Qassim Cement Company
(A Saudi Joint Stock Company)
Consolidated Financial Statements
For the year ended 31 December 2024
and Independent Auditor's Report

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and Independent Auditor's Report

KPMG Professional Services Company
Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of **Qassim Cement Company** (A Saudi Joint Stock Company) **("the Company") and its subsidiary ("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 International Financial Reporting 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 judgement, 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.

Revenue recognition	
With reference to Note (6) of the accounting policy related to revenue from contracts with customers, as well as Note (24) related to disclosure of revenue.	
Key audit matter	**How the matter was addressed in our audit**
The Group applies IFRS 15 "Revenue from contracts with customers". As at 31 December 2024, the Group's revenue amounted to SR 967 million. Revenue is recognized when the customer obtains control of the goods and this is done when the goods are accepted and delivered to the customer and the sales invoice is issued. Revenue is a key indicator for measuring performance, and this implies the presence of inherent risks by overstatement of revenue recognition to increase profitability. Therefore, revenue recognition was considered a key audit matter.	Our audit procedures included, among others, based on our judgment, the following: - Assessed the appropriateness of the Group's accounting policies relating to revenue recognition, as well as the extent of compliance with the related accounting standards. - Tested the design and implementation of internal control procedures related to revenue recognition and their operational effectiveness, including anti-fraud control procedures. - Conducted analytical audit procedures for revenues, by comparing sales quantities and prices for the current year with the previous year and determining whether there are any significant trends or fluctuations that need additional examination in light of our understanding of the current market conditions. - Performed procedures on the timing of revenue recognition from sales after the products were delivered to the customers and recorded during their correct periods. - Inquired from the management representatives regarding fraud awareness and the existence of any actual fraud cases. - Conducted a sample-based examination of the revenue transactions with the supporting documents, to verify that the revenue is recorded in its correct periods. - Assessed the adequacy of disclosures related to revenue for the year ended 31 December 2024.

Existence of raw material and in-progress products inventory

With reference to Note (6) of the accounting policy related to measurement of inventories, as well as Note (13) related to disclosure of inventory.

Key audit matter	How the matter was addressed in our audit
The Group applies IAS 2. Inventory includes raw materials amounted to SR 53 million, and the in-progress products inventory balance amounted to SR 517 million (mainly consisting of inventory of clinkers stored in yards built for this purpose) for the year ended 31 December 2024. Determining the weight of this inventory is not practically possible, therefore, the management determines the quantities available at the end of the year by measuring the inventory and converting the measurements into unit volumes. To do this, the management appoints an independent inspection expert to determine the quantities using some practical methodological measurement calculations and apply density conversion methods applied to similar types of inventories that are used in the cement industry. Given the importance of the inventory balances and related practices used in determining the quantities, the existence of inventory was considered as a key audit matter.	Our audit procedures included, among others, based on our judgment, the following: - Attended the physical inventory count conducted by the Group under the supervision of the independent inspection expert. - Evaluated the efficiency, qualifications, and objectivity of the independent inspection expert in this field. - Obtained the inventory count report submitted by the independent inspection expert regarding the main inventory items. - Involved our specialist to assess the reasonableness of inventory measurements carried out by management during the physical count and recalculating the conversion of volumes into quantities. - Assessed the adequacy of the disclosures related to inventory for the year ended 31 December 2024.

Acquisition of Hail Cement Company

With reference to Note (6) of the accounting policy related to business combination, as well as Note (36) related to business combination.

Key audit matter	How the matter was addressed in our audit
On 10 June 2024, the Company acquired 100% of the shares of Hail Cement Company, and consolidated the operations in its financial statements using carrying amounts due to the mid-year completion of the acquisition. The necessary study to determine the fair values of the identifiable acquired assets and assumed liabilities will be conducted within a one-year period, in accordance with IFRS 3 "Business Combinations", as endorsed in the Kingdom of Saudi Arabia. Acquisitions entail several important matters, including determining the control date and the extent of control over the subsidiary, determining the fair value of the consideration transferred, and measuring and recording goodwill. Therefore, we considered this matter a key audit matter, as significant judgments must be made when assessing whether Qassim Cement Company has control over Hail Cement Company, as well as due to the significant estimates involved in determining the fair values of the identifiable acquired assets and assumed liabilities.	Our audit procedures included, among others, based on our judgment, the following: - Reviewed the Share Purchase Agreement of Hail Cement Company and verified the fair value of the purchase consideration. - Examined the basis for measuring the consideration transferred at fair value on the acquisition date and reviewing the supporting documents. - Reviewed management's procedures for determining the control date over the acquired subsidiary and reconciled the date with the contracts. - Examined the supporting evidence of control over the acquiree, such as ownership transfer documents and the transfer of purchase consideration. - Assessed the adequacy of disclosures related to business combination for the year ended 31 December 2024.

Independent Auditors' Report

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

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 do 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.

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 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, the 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 ISAs 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 ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism 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 forming 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 Auditors' Report

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

Auditor's Responsibilities for the Audit of the 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 auditors' 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 audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group, as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and review of the audit work performed for the purposes of the audit. We remain fully responsible for our audit opinion.

We communicate with those charged with governance, 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 Qassim Cement Company ("the Company") and its subsidiary ("the Group").

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, procedures taken to eliminate threats and related safeguards.

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

KPMG Professional Services Company

Fahad Mubark Al Dossari
License No. 469

Riyadh on 26 Ramadan 1446H
Corresponding to: 26 March 2025

Qassim Cement Company
(A Saudi Joint Stock Company)
Consolidated statement of financial Position
As at 31 December 2024
(Saudi Riyal)

	Note	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Assets			
Non-current assets			
Property, plant and equipment	7	**1,247,166,215**	695,116,855
Intangible assets	8	**7,773,643**	3,276,491
Investment properties	9	**9,516,450**	9,516,450
Financial investments at FVTPL	10-1	**27,668,322**	32,900,590
Financial investments at amortized cost - non-current portion	11	**100,000,000**	100,000,000
Goodwill	36	**199,083,364**	-
Right-of-use assets	12.a	**7,712,501**	673,110
Total non-current assets		**1,598,920,495**	841,483,496
Current assets			
Inventory	13	**759,699,960**	379,246,290
Financial investments at amortized cost - current portion	11	**180,000,000**	160,830,667
Financial investments at FVTPL	10-2	**326,081,100**	301,173,956
Trade receivables	14	**140,600,834**	67,863,577
Prepaid expenses and other receivables	15	**24,919,324**	14,219,116
Cash and cash equivalents	16	**106,802,357**	39,989,094
Total Current Assets		**1,538,103,575**	963,322,700
Total assets		**3,137,024,070**	1,804,806,196
Equity and liabilities			
Equity			
Share capital	17	**1,105,590,000**	900,000,000
Additional share capital	17	**997,111,500**	-
Statutory reserve	18	**270,000,000**	270,000,000
Treasury shares	37	**(47,617,914)**	-
Cumulative changes in the items of other comprehensive income		**116,709**	(1,724,396)
Retained earnings		**438,803,796**	411,025,579
Total equity		**2,764,004,091**	1,579,301,183
Liabilities			
Non-current liabilities			
Provision for rehabilitation of areas subject to franchise license	19	**21,622,722**	14,799,151
Employee benefit obligations	20	**63,112,762**	43,871,182
Long-term lease liabilities	12.b	**8,312,802**	-
Total Non-current liabilities		**93,048,286**	58,670,333
Current liabilities			
Trade and other payables	21	**190,946,167**	89,117,897
Dividends' payable	25	**53,947,760**	56,497,883
Zakat Provision	22	**33,847,827**	20,441,682
Other Provision	23	**817,314**	110,691
Short-term lease liabilities	12.b	**412,625**	666,527
Total current liabilities		**279,971,693**	166,834,680
Total liabilities		**373,019,979**	225,505,013
Total shareholders' equity and liabilities		**3,137,024,070**	1,804,806,196

(The accompanying notes 1 through 40 form an integral part of these financial statements)
The consolidated financial have been approved for issuance by the Board of Directors on 18 March 2025 and signed on their behalf by:

Mr. Ala'a Abdul Hamid Abu Amereeh	Eng. Omar bin Abdullah Al Omar	Dr. Mohammad Bin Nasser Al Dawood
Chief Financial Officer	Chief Executive Officer - Board Member	Chairman

Qassim Cement Company
(A Saudi Joint Stock Company)
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2024
(Saudi Riyal)

	Note	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Revenue	24	**967,578,131**	583,559,912
Cost of Sales	24	**(634,220,361)**	(431,165,909)
Gross profit		**333,357,770**	152,394,003
Sales and marketing expenses	26	**(13,788,411)**	(10,598,734)
General and administrative expenses	27	**(75,016,229)**	(28,039,061)
(Impairment) /Reversal of impairment in allowance for expected credit losses	14.b	**(3,651,540)**	5,164
Other income	28	**51,390,925**	8,241,658
Operation profit		**292,292,515**	122,003,030
Unrealized gains on investments at FVTPL, net	10	**21,295,976**	14,944,274
Realized gains on investments at FVTPL		**1,768,591**	3,371,750
Dividends from investments at fair value through profit or loss		**3,676,753**	2,442,053
Income from financial investments at amortized cost	11	**14,328,538**	18,609,795
Finance costs	29	**(4,031,650)**	(2,795,268)
Profit before Zakat		**329,330,723**	158,575,634
Zakat	22	**(27,981,385)**	(16,604,912)
Profit for the year		**301,349,338**	141,970,722
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gains on re-measurement of employees' end-of-service benefits	20	**1,841,105**	2,053,637
Total other comprehensive income		**1,841,105**	2,053,637
Total comprehensive income		**303,190,443**	144,024,359
Earning per share to net income for the year			
Basic	32	**2.98**	1.58
Diluted	32	**2.98**	1.58

(The accompanying notes 1 to 40 form an integral part of these consolidated financial statements)
The consolidated financial have been approved for issuance by the Board of Directors on 18 March 2025 and signed on their behalf by:

Mr. Ala'a Abdul Hamid Abu Amereeh	Eng. Omar bin Abdullah Al Omar	Dr. Mohammad Bin Nasser Al Dawood
Chief Financial Officer	Chief Executive Officer - Board Member	Chairman

Qassim Cement Company
(A Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended 31 December 2024
(Saudi Riyals)

