

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

**CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month period ended March 31, 2024
together with
INDEPENDENT AUDITORS' REPORT ON REVIEW



KPMG Professional Services

Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 403029792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

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

To the Shareholders of Southern Province Cement Company
(A Saudi Joint Stock Company)
Abha - Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying 31 March 2024 condensed interim financial statements of **Southern Province Cement Company** (the "Company"), which comprise of:

- Condensed statement of financial position as at 31 March 2024;
- the condensed statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2024;
- the condensed statement of changes in equity for the three-month period ended 31 March 2024;
- the condensed statement of cash flows for the three-month period ended 31 March 2024; and
- the notes to the condensed interim financial statements.

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

Scope of Review

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

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") 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. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مسهمة منظمة، منسوبة في المملكة العربية السعودية، رأس ماليا (40,000,000) ريال سعودي مدفوع بالكامل المسماة سابقاً "الشركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



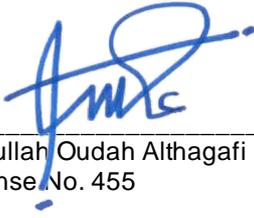
Independent auditor's report on review of condensed interim financial statements (continued)

To the Shareholders of Southern Province Cement Company
(A Saudi Joint Stock Company)
Abha - Kingdom of Saudi Arabia

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2024 condensed interim financial statements of Southern Province Cement Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Professional Services



Abdullah Oudah Althagafi
License No. 455



Jeddah, 20 May 2024
Corresponding to 12 Dhul Qadah 1445H

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

(Saudi Riyals)

	Note	March 31, 2023 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Property plant and equipment	7	2,880,336,180	2,826,226,343
Investment properties		5,437,625	5,437,625
Total non-current assets		2,885,773,805	2,831,663,968
Inventories	8	829,095,562	744,786,614
Trade receivables		135,209,054	97,475,209
Prepayments and other receivables	9	60,569,482	46,353,008
Cash and cash equivalent	10	307,068,653	363,096,531
Total current assets		1,331,942,751	1,251,711,362
Total assets		4,217,716,556	4,083,375,330
SHAREHOLDER'S EQUITY AND LIABILITY			
Equity:			
Share capital	1	1,400,000,000	1,400,000,000
Statutory reserve		700,000,000	700,000,000
Retained earnings		1,248,327,420	1,186,204,368
Total equity		3,348,327,420	3,286,204,368
Liabilities			
Bank facilities	11	391,230,924	361,164,949
Employees' defined benefit obligation		115,027,013	116,804,570
Quarry rehibition provision		1,140,000	1,140,000
Total non-current liabilities		507,397,937	479,109,519
Bank facilities	11	2,100,496	1,211,640
Accrued expenses and other payables		51,800,738	60,996,752
Trade payables		123,140,604	76,482,127
Dividend payables	12	158,710,477	159,375,577
Zakat provision	13	26,238,884	19,995,347
Total current liabilities		361,991,199	318,061,443
Total liabilities		869,389,136	797,170,962
Total equity and liabilities		4,217,716,556	4,083,375,330

The attached notes 1 to 16 of these condensed interim financial statements.


Executive Vice President
of Finance


Chief Executive Officer


Chairman

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)**

For the three-month period ended March 31, 2024
(Saudi Riyals)

	<u>Note</u>	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Revenue		250,672,819	299,845,350
Cost of revenue		<u>(158,124,866)</u>	<u>(228,875,880)</u>
Gross profit		92,547,953	70,969,470
Provision for expected credit loss		(1,609,887)	--
Selling and distribution expenses		(1,755,412)	(4,499,191)
General and administrative expenses		(20,242,279)	(13,023,173)
Other Income		<u>768,590</u>	<u>631,661</u>
Operating income		69,708,965	54,078,767
Finance income		1,151,949	1,724,740
Finance costs		<u>(2,494,325)</u>	<u>(3,988,797)</u>
Profit before zakat		68,366,589	51,814,710
Zakat	13	<u>(6,243,537)</u>	<u>(2,925,304)</u>
Profit for the period		62,123,052	48,889,406
Other comprehensive income			
<i>Items that will not be reclassified under profit or loss:</i>			
Remeasurement of employees' defined benefits obligation		--	--
Total other comprehensive income		--	--
Total comprehensive income		62,123,052	48,889,406
<u>Earnings per share to net income for the period</u> <u>(Saudi Riyals):</u>	14		
Basic		<u>0.44</u>	<u>0.35</u>
Diluted		<u>0.44</u>	<u>0.35</u>

