RIYADH CEMENT COMPANY
(Formerly Saudi White Cement Company)
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
AND INDEPENDENT AUDITOR'S REPORT

RIYADH CEMENT COMPANY
(FORMERLY SAUDI WHITE CEMENT COMPANY)
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Independent auditor's report to the shareholders of Riyadh Cement Company (formerly Saudi White Cement Company)

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Riyadh Cement Company (formerly Saudi White Cement Company) (the "Company") as at December 31, 2021, and its financial performance and its 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).

What we have audited

The Company's financial statements comprise:

- the statement of comprehensive income for the year ended December 31, 2021;
- the statement of financial position as at December 31, 2021;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Key audit matters	• Inventory quantities of raw materials and work in process inventories

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

PricewaterhouseCoopers, License No. 25,
Jameel Square, P.O. Box 16415, Jeddah 21464, Kingdom of Saudi Arabia
T: +966 (12) 610-4400, F: +966 (12) 610-4411, www.pwc.com/middle-east

Our audit approach (continued)

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
Inventory quantities of raw materials and work in process inventories As disclosed in Note 14 to the accompanying financial statements, the Company holds raw materials inventories amounting to Saudi Riyals 33.9 million (mainly iron ore, kaolin, shale, sand, and gypsum) and work in process inventories amounting to Saudi Riyals 143.7 million (mainly clinker) which are stored in stockpiles as at December 31, 2021. Since the weighing of these inventories is not practicable, management assesses the quantities on hand at the year-end by obtaining measurements of the stockpiles and converting these measurements to unit of volumes by using the angle of repose and the bulk density. In doing so, management appoints external surveyors to estimate the measurements of the stockpiles and applies the density conversion method which is a commonly used method for similar inventory in the cement industry to arrive at the inventory quantity balances. Due to the significance of the inventory balances and related estimations involved in the determination of the quantities, this is considered a key audit matter. Refer to Note 2.14 to the accompanying financial statements for the accounting policy, Note 3.1 for the significant accounting estimates and Note 14 for the details of inventories.	We performed the following procedures in relation to the inventory quantities of raw materials and work in process inventories: • Obtained an overall understanding of the inventory count process and basis of measurement including surveying equipment and conversion methods used towards eventual determination of the inventory quantities; • Attended the physical inventory count performed by the Company and the external surveyors; • Evaluated the competence, capabilities and objectivity of the external surveyors; • Obtained and read the external surveyors' stockpile measurement reports; • Traced, on a test basis, the inventory count result to and from the external surveyors' reports against the Company's final inventory compilation listings; • Assessed the reasonableness of the density conversion factors applied by management in the density conversion calculation; and • Tested the mathematical accuracy of the density conversion calculation used by management to arrive at the quantities on hand at the year-end. Assessed the adequacy of the disclosures relating to the inventories in the accompanying financial statements.

Independent auditor's report to the shareholders of Riyadh Cement Company (formerly Saudi White Cement Company) (continued)

Other information

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

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

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

When we read the annual report of the Company, 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 financial statements

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

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

The Company's audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report to the shareholders of Riyadh Cement Company (formerly Saudi White Cement Company) (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Mufaddal A. Ali
License Number 447

March 30, 2022

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص ٣٢٣/١١/٢٥/١
س.ت ٤٠٣٠٢٨٩٠٠٢
PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTANTS
Lic No. 323/11/25/1
C.R. 4030289002

RIYADH CEMENT COMPANY (FORMERLY SAUDI WHITE CEMENT COMPANY)
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
(All amounts in Saudi Riyals unless otherwise stated)

		Year ended December 31,	
	Note	**2021**	2020
Sales	5	**671,065,997**	590,290,688
Cost of sales	6	**(406,848,310)**	(336,194,989)
Gross profit		**264,217,687**	254,095,699
General and administrative expenses	7	**(33,939,899)**	(20,044,050)
Selling and marketing expenses	8	**(3,095,599)**	(2,663,001)
Dividends income		**312,641**	893,005
Impairment loss on financial assets	28	**(176,725)**	(4,500,000)
Other gains– net	9	**3,652,685**	239,167
Operating profit		**230,970,790**	228,020,820
Finance costs	10	**(1,321,412)**	(2,267,620)
Profit before zakat		**229,649,378**	225,753,200
Zakat expense	26	**(18,000,000)**	(5,800,000)
Profit for the year		**211,649,378**	219,953,200
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income	13.1	**-**	(2,016,419)
Re-measurements of employee benefit obligations	22	**2,838,932**	2,925,106
Total other comprehensive income for the year		**2,838,932**	908,687
Total comprehensive income for the year		**214,488,310**	220,861,887
Earnings per share for profit attributable to the ordinary equity holders of the Company	31	**1.76**	1.83

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Chairman **Chief executive officer** **Chief financial officer**