	Share capital	Additional capital	Statutory reserve	Treasury shares	Cumulative changes in the items of other comprehensive income	Retained earnings	Total equity
Balance as at 1 January 2023 (unconsolidated)	**900,000,000**	**-**	**270,000,000**	**-**	**(3,778,033)**	**498,554,857**	**1,664,776,824**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**141,970,722**	**141,970,722**
Other comprehensive income	**-**	**-**	**-**	**-**	**2,053,637**	**-**	**2,053,637**
Total comprehensive income	**-**	**-**	**-**	**-**	**2,053,637**	**141,970,722**	**144,024,359**
Dividends (note 25)	**-**	**-**	**-**	**-**	**-**	**(229,500,000)**	**(229,500,000)**
Balance at 31 December 2023 (unconsolidated)	**900,000,000**	**-**	**270,000,000**	**-**	**(1,724,396)**	**411,025,579**	**1,579,301,183**
Balance as at 1 January 2024 (unconsolidated)	**900,000,000**	**-**	**270,000,000**	**-**	**(1,724,396)**	**411,025,579**	**1,579,301,183**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**301,349,338**	**301,349,338**
Other comprehensive income	**-**	**-**	**-**	**-**	**1,841,105**	**-**	**1,841,105**
Total comprehensive income	**-**	**-**	**-**	**-**	**1,841,105**	**301,349,338**	**303,190,443**
Issue of ordinary shares (note 17)	**205,590,000**	**997,111,500**	**-**	**-**	**-**	**-**	**1,202,701,500**
Treasury shares (note 37)	**-**	**-**	**-**	**(47,617,914)**	**-**	**-**	**(47,617,914)**
Dividends (note 25)	**-**	**-**	**-**	**-**	**-**	**(273,571,121)**	**(273,571,121)**
Balance as at 31 December 2024 (consolidated)	**1,105,590,000**	**997,111,500**	**270,000,000**	**(47,617,914)**	**116,709**	**438,803,796**	**2,764,004,091**

(The accompanying notes 1 to 40 form an integral part of these consolidated financial statements)
The consolidated financial have been approved for issuance by the Board of Directors on 18 March 2025 and signed on their behalf by:

Mr. Ala'a Abdul Hamid Abu Amereeh	Eng. Omar bin Abdullah Al Omar	Dr. Mohammad Bin Nasser Al Dawood
Chief Financial Officer	Chief Executive Officer - Board Member	Chairman

Qassim Cement Company
(A Saudi Joint Stock Company)
Consolidated Statement of Cash Flows
For the year ended 31 December 2024
(Saudi Riyal)

	Note	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Profit for the year before zakat		**329,330,723**	158,575,634
Adjustments:			
Depreciation of property, plant and equipment	7	**87,894,241**	59,143,183
Amortization of intangibles assets	8	**507,776**	289,880
Depreciation of right-of-use assets	12.a	**830,362**	673,111
Impairment / (Reversal of impairment) in allowance for expected credit losses for trade receivables	14.b	**3,651,541**	(5,164)
Reversal of provision for impairment of other receivables	15	**-**	(1,018,842)
Provision for written down inventory	13	**2,321,042**	2,268,418
Other provisions / (Reversal of other provisions)	23	**706,623**	(840,000)
Settlement of accrued expenses	35	**(455,442)**	(1,193,311)
Unrealized gains on investments at FVTPL	10	**(21,295,976)**	(14,944,274)
Realized gains on investments at FVTPL		**(1,768,591)**	(3,371,750)
Income from financial investments at amortized cost	11	**(14,328,538)**	(18,609,795)
Service cost of employees' benefits obligations	20	**3,724,938**	3,983,762
Finance cost of employees' benefits obligations	20	**2,707,677**	1,836,327
Finance costs for rehabilitation of areas subject to franchise license	29	**1,096,651**	899,057
Finance costs from leases	29	**227,322**	59,874
Losses on disposal of property, plant and equipment	28	**13,986**	4,243
		395,164,335	187,750,353
Changes in working capital:			
Inventory		**(52,972,844)**	(35,748,632)
Trade receivables		**(63,533,892)**	(16,258,516)
Prepaid expenses and other receivables		**5,356,784**	10,708,097
Used from other provisions	23	**-**	(33,064)
Trade and other payables		**58,495,739**	(28,458,606)
End of Service paid	20	**(4,782,676)**	(2,067,651)
Zakat paid	22	**(20,634,947)**	(23,050,907)
Net cash generated from operating activities		**317,092,499**	92,841,074
Investing activities			
Paid to purchase property, plant and equipment	7	**(59,815,592)**	(112,537,075)
Paid to purchase intangible assets	8	**(2,409,190)**	(3,219,002)
Payment for purchase of investments at FVTPL	10-2	**(20,033,858)**	(15,028,567)
Proceeds from sale of investments at FVTPL		**60,780,832**	176,395,824
Paid to purchase financial investments at amortized cost	11	**(731,150,783)**	(442,188,167)
Proceeds from financial investments at amortized cost	11	**711,981,450**	505,357,500
Proceeds from investments income at amortized cost		**14,744,098**	17,816,558
Cash and cash equivalents through business combination		**52,868,623**	-
Net cash generated from financing activities		**26,965,580**	126,597,071
Financing activities			
Lease payments	12.b	**(859,551)**	(820,260)
Paid dividends	25	**(276,385,265)**	(230,512,544)
Net cash used in financing activities		**(277,244,816)**	(231,332,804)
Change in cash and cash equivalents during the year		**66,813,263**	(11,894,659)
Cash and cash equivalents as at the beginning of the year	16	**39,989,094**	51,883,753
Cash and cash equivalents as at the end of the year	16	**106,802,357**	39,989,094

Non-cash transactions are disclosed in Note (35).

(The accompanying notes 1 to 40 form an integral part of these consolidated financial statements)

The consolidated financial have been approved for issuance by the Board of Directors on 18 March 2025 and signed on their behalf by:

Mr. Ala'a Abdul Hamid Abu Amereeh	Eng. Omar bin Abdullah Al Omar	Dr. Mohammad Bin Nasser Al Dawood
Chief Financial Officer	Chief Executive Officer - Board Member	Chairman

1- COMPANY INFORMATION

Qassim Cement Company (the "Company" or "Parent Company") is a Saudi Joint Stock Company registered in Buraydah in the Kingdom of Saudi Arabia under commercial registration number (1131001224) dated 28 Sha'aban 1398H (corresponding to 2 August 1978). The Company was established by the Royal Decree no. M/62 dated 15 Sha'aban 1396H (corresponding to 11 August 1976).

The Company's share capital is SR 1.105 million divided into 110.559 million shares, of SR 10 each, as at 31 December 2024 (31 December 2023: SR 900 million divided into 90 million shares of (SR 10 each) (note 17).

The Company is engaged in manufacturing and producing cement, its derivatives and supplements, the trade of these products, and carrying out all works directly and indirectly related to this purpose. The Company carries out its activities through its factory located in Buraydah - Qassim.
The company's fiscal year begins on the first of January and ends at the end of December of each calendar year.

The registered address of the Company is: P.O. Box 4266 Unit No. 1- Buraydah: 52271-6735, Kingdom of Saudi Arabia.

On 21 December 2023, Qassim Cement Company entered into binding implementation agreement with Hail Cement Company to acquire all shares of Hail Cement Company through a securities swap deal.

Qassim Cement Company submitted a proposal for acquisition of all shares of Hail Cement Company against issuing compensation shares in Hail Cement Company under the agreement according to shareholders circular published. Thus, by the end of the second trading period after completion of the acquisition transaction, the shareholders of Hail Cement Company included in the shareholders registry of Hail Cement Company received (0,21) shares in Qassim Cement Company for each share they hold in Hail Cement Company. Accordingly, Hail Cement Company was delisted from the Saudi Stock Exchange (Tadawul) and became an unlisted joint stock company wholly owned by Qassim Cement Company.

On 10 June 2024 (acquisition date), Qassim Cement Company issued a total of 20,559,000 new ordinary shares with a nominal value of SR 10 each, in favor of the shareholders of Hail Cement Company through increasing the paid-up share capital of the Company from SR 900,000,000 to SR 1,105,590,000 (refer to note 17). This represents an increase in the number of the Company shares from 90,000,000 shares to 110,559,000 fully paid-up shares.

2- BASIS OF PREPARATION

These consolidated financial statements include the financial statements of the Company and its subsidiary (collectively referred to as "the Group")

2-1 Basis of consolidation

These consolidated financial statements include the financial position and financial performance of the Company and its following subsidiary:

Subsidiary name	Principal activities as per commercial registration	Country of incorporation and operation and commercial register	Share capital	Date of Acquisition	Effective holding percentage 31 December 2024	31 December 2023
Hail Cement Company	Production of cement	Kingdom of Saudi Arabia, commercial registration No. 3350159045	SR 979,000,000 divided into 97,900,000 shares with a nominal value of SR 10 each	10 June 2024	100%	-

2.2 **Statement of compliance**

The accompanying consolidated financial statements have been prepared in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

2-3 Basis of measurement

The consolidated financial statements have been prepared on a going concern basis under historical cost convention except for:

- Financial investments at FVTPL are measured at fair value.
- Defined benefit financial obligation receivables for future liabilities are recognized based on the projected unit credit method.

Certain comparative figures have been rearranged and reclassified to conform to the current year’s presentation wherever necessary. However, no material adjustment has been made to these consolidated financial statements.

3- FUNCTIONAL AND PRESENTATION CURRENCY

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

4- USE OF ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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 adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The estimates of the Group are based on information available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. These changes are reflected in the assumptions when they occur.

Information about significant estimates and uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described in the following notes:

4- USE OF JUDGMENTS AND ESTIMATES (CONTINUED)

Measurement of employees' benefits obligations
The Group's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods and that value is deducted to reach the present value. The calculation is performed annually by an independent actuary using the projected unit credit method. Judgments have been used in the estimation of actuarial assumptions. Key assumptions are disclosed in Note (20).

Write down of inventories
The Group estimates the write down in the inventory to reach the net realizable value if its cost is not recoverable or it becomes damaged as a whole or a part of it, or if its selling price is less than its cost or if there are any other factors that may lead to a decrease in its realizable value for less than its cost. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of prices or costs directly related to events occurring subsequent to the consolidated financial statements date to the extent that such events confirm conditions existing as at the end of the financial year.

Impairment of Non- Financial Assets
At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. When such indicator exists, the recoverable amount of the asset is estimated.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are cash flows resulting from continuous use that are largely independent from other assets and cash-generating units.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value or value in use less costs to sell. Value of use is based on future cash flows deducted from its current value using a discount rate reflects the current market assessments of current value of money and risks related to an asset or cash-generating unit.

Impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

The Impairment losses are recognized in the consolidated statement of profit or loss, and the impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed its carrying amount, net of depreciation or amortization, which would have been determined if the impairment losses have not been recognized.

Useful lives of property, plant and equipment
The 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 and useful lives annually and change in depreciation charges (if any) are adjusted in current and future periods.

Impairment of accounts receivables

These are disclosed in Note (6) - Financial Instruments and Note (36).

4- USE OF JUDGMENTS AND ESTIMATES (CONTINUED)

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which management considers appropriate for the following reasons:

Management has prepared cash flow forecasts for a period of at least 12 months from the date of these consolidated financial statements, indicating that, under a reasonable scenario, the group will have sufficient financing through the generation of cash from its activities to meet its obligations as they fall due during that period.

The group's cash flow projections suggest that profitability and cash flows will continue in line with previous years, supported by its operations, strategies, relationships, and agreements with its clients, and it aims to attract more clients. The current cash flow projections indicate that there is no need for additional loans.

Taking into account the above, along with the expected profitability of the group, cash flows from existing contracts, anticipated future growth, and the group's current cash balance, management is confident that the group will have sufficient funds to continue meeting its obligations as they fall due for a period of at least 12 months from the date of these consolidated financial statements. Therefore, the consolidated financial statements have been prepared on a going concern basis.

Fair value of assets and liabilities

Fair value is the selling price received to sell an asset or paid to transfer a liability within an orderly transaction between market participants on the measurement date or in the absence of that market, the best market available at that date. The fair value of liabilities reflects the non-performance risk.