The attached notes 1 to 16 of these condensed interim financial statements.


Executive Vice President
of Finance


Chief Executive Officer


Chairman

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the three-month period ended March 31, 2024
(Saudi Riyals)

	<u>Share capital</u>	<u>Statuary reserve</u>	<u>Retained earnings</u>	<u>Total</u>
For the three-month period ended 31 March 2023:				
Balance as at 1 January 2023 (audited)	1,400,000,000	700,000,000	1,105,593,835	3,205,593,835
Profit for the period	--	--	48,889,406	48,889,406
Other comprehensive income ("OCI")	--	--	--	--
Total comprehensive income for the period	--	--	48,889,406	48,889,406
Balance at 31 March 2023 (Unaudited)	1,400,000,000	700,000,000	1,154,483,241	3,254,483,241
Three-month period ended March 31, 2024:				
Balance as at 1 January 2024 (audited)	1,400,000,000	700,000,000	1,186,204,368	3,286,204,368
Profit for the period	--	--	62,123,052	62,123,052
Other comprehensive income ("OCI")	--	--	--	--
Total comprehensive income for the period	--	--	62,123,052	62,123,052
Balance at 31 March 2024 (Unaudited)	1,400,000,000	700,000,000	1,248,327,420	3,348,327,420

The attached notes 1 to 16 of these condensed interim financial statements.


Executive Vice President
of Finance


Chief Executive Officer


Chairman

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

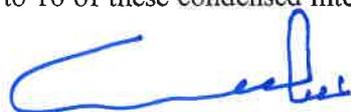
For the three-month period ended March 31, 2024

(Saudi Riyals)

	<u>Note</u>	<u>2024</u> (Unaudited)	<u>2023</u> (Unaudited)
<u>Operating activities:</u>			
Profit for the period before Zakat		68,366,589	51,814,710
<u>Adjustments:</u>			
Depreciation on property, plant and equipment	7	51,670,162	48,990,418
Amortization of loan rescheduling losses		(295,894)	--
Provision for expected credit losses		1,609,887	--
Reverse for write down of inventory		(1,096,842)	--
Finance cost		2,494,325	--
Employee defined benefit obligation charge for the period		2,441,679	2,424,940
		<u>125,189,906</u>	<u>103,230,068</u>
<u>Change in working capital:</u>			
Trade receivables		(39,343,732)	704,314
Inventory		(83,212,106)	(21,056,335)
Prepayments and other receivables		(14,216,474)	(807,320)
Trade payables		46,658,477	26,126,219
Accrued expenses and other payables		(11,690,339)	16,719,345
Cash generated from operating activities		<u>23,385,732</u>	<u>124,916,291</u>
Employees defined benefits - paid		(4,219,236)	(4,420,291)
Net cash generated from operating activities		<u>19,166,496</u>	<u>120,496,000</u>
<u>INVESTING ACTIVITIES:</u>			
Additions of property, plant and equipment	7	(105,779,999)	(29,468,763)
Net cash used in investing activities		<u>(105,779,999)</u>	<u>(29,468,763)</u>
<u>Financing activities:</u>			
Repayment from facilities	11	--	(20,000,000)
Received from facilities	11	31,250,725	
Dividends paid	12	(665,100)	(860,262)
Net cash generated from / (used in) financing activities		<u>30,585,625</u>	<u>(20,860,262)</u>
Change in cash and cash equivalents during the period		(56,027,878)	70,166,975
Cash and cash equivalents at beginning of the period		363,096,531	320,213,283
Cash equivalents at the end of the period	10	<u>307,068,653</u>	<u>390,380,258</u>
<u>Significant non-cash transactions</u>			
Transfer from projects in progress to property, plant and equipment	7	38,366	--

The attached notes 1 to 16 of these condensed interim financial statements.