RIYADH CEMENT COMPANY (FORMERLY SAUDI WHITE CEMENT COMPANY)
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at December 31, 2021	As at December 31, 2020 (Restated)	As at January 1, 2020 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	11	**1,344,760,153**	1,408,404,366	1,467,791,254
Right-of-use assets	12	**2,924,322**	2,965,374	3,211,690
Financial assets at fair value through other comprehensive income	13	**-**	-	40,491,887
Total non-current assets		**1,347,684,475**	1,411,369,740	1,511,494,831
Current assets				
Inventories	14	**282,070,496**	296,725,910	255,275,085
Trade receivables	15	**206,914,351**	144,690,598	119,149,773
Advances, prepayments and other receivables	16	**19,294,413**	7,436,998	18,191,056
Financial assets at fair value through profit	13	**-**	25,000,000	-
Cash and cash equivalents	17	**35,512,263**	19,564,852	29,695,682
		543,791,523	493,418,358	422,311,596
Assets classified as held for sale	18	**200,000**	400,000	400,000
Total current assets		**543,991,523**	493,818,358	422,711,596
Total assets		**1,891,675,998**	1,905,188,098	1,934,206,427
Equity and liabilities				
Equity				
Share capital	19	**1,200,000,000**	1,200,000,000	1,200,000,000
Statutory reserve	20	**360,000,000**	360,000,000	360,000,000
Financial assets at FVOCI reserve		**-**	-	3,733,295
Retained earnings		**111,186,514**	136,698,204	152,103,022
Total equity		**1,671,186,514**	1,696,698,204	1,715,836,317
Liabilities				
Non-current liabilities				
Employee benefit obligations	22	**25,405,800**	25,797,765	22,819,494
Assets retirement obligations	23	**9,758,253**	8,816,347	7,978,054
Lease liabilities	12	**2,904,570**	2,857,618	2,938,006
Total non-current liabilities		**38,068,623**	37,471,730	33,735,554
Current liabilities				
Trade payables		**34,609,219**	31,374,359	27,114,851
Accruals and other current liabilities	24	**84,487,622**	103,791,080	86,558,762
Dividend payable		**30,698,412**	16,747,415	9,928,720
Current portion of lease liability	12	**661,146**	697,177	697,177
Borrowings	21	**-**	-	42,000,000
Provisions	25	**10,000,000**	-	-
Zakat liability	26	**21,964,462**	18,408,133	18,335,046
Total current liabilities		**182,420,861**	171,018,164	184,634,556
Total liabilities		**220,489,484**	208,489,894	218,370,110
Total equity and liabilities		**1,891,675,998**	1,905,188,098	1,934,206,427

The above statement of financial position should be read in conjunction with the accompanying notes.

Chairman	Chief executive officer	Chief financial officer

RIYADH CEMENT COMPANY (FORMERLY SAUDI WHITE CEMENT COMPANY)
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN EQUITY
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory Reserve	Financial assets at FVOCI reserve	Retained earnings	Total equity
January 1, 2020 (as previously reported)	1,200,000,000	360,000,000	3,733,295	178,960,241	**1,742,693,536**
Restatement (note 34)	-	-	-	(26,857,219)	**(26,857,219)**
Balance at January 1, 2020 (as restated)	1,200,000,000	360,000,000	3,733,295	152,103,022	**1,715,836,317**
Profit for the year	-	-	-	219,953,200	**219,953,200**
Other comprehensive income for the year	-	-	(2,016,419)	2,925,106	**908,687**
Total comprehensive income for the year	-	-	(2,016,419)	222,878,306	**220,861,887**
Transfer of gain on disposal of Financial asset at FVOCI to retained earnings	-	-	(1,716,876)	1,716,876	-
Dividends (Note 32)	-	-	-	(240,000,000)	**(240,000,000)**
December 31, 2020 (as restated)	**1,200,000,000**	**360,000,000**	-	**136,698,204**	**1,696,698,204**
Profit for the year	-	-	-	211,649,378	**211,649,378**
Other comprehensive income for the year	-	-	-	2,838,932	**2,838,932**
Total comprehensive income for the year	-	-	-	214,488,310	**214,488,310**
Dividends (Note 32)	-	-	-	(240,000,000)	**(240,000,000)**
December 31, 2021	**1,200,000,000**	**360,000,000**	-	**111,186,514**	**1,671,186,514**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Chairman **Chief executive officer** **Chief financial officer**

RIYADH CEMENT COMPANY (FORMERLY SAUDI WHITE CEMENT COMPANY)
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Year ended December 31, 2021	2020
Cash generated from operations			
Profit before zakat		**229,649,378**	225,753,200
Adjustments for			
Depreciation of property, plant and equipment	11	**91,649,334**	101,988,120
Depreciation of right-of use assets	12	**41,052**	246,316
Fair value gains on financial assets at fair value through profit or loss	9	**(176,442)**	(29,763)
Impairment loss on financial assets	28	**176,725**	4,500,000
Impairment of assets classified as held for sale	18	**200,000**	-
Unwinding of discount of assets retirement obligations	23	**941,906**	838,293
Provision for slow-moving inventories	14	**-**	6,452,501
Non-cash employee benefits expense	22	**7,696,198**	7,365,930
Finance costs	10	**379,506**	1,429,327
Change in operating assets and liabilities			
Change in inventories		**14,655,414**	(47,903,326)
Change in trade receivables		**(62,223,753)**	(21,040,825)
Change in advances, prepayments and other receivables		**(17,115,555)**	4,754,058
Change in trade payables		**3,234,860**	4,259,508
Change in accruals and other current liabilities		**(19,303,458)**	14,465,602
Cash generated from operations		**249,805,165**	303,078,941
Employee benefits obligations paid	22	**(5,249,231)**	(1,462,553)
Finance costs paid		**(248,585)**	(1,429,327)
Zakat paid	26	**(14,443,671)**	(5,726,913)
Net cash generated from operating activities		**229,863,678**	294,460,148
Cash flow from investing activities			
Payments for assets under construction		**(1,688,329)**	(1,546,922)
Payments for property, plant and equipment		**(10,986,792)**	(41,054,310)
Purchases of financial assets at fair value through profit or loss		**(160,000,000)**	(67,401,796)
Proceeds from sale of financial assets at fair value through profit or loss		**185,176,442**	42,431,559
Proceeds from sale of financial assets at fair value through other comprehensive income		**-**	38,401,796
Net cash generated from / (used in) investing activities		**12,501,321**	(29,169,673)
Cash flows from financing activities			
Dividends paid to Company's shareholders		**(226,049,003)**	(233,181,305)
Proceeds from bank borrowings		**20,000,000**	77,000,000
Repayment of bank borrowings		**(20,248,585)**	(119,000,000)
Principal elements of lease payments		**(120,000)**	(240,000)
Net cash used in financing activities		**(226,417,588)**	(275,421,305)
Net change in cash and cash equivalents		**15,947,411**	(10,130,830)
Cash and cash equivalents at beginning of year		**19,564,852**	29,695,682
Cash and cash equivalents at end of year		**35,512,263**	19,564,852
Non-cash investing activity:			
Transfer of inventory used in construction of property plant and equipment		**15,330,000**	-