When measuring the fair value of a financial asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into levels of hierarchy based on the inputs used in the valuation techniques as follows:

- • Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that may be obtained on the measurement date.

- • Level 2: Inputs other than quoted prices that are not included in the first level and that can be observed for assets and liabilities directly (such as prices) or indirectly (that are derived from prices).

- • Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability are at different levels of the fair value hierarchy, the entire measurement is categorized under the lowest level of inputs that is significant to the measurement as a whole.

5- NEW STANDARDS AND INTERPRETATIONS ISSUED

5.1 New standards, interpretations and amendments adopted by the Group

The accounting policies applied by the Group in preparing the consolidated financial statements are consistent with those followed in preparing the annual financial statements of the Company for the year ended 31 December 2023, With the exception of the accounting policy for the consolidation of the financial statements of the subsidiary, which is effective from 10 June 2024, except for the adoption of the new standards that are effective on 1 January 2024 and have no material effect on these consolidated financial statements.

Effective from	New Standards and amendments
1 January 2024	Amendments to IFRS 16 - lease liabilities in sale and leaseback transactions.
	Amendments to IAS 1 - non-current liabilities with covenants and classification of liabilities as current or non-current
	Amendments to IAS 7 and IFRS 7 - suppliers' financing arrangements

5.2 Standards issued but not yet effective

Following are the standards and amendments that were issued but not yet effective. The Group does not expect a material impact on the consolidated financial statements if the below standards and amendments are applied.

Effective from	New Standards and amendments
1 January 2025	Amendment to IAS 21 – Lack of Exchangeability
1 January 2026	Amendments to IFRS 9 – and IAS 7 – Classification and measurement of financial instruments
	IAS Annual Improvements (Volume 11)
1 January 2027`	IFRS 18 'Presentation and Disclosure in the Issued Financial Statements'
	IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
Available for optional adoption/ effective date deferred indefinitely	Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28.

6- MATERIAL ACCOUNTING POLICIES

The following accounting policies have been consistently applied to all periods presented in these consolidated financial statements, other than explained in Note (5).

Revenue from contracts with customers

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15- 'revenue from contracts with customers'.

Step 1 - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates rights and obligations and sets out the criteria for every contract that must be met.

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 - Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (continued)

Step 5- Recognise revenue when (or as) the entity satisfies a performance obligation.

If the amount that should be paid in the contract includes a variable amount, the Group estimates the amount to which the Group is entitled in exchange for transferring the goods or services promised to provide to the customer.

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

The Group sells clinker and bulk and packed cement, where the sale is made according to sales invoices and / or independent specific contracts with the clients.

Sale of goods

For contracts with customers in which the sale of cement is generally expected to be the only performance obligation, revenue from the sale is recognized at the time that control of the asset is transferred to the customer at a point in time, which is usually at the delivery date.

The Group recognises revenue at the point in time at which the customer obtains control of a promised asset and the entity satisfies the performance obligations. The Group considers the below mentioned indicators in assessing the transfer of control of the promised asset:

- The Group has a present right to payment for the asset
- The customer has legal title to the asset
- The Group has transferred physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset

Employees' Benefits

Defined employees' benefits plans

According to the Saudi Labor Law in the Kingdom of Saudi Arabia, the Group is required to pay end-of-service benefits (a defined benefit plan), which are calculated based on the half of the last month's salary of each year of the first five years of service, including the fractions of the year plus the full last month's salary for each year of the next or remaining service including the fractions of the year. End-of-service benefit plan is unfunded.

Valuation technique and key assumptions for the actuarial study

Under requirements of IAS 19 "Employees' benefits", end-of-service benefits obligations are calculated using the actuarial valuation and using the projected unit credit method at the end of each fiscal year. Gains or losses arising from the actuarial revaluation are recorded in the statement of comprehensive income for the period in which the revaluation occurred. The recognized remeasurement in OCI is immediately included under the retained earnings and is not included under profit or loss. Past service cost is calculated in profit or loss during the plan amendment period. The interest is calculated using the discount rate at the beginning of the period on the employees' defined benefits obligations.

The current service cost of the defined benefit plan is recognized in the consolidated statement of profit or loss under employee's benefits expense, to reflect the increase in the liability resulting from employee services for the current year and cases of change, curtail or settlement of benefits. The cost of services for previous years is included immediately in the consolidated statement of profit or loss.

Actuarial gains and losses resulting from adjustments and changes in actuarial assumptions are charged and included in the equity in the consolidated statement of other comprehensive income in the period in which they arise.

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Employees' Benefits (continued)

Defined benefit costs are categorised as follows:
Service cost (including current service costs and past service costs, in addition to gains and losses resulting from employees' promotions and reimbursements);
- Interest and re-measurement cost.

Short-term employee benefits
The liability is recognized and measured for benefits related to wages, salaries, annual leaves and sick-leaves in the period in which the service is provided on the undiscounted amounts of the benefits expected to be paid for these services.

Investment income
Investment income consists of Islamic Murabaha income on the funds invested, which are recognized in profit or loss. Islamic Murabaha income are recognized as they become due in profit or loss, using the effective interest method.

Zakat
Zakat provision of the Group is calculated in accordance with the Zakat, Tax and Customs Authority ("ZATCA") provisions and rules in the Kingdom of Saudi Arabia. Zakat is calculated for the period ratably, and the provision for Zakat is charged in a separate item in the consolidated statement of profit or loss. Additional Zakat liability, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized.

Value added tax (VAT)
The Group is subject to VAT on a monthly basis, and they are paid and settled through the monthly returns submitted by the Group to ZATCA.

Inventory
Inventory is measured at the lower of cost or net realizable value. Inventories cost is calculated using the weighted average method, which includes expenditure incurred in bringing inventories to their existing location and condition and in case of manufactured inventories and work in progress, inventories are charges with an appropriate share of production overheads based on normal operation capacity of the Group. Net realizable value is the estimated selling price in the Group's ordinary course of business, net of estimated costs to complete and sell.

Foreign currencies
Foreign currency transactions
Transactions denominated in foreign currencies are translated to the functional currency of the Group at the exchange rates ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the reporting date. For non-financial assets and liabilities that are measured at fair value in a foreign currency, they are retranslated into the functional currency according to the exchange rates prevailing on the date of determining the fair value. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate ruling on the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Provision for rehabilitation of areas subject to franchise license

The provision for the rehabilitation of areas subject to a franchise license is measured at the present value of the expected cost of re-settlement of the Group's franchise site, using the discount rate as at the start date of the franchise license contract.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenses that are directly related to the acquisition of the asset. For internally constructed assets, the cost of the asset includes the cost of materials, direct labor and other direct costs that are required to prepare them to the condition in which they are operated at their location and for the purpose for which they were acquired.

Major or essential components of an item of property, plant and equipment that have different useful lives are accounted for as separate items (major components) within property, plant and equipment.

Gains or losses arising from the disposal of an item of property, plant and equipment are determined on the basis of the difference between the net proceeds of sale and the book value of the disposed items of property, plant and equipment, and are included in the consolidated statement of profit or loss in the period in which the disposal is made.

Subsequent costs

The costs of replacing a part of an item of property, plant and equipment are recognized in the carrying amount of this item if it is probable that the future economic benefits inherent in that part will flow to the Group, in addition to the possibility of measuring this cost reliably. The carrying amount of the replaced part is eliminated. The costs of the day-to-day servicing of property, plant and equipment are recognized in the consolidated statement of profit as loss as incurred.

Major inspections and maintenance activities are accounted for as a separate component if they are used in more than one financial period. The carrying amount of these components is determined by reference to the current market price of these repairs.

Depreciation

Depreciation is the systematic allocation of the depreciable value of items of property, plant and equipment (the cost of the asset less the residual value of the asset) over its useful life.

Depreciation charge is recognized in the consolidated statement of profit or loss on the straight-line method over the estimated useful life of each item of property, plant and equipment. Leased assets are depreciated over the lower of lease term or the useful lives of the assets. Unless there is reasonable assurance that the Group will acquire ownership of these assets at the end of the lease term. Freehold lands held by the Group are not depreciated.

When the useful life of an item of property, plant and equipment differs, it is accounted for as separate items.

The estimated useful lives of main items of property, plant and equipment for current and comparative years are as follows:

Asset Class	**Current and comparative year useful lives (consolidated) (Years)**
Buildings	**20-41**
Plant and equipment	**20-36**
Tools and instruments	**5-20**
Furniture and fixtures	**5-10**
Motor vehicles	**5**

6. 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 any accumulated amortization and any accumulated impairment losses, if any. For intangible assets developed internally (except for capitalized development costs), they are not capitalized and the expenses are recognized in the statement of profit or loss at the time in which these expenses are accrued.

Gains or losses arising from the disposal of intangible assets 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 when the asset is disposed of.

The estimated useful lives of intangible assets are as follows:

Assets	Useful lives (Years)
Computer software and intangible assets	3-10

Financial Instruments

The Group has applied the following classification and measurement requirements for financial instruments.

Recognition of financial instruments

A financial asset and liability are recognized when the Group becomes a party to the contractual obligations of the instrument, which is generally occurs on the trade date. The Group derecognizes the financial assets when the contractual cash flows of those assets expire or when the Group transfers the right to obtain contractual cash flows from the financial asset in a transaction in which all the risks and rewards of ownership of the financial assets are substantially transferred. Any interest arising from the transferred financial assets that the Group creates or retains is recognized as a separate asset or liability.

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continue)

Non-derivative financial assets (continued)

Classification of financial instruments

Derecognition
On disposal of a financial asset, the difference between the carrying amount of the asset and the sum of (1) the consideration received (including any newly acquired asset net of any newly assumed liabilities) and (2) any accumulated gains or losses recognized in the consolidated statement of other comprehensive income is recognized in profit or loss. However, with respect to equity shares classified at fair value through other comprehensive income, any cumulative gain/loss recognized in the consolidated statement of other comprehensive income is not recognized in profit or loss upon derecognition.

The financial liability is derecognized from the consolidated statement of financial position when the Group pays the obligation arising, the contract is canceled or expired.

The Group classifies its financial assets into the following measurement categories:

1) Assets to be measured at amortized cost; or
2) Fair value through profit or loss (FVTPL).
3) Fair value through other comprehensive income (FVOCI).

The classification depends on the Group's business model for managing financial assets and the contractual terms of the cash flows of the financial assets.

Financial assets are not subsequently reclassified to the initial measurement unless the Group changes the business model for managing financial assets. In such case, all financial assets that would otherwise be affected are reclassified on the first day of the first financial period subsequent to the change in business model.

Financial assets are measured at amortized cost if the following two conditions are satisfied and are not recognized as financial assets at fair value through profit or loss:

- They are held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Their contractual terms give rise on specified dates for cash flows representing principal amount and interest on the outstanding principal amount.

On initial measurement of investments in financial instruments that the Group does not hold for the trading purposes, the Company may elect to present any subsequent changes in the fair value of those investments in the consolidated statement of other comprehensive income. This selection is made on an investment-by-investment basis.

Any other financial assets not classified and measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Financial assets at amortized cost.

These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains or losses, including any interest or dividends, are recognized in the consolidated statement of profit or loss.

