; • IFRS 10 Consolidated Financial Statements; and • IAS 7 Statement of Cash flows	1 January 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
Sale or Contribution of assets between an Investor and its associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	effective annual periods yet to be determined

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6 PROPERTY, PLANT AND EQUIPMENT

	Land SR '000	Buildings and civil works SR '000	Plant and equipment SR '000	Tools and transportation equipment SR '000	Furniture, fixtures and office equipment SR '000	Construction work in progress (CWIP) SR '000	Total SR '000
Cost:							
1 January 2024	69,607	1,746,694	5,315,127	296,821	55,864	173,983	7,658,096
Additions	-	78	42,930	2,615	894	35,514	82,031
Transfer from CWIP	-	4,430	39,121	-	4,105	(47,656)	-
Disposals	-	(69)	(27,410)	(18,067)	(20)	-	(45,566)
31 December 2024	69,607	1,751,133	5,369,768	281,369	60,843	161,841	7,694,561
Accumulated depreciation:							
1 January 2024	-	1,263,138	4,070,336	270,165	50,986	-	5,654,625
Charge for the year	-	32,789	167,873	7,653	2,356	-	210,671
Disposals	-	(69)	(20,096)	(17,979)	(20)	-	(38,164)
31 December 2024	-	1,295,858	4,218,113	259,839	53,322	-	5,827,132
Net book value:							
At 31 December 2024	69,607	455,275	1,151,655	21,530	7,521	161,841	1,867,429

6.1 Certain property, plant and equipment are constructed on the land provided under the right of the mining concession by the government (note 1).

6.2 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. On 18 July 2024, the Group signed a contract with an independent contractor to complete the said project in four months from the date of contract with a cost of SR 6.64 million. As at year ended 31 December 2024, the contractor has completed his scope of the connection. Only the testing and commissioning is under progress with Saudi Arabia Railways (SAR) and independent contractor and thereafter, upon successful completion of the project it will be capitalized which is expected by end of second quarter of 2025.

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6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land SR '000	Buildings and civil works SR '000	Plant and equipment SR '000	Tools and transportation equipment SR '000	Furniture, fixtures and office equipment SR '000	Construction work in progress (CWIP) SR '000	Total SR '000
Cost:							
1 January 2023	69,607	1,744,317	5,276,842	299,952	53,193	154,824	7,598,735
Additions	-	-	40,798	2,529	1,665	34,710	79,702
Transfer from CWIP	-	2,377	8,562	3,390	1,222	(15,551)	-
Disposals	-	-	(11,075)	(9,050)	(216)	-	(20,341)
31 December 2023	69,607	1,746,694	5,315,127	296,821	55,864	173,983	7,658,096
Accumulated depreciation:							
1 January 2023	-	1,230,433	3,911,078	270,159	49,128	-	5,460,798
Charge for the year	-	32,705	170,214	9,229	1,869	-	214,017
Disposals	-	-	(10,956)	(9,223)	(11)	-	(20,190)
31 December 2023	-	1,263,138	4,070,336	270,165	50,986	-	5,654,625
Net book value:							
At 31 December 2023	69,607	483,556	1,244,791	26,656	4,878	173,983	2,003,471

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6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The depreciation for the year has been allocated as follows:

	2024	2023
	SR '000	SR '000
Cost of revenue	205,984	210,747
Selling and distribution expenses (note 22)	2,235	1,956
General and administrative expenses (note 23)	2,452	1,314
	210,671	214,017

7 LEASES

The Group has lease agreements for land, buildings and vehicles. The leases typically run for a period of 3 to 20 years, but may be renewed upon mutual consent of the Group and Lessor. Where practicable, the Group seeks to include extension option to provide operational flexibility. Lease terms are defined as per contract on an individual basis and contain a wide range of different terms and conditions.