The above statement of cash flows should be read in conjunction with the accompanying notes.

Chairman	Chief executive officer	Chief financial officer

1 General information

Riyadh Cement Company (formerly Saudi White Cement Company) (the "Company") is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010146169 dated 25 Safar 1418H (corresponding to July 1, 1997). The company became listed on the parallel market "Nomu" on September 2, 2020.

On December 28, 2020, the General Assembly approved the change of the Company's name to be "Riyadh Cement Company", the legal formalities of this decision have been completed by the Company's management during January 2021.

The Company is principally engaged in the production and selling of cement pursuant to Industrial License No. 494 dated 25 Jumada II 1414H (corresponding to December 8, 1993) as amended in the Ministerial Resolution No. 797 dated 29 Rajab 1419H (corresponding to November 18, 1998).

The accompanying financial statements includes the accounts of the Company and its two branches, registered in Riyadh, under CR numbers 1010210405, and 1010449308. The registered address of the Company is P.O. Box 17775, Riyadh 11494, Kingdom of Saudi Arabia.

The authorized, issued capital of the Company is Saudi Riyals 1,200,000,000 divided into 120 million shares of Saudi Riyals 10 each.

In response to the spread of the Covid-19 in the Kingdom of Saudi Arabia where the Company operates and its resulting disruptions to the social and economic activities in the markets over the last two years, management continues to proactively assess its impacts on its operations. Management undertook a series of preventive measures, including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers, consumers and the wider community as well as to ensure the continuity of supply of its products throughout its markets. Notwithstanding these challenges, the Company's operations remained largely unaffected as the cement industry in general was exempt from the various bans and constraints imposed by various regulatory authorities including exemption from curfew hours and cargo shipping. The underlying demand from customers for the Company's products has been largely unaffected as the Company had on going contracts with customers. Further, the construction industry is highly growing in the Kingdom of Saudi Arabia to meet the requirements of the vision 2030, which led to the demand of cement being not affected. The management developed a comprehensive plan to get all its employees vaccinated by the end of the year ended December 31, 2021.

Based on these factors, management believes that the Covid-19 pandemic has had no material effect on the Company's reported financial results for the year ended December 31, 2021.

The Company continues to monitor the Covid-19 situation closely although at this time management is not aware of any factors that are expected to change the impact of the pandemic on the Company's operations during 2022.

2 Summary of significant accounting policies

The principal accounting policies applied for the preparation of financial statements of the Company are set out below. The policies have been consistently applied to all years presented unless otherwise stated.

2.1 Basis of preparation

(a) Statement of compliance

These financial statements of the Company have been prepared in compliance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

*(a) Statement of compliance (*continued)

Income and cash flow statements

The Company has elected to present a single statement of comprehensive income and presents its expenses by function.

The Company reports cash flows from operating activities using the indirect method. Interest paid is presented within operating cash flows.

(b) Historical cost convention

These financial statements are prepared under the historical cost convention except for the measurement of financial asset at fair value through other comprehensive income, financial asset at fair value through profit and loss and employee benefit obligations as explained in the relevant accounting policies. These financial statements are presented in Saudi Riyal, which is the Company's presentation currency. These financial statements have been rounded-off to the nearest Saudi Riyal, unless otherwise stated.

2.2 New Standards, Amendment to Standards and Interpretations:

The Company has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021.

2.2.1 Amendments to IFRS 7 and IFRS 16 interest rate benchmark reform – Phase 2

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

2.2.2 Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the International Accounting Standards Board ("IASB") published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.

On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from June 30, 2021 to June 30, 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

The adoption of above amendments does not have any material impact on the Financial Statements during the year.

(All amounts in Saudi Riyals unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.3 New standards and interpretations not yet adopted

The following are the new amendments to standards which are effective for annual periods beginning on or after January 1, 2022 and earlier application is permitted; however, the Company has not early adopted them in preparing these Financial Statements.

Title	Key requirements	Effective Date	Impact
Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	January 1, 2022	The Company does not expect any material impact on its financial statements due to adoption of such amendments.
Amendments to IFRS 3, IAS 16, IAS 37	• IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. • IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. • IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.	January 1, 2022	The Company does not expect any material impact on its financial statements due to adoption of such amendments.
Amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	January 1, 2022	The Company does not expect any material impact on its financial statements due to adoption of such amendments.
Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	January 1, 2022	The Company does not expect any material impact on its financial statements due to adoption of such amendments.

2 Summary of significant accounting policies (continued)

2.4 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification.

An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

2.5 Revenue

Revenue is the total inflows of economic benefits arising from the usual operating activities of the Company when those inflows result in an increase in equity, other than increases in contributions from equity participants.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized to the extent that it is probable that any future economic benefits associated with the item of revenue will flow to the Company and the revenue can be reliably measured, regardless of when payments are made and costs can be reliably determined and measured.