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continue)

Receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and arise primarily from the provision of goods and services to customers (e.g. trade receivables). They also include other types of contractual financial assets that are initially recognized at fair value plus the direct costs attributable to their acquisition and subsequently recognized at amortized cost using the effective interest method less a provision for impairment.

Trade receivables are stated net of a provision, which is recorded in a separate account and offset by a loss recognized in the consolidated statement of profit or loss, when it is determined that trade receivables will not be collected, their gross carrying amount is written off against the associated provision.

Reclassification

When the Group changes its business model for managing financial assets, it shall reclassify all of its affected financial assets in accordance with the above-mentioned classification requirements.

Offset of financial instruments

Financial assets and financial liabilities are offset and recorded net in the consolidated statement of financial position only when there is a current enforceable legal right to settle the amounts included and there is an intention of the Group to settle the assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Trade payables and accruals

Trade payables and other payables are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method. The Group derecognizes a financial liability (or part thereof) from the consolidated statement of financial position when, and only when, it is amortized; that is, when the liability specified in the contract is discharged, cancelled or expired.

Share capital

Instruments issued by the Company are classified as equity (shareholders’ equity) only to the extent that they do not meet the definition of an asset or liability. The Company's ordinary shares are classified as equity instruments (shareholders' equity).

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment

Impairment on financial assets

IFRS 9 requires an entity to follow an expected credit loss model for the impairment of financial assets.

ECLs shall be measured for financial assets measured at amortized cost or FVOCI.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date;
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Company may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, the lifetime ECL measurement is always applied for trade receivables and contract assets without a significant financing component, so the Company may choose to apply this policy also for trade receivables with no significant financing component. The Group has elected to assess impairment losses on trade receivables using 12-month ECLs.

The carrying amount of financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is reversed at a later time, it is recorded in profit or loss in the period in which it is recovered.

Impairment of Non- Financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment exists when the carrying value of the asset or cash-generating unit exceeds the recoverable value, which is the higher of the fair value of the asset less costs to sell or the value in use. The recoverable amount of an asset is determined unless the asset is generating cash flows that are largely independent of the cash flows from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered to be impaired and reduced to the recoverable amount. In determining fair value less costs to sell, the most recent market transactions are taken into consideration. If no such transactions can be identified, an appropriate valuation model is used. Value in use is based on a discounted cash flow model, whereby the expected future cash flows are discounted using a discount rate that reflects current market assessments of the time value of money and the risks associated with the asset.

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment (continued)

Impairment loss are recognized in the statement of profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of other assets in the unit (or group of units) on a pro-rata basis.

At each reporting date, an assessment is made to determine whether there is evidence that previously recognized impairment losses have no or decreased. If such evidence exists, the Group estimates the recoverable amount of the asset or cash-generating unit. An impairment loss recognized previously is reversed only if there has been a change in the assumptions used to determine the recoverable amount since the date of recognition of last impairment loss. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the statement of profit or loss.

Any impaired non-financial assets - other than goodwill, if any - are examined for possible reversal of this impairment at the end of each financial reporting period.

Provisions

Provisions are recognized when the Group has obligations (legal or constructive) at the date of the consolidated statement of financial position arising from past events and the settlement of the obligations is probable to result in an outflow of economic benefits that can be reliably measured. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to this liability.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the current liability at the end of the reporting period.

The discount rate used to determine the present value is the pre-zakat rate that reflects current market assessments of the time value of money and the risks specific to liability.

The increase in the provision due to the passage of time is recognized as interest expense.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks and other short-term highly liquid investments with maturity dates of three months or less from the original investment date that are available to the Group without restriction. The consolidated statement of cash flows is prepared according to the indirect method.

Expenses

Selling and marketing expenses are those arising from the Group’s efforts underlying the selling and marketing functions. All other expenses, excluding cost of sales and financial charges, are classified as administrative expenses. Allocation of common expenses between cost of sales, selling and marketing expenses and administrative expenses, where applicable, is made on a reasonable basis in accordance with the nature and function of those expenses.

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Current/non-current classification

The Group classifies assets and liabilities in the statement of financial position as current and non-current. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed inn the ordinary course of business;
- Held primarily for trading purposes;
- Expected to be realized within twelve months after the date of the financial position; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the date of the financial position.

All other assets are classified as non-current assets.

Liability is classified as current when it is:

- Expected to be settled in the ordinary course of business;
- Held primarily for trading purposes;
- Due to be settled within twelve months after the date of the financial position; or
- There is no right to defer settlement of the liability for at least twelve months after the date of the financial position.

The Group classifies all other liabilities as non-current.

Segment information

A business segment represents a group of assets and operations that jointly provide products or services that are subject to risks and rewards that differ from those of other business segments and that are measured according to the reports used by executive management. The Group conducts most of its activities within the Kingdom of Saudi Arabia and therefore the financial information has not been separated into geographical segments.

Dividends

Dividends are approved by the Shareholders' General Assembly and interim dividends are distributed in accordance with the authorization from the Shareholders' General Assembly to the Board of Directors under the Companies Law.

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method, whereby the cost of the acquisition is measured by the total consideration transferred measured at fair value at the acquisition date and the amount of any non-controlling interest in the acquiree. In addition, non-controlling interests are measured by their proportionate share of the investee's identifiable net assets at the acquisition date, while acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the estimated financial assets and liabilities for the purpose of identifying and classifying them according to the contractual provisions, economic conditions and pertinent conditions as at the acquisition date.

Any contingent consideration transferred is recognized at fair value at the acquisition date. All contingent consideration (except those classified as equity) is measured at fair value at each reporting date and changes in fair value are recognized in the consolidated statement of profit or loss. Contingent consideration classified as equity and subsequent settlements are not remeasured and are accounted for within equity.

Goodwill is initially measured at cost (being the excess of the total consideration transferred and the amount recognized for non-controlling interests and any previous interests held over the net identifiable assets acquired and financial liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the remeasurement still results in the fair value of the net assets acquired exceeding the total consideration transferred, the gain is recognized in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

Initial Accounting for Business Combinations

If the initial allocation of goodwill acquired in a business combination cannot be made before the end of the annual period in which the business is combined, that initial allocation shall be made before the end of the first annual period beginning after the acquisition date. If the initial accounting for a business combination can be determined only provisionally at the end of the period in which the combination takes place, the acquirer:

(a) Accounts for combination using those interim values.

(b) Recognizes any adjustments to those provisional values as a result of the completion of the initial accounting in the measurement period, which shall not be more than twelve months from the date of acquisition.

In such cases, it may also not be possible to complete the initial allocation of the goodwill recognized in the combination before the end of the annual period in which the combination is made.

6. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (continued)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls' an entity when it is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements in accordance with IFRS from the date control commences until the date it ceases.

The Group conducts a reassessment to verify the extent of its control over an investee if facts and circumstances indicate that there are changes in one or more of the three elements of control. Consolidation of an entity begins when the Group takes control of the investee and ceases when the Group loses control of the investee. Assets, liabilities, income and expenses related to a subsidiary acquired or sold during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control it.

Profit or loss and each component of OCI are attributable to the shareholders of the parent company of the Group and non-controlling interests, even if this results in a deficit in the balance of non-controlling interests.

Material accounting policies have been applied consistently throughout the Group.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss.Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on Consolidation

Intra-group balances and transactions, as well as any unrealised income and expenses and transaction-related cash flows resulting from intra-group transactions, are disposed. Unrealised gains arising from transactions with equity-accounted investees are eleminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eleminated of in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

7- PROPERTY, PLANT AND EQUIPMENT

7-1 Movement in property, plant and equipment during the year ended 31 December 2024 (consolidated) consists of the following:

	Lands	Buildings	Plant and equipment	Motor vehicles	Computer	Furniture and fixtures	Tools and instruments	Projects in Progress*	Total
Cost:									
Balance at the beginning of the year	**10,507,750**	**717,852,784**	**1,634,487,187**	**1,257,204**	**8,081,017**	**12,327,081**	**12,831,210**	**189,333,536**	**2,586,677,769**
Additional	**-**	**1,392,748**	**13,482,076**	**3,022,286**	**505,547**	**697,669**	**183,088**	**41,924,926**	**61,208,340**
Additions as a result of acquisition	**6,848,271**	**212,723,267**	**1,008,662,801**	**9,116,349**	**9,784,737**	**19,587,428**	**-**	**-**	**1,266,722,853**
Transferred from projects in progress	**-**	**70,751,419**	**139,555,000**	**-**	**-**	**-**	**137,974**	**(210,444,393)**	**-**
Disposals during the year	**-**	**(517,916)**	**(290,343)**	**-**	**(32,321)**	**-**	**-**	**-**	**(840,580)**
Balance at 31 December 2024	**17,356,021**	**1,002,202,302**	**2,795,896,721**	**13,395,839**	**18,338,980**	**32,612,178**	**13,152,272**	**20,814,069**	**3,913,768,382**
Accumulated depreciation:									
Balance at the beginning of the year	**-**	**(504,643,592)**	**(1,357,892,798)**	**(695,585)**	**(7,003,006)**	**(11,329,557)**	**(9,996,376)**	**-**	**(1,891,560,914)**
Depreciation charged for the year	**-**	**(15,896,457)**	**(69,752,806)**	**(536,349)**	**(864,039)**	**(385,860)**	**(458,730)**	**-**	**(87,894,241)**
Accumulated depreciation as a result of acquisition	**-**	**(76,853,680)**	**(574,737,353)**	**(8,359,110)**	**(9,055,660)**	**(18,967,803)**	**-**	**-**	**(687,973,606)**
Disposals during the year	**-**	**508,679**	**288,961**	**-**	**28,954**	**-**	**-**	**-**	**826,594**
Balance at 31 December 2024	**-**	**(596,885,050)**	**(2,002,093,996)**	**(9,591,044)**	**(16,893,751)**	**(30,683,220)**	**(10,455,106)**	**-**	**(2,666,602,167)**
Net carrying amount:									
At 31 December 2024	**17,356,021**	**405,317,252**	**793,802,725**	**3,804,795**	**1,445,229**	**1,928,958**	**2,697,166**	**20,814,069**	**1,247,166,215**

* Projects in progress mainly consist of projects to improve and develop equipment and production lines.