Executive Vice President
of Finance


Chief Executive Officer


Chairman

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2024

1. GENERAL

Southern Province Cement Company was established as a Saudi Joint Stock Company (“the Company”) under the Royal Decree No. M/3 on 12/2/1398H based on the companies law and executive regulations from the Ministry of Commerce.

The Company's main activity is to manufacture and produce cement, its derivatives and accessories, and to trade in those products and to carry out all works related directly or indirectly to the realization of these purposes.

As at March 31, 2024, the company’s authorized, subscribed and fully paid capital amounted to SR 1.4 billion (2023: SR 1.4 billion) distributed into 140 million ordinary shares (2023: 140 million ordinary shares) each valued at SR 10 (2023: SR 10).

In accordance with the company’s bylaws, the ordinary general assembly, based on the proposal of the Board of Directors, may decide to form reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed dividend as much as possible to shareholders.

The registered address of the Company is as follows:

Southern Province Cement Company
Abha City
PO Box 548
Jeddah, Kingdom of Saudi Arabia

The Company operates through three factories, which are as follows:

1. Jazan, Ahad Al Masarihah city.
2. Aseer, Bisha.
3. Mecca Region, Al Qunfudhah - Thaloth Emara.

The following factories operate under separate industrial licenses that are numbered and dated as follows:

<u>Factory</u>	<u>Industrial license No.</u>	<u>Industrial license date</u>
Ahad Al Masarihah - Jazan Area	451102131374	20/09/1445H corresponding to 30 March 2024
Bisha - Aseer Area	441110123631	24/07/1449H corresponding to 23 December 2027
Tehama - Makkah Area	451110129097	27/02/1446H corresponding to 2 September 2024

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
As at 31 March 2024

2. BASIS OF PREPERATION

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants. These condensed interim financial statements should be read in conjunction with the financial statements of the last annual financial statements of the Company as in as at 31 December 2023 (“Previous Year Financial Statements”). These financial statements do not include all the information required to prepare a complete set of financial statements in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, however some accounting policies and explanatory notes have been included to explain the events and transactions that are important to understand the changes in the financial position and financial performance of the Company from the financial statements of the previous year. In addition, the results for the three-month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the year ending 31 December 2024.

b) Basis of measurement

The condensed interim financial statements have been prepared on historical cost basis, except for the following major items presented in condensed statement of financial position:

- Accruals for employee defined benefit obligations that are measured at the present value of future liabilities are recognized using the projected unit credit method. Using the accrual basis of accounting and the going concern concept.

c) Functional and presentation currency

These condensed interim financial statements have been presented in Saudi Arabian Riyals (SR) which is the Company’s functional and presentation currency.

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the condensed interim financial statements requires management to make judgments and estimates that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.

Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are also reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.

Significant judgments and estimates made by the management upon the adopting the Company’s accounting policies correspond to the disclosed policies in last year’s financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company in preparing the financial statements are consistent with those followed in preparing the annual financial statements of the Company for the year ended 31 December 2023.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
As at 31 March 2024

5. NEW STANDARDS AND AMENDMENTS TO STANDARDS

5.1 New standards and amendments to standards

The following amendments to existing standards and framework have been applied by the Company in preparation of these condensed interim financial statements. The adoption of the following did not result in changes to the previously reported profit or equity of the Company.

<i><u>Standard / Interpretation</u></i>	<i><u>Description</u></i>	<i><u>Effective date</u></i>
IAS 1	Classification of liabilities as current or non-current	January 01, 2024
IAS 1	Non-current Liabilities with Covenants	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback	January 01, 2024
IAS 7 and IFRS 7	Supplier finance arrangements	January 01, 2024

Following are the new IFRS sustainability disclosure standards that are not yet endorsed by SOCPA.