The Company recognizes revenue from the following main source:

Revenue from sale of cement

Revenue is measured at the fair value of the consideration received or receivable in the ordinary course of the Company's activities. The Company recognizes revenue when control of cement has transferred, being when cement is delivered to the customer, the customer has full discretion over the use or sale of cement, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when cement has been shipped to the specific location as per the terms of the contract, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue is recognized net of discounts, returns and mandatory payments. Revenue from the sales with discounts, if any, is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability, if any (included in trade and other payables) is recognized for expected volume discounts, if any payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. A receivable is recognized when the cement is delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2 Summary of significant accounting policies (continued)

2.5 Revenue (continued)

Contract liability

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the performance obligation satisfied by Company exceed the payment, a contract asset is recognized. If the payments exceed the performance obligation satisfied, a contract liability is recognized.

2.6 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of the Company is measured using the currency of the primary economic environment in which the Company operates (“the functional currency"). The financial statements are presented in "Saudi Riyals", which is the Company's presentation as well as functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognized in other comprehensive income.

2.7 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on present value. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured at the applicable index or rate at the lease commencement;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Variable lease payments that depend on sales are recognised in the statement of comprehensive income in the period in which the condition that triggers those payments occurs.

2 Summary of significant accounting policies (continued)

2.7 Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and restoration costs.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

2.8 Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat of the Company is calculated based on higher of approximate zakat base and adjusted profit and charged to the statement of comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. The Company withhold taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian income tax law.

2.9 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of comprehensive income during the reporting period in which they are incurred.

Land is not depreciated as it is deemed to have an indefinite life.

Depreciation is calculated on property, plant and equipment so as to allocate its cost, less estimated residual value, on a straight-line basis over the estimated useful lives of the assets.

Depreciation is charged to the statement of comprehensive income over the following estimated economic useful lives:

	Years
• Buildings, constructions and internal roads	20 – 40
• Machinery and equipment	10 – 30
• Vehicles and transportation equipment	4 – 6
• Furniture and fixture	7 – 10

2 Summary of significant accounting policies (continued)

2.9 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each annual reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in statement of comprehensive income. Major spare parts qualify for recognition as property, plant and equipment when the Company expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Assets in the course of construction or development are capitalized in the assets under construction account. The asset under construction or development is transferred to the appropriate category in property, plant and equipment, once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of assets under construction comprises its purchase price, construction / development costs and any other directly attributable costs to the construction or acquisition of an item of assets under construction intended by management. Assets under construction are not depreciated.

Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualifying assets until the commencement of commercial production.

2.10 Financial instruments

(i) *Classification of financial instruments*

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income "OCI" or through profit or loss "P&L"), and
- those to be measured at amortized cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether The Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

The Company classifies its financial liabilities as those measured at amortized cost.

(ii) *Recognition and derecognition*

A financial asset or financial liability is recognized when The Company becomes a party to the contractual provisions of the instrument, which is generally on trade date.

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by The Company is recognized as a separate asset or liability.

A financial liability is derecognized from the statement of financial position when The Company has discharged its obligation, or the contract is cancelled or expires.

2 Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

(iii) Measurement

Initial recognition

At initial recognition, The Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent measurement

Subsequent measurement of financial assets is as follows:

Debt instruments

Subsequent measurement of debt instruments depends on The Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which The Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss. This category generally applies to trade and other receivables, due from related parties and bank balances.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are presented as separate line item in the statement of comprehensive income.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income in the period in which it arises.

Equity investments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other income in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2 Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

Financial liabilities

Subsequent to initial recognition financial liabilities are measured at amortized cost using the effective interest method. Non-derivative financial liabilities of the Company comprise borrowings, trade and other payables, accruals and other liabilities.

(iv) *Impairment*

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI e.g. deposits, trade and other receivables, due from related parties and bank balances. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer Note 28, which details how the Company determines whether there has been a change in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 28 for further details.

Impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of comprehensive income.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

2.11 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

2 Summary of significant accounting policies (continued)

2.11 Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. 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 reversal is recognized in profit or loss. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.12 Fair value measurement

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.13 Assets classified as held for sale

Assets and disposal groups are classified in the statement of financial position as Assets held for sale' if their carrying amount will be recovered principally through a sale transaction within twelve months after the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Company's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

2 Summary of significant accounting policies (continued)

2.13 Assets classified as held for sale (continued)

Assets or disposal groups classified as held for sale in the current period's statement of financial position are not reclassified or re-presented in the comparative statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Non-current assets are assets that include amounts expected to be recovered or collected more than twelve months after the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified.

2.14 Inventories

Raw materials and spares, work in process and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Spare parts inventory is reduced by the value of obsolete and slow-moving items according to management estimates and inventories ageing.

Work in process and finished goods

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

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Raw materials

Raw materials are valued at the lower of cost or net realizable value. Cost is determined on the weighted average cost basis.

2.15 Trade receivables

Trade receivables are amounts due from customers for products sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Subsequent recoveries of amount previously written-off are added to other (loss)/gain (if any) during the period when excess provision is reversed.

2.16 Cash and cash equivalents

For the purpose of statement of financial position and presentation in the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

2 Summary of significant accounting policies (continued)

2.17 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

2.18 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.19 Provisions

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

Assets retirement obligations

Provision for assets retirement obligations is recognized when the Company has a liability for restoration work or land rehabilitation. The extent of decommissioning required, and the associated costs are dependent on the requirements of current laws, regulations and the lease terms.