The recognized right-of-use assets relate to the following types of assets:

	2024	2023
	SR '000	SR '000
Land	14,691	12,763
Building	1,877	1,978
Vehicles	24,002	27,613
Total right-of-use assets	40,570	42,354

Movement of right-of-use assets

	Land	Building	Vehicles	Total
	SR '000	SR '000	SR '000	SR '000
1 January 2024	12,763	1,978	27,613	42,354
Additions	5,071	-	-	5,071
Depreciation	(3,143)	(101)	(3,611)	(6,855)
31 December 2024	14,691	1,877	24,002	40,570

	Land	Building	Vehicles	Total
	SR '000	SR '000	SR '000	SR '000
1 January 2023	15,442	2,430	977	18,849
Additions	-	-	30,093	30,093
Depreciation	(2,679)	(224)	(2,480)	(5,383)
Terminations	-	(228)	(977)	(1,205)
31 December 2023	12,763	1,978	27,613	42,354

The depreciation of right-of-use assets has been allocated as follows:

	2024	2023
	SR '000	SR '000
Cost of revenue	4,026	2,893
Selling and distribution expenses (note 22)	2,187	2,075
General and administrative expenses (note 23)	642	415
	6,855	5,383

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7 LEASES (CONTINUED)

Lease liabilities movement

	2024	2023
	SR '000	SR '000
1 January	45,593	22,705
Additions	5,071	30,093
Interest on lease liabilities	2,173	1,578
Terminations	-	(1,205)
Payments	(8,959)	(7,578)
31 December	43,878	45,593

Maturity of lease liabilities is as follows:

	2024	2023
	SR '000	SR '000
Non-current portion of lease liabilities	37,110	38,871
Current portion of lease liabilities	6,768	6,722
Total lease liabilities	43,878	45,593

Following are the amounts recognised for lease liabilities and right-of-use assets in the consolidated statement of profit or loss and other comprehensive income:

	2024	2023
	SR '000	SR '000
Depreciation on right-of-use assets	6,855	5,383
Interest on lease liabilities (note 24)	2,173	1,578
Total amount recognized in consolidated statement of profit or loss and other comprehensive income	9,028	6,961

Amounts recognised in statement of cash flows:

	2024	2023
	SR '000	SR '000
Total cash outflow for leases	8,959	7,578

The aggregate undiscounted repayment schedule of lease liabilities is as follows:

	2024	2023
	SR '000	SR '000
Within one year	8,637	7,373
1-2 years	8,247	7,390
2-5 years	20,639	19,614
Above 5 years	13,905	18,392
	51,428	52,769

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8 INTANGIBLE ASSETS

	Softwares SR '000	Quarry licenses renewal cost SR '000	Softwares under development SR '000	Total SR '000
Cost:				
1 January 2024	25,181	12,608	524	38,313
Additions	-	-	3,811	3,811
Transfers	1,416	-	(1,416)	-
31 December 2024	26,597	12,608	2,919	42,124
Accumulated amortization:				
1 January 2024	(25,181)	(1,719)	-	(26,900)
Amortization charge for the year	(73)	(573)	-	(646)
31 December 2024	(25,254)	(2,292)	-	(27,546)
Net book value:				
At 31 December 2024	1,343	10,316	2,919	14,578

	Softwares SR '000	Quarry licenses renewal cost SR '000	Softwares under development SR '000	Total SR '000
Cost:				
1 January 2023	25,181	12,608	-	37,789
Additions	-	-	524	524
31 December 2023	25,181	12,608	524	38,313
Accumulated amortization:				
1 January 2023	(25,181)	(1,146)	-	(26,327)
Amortization charge for the year	-	(573)	-	(573)
31 December 2023	(25,181)	(1,719)	-	(26,900)
Net book value:				
At 31 December 2023	-	10,889	524	11,413

8.1 Intangibles represent quarry licenses renewal cost of SR 12.61 million which is amortised over the term of the licenses periods and the amortization charge is recorded in the cost of revenue.

9 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. The financial results are taken from management accounts as the management believes that un-audited figures would not be materially different from the audited figures.