<i><u>Standard / Interpretation</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
IFRS S1	General requirements for disclosure of sustainability-related financial information	January 01, 2024
IFRS S2	Climate-related disclosures	January 01, 2024

5.2 Standards issued but not yet effective

The standards, interpretations, and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial statements are disclosed below. The Company is currently assessing the implications on the Company's condensed interim financial statements on adoption. The Company intends to adopt these standards, where applicable, when they become effective.

<i><u>Standard / Interpretation</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
IAS 21	Lack of exchangeability (amendments to IAS 21)	January 01, 2025
IFRS 18	Presentation and disclosure in financial statements	January 01, 2027
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2024

6. SEGMENT INFORMATION

The Company has one main product, which is packed and unpackaged cement. The main sectors of the Company are presented according to geographical sectors. These segments are organized and managed separately according to the geographical location, each forming a separate unit. The geographical segments set out below are determined by distinguishing business activities from which the Company generates revenues and incurs costs. The economic characteristics are reviewed and the method of determining the geographical sectors is reconsidered in light of the evaluation made by the Chief Operating Decision Maker at least every quarter, provided that they are approved by the Company's Board of Directors. The Company is operating its activities in the Kingdom of Saudi Arabia through the following geographic areas:

	<u>Jazan</u>	<u>Bisha</u>	<u>Tehama</u>	<u>Unallocated</u>	<u>Total</u>
<u>For the period ended</u>					
<u>31 March 2024</u>					
Revenue from selling cement	72,551,448	69,315,136	103,635,735	--	245,502,319
Revenue from selling Clinker	5,170,500	--	--	--	5,170,500
Total revenue	77,721,948	69,315,136	103,635,735	--	250,672,819
Depreciation	10,416,108	14,227,726	26,783,325	243,003	51,670,162
Finance income	--	--	--	1,151,949	1,151,949
Finance cost	--	--	--	2,494,325	2,494,325
Profit / (loss) before zakat	22,425,367	24,836,963	41,398,550	(20,294,291)	68,366,589
Zakat expense	--	--	--	6,243,537	6,243,537
Profit for the period	22,425,367	24,836,963	41,398,550	(26,537,828)	62,123,052
	<u>Jazan</u>	<u>Bisha</u>	<u>Tehama</u>	<u>Unallocated</u>	<u>Total</u>
<u>For the period ended</u>					
<u>March 31, 2023:</u>					
Revenue from selling cement	86,563,743	75,918,116	103,392,429	--	265,874,288
Revenue from selling Clinker	15,707,268	--	18,263,794	--	33,971,062
Total revenue	102,271,011	75,918,116	121,656,223	--	299,845,350
Depreciation	8,818,642	13,396,270	26,604,673	170,833	48,990,418
Finance revenue	--	--	--	1,724,739	1,724,740
Finance cost	--	--	--	3,988,797	3,988,797
Profit / loss before zakat	17,927,911	22,276,123	30,765,436	(19,154,760)	51,814,710
Zakat expense	--	--	--	2,925,304	2,925,304
Profit for the period	17,927,911	22,276,123	30,765,436	(22,080,064)	48,889,406
	<u>Jazan</u>	<u>Bisha</u>	<u>Tehama</u>	<u>Unallocated</u>	<u>Total</u>
<u>As at March 31, 2024:</u>					
Total assets	<u>700,809,196</u>	<u>1,353,090,417</u>	<u>1,825,119,405</u>	<u>338,697,538</u>	<u>4,217,716,556</u>
Total liabilities	<u>135,606,951</u>	<u>71,051,944</u>	<u>84,380,727</u>	<u>578,349,514</u>	<u>869,389,136</u>
	<u>Jazan</u>	<u>Bisha</u>	<u>Tehama</u>	<u>Unallocated</u>	<u>Total</u>
<u>As at 31 December 2023:</u>					
Total assets	<u>625,377,204</u>	<u>1,300,130,589</u>	<u>1,782,827,730</u>	<u>375,039,807</u>	<u>4,083,375,330</u>
Total liabilities	<u>91,864,170</u>	<u>61,811,260</u>	<u>80,901,465</u>	<u>562,594,067</u>	<u>797,170,962</u>