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

7.2 Movement in property, plant and equipment during the year ended 31 December 2024 (unconsolidated) consists of the following:

	Lands	Buildings	Plant and equipment	Motor vehicles	Computer	Furniture and fixtures	Tools and instruments	Projects in Progress*	Total
Cost:									
Balance at the beginning of the year	**10,507,750**	**717,594,518**	**1,625,955,569**	**1,123,765**	**7,542,794**	**12,159,231**	**12,529,062**	**94,232,742**	**2,481,645,431**
Additional	**-**	**70,300**	**14,368,684**	**139,352**	**219,205**	**247,249**	**302,148**	**97,190,137**	**112,537,075**
Transferred from projects in progress	**-**	**168,325**	**1,602,000**	**-**	**319,018**	**-**	**-**	**(2,089,343)**	**-**
Disposals during the year	**-**	**-**	**(7,419,425)**	**(5,913)**	**-**	**(79,399)**	**-**	**-**	**(7,504,737)**
Settlements	**-**	**19,641**	**(19,641)**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2023	**10,507,750**	**717,852,784**	**1,634,487,187**	**1,257,204**	**8,081,017**	**12,327,081**	**12,831,210**	**189,333,536**	**2,586,677,769**
Accumulated depreciation:									
Balance at the beginning of the year	**-**	**(493,605,356)**	**(1,318,865,714)**	**(497,101)**	**(6,273,873)**	**(11,171,284)**	**(9,504,897)**	**-**	**(1,839,918,225)**
Depreciation charged for the year	**-**	**(11,020,314)**	**(46,464,427)**	**(200,159)**	**(729,133)**	**(237,671)**	**(491,479)**	**-**	**(59,143,183)**
Disposals during the year	**-**	**-**	**7,419,421**	**1,675**	**-**	**79,398**	**-**	**-**	**7,500,494**
Settlements	**-**	**(17,922)**	**17,922**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2023	**-**	**(504,643,592)**	**(1,357,892,798)**	**(695,585)**	**(7,003,006)**	**(11,329,557)**	**(9,996,376)**	**-**	**(1,891,560,914)**
Net carrying amount:									
At 31 December 2023	**10,507,750**	**213,209,192**	**276,594,389**	**561,619**	**1,078,011**	**997,524**	**2,834,834**	**189,333,536**	**695,116,855**

7- PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

7-3 Qassim Cement Company obtained a mining concession in the Jabal Al-Quwaiter area, north of Buraydah, under the Royal Decree no. M/9 dated 4 Rabi' I 1398H for a period of (30) renewable Hijri years if the Company so desired in return for an annual fees, and on which the Company's buildings, machines and facilities were built. The license to exploit the limestone was renewed by the Ministerial Resolution No. 93/Q dated 17 Shawwal 1428H, valid for a period of 30 years, effective from the 3 Rabi' I 1428H.

7-4 The land on which the Company's plant is located in Turubah Governorate, located in the city of Hail, is leased under a 30-year mining license issued by the Ministry of Industry and Mineral Resources (Ministry of Energy) starting from 2012, which grants the Company the exclusive right to extract and exploit specific minerals in the license area with a total area of 46.4 square kilometers.

7-5 On 11 September 2024, the Company obtained a license for small mine for a period of 10 years in the Qassim region by Resolution No. 1560/1/1446H.

7-6 Depreciation for the year was allocated as follows:

	Note	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Cost of Sales		**87,348,228**	58,663,707
Sales and marketing expenses	26	**228,782**	179,292
General and administrative expenses	27	**317,231**	300,184
		87,894,241	59,143,183

7-7 There are no mortgages on property, plant and equipment owned by the Group as at 31 December 2024 (2023: nil).

8- INTANGIBLE ASSETS

8-1 Movement of intangible assets is as follows:

	Intangible assets*	Projects in progress	Total
Cost:			
Balance at 1 January 2023	5,894,946	-	5,894,946
Additions during the year	-	3,219,002	3,219,002
Balance at 31 December 2023 and 1 January 2024	**5,894,946**	**3,219,002**	**9,113,948**
Additions during the year	-	2,409,190	2,409,190
Additions as a result of acquisition	9,371,586	-	9,371,586
Transferred from projects in progress	1,812,021	(1,812,021)	-
Balance at 31 December 2024	**17,078,553**	**3,816,171**	**20,894,724**
Accumulated depreciation:			
Balance at 1 January 2023	(5,547,577)	-	(5,547,577)
Depreciation charged for the year	(289,880)	-	(289,880)
Balance at 31 December 2023 and 1 January 2024	**(5,837,457)**	**-**	**(5,837,457)**
Depreciation charged as a result of acquisition	(6,775,848)	-	(6,775,848)
Depreciation charged for the year	(507,776)	-	(507,776)
Total as at 31 December 2024	**(13,121,081)**	**-**	**(13,121,081)**
Carrying value			
As at 31 December 2023 (unconsolidated)	**57,489**	**3,219,002**	**3,276,491**
As at 31 December 2024 (consolidated)	**3,957,472**	**3,816,171**	**7,773,643**

*Intangible assets represent computer software.

8- INTANGIBLE ASSETS (CONTINUED)

8-2 Amortization of intangible assets was allocated as follows:

	Note	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Cost of Sales		83,778	266,523
General and administrative expenses	27	423,998	23,357
		507,776	289,880

9- INVESTMENT PROPERTIES

Investment properties represent assets owned by the Company for the purpose of leasing, capital appreciation, or both. As at 31 December 2024, the fair value of these lands amounted to SR 14,191,849 according to an approved valuer (Deqat Mothamin Real Estate Company), who is an independent expert certified and licensed by the Saudi Authority for Accredited Valuers (Taqeem) (License number 1210000202). The valuation techniques used within Level 2 fair value were based on comparable prevailing market sale prices for similar property investments.

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Carrying amount	**9,516,450**	9,516,450
Fair value	**14,191,849**	20,141,212

10- FINANCIAL INVESTMENTS AT FVTPL

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Investments at FVTPL - non-current (10.1)	**27,668,322**	32,900,590
Financial investments at FVTPL - current (10-2)	**326,081,100**	301,173,956

10-1 Financial investments at FVTPL - non-current

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Balance at the beginning of the year	**32,900,590**	39,962,379
Disposals during the year	**(1,878,501)**	-
Unrealized (losses)	**(3,353,767)**	(7,061,789)
	27,668,322	32,900,590

The above investments represent shares of real estate funds and are valued at their fair value by the fund managers.

10- FINANCIAL INVESTMENTS AT FVTPL (CONTINUED)

10-2 Financial investments at FVTPL - current

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Balance at the beginning of the year	**301,173,956**	437,163,400
Additions during the year	**20,033,858**	15,028,567
Additions resulting from acquisition of a subsidiary	**65,713,579**	-
Disposals during the year	**(85,490,036)**	(173,024,074)
Unrealized gains during the year	**24,649,743**	22,006,063
	326,081,100	301,173,956

- The above investments represent shares of commodity trading funds, trading finance funds, and discretionary portfolio with financial companies, which are valued at fair value.

11- FINANCIAL INVESTMENTS AT AMORTIZED COST

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Balance at the beginning of the year	**260,830,667**	324,000,000
Additions during the year	**731,150,783**	442,188,167
Disposals during the year	**(711,981,450)**	(505,357,500)
	280,000,000	260,830,667

Financial investments at amortized cost as of the end of the year are classified as follows:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Non-current portion of financial investments at amortized cost	100,000,000	100,000,000
Current portion of financial investments at amortized cost	180,000,000	160,830,667
	280,000,000	260,830,667

The above investments are represented in Murabaha and Sukuk, and a return is due.

The average commission is 5.73% per annum (2023: 5.61%). The total Murabaha and Sukuk reward income of SR 14,328,538 during the year ended 31 December 2024 (31 December 2023: SR 18,609,795) was charged to the consolidated statement of profit or loss.

(*) Non-current portion of financial investments at amortized cost is represented in Sukuk that will mature in June 2026.

12- LEASES

a) Right-of-use assets:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Cost:		
Balance at the beginning of the year	2,937,209	**2,937,209**
Additions during the year	449,386	**-**
Additions as a result of acquisition	9,759,640	**-**
Balance at the end of the year	13,146,235	**2,937,209**
Depreciation:		
Balance at the beginning of the year	2,264,099	**1,590,988**
Depreciation during the year	830,362	**673,111**
Depreciation as a result of acquisition	2,339,273	**-**
Balance at the end of the year	5,433,734	**2,264,099**
Right-of-use assets (net)	7,712,501	**673,110**

b) Lease liabilities

Lease liabilities have been presented in statement of financial position as follows:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Present value of liability at the beginning of the year	666,527	**1,426,913**
Additions to contracts during the year	449,386	**-**
Additions as a result of acquisition	8,241,743	**-**
Repayments made during the year	(859,551)	**(820,260)**
Benefits charged for the year- (note 29)	227,322	**59,874**
	8,725,427	**666,527**
Current portion of lease labilities	412,625	**666,527**
Non-current portion of lease liabilities	8,312,802	**-**

It consists of quarry rents and an administrative building. The leases continue with an average lease term ranging from 10 to 30 years, and they have fixed rental payments.

The Group has recognized lease liability and interest expense using an incremental borrowing rate, which is the rate of return it expects to use in order to borrow the necessary financing for a similar term of the leases, with the same collateral. Leases do not contain any covenants.

13- INVENTORY, NET

Inventories as at 31 December comprise the following:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Spare parties	**184,465,801**	113,849,661
Raw materials	**53,149,277**	92,926,515
Production in progress	**517,289,066**	172,731,351
Finished goods	**11,800,062**	9,569,180
Packing materials	**5,740,490**	5,087,217
Consumables and supplies	**22,264,309**	8,620,019
In-transit inventories	**5,962,071**	4,947,504
	800,671,076	407,731,447
Less: Write down of inventory	**(40,971,116)**	(28,485,157)
	759,699,960	379,246,290

Movement in write down of inventory during the year is as follows:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Balance at the beginning of the year	**28,485,157**	26,216,739
Decrease as a result of acquisition	**10,164,917**	-
Provided during the year (*)	**2,321,042**	2,268,418
	40,971,116	28,485,157

(*) During the year ended 31 December 2024, the Group made a provision for write down of spare parts and raw materials inventory of SR 2,32 million (31 December 2023: SR 2,27 million).

14- TRADE RECEIVABLES

a) Trade receivables comprise the following:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Trade receivables	**145,536,356**	69,147,558
Allowance for expected credit loss (ECL)	**(4,935,522)**	(1,283,981)
	140,600,834	67,863,577

b) Movement in expected credit losses on trade receivables is as follows:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Balance at the beginning of the year	**1,283,981**	1,289,145
Provision/ (reversal) during the year	**3,651,541**	(5,164)
	4,935,522	1,283,981

Additional information related to credit and market risk is disclosed in note (34.b).

15- PREPAID EXPENSES AND OTHER RECEIVABLES

Prepaid expenses and other receivables comprise the following:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Advances to suppliers	**10,987,800**	2,422,965
Prepaid expense	**4,146,828**	3,689,406
Accrued income	**1,868,155**	2,338,762
Employees' receivables	**2,421,007**	1,864,877
Letter of credits	**698,507**	-
other debit balances	**4,797,027**	3,903,106
	24,919,324	14,219,116

Movement in expected credit losses was as follows:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Balance at the beginning of the year	-	1,018,842
Reversed during the year	-	(1,018,842)
	-	-

16- CASH AND CASH EQUIVALENTS

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Cash in hand	**796,918**	532,658
Cash at banks in local currency *	**94,142,496**	31,464,715
Cash at banks in foreign currencies *	**11,862,943**	7,991,721
	106,802,357	39,989,094

This represents cash held in current accounts with banks operating in the Kingdom of Saudi Arabia.

17- SHARE CAPITAL AND ADDITIONAL CAPITAL

- **Share capital**

The Company's share capital is SR 1,105 million divided into 110,559 million shares of SR 10 each, as at 31 December 2024 (31 December 2023: SR 900 million divided into 90 million shares of SR 10 each).