The movement in investment in associate is as follows:

	2024 SR '000	2023 SR '000
Percentage of ownership	33.33%	33.33%
At 1 January	48,497	46,494
Share of profit	4,293	2,058
Share of OCI	23	(55)
At 31 December	52,813	48,497

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9 INVESTMENT IN AN ASSOCIATE (CONTINUED)

Financial information of investment in associate is as follows:

	2024	2023
	SR '000	SR '000
Non-current assets	145,539	153,171
Current assets	93,015	76,077
Non-current liabilities	(19,393)	(29,248)
Current liabilities	(60,706)	(54,495)
Net assets	158,455	145,505
Group's share of net assets (33.33%)	52,813	48,497
Carrying amount of interest in associate	52,813	48,497
Revenue	175,922	165,728
Profit or loss from continuing operations	12,881	6,175
Other comprehensive income / (loss)	23	(55)
Total comprehensive income	12,904	6,120
Share of profit or loss from continuing operations (33.33%)	4,293	2,058

10 EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

During the year ended 31 December 2023, the investment of SR 3.19 million representing 4.54% equity stake in Banz Group B.S.C. (c) was sold for an amount of SR 12 million and consequently, the investment was derecognized and the gain on disposal of this investment was recognized in the consolidated statement of profit and loss and other comprehensive income.

11 INVENTORIES

	2024	2023
	SR '000	SR '000
Spare parts	183,281	181,906
Less: provision for spare parts (note 11.1)	(15,032)	(17,301)
	168,249	164,605
Raw materials	74,577	73,773
Work in progress	332,028	299,284
Finished goods	19,846	26,008
At 31 December	594,700	563,670

11.1 Movement on provision for spare parts during the year is as follows:

	2024	2023
	SR '000	SR '000
1 January	17,301	19,743
Provision for the year *	10,203	9,983
Written off during the year	(12,472)	(12,425)
31 December	15,032	17,301

*Provision for spare parts has been recorded in cost of revenue.

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12 TRADE RECEIVABLES

	2024	2023
	SR '000	SR '000
Trade receivable	412,127	387,366

Information relating to the Group's exposure to credit and market risk is disclosed in note 31.

13 PREPAYMENTS AND OTHER CURRENT ASSETS

	2024	2023
	SR '000	SR '000
Prepaid expenses	12,923	22,247
Advances to suppliers	9,650	15,672
Custom deposits	1,136	2,270
Others	10,057	2,256
	33,766	42,445

14 CASH AND CASH EQUIVALENTS

	2024	2023
	SR '000	SR '000
Cash in hand	207	250
Murabaha investments and deposit (note 14.1)	5,623	10,000
Cash at banks	115,139	104,666
	120,969	114,916

	2024	2023
	SR '000	SR '000
In local currency	81,348	34,933
In foreign currencies	39,621	79,983
	120,969	114,916

14.1 Murabaha investments and deposit represent placements with banks having original maturity of less than three months and carry interest rate of 3.65% - 5.36% per annum (2023: 3.65% - 5.90%).

15 SHARE CAPITAL AND STATUTORY RESERVE

Share capital

The authorized issued and paid up capital is SR 1,530 million, which is divided into 153 million shares (31 December 2023: 153 million shares) of SR 10 each.

Statutory reserve

On 15 Shawal 1445H (corresponding to 24 April 2024G), the General Assembly approved the transfer of statutory reserve balance amounting to SR 459 million to retained earnings and accordingly retained earnings and statutory reserves balances were adjusted in these financial statements.

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16 EMPLOYEES' BENEFITS

The Group operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia. Employees' end -of-service benefit plans are unfunded plan.

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income related to employee benefit obligations are as follows:

Total amount recognized in profit or loss:

	2024	2023
	SR '000	SR '000
Current service cost	8,116	7,354
Interest cost on benefit obligation	5,554	4,403
	13,670	11,757

Total amount recognized in other comprehensive income:

Remeasurement loss arising from:

	2024	2023
	SR '000	SR '000
Actuarial (gain) / loss due to change in financial assumptions	(6,194)	288
Actuarial loss / (gain) due to change in demographic assumptions	1,101	(487)
Actuarial loss due to change in experience adjustments	1,538	17,572
	(3,555)	17,373

The following table represents the movement of the employees' benefits:

	2024	2023
	SR '000	SR '000
At the beginning of the year	126,331	106,248
Current service cost	8,116	7,354
Interest cost	5,554	4,403
Payments during the year	(7,027)	(9,047)
Re-measurement (gain) / loss	(3,555)	17,373
At the end of the year	129,419	126,331

(i) The significant actuarial assumptions are as follows:

	2024	2023
Discount rate used for calculation of interest cost-per annum	5.25%	4.60%
Mortality rates	WHO SA19	WHO SA19
Long term salary increase rate for the fifth year and onwards-per annum	5.00%	5.00%
Rate of employee turnover	Light	Moderate

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16 EMPLOYEES' BENEFITS (CONTINUED)

(ii) The weighted average duration of the defined benefit obligations is 5.90 years (2023: 4.62 years).

(iii) Assumptions regarding future mortality have been based on published statistics and mortality tables. For current year, World Health Organization "WHO" 19 mortality table has been used (2023: World Health Organization "WHO" 19 mortality table was used) for Kingdom of Saudi Arabia. There is no major deviation in the mortality tables used.

(iv) The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions for year ended 31 December, 2024 is as follows:

	2024	2023
	SR'000	SR'000
Discount rate +0.5%	117,340	115,571
Discount rate -0.5%	133,237	129,231
Long term salary increases +0.5%	132,347	128,365
Long term salary increases -0.5%	118,153	116,378
Withdrawal rate +10%	120,757	117,914
Withdrawal rate -10%	129,585	126,679
Mortality rate +10%	120,911	118,316
Mortality rate -10%	129,425	126,345

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

Expected maturity analysis

The expected maturity analysis of undiscounted post-employment benefit is as follows;

	Less than a	Between 1-2	Between 2-5	Over 5	Total
	year	years	years	years	
31 December 2024	7,925	50,439	29,552	165,059	252,975
31 December 2023	10,893	51,192	34,411	127,348	223,844

17 PROVISION FOR SITE RESTORATION

	2024	2023
	SR '000	SR '000
Balance at 1 January	6,049	-
Provision made during the year	1,268	5,917
Interest on unwinding of restoration provision	308	132
Balance at 31 December	7,625	6,049

The management of the Group has recorded provision for Group's quarries sites rehabilitation. The estimated amount is recognized by discounting to its present value and has been charged to cost of revenue.

18 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 2,330 million (31 December 2023: SR 2,000 million). The utilized balance as of 31 December 2024 amounted to SR 255 million (31 December 2023: SR 400 million). These facilities carry financial costs at SIBOR plus fixed margin 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 consolidated statement of financial position as these are repayable within 12 months from the reporting date.

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19 DIVIDEND PAYABLE

On 22 Ramadan 1444H (corresponding to 13 April 2023), the General Assembly approved the Board of Directors' resolution to distribute cash dividend amounted to SR 1.75 per share (SR 267.75 million in total) for the second half of 2022.

On 22 Ramadan 1444H (corresponding to 13 April 2023), the General Assembly authorized the Board of Directors to distribute interim cash dividend. Accordingly, on 18 Dhu al-Qa'dah 1444 (07 June 2023), the Board of Directors has resolved to distribute interim cash dividend amounting to SR 1.50 per share (SR 229.50 million in total) for the first half of 2023. Payment of this dividend distribution was commenced on 02 Dhul-Hijjah 1444 (20 June 2023).

On 15 Shawwal 1445H (corresponding to 24 April 2024), the General Assembly approved the Board of Directors' recommendation to distribute cash dividend amounted to SR 1 per share (SR 153 million in total) for the second half of 2023. Payment of this dividend distribution was commenced on 29 Shawwal 1445H (corresponding to 8 May 2024).

On 15 Shawwal 1445H (corresponding to 24 April 2024), the General Assembly authorized the Board of Directors to distribute interim cash dividend. Accordingly, on 28 Dhu al-Qa'dah 1445H (05 June 2024), the Board of Directors has resolved to distribute interim cash dividend amounting to SR 1.25 per share (SR 191.25 million in total) for the first half of 2024. Payment of this dividend distribution was commenced on 20 Dhul-Hijjah 1445H (corresponding to 26 June 2024).