Costs included in the provision includes all decommissioning obligations expected to occur over the life of the asset. The provision for decommissioning is discounted to its present value and capitalized as part of the asset under property, plant and equipment and then depreciated as an expense over the expected life of that asset.

Adjustments to the estimated amount and timing of future decommissioning cash flows are a normal occurrence in light of the significant judgments and estimates involved. Such adjustments are recorded as an increase in liability and a corresponding increase in the related asset. Factors influencing those adjustments include:

- developments in technology;
- regulatory requirements and environmental management strategies;
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation; and
- changes in economic sustainability.

2.20 Borrowings

Borrowings are initially recognized at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

2 Summary of significant accounting policies (continued)

2.20 Borrowings (continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in statement of comprehensive income as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

2.21 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the year in which they are incurred in the statement of comprehensive income.

2.22 Employee benefit obligations

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment obligation

The Company operates a single post-employment benefit scheme of defined benefit plan driven by the labor laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefits plans are not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are and unwinding of the liability at discount rates used are recognized immediately in profit or loss. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to retained earnings in the statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

2 Summary of significant accounting policies (continued)

2.23 Cost of sales

Cost of sales includes materials and consumables and other direct costs. Allocations between cost of sales and other operating costs, when required, are made on a consistent basis.

2.24 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales. Allocations between general and administrative expenses and cost of revenue, when required, are made on a consistent basis.

2.25 Selling and marketing expenses

Selling and marketing expenses principally consist of costs incurred in the distribution and selling of the Company's products and services. All other expenses are classified as general and administrative expenses.

2.26 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing net profit or loss for the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the net profit or loss for the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

2.27 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.28 Statutory reserve

Statutory reserve is based on statutory requirements. In accordance with the Saudi Arabian Regulations for companies, the Company must set aside 10% of its annual net profit as a statutory reserve until it reaches 30% of the share capital. The reserve is not available for distribution. The reserve allocation is computed on annual basis.

2.29 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Board of Directors (collectively considered to be the Chief Operating Decision Maker) which makes decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. For further details about segment information refer to note 4.

3 Significant accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period are discussed below:

3.1 Inventory quantities

Inventories comprise of raw materials (mainly iron ore, kaolin, shale, sand and gypsum) and work in process (mainly clinker which are stored in stockpiles). Since the weighing of these inventories is not practicable, management assesses the quantities on hand at the year-end by obtaining measurements of the stockpiles and converting these measurements to unit of volumes by using the angle of repose and the bulk density. In doing so, management appoints external surveyors to estimate the quantities by using certain scientific systematic measurements calculations, after which management applies the density conversion method which is applied for similar stock in the cement industry. At year-end, if the estimated quantity increased / decreased by 5% with all other variables held constant, profit for the year would have been Saudi Riyals 8.4 million higher or lower.

3.2 Depreciation of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for computing depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates. At year-end, if the useful life increased / decreased by 5% against the current useful life with all other variables held constant, profit for the year would have been Saudi Riyals 4.5 million higher or lower.

3.3 Employment benefits obligations

Employment benefits represent obligations that will be settled in the future and require assumptions to project obligations. IFRS requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases and return on assets, mortality rates, employment turnover and future healthcare costs. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits costs incurred, for further details please refer to note 22.

3.4 Provision for slow moving spare parts

The Company holds spare parts inventory for the machinery of its plant held longer than one reporting period, which may be ultimately disposed or sold below cost as a result of obsolescence or retirement of the related machinery. Management estimate the appropriate level of provisioning for spare parts at the end of each reporting period. Factors influencing this estimate includes management's expectations for future utilization, disposal or sale plans for the spare parts. At year-end, if management expectations increased / decreased by 5% with all other variables held constant, profit for the year would have been Saudi Riyals 1.1 million higher or lower.

4 Segment information

All of the Company's operations are related to one operating segment which is cement manufacturing and are substantially sold to local customers. Accordingly, segmental analysis by geographical and operating segment has not been presented. The information related to sales and trade receivables from major customers are disclosed in notes 5 and 15.

(All amounts in Saudi Riyals unless otherwise stated)

5 Sales

	2021	**2020**
Revenue from sale of cement	**679,867,894**	609,289,803
Less: volume discounts and rebates	**(8,801,897)**	(18,999,115)
	671,065,997	590,290,688

The Company derives revenue from the sale of cement at a point in time in the following major product lines:

	2021	**2020**
Grey cement	**547,491,945**	470,734,479
White cement	**123,574,052**	119,556,209
	671,065,997	590,290,688

Sales of approximately Saudi Riyals 398,880,721 (2020: Saudi Riyals 319,520,042) are derived from three customers (2020: three customers).

6 Cost of sales

	Note	**2021**	**2020**
Raw materials consumed		**155,222,760**	89,738,132
Depreciation of property, plant and equipment	11	**90,054,088**	100,489,154
Salaries and wages		**65,010,257**	72,242,418
Repairs and maintenance		**55,811,542**	40,905,230
Packing		**13,029,594**	12,655,777
Quarry extraction fees		**24,288,286**	17,890,457
Insurance		**572,169**	932,862
Others		**2,859,614**	1,340,959
		406,848,310	336,194,989

7 General and administrative expenses

	Note	**2021**	**2020**
Salaries and other benefits		**16,668,772**	12,196,140
Penalties and legal claims	25	**10,000,000**	-
Board of directors’ remunerations	27	**1,514,000**	1,741,175
Depreciation of property, plant and equipment	11	**1,456,141**	1,372,014
Professional fees		**794,363**	2,801,450
Utilities		**364,244**	354,156
Postage and telephone		**325,037**	362,447
Office supplies		**256,884**	88,304
Others		**2,560,458**	1,128,364
		33,939,899	20,044,050