Movement of share capital during the year subsequent to the acquisition of subsidiary is as follows:

	31 December 2024 Consolidated
Number of shares acquired from Hail Cement Company	**97,900,000**
Share swap rate according to the acquisition agreement	**0.21**
Number of shares issued by the Company	**20,559,000**
The nominal value of the shares issued by the Company - SR 10 per share	**205,590,000**
Add: Company's share capital immediately prior to the acquisition	**900,000,000**
Post-acquisition share capital	**1,105,590,000**

- **Additional capital**

	31 December 2024 Consolidated
Number of shares issued by the Company	**20,559,000**
Company's share price on 10 June 2024 (acquisition date)	**58.5**
Total consideration	**1,202,701,500**
Less: nominal value of the shares issued by the Company - SR 10 per share	**(205,590,000)**
Additional share capital resulting from acquisition	**997,111,500**

18- STATUTORY RESERVE

In accordance with the Company's previous by-laws, the Company has established a statutory reserve by transferring 10% of the profit for the year until this reserve equals 30% of the share capital. The reserve is not available for distribution as dividends.

In accordance with the Company's new by-laws approved by the Company's Extraordinary General Assembly on 15 April 2024, in accordance with the new Saudi Companies Law, which was subsequently updated on 10 June 2024, a specific percentage of the year's profit cannot be transferred as statutory reserves except by a resolution of the Company's General Assembly.

19- PROVISION FOR REHABILITATION OF AREAS SUBJECT TO FRANCHISE LICENSE

The provision for the rehabilitation of areas subject to a franchise license represents the present value of the expected cost of re-settlement of the Company's franchise site. **Movement in the provision for rehabilitation of areas subject to franchise license is as follows:**

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Balance at the beginning of the year	**14,799,151**	13,900,094
Additions during year	**1,392,748**	-
Additions as a result of acquisition	**4,334,172**	-
Interest cost	**1,096,651**	899,057
	21,622,722	14,799,151

20- EMPLOYEES' BENEFITS OBLIGATIONS

a) Movement in the employees' benefits obligation is as follows:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Balance at the beginning of the year	**43,871,182**	42,172,381
Additions during the year (20.b)	**3,724,938**	3,983,762
Interest provided during the year (20.b)	**2,707,677**	1,836,327
Additions as a result of acquisition	**19,432,746**	-
Payments during the year	**(4,782,676)**	(2,067,651)
Actuarial (gain) from re-measurement of employees' benefits obligations	**(1,841,105)**	(2,053,637)
	63,112,762	43,871,182

b) Employee benefits expense:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Wages and salaries	**126,456,502**	85,902,160
Other employee-related expenses	**12,388,494**	5,942,049
End of services expense (20.a)	**6,432,614**	5,820,089
	145,277,610	97,664,298

c) The significant actuarial assumptions used by an independent external actuary are as follows:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Discount rate	**5.36%**	4,88%
Salary increase rate	**5%**	5%
Staff turnover rate	**Medium**	Medium

d) Sensitivity in defined benefit obligation

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as follows:

		31 December 2024 Consolidated	31 December 2023 Unconsolidated
	Base		
Change in salary rate	1% increase	**67,102,899**	46,593,179
	1% decrease	**59,418,089**	41,329,207
	Base		
Discount rate	1% increase	**59,695,318**	41,497,427
	1% decrease	**66,857,861**	46,452,277

Weighted average age of employees (years) *	**39**	**39**
Average years of experience	**7.7**	**7.6**

21- TRADE AND OTHER PAYABLES

Accrued expenses and other accounts payables comprise of the following:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Trade payables	**82,055,062**	31,253,626
Accrued expenses	**33,726,957**	13,866,295
Accrued quarry fees	**11,465,930**	7,810,642
Advance payments from customer	**8,008,251**	3,285,655
Retention of performance bond from contractors	**9,117,303**	10,491,306
Accrued employees' benefits	**36,673,697**	18,402,040
Value added tax payable	**8,619,338**	3,165,186
Accrued withholding tax	**245,649**	147,296
Other payables	**1,033,980**	695,851
	190,946,167	89,117,897

22- ZAKAT PROVISION

a) Zakat base of the Company comprises the following:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Equity at beginning of the year	**1,579,301,183**	1,664,776,824
Additional	**1,359,793,626**	168,262,978
Deductions	**(1,931,812,607)**	(1,202,272,884)
Basis for calculation of Zakat	**1,007,282,202**	630,766,918
Adjusted net income for the year subject to Zakat	**315,331,148**	168,543,197
	1,322,613,351	799,310,115
Zakat base (equity method) (a)	**1,322,613,351**	799,310,115
Zakat base (adjusted net income) (b)	**315,331,148**	168,543,197
Zakat payable (Higher of (A) or (B))	**33,847,827**	20,441,682
Add/ (less) carried forward balance from previous periods	**193,265**	(3,836,770)
Additions as a result of acquisition	**(6,059,707)**	-
Zakat charge made during the year	**27,981,385**	16,604,912

b) Movement in Zakat Provision during the year is as follows:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Balance at the beginning of the year	**20,441,682**	26,887,677
Additions as a result of acquisition	**6,059,707**	-
Provided during the year	**27,981,385**	16,604,912
Paid during the year	**(20,634,947)**	(23,050,907)
Balance at the end of the year	**33,847,827**	20,441,682

22. ZAKAT PROVISION (CONTINUED)

c) Zakat status of Qassim Cement Company:

1- The Group submitted all Zakat returns due up to the year ended 31 December 2023. The Group obtained a certificate from ZATCA for the year ended 31 December 2023 to enable it to complete all its transactions, including the payment of its final accruals for contracts.

2- The Group received a notification of acceptance to submit consolidated accounts from Zakat, Tax and Customs Authority (ZATCA) indicating that the Group's request to submit consolidated accounts for the Company and its subsidiary as at 7 Safar 1446H (corresponding to 6 August 2024), subsequent to the acquisition of a 100% share of Hail Cement Company (the subsidiary).

3- The Group has obtained a certificate from ZATCA indicating that a tax group was formed on 24 Muharram 1446H (corresponding to 30 July 2024), regarding transactions and returns related to Value Added Tax (VAT).

d) Zakat status to subsidiary:

4- For the Zakat position of Hail Cement Company, Zakat has been reviewed, assessed, and settled for the years from 2012 to 2020.

5- Additional information was requested by ZATCA for the Zakat returns for the years from 2021 to 2023, and it has been provided to ZATCA. No response has been received from ZATCA regarding the assessment or modification of the returns as at the date of issuance of the financial statements for the year ended 31 December 2024.

6- The Company has obtained a certificate for the year 2023, with number 1112155397, dated 17/9/1445H, valid until 2/11/1446H (corresponding to 30 April 2025).

23- OTHER PROVISIONS

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Provision for legal claims and objections	**817,314**	110,691
	817,314	110,691

Movement in other provisions during the year is as follows:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Balance at the beginning of the year	**110,691**	983,755
Used during the year	-	(33,064)
Reversed during the year	-	(840,000)
Provided during the year	**706,623**	-
	817,314	110,691

24- REVENUE AND COST OF SALES

- No other revenue classifications have been disclosed as the entire amount of revenue is a result of bulk and packed cement sales within the Kingdom of Saudi Arabia only and there are no other products for the Group, and there is no key difference between the selling prices or the production cost of the two types of bulk or packed cement. The Group also sells its entire products through distributors. The sale takes place at a point in time and not over time.
- The cost of sales represent mainly the cost of raw materials, direct wages, fuel, power, spare parts and consumables.

25- DIVIDENDS

During the year ended 31 December 2024

- On 21 February 2024, based on the authorization of the General Assembly of the shareholders, the Board of Directors decided to distribute dividends of SR 58.5 million at SR 0,65 per share for the fourth quarter dividends of the year 2023.
- On 28 August 2024, based on the authorization of the General Assembly of shareholders, the Board of Directors decided to distribute dividends of SR 143,7 million at SR 1,30 per share for the first quarter and the second quarter dividends of 2024.
- On 20 November 2024, based on the authorization of the Shareholders' General Assembly, the Board of Directors decided to distribute dividends of SR 71,3 million at SR 0,65 per share for the third quarter dividends of the year 2024.

During the year ended 31 December 2023

- On 19 February 2023, based on the prior authorization of the General Assembly of the shareholders, the Board of Directors decided to distribute dividends of SR 54 million at SR 0,60 per share for the fourth quarter dividends of the year 2022.
- On 24 May 2023, based on the prior authorization of the General Assembly of shareholders, the Board of Directors decided to distribute dividends of SR 58.5 million at SR 0.65 per share for the first quarter dividends of 2023.
- On 22 August 2023, based on the prior authorization of the General Assembly of shareholders, the Board of Directors decided to distribute dividends of SR 58.5 million at SR 0.65 per share for the second quarter dividends of 2023.
- On 26 November 2023, based on the prior authorization of the General Assembly of shareholders, the Board of Directors decided (by passing) to distribute dividends of SR 58.5 million at SR 0.65 per share for the third quarter dividends of the year 2023.

Movement in dividends payable during the year is as follows:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Balance at the beginning of the year	**56,497,883**	57,510,427
Balance resulting from acquisition	**264,021**	-
Announced during the year	**273,571,121**	229,500,000
Paid during the year	**(276,385,265)**	(230,512,544)
	53,947,760	56,497,883

26- SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the year ended 31 December comprise the following:

	For the Year ended 31 December 2024 Consolidated	For the Year ended 31 December 2023 Unconsolidated
Salaries, wages and equivalents	**8,588,984**	5,766,750
Other employees' benefits and medical insurance	**772,256**	438,436
Assignments and business trips expenses	**295,863**	226,587
Training costs	**19,392**	-
Depreciations	**228,782**	179,292
Depreciation of right-of-use assets	**24,594**	21,172
Maintenance expenses	**114,879**	48,534
Technical, consulting and professional fees	**18,686**	-
Other expenses	**758,065**	560,220
Expenses charged from/ (to) cost of common service centers	**2,966,910**	3,357,743
	13,788,411	10,598,734

27- GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year ended 31 December comprise the following:

	For the year ended 31 December 2024 Consolidated	For the year ended 31 December 2023 Unconsolidated
Salaries, wages and equivalents	**31,976,952**	14,419,970
Other employees' benefits and medical insurance	**1,584,105**	462,476
Assignments and business trips expenses	**237,561**	110,283
Training costs	**112,562**	19,730
Directors' remuneration	**3,218,048**	2,900,000
Remuneration of committee members from outside the board of directors	**1,693,082**	1,283,000
Allowance to attend meeting of the Board of Directors and Committees	**500,000**	466,957
Acquisition transaction costs	**23,006,280**	845,457
Technical, consulting and professional fees	**2,920,946**	2,262,536
Depreciations	**317,231**	304,077
Depreciation of right-of-use assets	**12,495**	-
Amortization for intangible assets	**423,998**	23,357
Donations and social responsibility	**824,667**	105,604
Listing and deposit center fees	**1,044,634**	810,089
Maintenance expenses	**944,084**	39,629
Other provision made	**706,623**	-
Other expenses	**2,438,124**	719,142
Expenses charged from/ (to) cost of common service centers	**3,054,837**	3,266,754
	75,016,229	28,039,061

28- OTHER INCOME

	For the year ended 31 December 2024 Consolidated	For the year ended 31 December 2023 Unconsolidated
Losses on the sale and disposal of fixed assets	**(13,986)**	(4,243)
Deposits received from Human Resource Development Fund	**1,864,237**	1,045,328
Revenue from rentals	**1,101,594**	1,060,180
Revenue from sale of cement dust	**319,905**	307,601
Revenues from insurance claims	**-**	255,032
Revenue from sale of industrial waste and scrap	**1,695,152**	807,652
Reversal of provisions and expenses reimbursements	**455,442**	3,052,153
Contractors compensations	**1,661,230**	492,082
Support for the sector competitiveness initiative *	**40,473,645**	-
Other miscellaneous income	**3,833,706**	1,225,873
	51,390,925	8,241,658

* The amount represents the value of support the Company received during the year as part of the industrial sector competitiveness initiative by the Ministry of Industry and Mineral Resources due to the rising fuel prices as of 1 January 2024.