Subsequent to the year end, on 05 Shaban 1446H (corresponding to 04 February 2025), the Board of Directors proposed to distribute cash dividend amounted to SR 1.50 per share (SR 229.50 million in total) for the second half of 2024 subject to approval of General Assembly.

Dividend payable as at 31 December 2024 amounted to SR 227.45 million (31 December 2023: SR 226.09 million) represents unclaimed dividend for prior years.

20 ACCRUALS AND OTHER CURRENT LIABILITIES

	2024	2023
	SR '000	SR '000
Accrued expenses	130,370	121,655
Liability for charitable contribution	20,000	20,000
	150,370	141,655

21 REVENUE

The Group 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 recognized at point in time for all products.

	2024	2023
	SR '000	SR '000
Primary geographic markets		
Local	1,161,870	973,134
Export	513,937	488,698
	1,675,807	1,461,832
Major product types		
Cement	1,421,811	1,225,173
Clinker	253,996	236,659
	1,675,807	1,461,832

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21 REVENUE (CONTINUED)

The following table provides information about trade receivables and contract liabilities.

	2024	2023
	SR '000	SR '000
Trade receivables	412,127	387,366
Contract liabilities*	9,959	26,699

* 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 Company deliver the products to the customers and their balances for advances are settled with the revenue made. The amount of SR 26.69 million in contract liabilities as at 31 December 2023 has been recognized as revenue in financial year 2024 (2023: SR 20.3 million).

22 SELLING AND DISTRIBUTION EXPENSES

	2024	2023
	SR '000	SR '000
Transportation fees	94,306	67,754
Port charges	32,885	34,805
Employees' cost	18,113	17,603
Electricity, Diesel, and Maintenance expenses	5,682	3,816
Depreciation (note 6)	2,235	1,956
Depreciation on right-of-use-assets (note 7)	2,187	2,075
Others	2,259	2,308
	157,667	130,317

23 GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
	SR '000	SR '000
Employees' cost	51,445	50,623
Board of directors' remunerations	6,032	6,019
Electricity, diesel and maintenance expenses	5,348	6,907
Computer licenses and other IT expenses	4,717	4,444
Professional fees	2,905	3,226
Depreciation (note 6)	2,452	1,314
Donation	1,491	1,103
Bank charges and commissions	1,112	1,531
Printing and stationery expenses	1,074	1,031
Depreciation on right-of-use-assets (note 7)	642	415
Training	475	619
Amortization of intangible assets (note 8)	73	-
Others	3,435	2,993
	81,201	80,225

24 FINANCE COST

	2024	2023
	SR '000	SR '000
Interest on short term loans	24,904	27,460
Interest on lease liabilities (note 7)	2,173	1,578
Interest on unwinding of restoration provision (note 17)	308	132
	27,385	29,170

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25 PROVISION FOR ZAKAT

A The principal elements of the zakat base are as follows

	2024	2023
	SR '000	SR '000
Non-current assets	(1,987,884)	(2,121,946)
Current liabilities	719,005	883,570
Opening shareholders' equity	2,159,311	2,292,962
Profit before zakat	439,874	381,027

B The movement in Company's zakat is as follows:

	2024	2023
	SR '000	SR '000
At beginning of the year	21,482	20,151
Provision made during the year	18,000	18,000
Paid during the year	(19,115)	(16,669)
At the end of the year	20,367	21,482

C Status of zakat assessment

The Company has submitted its zakat returns up to year ended 31 December 2023, 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. During year 2024, the company received final zakat assessment from Zakat, Tax and Customs Authority ("ZATCA") for years 2021 and 2022 with no required changes on the submitted zakat returns.