(All amounts in Saudi Riyals unless otherwise stated)

8 Selling and marketing expenses

	Note	2021	2020
Employee related costs		**2,812,007**	2,366,283
Depreciation of property, plant and equipment	11	**139,105**	126,952
Others		**144,487**	169,766
		3,095,599	2,663,001

9 Other gains / (losses) – net

	Note	2021	2020
Impairment of assets classified as held for sale	**18**	**(200,000)**	-
Insurance claims recovered		**1,749,887**	-
Gain on sale of scrap		**1,618,589**	209,404
Fair value gains on financial assets at FVPL	**13**	**176,442**	29,763
Other		**307,767**	-
		3,652,685	239,167

10 Finance cost

	Note	2021	2020
Interest on bank borrowings		**248,585**	1,269,715
Unwinding of discount of assets retirement obligations	**23**	**941,906**	838,293
Interest on lease liabilities	**12**	**130,921**	159,612
		1,321,412	2,267,620

RIYADH CEMENT COMPANY (FORMERLY SAUDI WHITE CEMENT COMPANY)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021
(All amounts in Saudi Riyals unless otherwise stated)

11 Property, plant and equipment

	Land	Buildings, constructions and internal roads	Machinery and equipment	Vehicle and transportation equipment	Furniture and fixture	Assets under construction	Total
As of January 1, 2020							
Cost	18,389,032	845,305,503	1,773,762,773	9,716,943	23,360,654	9,232,516	**2,679,767,421**
Accumulated depreciation	-	(383,785,497)	(797,410,309)	(9,604,772)	(21,175,589)	-	**(1,211,976,167)**
Net book amount	**18,389,032**	**461,520,006**	**976,352,464**	**112,171**	**2,185,065**	**9,232,516**	**1,467,791,254**
Year ended December 31, 2020							
Opening net book amount	18,389,032	461,520,006	976,352,464	112,171	2,185,065	9,232,516	**1,467,791,254**
Additions	-	581,152	37,623,087	14,096	2,835,975	1,546,922	**42,601,232**
Depreciation charge	-	(25,347,253)	(75,632,837)	(101,242)	(906,788)	-	**(101,988,120)**
Closing net book amount	**18,389,032**	**436,753,905**	**938,342,714**	**25,025**	**4,114,252**	**10,779,438**	**1,408,404,366**
As of December 31, 2020							
Cost	18,389,032	845,886,655	1,811,385,860	9,731,039	26,196,629	10,779,438	**2,722,368,653**
Accumulated depreciation	-	(409,132,750)	(873,043,146)	(9,706,014)	(22,082,377)	-	**(1,313,964,287)**
Net book amount	**18,389,032**	**436,753,905**	**938,342,714**	**25,025**	**4,114,252**	**10,779,438**	**1,408,404,366**
Year ended December 31, 2021							
Opening net book amount	18,389,032	436,753,905	938,342,714	25,025	4,114,252	10,779,438	**1,408,404,366**
Additions	-	15,330,000	10,215,843	336,698	434,251	1,688,329	**28,005,121**
Depreciation charge	-	(26,968,486)	(63,806,395)	(58,363)	(816,090)	-	**(91,649,334)**
Closing net book amount	**18,389,032**	**425,115,419**	**884,752,162**	**303,360**	**3,732,413**	**12,467,767**	**1,344,760,153**
As of December 31, 2021							
Cost	18,389,032	861,216,655	1,821,601,703	10,067,737	26,630,880	12,467,767	**2,750,373,774**
Accumulated depreciation	-	(436,101,236)	(936,849,541)	(9,764,377)	(22,898,467)	-	**(1,405,613,621)**
Net book amount	**18,389,032**	**425,115,419**	**884,752,162**	**303,360**	**3,732,413**	**12,467,767**	**1,344,760,153**

(All amounts in Saudi Riyals unless otherwise stated)

11 Property, plant and equipment (continued)

a. The buildings, construction and internal roads of the Company are constructed on land parcels leased under operating lease agreements with the Ministry of Petroleum and Mineral Resources ("Ministry") ranging from 20 Hijri years expiring on Ramadan, 13, 1459H (corresponding to October 23, 2037).

b. There were no impairment charges in 2021 and 2020. Further, no borrowing costs were capitalized for property, plant and equipment in 2021 and 2020.

c. Assets under construction represents the cost incurred on the following:

- New Fire Fighting system for the plant, expecting to be completed in 2022.
- Storage area for white clinker, expecting to be completed in 2022.
- New security monitoring system, expecting to be completed in 2022.
- New gate for the plant, expecting to be completed in 2022.

d. Capital expenditure contracted for at the year-end but not incurred amounting to Saudi Riyals 3.5 million (2020: Saudi Riyals 1.8 million). Also see Note 33.

e. Depreciation charge for the year ended December 31, 2021 and 2020 has been allocated as follows:

	Note	2021	2020
Cost of sales	6	**90,054,088**	100,489,154
General and administrative expenses	7	**1,456,141**	1,372,014
Selling and marketing expenses	8	**139,105**	126,952
		91,649,334	101,988,120

f. Cost of fully depreciated property, plant and equipment that are still in use as at December 31, 2021 Saudi Riyals 88.6 million (2020: Saudi Riyals 83.7 million).

12 Leases

The Company leases two plots of land one from Municipality of Riyadh, and the other from Ministry of Energy and Mineral Resources. Rental contracts are typically made for fixed periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

At December 31, 2021 and 2020, the Company did not have any lease contracts classified as right-of-use asset that are variable in nature which are linked to price index. The Company assesses at lease commencement whether it is reasonably certain to exercise the option. The Company does not provide residual value guarantees in relation to any of its leases.