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2024

7. PROPERTY, PLANT AND EQUIPMENT

- 1) For the purposes of preparing the condensed statement of cash flows, the movement in property, plant and equipment during the three-month period is as follows:

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Depreciation on property, plant and equipment	<u>51,670,162</u>	<u>48,990,418</u>
Additions of property, plant and equipment	<u>105,779,999</u>	<u>29,468,763</u>
Transfer from projects in progress to property, plant and equipment	<u>38,366</u>	<u>--</u>

- 2) Company's property, plant and equipment are not pledged against standing loans as at 31 March 2024 and 31 December 2023.

8. INVENTORIES

Inventories comprise the following:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Spare parts	271,080,541	271,987,127
Production under processing	512,987,156	428,159,407
Raw, filling and packaging materials	98,986,429	99,695,486
	<u>883,054,126</u>	<u>799,842,020</u>
Less: write down inventory items	<u>(53,958,564)</u>	<u>(55,055,406)</u>
	<u>829,095,562</u>	<u>744,786,614</u>

Movement in write down inventory items as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period/ year	55,055,406	54,056,963
(Reversal) / charge during the period / year	<u>(1,096,842)</u>	<u>998,443</u>
	<u>53,958,564</u>	<u>55,055,406</u>

SOUTHERN PROVINCE CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
As at 31 March 2024

9. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables comprise of the following:

	<u>Note</u>	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Payments to suppliers		43,758,517	32,676,180
Prepaid expenses		6,729,542	4,977,215
Value added tax		1,257,322	--
Other receivable balances, net	9.1	<u>8,824,101</u>	<u>8,699,613</u>
		<u>60,569,482</u>	<u>46,353,008</u>

- 9.1 Other receivable balances include an amount of SR 7 million deposited with the court in the name of a citizen in exchange for a plot of land. The Company has appealed against it. These amounts have been classified under other receivables until the issuance of final decision from the court.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	<u>Note</u>	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Cash at banks		86,982,528	143,031,856
Cash in hand		86,125	64,675
		<u>87,068,653</u>	<u>143,096,531</u>
Islamic deposits	10.1	<u>220,000,000</u>	<u>220,000,000</u>
		<u>307,068,653</u>	<u>363,096,531</u>

- 10.1 Investment in Islamic deposits represents time deposits, placed with commercial banks, and has a maturity of 3 months or less as at the original investment date, and on which a commission is generated according to the prevailing short-term deposit rates.

11. BANK FACILITIES

On 8 June 2023, the Company renewed the facilities agreement and rescheduled the bank facilities with a local bank, so that the total amount of the facilities amounted to SR 1,63 billion as at 31 March 2024 (December 31, 2023: SR 1,63 million), and the utilized balance of facilities at 31 March 2024 amounted to SR 393,3 million (December 31, 2023: SR 362,4 million) to be paid in variable quarterly installments starting on 6 October 2025 until the end of the year 2033. These facilities are secured by promissory note.

Facilitation agreements with banks include certain covenants, which among other things, state that the liquidity ratio should not be less than 1:1 based on the audited annual financial statements, and it also requires maintaining of some ratios and financial indicators.

A breach of these covenants in the future may lead to renegotiation. The management monitors the covenants on a monthly basis, and in case of the existence of a breach that is expected to occur in the future, the management takes the necessary measures to ensure compliance.

SOUTHERN PROVINCE CEMENT COMPANY
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11. BANK FACILITIES (continued)

All banking facilities carry agreed upon commissions according to the commercial rates prevailing in the market.