29- FINANCE COSTS

	For the year ended 31 December 2024 Consolidated	For the year ended 31 December 2023 Unconsolidated
Finance costs for rehabilitation of areas subject to franchise license	**1,096,651**	899,057
Finance costs of employees' end-of-service benefits	**2,707,677**	1,836,337
Finance costs from leases	**227,322**	59,874
	4,031,650	2,795,268

30- CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 December 2024, the Group has bank facilities in the form of letters of guarantee and letters of credit from commercial banks of SR 57,6 million (31 December 2023: SR 39,1 million).

The Group's capital commitments as at 31 December 2024 are SR 16.8 million (31 December 2023: SR 39.06 million), primarily related to projects for the improvement and development of equipment and production lines. The total value of the ongoing project contracts amounted to SR 190.3 million as at 31 December 2024 (31 December 2023: SR 226.5 million).

31- SEGMENT INFORMATION

The Group's activities are mainly represented in one operating segment, which is the manufacturing and selling of cement that is mainly sold to local customers.

A) Financial information for revenue and profits related to operating segment for the year ended 31 December 2024 and 2023 is as follows:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Revenue from contracts with customer	**967,578,131**	583,559,912
Profit for the year before zakat	**329,330,723**	158,575,634

b) Financial information of operating segments' assets and liabilities as at 31 December 2024 and 31 December 2023 is as follows:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Total assets	**3,137,024,070**	1,804,806,196
Total liabilities	**373,019,979**	225,505,013

32- EARNINGS PER SHARE – BASIC AND DILUTED

Basic earnings per share was calculated by dividing the distributable income for the year among the shareholders who own the ordinary shares of the Company by the weighted average number of ordinary shares outstanding during the year.

The diluted earnings per share are the same as the basic earnings per share as the Group has no diluted instruments.

	For the year ended 31 December 2024 Consolidated	For the year ended 31 December 2023 Unconsolidated
Net profit for the year	**301,349,338**	141,970,722
Weighted average number of shares	**101,044,307**	90,000,000
Basic and diluted earnings per share	**2.98**	1.58

Calculation of the weighted average number of shares is as follows:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Number of shares at the beginning of the period	**90,000,000**	**90,000,000**
Weighted average number of shares issued at acquisition date	**11,490,510**	--
Weighted average number of treasury shares resulting from acquisition transaction	**(446,203)**	--
Weighted average of total number of shares during the year	**101,044,307**	**90,000,000**

33- DISCLOSURES OF RELATED PARTY PARTIES

Related parties represent major shareholders, members of the Board of Directors of the Group, key management personnel of the Group, and entities managed or a significant influence is exercised over them by these parties. There are no transactions with related parties other than the following:

Key management personnel compensation
The remuneration of the board of directors and other key management personnel charged during the year are as follows:

	For the year ended 31 December 2024 Consolidated	For the year ended 31 December 2023 Unconsolidated
Salaries and short-term benefits - Key management personnel	**13,102,766**	14,480,851
Post-employment benefits - KMP	**1,485,476**	1,330,316
Board of Directors and committees' remuneration and allowances	**5,968,000**	4,631,500
	20,556,242	20,442,667

34- FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

a) Fair value measurement of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

	31 December 2024 (consolidated)							
	Carrying amount				Fair value			
	Fair value	Amortized cost	Other financial liabilities	Total	Level 1	Level 2*	Level 3	Total
Financial assets at fair value:								
FVTPL investments	353,749,422	-	-	353,749,422	111,098,350	242,651,072	--	353,749,422
	353,749,422	-	-	353,749,422	111,098,350	242,427,028	--	353,749,422
Financial assets at amortized cost:								
Financial investments at amortized cost	-	280,000,000	-	280,000,000	-	-	-	-
Trade receivables	-	140,600,834	-	140,600,834	-	-	-	-
Cash and cash equivalents	-	106,802,357	-	106,802,357	-	-	-	-
	-	527,403,191	-	527,403,191	-	-	-	-
Financial liabilities not measured at fair value:								
Trade payables	-	-	82,055,062	82,055,062	-	-	-	-
Accrued expenses and other payables	-	-	108,891,105	108,891,105	-	-	-	-
	-	-	190,946,167	190,946,167	-	-	-	-

The valuation model is based on market multiples derived from the quoted prices of companies comparable to the investee and the expected earnings before interest, taxes, depreciation, and amortization (EBITDA) of the investee.

34. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

a) Fair value measurement of financial instruments (continued)

	31 December 2023 (unconsolidated)							
	Carrying amount				Fair value			
	Fair value	Amortized cost	Other financial liabilities	Total	Level 1	Level 2*	Level 3	Total
Financial assets at fair value:								
FVTPL investments	334,074,546	-	-	334,074,546	85,165,110	248,909,436	-	334,074,546
	334,074,546	-	-	334,074,546	85,165,110	248,909,436	-	334,074,546
Financial assets at amortized cost:								
Financial investments at amortized cost	-	260,830,667	-	260,830,667	-	-	-	-
Trade receivables	-	67,863,577	-	67,863,577	-	-	-	-
Cash and cash equivalents	-	39,989,094	-	39,989,094	-	-	-	-
	-	368,683,338	-	368,683,338	-	-	-	-
Financial liabilities not measured at fair value:								
Trade payables	-	-	31,253,626	31,253,626	-	-	-	-
Accrued expenses and other payables	-	-	57,864,271	57,864,271	-	-	-	-
	-	-	89,117,897	89,117,897	-	-	-	-

The valuation model is based on market multiples derived from the quoted prices of companies comparable to the investee and the expected earnings before interest, taxes, depreciation, and amortization (EBITDA) of the investee.

34. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

a) Fair value measurement of financial instruments (continued)

There were no transfers between the levels of fair value hierarchies during the year.

Level 1 consists of investments in local portfolios, as they are traded in a recognized financial market at their most recent quoted prices.

Level 2 consists of investments in both local and international portfolios. Investments in unlisted mutual funds are valued using unadjusted net asset value or when units in the fund are redeemable on the basis of net asset value, at the measurement date, as appropriate.

Level 3 consists of investments in both local and international funds. Investments in local and international mutual funds and real estate funds, managed by the Group, are valued at fair value based on the latest net asset values reported by the fund managers.

b) Risk management

The Company's overall risk management program focuses on the unpredictable fluctuations in financial markets and aims to minimize potential negative impacts on the Group's financial performance.

Financial risk management framework

Risk management policy is carried out by the senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Company’s operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

The Board of Directors has an overall responsibility for the establishment and oversight of the Company’s risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The teamwork conducts meetings on a regular basis, and any changes or matters related to compliance with policies are reported to the Board of Directors through the Audit Committee.

The risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. Through training, management standards and procedures, the Group aims to develop a responsible and constructive control environment so that all employees are aware of their roles and responsibilities.

The Risk Committee oversees the management's compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments included in the statement of financial position include cash and cash equivalents, trade and other receivables, financial assets, trade and other payables. The recognition methods used are disclosed in the individual policy statement for each item.

The Group has an exposure to the following risks from its use of the financial instruments:

a) Credit risks
b) Liquidity risk and
c) Market Risk

a) Credit Risk,

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations and arises principally from the Company’s trade receivables and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

34- FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

a) Credit risk (continued)

The following table presents an analysis of the credit quality of debt securities at amortized cost, fair value through other comprehensive income, and fair value through profit or loss. It indicates whether the assets measured at amortized cost or fair value through other comprehensive income are subject to 12-month ECL or lifetime ECL, and in the latter case, whether they are credit-impaired.

	As at 31 December 2024 (consolidated)			
	Investments at fair value through profit or loss	Financial investments at amortized cost		
Credit rating		**Subject to 12-month ECL**	**Subject to Lifetime ECLs**	**Subject to Lifetime ECLs - credit-impaired**
AAA to BBB	353,749,422	280,000,000	-	-
	353,749,422	**280,000,000**	**-**	**-**

	As at 31 December 2023 (unconsolidated)			
Credit rating	Investments at fair value through profit or loss	Financial investments at amortized cost		
		Subject to 12-month ECL	Subject to Lifetime ECLs	Subject to Lifetime ECLs - credit-impaired
AAA to BBB	**334,074,546**	**260,830,667**	**-**	**-**
	334,074,546	**260,830,667**	**-**	**-**

Bank balances and trade receivables

The cash and cash equivalents of the company are deposited in public accounts with local banks with good credit ratings ranging from BBB- and above.

The Group's exposure to credit risk is mainly affected by the individual characteristics of each customer, however; management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which the costumer operates.

The management also continues to monitor the credit risks related to its customers and creates a provision for expected credit losses. The existing customer balances are continuously monitored. Cash and cash equivalents are placed with national banks with sound credit ratings. Trade and other receivables are primarily due from customers in the local market, and most of the customer balances are secured by effective bank letters of guarantee from local banks with sound credit ratings. Trade and other receivables have been shown at their estimated recoverable value.

100% of trade receivables is in the Kingdom of Saudi Arabia (2023: 100%). The three largest customers constitute approximately 65% of trade receivables as at 31 December 2024 (2023: 75%). The three largest customers represent approximately 43% of total revenue as at 31 December 2024 (2023: 39%).

Management takes into account available and supportive forward-looking information such as:

a) Significant actual or anticipated changes in the business.
b) Actual or expected significant changes in the operating results of the counterparty,
c) Financial or economic conditions that are expected to cause a significant change in the counterparty's ability to fulfill its obligations.

34- FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

a) Credit risk (continued)

Bank balances and trade receivables (continued)

d) Significant increase in credit risk on other financial instruments of the same counterparty,
e) Significant changes in the value of the collateral in support of the obligation or in the quality of counterparty guarantees or credit improvements.