Lease payments are presented under financing activities in the statement of cash flows.

(i) Amounts recognized in the statement of financial position

	2021	2020
Right-of-use assets		
Land	**2,924,322**	2,965,374
Lease liabilities		
Current	**661,146**	697,177
Non-current	**2,904,570**	2,857,618
	3,565,716	3,554,795

(All amounts in Saudi Riyals unless otherwise stated)

12 Leases (continued)

There were no additions to the right-of-use assets during the years ended December 31, 2021 and 2020.

(ii) Amounts recognized in the statement of comprehensive income

	Note	2021	2020
Depreciation on right-of-use assets		**41,052**	246,316
Interest expense included in finance costs	10	**130,921**	159,612

Cash outflows for leases during the year amounted Saudi Riyals 0.12 million (2020: 0.24 million).

(iii) Variable lease payments

The lease contains variable payment terms that are linked to sales generated from cement, those lease payments are on the basis of percentage of produced clinker included in the sold cement, ranging from 75% to 95% based on the type of cement sold. Variable lease payments that depend on sales are recognized in the statement of comprehensive income under cost of sale as quarry extraction fees, in the period in which the condition that triggers those payments occurs.

A 10% increase in sales of the Company with such variable lease contracts would increase total lease expense by approximately Saudi Riyals 2.4 million (2020: Saudi Riyals 1.7 million).

13 Financial assets at fair value

13-1 Financial assets at fair value through other comprehensive income (FVOCI):

Equity securities which are not held for trading, and which the company has irrevocably elected at initial recognition to recognize in this category. These are strategic investments, and the Company considers this classification to be more relevant.
During 2019, the company purchased 1,148,706 shares in Saudi Arabian Oil Company (Saudi Aramco), a listed company in Saudi Stock Exchange market (Tadawul) at fair value of Saudi Riyals 36.8 million at date of purchase. During 2020, the Company sold all of the invested shares in Saudi Aramco, at a fair value of Saudi Riyals 38.4 million at date of sale resulting in a net gain on disposal amounting to Saudi Riyals 1.7 million. During the year, the following (losses) / gains was recognized in other comprehensive income:

	2021	2020
Losses resulting from change in fair value of financial assets at fair value through other comprehensive income	-	(2,016,419)

13-2 Financial assets at fair value through profit or loss:

During 2020, the Company purchased 1,956,855 units in Al-Mubarak SAR Trade Fund, an open-ended fund (the"funds") at fair value of Saudi Riyals 42.4 million at date of purchase. The Company has sold the investment at fair value of the fund units amounting to Saudi Riyals 42.4 million. Subsequently, the Company purchased 1,151,525 units in the fund at fair value of Saudi Riyals 25 million at date of purchase. As of December 31, 2020, the fair value of the fund units was Saudi Riyals 25 million.

During 2021, the Company purchased 6,971,214 units in Alnefaie, Alkhair capital, and Al-Mubarak SAR Trade Funds, open-ended funds (the"funds") at fair value of Saudi Riyals 160 million at date of purchase. The Company has sold the whole investment at fair value of the fund units amounting to Saudi Riyals 185.17 million, realising a gain of Saudi Riyals 0.18 million (Note 9).

Information about the methods and assumptions used in determining fair value is provided in Note 28

(All amounts in Saudi Riyals unless otherwise stated)

14 Inventories

	2021	2020
Work in process	**143,673,754**	183,262,644
Spare parts and supplies, not held for sale	**112,059,947**	79,902,881
Raw materials	**33,920,678**	32,985,651
Finished goods	**7,039,594**	6,640,876
Goods in-transit	**7,061,978**	15,619,313
	303,755,951	318,411,365
Less: provision for slow-moving inventories	**(21,685,455)**	(21,685,455)
	282,070,496	296,725,910

14-1 Movement in provision for slow-moving inventories:

	2021	2020
As at January 1	**21,685,455**	15,232,954
Provided during the year	**-**	6,452,501
As at December 31	**21,685,455**	21,685,455

15 Trade receivables

	Note	2021	2020
Trade receivables – third parties		**147,254,843**	86,400,156
Trade receivables – related parties	27	**64,692,139**	63,323,073
		211,946,982	149,723,229
Expected credit loss allowance		**(5,032,631)**	(5,032,631)
		206,914,351	144,690,598

Movement of expected credit loss allowance on trade receivables is as follows:

	2021	2020
As at January 1	**5,032,631**	3,532,631
Provided during the year	**-**	1,500,000
As at December 31	**5,032,631**	5,032,631

(i) Classification as trade receivables

Trade receivables are non-derivative financial assets carried at amortized cost and are generally on terms of 30 to 90 days. The carrying value may be affected by changes in the credit risk of the counterparties. The vast majority of the Company's trade receivables are concentrated in the Kingdom of Saudi Arabia. As at December 31, 2021, three largest customers accounted for 82 % (December 31, 2020: three largest customers accounted for 78 %) of the outstanding trade receivables.

(ii) Fair values of trade receivables

Due to short-term nature of the trade receivables, their carrying amounts are considered to approximate their fair values.

(iii) Impairment and risk exposure

Information about the impairment of trade receivables and the Company's exposure to credit risk and foreign currency risk can be found in Note 28.