D Transfer pricing

On 20 March 2023, the Board of Directors of the Zakat, Tax, and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia (KSA) approved amendments to the Transfer Pricing (TP) Bylaws extending the applicability of TP provisions to Zakat-paying entities. These amendments were subsequently endorsed by Ummul Qura on 14 April 2023 and are applicable to Financial Years (FYs) starting on or after 1 January 2024. Under the revised requirements, Zakat-paying entities must ensure their transactions with related parties comply with the arm's length principle. These zakat-paying entities are required to submit a TP Disclosure Form and a TP Affidavit with their Zakat returns. There are certain other compliance obligations applicable to these entities as outlined in the TP Bylaws i.e. local file, master file, and country-by-country reporting depending on the monetary threshold as defined under the TP bylaws. The Company is in process of finalization of the required forms submission to ZATCA for 2024 along with their annual Zakat return.

26 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the period 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:

	2024	2023
Profit attributable to equity holders SR '000	421,874	381,027
Number of shares outstanding in '000	153,000	153,000
Earnings per share (SR)	2.76	2.49

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

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27 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include shareholders having significant influence, associated companies, key management personnel, Board of Directors, and entities controlled or jointly controlled by such parties. The following table provides the total amount of transactions that have been entered into with related parties during the year ended 31 December 2024 and 31 December 2023 and related parties balances as at 31 December 2024 and 31 December 2023.

Related party	Relationship	Nature of transaction	Year ended		Ending balance	
			Amount of transaction			
			31 December 2024	31 December 2023	31 December 2024	31 December 2023
			SR '000	SR '000	SR '000	SR '000
Cement Product Industry Company Limited	Associate	Purchases of raw materials	31,374	44,105	(1,013)	-
Wataniya Insurance Company *	Common directorship	Insurance of property, plant and equipment	6,265	8,203	(3)	(31)

Terms and conditions of transactions with related parties

Transactions with related parties are made in the ordinary course of business. Outstanding balances at the year ended 31 December 2024 and 2023 are unsecured and settled in cash. There have been no guarantees provided to amounts due to related parties. These balances represent due to related parties and are classified under trade payables.

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

Key management personnel	2024	2023
	SR '000	SR '000
Short term employment benefits	17,476	17,238
Post-employment benefits	1,328	1,111
	18,804	18,349

* This is considered a related party as per local Company Law issued by Ministry of Commerce ("MOC").

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28 CONTINGENCIES AND COMMITMENTS

- (a) As of 31 December 2024, the capital expenditure contracted by the Company but not incurred till 31 December 2024 was approximately SR 87.64 million (31 December 2023: SR 26.64 million).
- (b) The Company's bankers have given guarantees, on behalf of the Company, amounting to SR 135.04 million (31 December 2023: SR 91.97 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 (2023: SR 2.52 million).

29 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 Chief Executive Officer of the Group reviews the internal management reports of each segment at least quarterly.

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, as presented to the Chief Executive Officer of the Group, is as follows:

	Kingdom of Saudi Arabia	Kingdom of Bahrain	Elimination	Total
For the year ended 31 December 2024				
Revenue	1,623,573	52,234	-	1,675,807
Inter-segment revenue	27,823	-	(27,823)	-
Total revenue	1,651,396	52,234	(27,823)	1,675,807
Cost of revenue	(982,059)	(54,210)	27,823	(1,008,446)
Profit / (loss) before zakat for the year	439,874	(8,210)	8,210	439,874
Finance cost	(27,218)	(167)	-	(27,385)
Depreciation	(203,874)	(5,824)	(973)	(210,671)
Depreciation - right-of-use-assets	(6,754)	(101)	-	(6,855)
Amortization - intangible assets	(646)	-	-	(646)
Share of profit from an associate	(3,841)	-	8,134	4,293
Share of gain of OCI from an associate	23	-	-	23
Zakat expense	(18,000)	-	-	(18,000)

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29 SEGMENT INFORMATION (CONTINUED)