The facilities are stated in the statement of financial position as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Current portion under current liabilities	2,100,496	1,211,640
Non-current portion under non-current liabilities	<u>391,230,924</u>	<u>361,164,949</u>
	<u>393,331,420</u>	<u>362,376,589</u>

The financing movement during the period / year is as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period / year	362,376,589	253,397,000
Provided during the period / year	31,250,725	121,337,200
Losses from loan restructuring	--	7,642,389
Amortization of loan rescheduling losses	(295,894)	--
Payments	--	(20,000,000)
	<u>393,331,420</u>	<u>362,376,589</u>

12. DIVIDEND PAYABLES

The movement on the dividends payable as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period / year	159,375,577	160,845,204
Dividends declared during the period / year	--	119,000,000
Dividend payments during the period / year	<u>(665,100)</u>	<u>(120,469,627)</u>
	<u>158,710,477</u>	<u>159,375,577</u>

The Board of Directors, at its meeting held on 5 Ramadan 1444H, corresponding to 27 March 2023, recommended cash dividends of SR 70 million for the second half of the financial year 2022 at SR 0.5 per share.

On 30 August 2023, the Board of Directors decided to distribute cash dividends for the first half of the year 2023 amounting to SR 49 million, representing 3.5% of the paid-up capital at a rate of 0.35 Saudi riyals (first half of 2022: SR 105 million at a rate of 7.5% of the capital The money paid is 0.75 Saudi riyals.

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12. DIVIDEND PAYABLES (continued)

The Board of Directors, at its meeting held on 3 Ramada 1445, corresponding to 13 March 2024, recommended cash dividends of SR 91 for the second half of the financial year 2023 at SR 0.65 per share which will be presented for approval by the General Assembly at their next meeting on 12 Dhul Qidah 1445H, corresponding to 20 May 2024.

13. ZAKAT

Zakat and tax status

- In the years 2015, 2016 and 2018, the decision of the First Circuit for Settlement of Income Tax Violations and Disputes No. (IR-2023-133942) was issued regarding the appeal of the Company against the zakat assessment for the years referred to, in which the Zakat, Tax and Customs Authority, in its appeal submitted to the General Secretariat of the Zakat, Tax and Customs Committees, demanded the company to pay zakat amounted to SR 40,583,829. However, the appeal decision was upheld on several key points, which resulted in the amount of zakat owed by the company being reduced to 557,793 Saudi riyals.
- At the year 2022 and 2023, the Company filed the zakat declaration and the financial statements and paid the zakat due accordingly, and obtained a certificate valid until 30 April 2024.
- **The Company has sufficient allocations to meet any potential zakat obligations that may arise from the final assessments, if any.**

14. EARNINGS PER SHARE

a) Basic earnings per share

The calculation of basic earnings per share has been based the distributable earnings attributable to shareholders of ordinary shares and the weighted average number of ordinary shares outstanding at the date of the financial statements.

	31 March <u>2024</u>	March 31 <u>2023</u>
Profit for the period (SR)	<u>65,123,052</u>	<u>48,889,406</u>
Number of shares (weighted average)	<u>140,000,000</u>	<u>140,000,000</u>
Basic earnings per share (SR)	<u>0.47</u>	<u>0.35</u>

b) Diluted EPS

The calculation of diluted earnings per share has been based on the profit distributable to shareholders on ordinary shares and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any. During the period there are no factors diluting earnings per share.

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As at 31 March 2024

15. CONTINGENCIES AND CAPITAL COMMITMENTS

- a) As at 31 March 2024, the contingent liabilities against issued banking letters of guarantee amounted to SR 49.2 million (31 March 2023: SR 48.4 million).
- b) As at 31 March 2024, the capital contingencies related to projects in progress amounted to SR 1.3 billion (31 March 2023: SR 38,4 million) related to the construction of the third line of the Jazan factory.
- c) There are cases against the Company that are still pending before the courts, and neither the Company's management nor its legal advisor expects an expected financial obligation to be paid for these cases at the present time, and accordingly no provisions have been made against these cases.

16. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The condensed interim financial statements were authorized for issue by the board of director on - 13 May 2024 Corresponding to 5 Dhul Qadah 1445H