The aging of trade receivables as of the date of the consolidated financial statements is as follows:

	31 December 2024 (consolidated)				31 December 2023 (unconsolidated)			
Duration	**Balance**	**Impairment**	**Weighted-average credit losses rate**	**Credit impaired**	Balance	Impairments	Weighted -average credit losses rate	Credit impaired
Not past due and not impaired	**104,470,774**	**-**	**0%**	**No**	47,658,579	-	0%	No
0 - 90 days	**35,763,851**	**1,797,536**	**5%**	**No**	15,621,484	115,241	1%	No
90 - 180 days	**3,004,901**	**916,575**	**31%**	**No**	2,797,534	31,056	1%	No
180 - 360 days	**376,281**	**300,862**	**80%**	**No**	874,637	44,793	5%	No
More than 365 days	**1,920,549**	**1,920,549**	**100%**	**Yes**	2,195,324	1,092,891	50%	Yes
	145,536,356	**4,935,522**			69,147,558	1,283,981		

Management believes that the amounts that have been impaired and that are past due for more than 90 days are still fully collectible based on the previous payment behavior and comprehensive analysis of the customer's credit risk, including the customer's underlying credit ratings, if available. The Group establishes a provision for all balances past due for more than 365 days (2023: 720 days). As at 31 December 2024, the balance of the provision for expected credit losses amounted to SR 4,935,522 (2023: SR 1,283,981). Credit risk grades are divided according to the Group's classification, and the expected credit loss rate for each Group is calculated based on the payment delay status and the actual credit loss experience over the past years.

b) Liquidity risk

Liquidity risk is the difficulties that an entity will encounter in raising funds to meet commitments related to financial instruments. Liquidity risk may result from the inability to sell financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring liquidity on an ongoing basis and ensuring that sufficient financial resources are in place. Concentration in liquidity risk may arise from terms of repayment of financial obligations, sources of financing, or reliance on a specific market to obtain liquid assets. The following are the contractual maturities of the financial liabilities at the end of the year that were presented in gross and undiscounted amounts.

34- FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

b) Liquidity risks (continued)

2024	Total carrying amount	Less than one year	1-5 Years	Greater than 5 years	Total contractual maturity
Payable	**82,055,062**	82,055,062	-	-	**82,055,062**
Accrued expenses and other payables	**108,891,105**	108,891,105	-	-	**108,891,105**
Dividends' payable	**53,947,760**	53,947,760	-	-	**53,947,760**
Lease liabilities	**8,725,427**	412,624	2,258,658	6,054,145	**8,725,427**
Other provisions	**817,314**	817,314	-	-	**817,314**
	254,436,668	**246,123,865**	**2,258,658**	**6,054,145**	**254,436,668**

2023	Total carrying amount	Less than one year	1-5 Years	Greater than 5 years	Total contractual maturity
Payable	**31,253,626**	31,253,626	-	-	**31,253,626**
Accrued expenses and other payables	**51,540,468**	51,540,468	-	-	**51,540,468**
Dividends' payable	**56,497,883**	56,497,883	-	-	**56,497,883**
Lease liabilities	**666,527**	666.527	-	-	**666,527**
Other provisions	**110,691**	110,691	-	-	**110,691**
	140,069,195	**140,069,195**	**-**	**-**	**140,069,195**

As at 31 December 2024, the Group holds cash and cash equivalents of SR 106,8 million (31 December 2023: SR 40 million). Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under normal and stressed conditions, without incurring losses or risking damage to the Group's reputation.

Capital management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. And to maintain a strong capital base to support the sustained development of its businesses.
The Group's adjusted net liabilities to equity ratio is as follows:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Total liabilities	**373,019,979**	225,505,013
Less: cash and cash equivalents	**(106,802,357)**	(39,989,094)
Adjusted net debt	**266,217,622**	185,515,919
Total shareholder's equity	**2,764,004,091**	1,579,301,183
Adjusted equity and net debt	**3,030,221,713**	1,764,817,102
Adjusted debt ratio to adjusted equity ratio	**8.79%**	10.51%

34- FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

c) Market risk

Market risk is the risk of possible impact of changes in market prices, such as foreign exchange rates and commission rate. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- **Foreign currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in currency foreign exchange rates. Since the Saudi Riyal is pegged against the US Dollar, there are no significant currency risks. The Group's management monitors the changes in foreign currency exchange rates and believes that foreign currency risks are insignificant.

- **Commission rate risk**

Commission rate risk arises from the possibility that changes in market commission rates will affect future profitability or the fair value of the financial instruments. The Group monitors the fluctuations in commission rates and believes that the effect of the commission rate risk is not material.

35- NON – CASH TRANSACTIONS

The most important non-cash transactions for the purposes of preparing the statement of cash flows are as follows:

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Transferred from projects in progress to property, plant and equipment - Note (7)	**210,444,393**	2,089,343
Due from investments at fair value through profit or loss	**-**	100,740
Revenue from investments at amortized cost	**415,560**	793,236
Addition to right-of-use assets - Note (12-A)	**449,386**	-
Addition of the provision for the mine reclamation liability - Note (19)	**1,392,746**	-
Actuarial gain on employee benefits - Note (20)	**1,841,105**	2,053,637
Dividends	**2,814,144**	-
Treasury shares from investments at fair value through profit or loss - Note (37)	**28,356,295**	-

36- BUSINESS COMBINATIONS

On 04 Dhul-Hijjah 1445H (corresponding to 10 June 2024), Qassim Cement Company acquired 100% of the issued share capital of Hail Cement Company, and the acquisition is in line with the Qassim Cement Company's strategy to enhance its market competitiveness.

The acquisition was accounted for using the acquisition method under IFRS 3 Business Combinations ("the Standard") with Qassim Cement Company being the acquirer and Hail Cement Company being the acquiree. As required by the Standard, Qassim Cement Company is in the process of allocating the purchase price to identifiable assets and liabilities as of the date of issuance of the consolidated financial statements. Accordingly, Qassim Cement Company has accounted for the acquisition based on the provisional fair values of the acquired assets and liabilities as at the acquisition date as the independent valuations have not been finalized. Adjustment to the provisional values will be finalized within twelve months of the date of acquisition as permitted by the Standard.

36. BUSINESS COMBINATIONS (CONTINUED)

Purchase consideration

The fair value of the issued 20,559,000 shares has been determined as part of the consideration paid to acquire Hail Cement Company and on the basis of the closure rate in the Saudi Stock Exchange (Tadawul) of the ordinary share for Qassim Cement Company in the Saudi Stock Exchange at the latest trading date before the acquisition date at 10 June 2024 with a nominal value of SR 10 each and market value of (SR 58,5).

As a result of shares issuance, there was an increase in the share capital and additional paid in share capital of the Company of SR 205,590,000 and SR 997,111,500, respectively.

Acquisition Accounting

The Group evaluates the acquired assets and the assumed and identifiable liabilities and allocates the purchase price for the purpose of the provisional accounting for the business combination. Although, due to the inherent complexity and judgement associated with the identification of the intangible assets and identification of the fair value of the identified assets and items included in the financial position of the acquired company, the process is still in process until the date of issuing of the consolidated financial statements. Accordingly, the Group recorded the acquired assets and assumed liabilities at their carrying amounts at the acquisition date. The Group should amend the provisional amounts recognized retrospectively during the measurement period.

The initial values of the identifiable assets and liabilities of Hail Cement Company as at the date of acquisition were as follows:

	SR
Assets	
Property, plant and equipment - net	578,749,247
Intangible assets, net	2,595,738
Right-of-use assets, net	7,420,367
Inventory, net	329,801,868
Trade receivables - net	12,854,906
Prepaid expenses and other receivables	16,472,552
Investments at fair value through profit or loss	65,713,579
Cash and cash equivalents	52,868,623
Total assets	**1,066,476,880**
Liabilities	
Lease liabilities	8,241,743
Employee benefit obligations	19,432,746
Provision for rehabilitation of areas subject to franchise license	4,334,172
Trade payables and accrued expenses	43,787,974
Accrued profits	264.021
Zakat Provision	6,059,707
Total liabilities	**82,120,363**
Total identifiable net assets	**984,356,517**

36. BUSINESS COMBINATIONS (CONTINUED)

a) Acquired receivables

The initial fair value of the trade receivables acquired amounted to SR 12,854,906 acquired upon acquisition.
The trade receivables comprise gross contractual amounts due of 12,854,906 of which Zero was expected to be uncollectable at the date of the acquisition.

b) Revenue and contribution in profits

Hail Cement Company contributed revenue of SR 143,667,203 and a net profit after zakat of SR 31,443,434 during the period from the acquisition date to 31 December 2024.

Goodwill

	SR
Purchase consideration	1,202,701,500
Less: treasury shares	(19,261,619)
Less: the provisional value of the net assets acquired of Hail Cement Company	(984,356,517)
Initial goodwill	**199,083,364**

The purchase price will be allocated within twelve months of the acquisition date, with a focus, including but not limited to, on completing the valuation adjustments to the following:

a) Recognition of intangible assets including trademarks and vendor relationships.
b) Investment properties, property and equipment.
c) Other recognized financial and non-financial assets and liabilities.

37- TREASURY SHARE

	31 December 2024 Consolidated	31 December 2023 Unconsolidated
Treasury shares owned by Hail Cement Company (A)	**19,261,619**	-
Mutual funds No. 17 (B)	**28,356,295**	-
Total treasury shares	**47,617,914**	-

The total number of treasury shares held by the Group as at 31 December 2024, amounted to 798,353 shares following the completion of the acquisition of the subsidiary (Hail Cement Company). The aforementioned treasury shares consist of the following:

a) 1.493.478 treasury shares was owned by Hail Cement Company representing 1,53% of the share capital of Hail Cement Company prior to completion of the acquisition process. As a result of completing the acquisition, according to a swap ratio of (0.21) shares of Qassim Cement for each share in Hail Cement, these shares were converted to 313.630 shares in Qassim Cement Company representing (0.284%) in the share capital of Qassim Cement Company.

b) The stated ownership represents the compensation shares issued against the (2.308.206) shares in Hail Cement Company owned by the mutual fund, representing 2,36% of the share capital of Hail Cement Company prior to the completion of the acquisition process. As a result of completing the acquisition, according to a swap ratio of (0.21) shares of Qassim Cement for each share in Hail Cement, these shares were converted to (484،723) shares of Qassim Cement Company, representing (0.438%) of the share capital of Qassim Cement Company. The fund manager completed the procedures for transferring these shares to become treasury shares directly owned by Qassim Cement Company. The shareholders' register has been updated accordingly.

38- COMPARATIVE FIGURES

The Group has presented the consolidated financial statements for the year ended 31 December 2024, subsequent to the acquisition of the subsidiary on 10 June 2024. Therefore, the comparative figures for the year ended 31 December 2023, represent Qassim Cement Company only, on a non-consolidated basis and are not comparable.

39- SUBSEQUENT EVENTS

- On 2 January 2025, Qassim Cement Company announced that it had received a notice from Arabian Oil Company (Aramco) on 1 Rajab 1446H (corresponding to 1 January 2025), regarding the adjustment of fuel prices used in Qassim Cement Company's activities, effective from 1 January 2025.
  This adjustment will have a financial impact on production costs starting from the results of the first quarter of 2025. The expected financial impact of this adjustment was announced on the Saudi Exchange website (Tadawul) on 2 February 2025, which is an increase of 5% in total production costs, starting from 1 January 2025.
- On 18 March 2025, based on the prior authorization of the General Assembly of the shareholders, the Board of Directors decided to distribute dividends of SR 87.8 million at SR 0.80 per share for the fourth quarter dividends of the year 2024.

Other than the above, management believes that there have been no significant subsequent events for the year ended 31 December 2024 that would have material impact on the Group’s financial position and its performance as reflected in these consolidated financial statements and the accompanying notes.

40- APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 18 Ramadan 1446H (corresponding to 18 March 2025).