	Kingdom of Saudi Arabia	Kingdom of Bahrain	Elimination	Total
For the year ended 31 December 2023				
Revenue	1,424,379	37,453	-	1,461,832
Inter-segment revenue	19,346	-	(19,346)	-
Total revenue	1,443,725	37,453	(19,346)	1,461,832
Cost of revenue	(864,082)	(44,165)	19,346	(888,901)
Profit / (loss) before zakat for the year	396,737	(3,366)	5,656	399,027
Finance cost	(29,003)	(167)	-	(29,170)
Depreciation	(205,935)	(7,109)	(973)	(214,017)
Depreciation - right-of-use-assets	(5,282)	(101)	-	(5,383)
Amortization - intangible assets	(573)	-	-	(573)
Share of profit from an associate	(4,711)	-	6,769	2,058
Share of loss of OCI from an associate	(55)	-	-	(55)
Zakat expense	(18,000)	-	-	(18,000)

	Kingdom of Saudi Arabia	Kingdom of Bahrain	Elimination	Total
As at 31 December 2024				
Total assets	3,126,904	44,414	(34,366)	3,136,952
Total liabilities	886,391	20,361	(10,313)	896,439
As at 31 December 2023				
Total assets	3,204,347	46,221	(36,436)	3,214,132
Total liabilities	1,045,128	14,543	(4,850)	1,054,821

30 EMPLOYEES' SAVINGS PLAN

The Company has established an employees' saving plan for its employees, which was approved by the Ministry of Labor on 11 Jumada' I 1414H (corresponding to 27 October 1993). The contributions from the Company and the participants are deposited in separate bank account as thrift saving account. This bank account with a total balance of SR 27.89 million (31 December 2023: SR 26.86 million) do not form part of the Company's available cash resources and have been accounted for, together with the related liability against the contributions, in its own standalone accounting records, as required by the saving plan's by laws, and has not been integrated with the Company's accounting records.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise Islamic financing, trade payables, accrual and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables, and cash and bank balances that derive directly from its operations. The Group's management reviews and agrees policies for managing each of these risks which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commission rate risk, currency risk and commodity risk.

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31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Commission rate risk

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market commission rates. The Group's exposure to the risk of changes in market commission rates relates primarily to the Group's Islamic financing with floating commission rates. The Group manages its exposure to this risk by continuously monitoring movements in commission rates. The sensitivity of the income to possible changes in commission rate by 100 basis points, with all other variables held constant, is not considered material by the management.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group deals mainly in US Dollar and Saudi Riyal (SR). As the SR is pegged to the US Dollar, balances in SR are not considered to represent significant currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, deposits and receivables as follows:

	2024 SR '000	2023 SR '000
Trade receivables	412,127	387,366
Cash and cash equivalents	120,762	114,666
Custom deposits	1,136	2,270
Others	8,332	203
	542,357	504,505

The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and obtaining bank guarantees from certain customers. Funds are placed with banks having good credit ratings and therefore are not subject to significant credit risk. Financial position of related parties is stable.

As at 31 December, aging of trade receivables is as follows:

	2024 SR '000	2023 SR '000
Not due yet	323,240	251,206
Past due - 1 to 30 days	55,790	48,856
Past due - 31 to 90 days	20,250	53,392
Past due - 91 to 180 days	2,157	11,735
Past due - 180 days more	10,690	22,177
	412,127	387,366

Trade and other receivables are basically due from customers in local markets and most balances are pledged against effective bank guarantees from local banks with sound credit ratings and are stated at their estimated realizable values. Trade receivables amounting to SR 357.9 million (31 December 2023: SR 331.62 million) are secured against bank guarantees. The impact of expected credit losses on trade receivables as of 31 December 2024 and 31 December 2023 was insignificant and accordingly no provision has been recorded.

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31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short-term maturities of the exposure. The Group considers that its cash and cash equivalents have low credit risk as wherever required the Group secure support from its partners to satisfy short term funding requirements. Funds are placed with banks having good credit ratings and therefore are not subject to significant credit risk.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. Trade receivables outstanding balance comprises of 90% in KSA, 6% in GCC (other than KSA) and 4% other than KSA and GCC. The five largest customers account approximately for 85% of outstanding trade receivables at 31 December 2024. Out of total trade receivables balance, 88% are secured by bank guarantees and 12% are receivable from government entities and therefore considered as secured. There is no history of losses.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by ensuring bank facilities are available when required. The Company's terms of sales require amounts to be paid within 60 to 90 days of the date of sale. Trade payables are normally settled within 60 to 120 days of the date of purchase.

The table below summarizes the maturities of the Group's financial liabilities at 31 December, based on contractual payment dates and current market interest rates:

2024	Carrying amount SR '000	Up to 1 Year SR '000	From 1 year to 5 year SR '000	Above 5 years SR '000	Total SR'000
Lease liabilities	43,878	8,637	28,886	13,905	51,428
Short-term loans	255,000	255,000	-	-	255,000
Trade payables	52,374	52,374	-	-	52,374
Other payables	145,353	145,353	-	-	145,353
	496,605	461,364	28,886	13,905	504,155
2023	Carrying amount SR '000	Up to 1 Year SR '000	From 1 year to 5 year SR '000	Above 5 years SR '000	Total SR'000
Lease liabilities	45,593	7,373	27,004	18,392	52,769
Short-term loans	400,000	400,000	-	-	400,000
Trade payables	60,922	60,922	-	-	60,922
Other payables	118,948	118,948	-	-	118,948
	625,463	587,243	27,004	18,392	632,639

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31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	Short-term loans SR '000	Lease liabilities SR '000	Total SR '000
Balance at 1 January 2024		400,000	45,593	445,593
Changes from financing cash flows				
Proceeds from short-term loans		425,000	-	425,000
Repayment of short-term loans		(570,000)	-	(570,000)
Payment of lease liabilities	7	-	(8,959)	(8,959)
Total changes from financing cash flows		(145,000)	(8,959)	(153,959)
Other changes				
Addition to lease liabilities	7	-	5,071	5,071
Interest on short term loans	24	24,904	-	24,904
Interest paid	7	(24,904)	2,173	(22,731)
Total liability related changes		-	7,244	7,244
Balance at 31 December 2024		255,000	43,878	298,878

	Note	Short-term loans SR '000	Lease liabilities SR '000	Total SR '000
Balance at 1 January 2023		325,000	22,705	347,705
Changes from financing cash flows				
Proceeds from short-term loans		500,000	-	500,000
Repayment of short-term loans		(425,000)	-	(425,000)
Payment of lease liabilities	7	-	(7,578)	(7,578)
Total changes from financing cash flows		75,000	(7,578)	67,422
Other changes				
Addition to lease liabilities	7	-	30,093	30,093
Termination of lease liability	7	-	(1,205)	(1,205)
Interest on short term loans		27,460	-	27,460
Interest paid	7	(27,460)	1,578	(25,882)
Total liability related changes		-	30,466	30,466
Balance at 31 December 2023		400,000	45,593	445,593

Capital management

For purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

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31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management (continued)

The Group manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Group's activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue shares. The Group's adjusted net liabilities to equity ratio was as follows:

	2024	2023
	SR '000	SR '000
Total liabilities	896,439	1,054,821
Less: cash and cash equivalents	(120,969)	(114,916)
Net liabilities	775,470	939,905
 Total shareholders' equity	 2,240,513	 2,159,311
Net liabilities to equity ratio	0.35	0.44

32 FAIR VALUES OF FINANCIAL INSTRUMENTS

As of 31 December 2024 and 31 December 2023, all of the Group's financial instruments have been carried at amortized cost and the Group does not hold any financial instruments measured at fair value. The carrying value of the other financial assets and liabilities in the consolidated statement of financial position approximates to their fair values due to their short-term maturity or bearing no interest.

33 EVENTS AFTER THE REPORTING DATE

Except as disclosed in note 19 to these consolidated financial statements, there have been no significant subsequent events since the year ended 31 December 2024 till the date of authorization of these consolidated financial statements by the Board of Directors that require either an adjustment or disclosure in these consolidated financial statements.

34 COMPARATIVE FIGURES

For the year ended 31 December 2024, management reclassified other income as part of operating income, accordingly the comparative figures have been reclassified to comply with the current period presentation of the consolidated financial statements.

35 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issue and approved on March 05, 2025G corresponding to Ramadan 05, 1446H by the Board of Directors of the Group.