(All amounts in Saudi Riyals unless otherwise stated)

16 Advances, prepayments and other receivables

	2021	2020
Advances to suppliers	**14,698,432**	4,544,174
Custom refunds	**3,775,929**	3,775,929
Prepaid expenses	**2,062,128**	1,833,333
Claims receivable	**1,749,887**	-
Employees receivable	**184,762**	283,562
	22,471,138	10,436,998
Less: Expected credit loss allowance	**(3,176,725)**	(3,000,000)
	19,294,413	7,436,998

Movement of expected credit loss allowances as follows:

	2021	2020
As at January 1	**3,000,000**	-
Provided during the year	**176,725**	3,000,000
As at December 31	**3,176,725**	3,000,000

17 Cash and cash equivalents

	2021	2020
Cash at banks	**35,415,807**	19,501,934
Cash on hand	**96,456**	62,918
	35,512,263	19,564,852

The cash is held in current accounts with banks having sound credit rating and does not earn interest income. The fair value of cash and cash equivalents approximate the carrying value at reporting period. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

18 Assets classified as held for sale

On February 22, 2018, the Company and the other shareholder in Bayd Al Riyadh Investment Company ("Bayd") decided to liquidate it. The Company's investment in its associate Bayd was previously classified as investment accounted for using equity method, the management has set a plan to sell such investment. The Company is still in process of disposing the assets held by Bayd. Below is the movement of the fair value less cost to sell at the reporting date:

	2021	2020
January 1	**400,000**	400,000
Impairment	**(200,000)**	-
December 31	**200,000**	400,000

Summarized financial information for the investment is provided below. The information disclosed reflects the amounts presented in the financial statements of the Bayd and not the Company's share of those amounts.
Statement of financial position as of December 31 for Bayd:

	2021	2020
Non-current assets	**1,000,000**	1,000,000
Net assets	**1,000,000**	1,000,000

(All amounts in Saudi Riyals unless otherwise stated)

18 Assets classified as held for sale (continued)

Reconciliation to carrying amounts:

	2021	2020
Opening net assets	**1,000,000**	1,000,000
Closing net assets	**1,000,000**	1,000,000
Company's share in %	**40%**	40%
Company's share in amount	**400,000**	400,000
Impairment	**(200,000)**	-
Carrying amount	**200,000**	400,000

19 Share capital

The share capital of the Company as of December 31, 2021 and 2020 comprises of 120,000,000 shares stated at Saudi Riyals 10 per share.

20 Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net profit for the year to a statutory reserve until such reserve equals 30% of its share capital. This has been achieved, the Company has resolved to discontinue such transfers. This reserve is not available for distribution to the shareholders.

21 Borrowings

The Company has a total facility amounting to Saudi Riyals 324.6 million (2020: Saudi Riyals 324.6 million) of which the Company has withdrawn Saudi Riyals Nil as at December 31, 2021 (2020: Nil).

22 Employee benefit obligations

22.1 General description of the plan

The Company operates a defined benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labor Laws of the Kingdom of Saudi Arabia. Employees' end-of-service benefit plans are unfunded plans and the benefit payment obligation are met when they fall due upon termination of employment.

Movement of the present value of defined benefit obligations:

	2021	2020
1 January	**25,797,765**	22,819,494
Charge for the year	**4,857,266**	4,440,824
Payments during the year	**(5,249,231)**	(1,462,553)
December 31	**25,405,800**	25,797,765

(All amounts in Saudi Riyals unless otherwise stated)

22 Employee benefit obligations (continued)

22.2 Amounts recognized in the statement of comprehensive income

The amounts recognized in the statement of comprehensive income related to employee benefit obligations are as follows:

	2021	2020
Current service cost	**6,897,529**	6,546,363
Interest expense	**798,669**	819,567
Total amount recognized in profit or loss	**7,696,198**	7,365,930
Remeasurements		
Gain from change in financial assumptions	**(2,838,932)**	(2,925,106)
Total amount recognized in other comprehensive loss	**(2,838,932)**	(2,925,106)
Total charge for the year	**4,857,266**	4,440,824

22.3 Key actuarial assumptions

	2021	2020
Discount rate	**2.81%**	2.81%
Salary growth rate	**2.50%**	2.50%

22.4 Sensitivity analysis for actuarial assumptions

	Change in assumption		Impact on employee benefit obligations	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	0.50%	(1,214,882)	1,300,327
Salary growth rate	0.50%	0.50%	1,297,845	(1,224,205)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee termination.

22.5 Expected maturity analysis

The weighted average duration of the defined benefit obligation is 12 years (2020:20 years). The expected maturity analysis of undiscounted post-employment benefits is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
December 31, 2021	**1,460,481**	**585,508**	**1,488,013**	**30,976,327**	**34,510,329**
December 31, 2020	1,483,014	594,541	1,510,970	31,454,235	35,042,760

(All amounts in Saudi Riyals unless otherwise stated)

23 Assets retirement obligations

	Note	2021	2020
January 1		**8,816,347**	7,978,054
Unwinding of discount	10	**941,906**	838,293
December 31		**9,758,253**	8,816,347

24 Accruals and other current liabilities

	Note	2021	2020 (Restated)
Withholding tax payable	26,34	**-**	26,857,219
Accrued expenses		**32,615,575**	25,685,179
Accrued quarry extraction fees		**25,340,548**	18,666,251
Contractors retentions		**9,778,945**	12,186,106
Accrued bonuses		**5,653,623**	5,963,970
Advances from customers		**4,478,630**	4,711,625
VAT payable		**2,957,277**	4,587,171
Accrued Board of Directors' remuneration	27	**2,100,000**	2,934,782
Others		**1,563,024**	2,198,777
		84,487,622	103,791,080

The carrying amounts of accruals and other current liabilities are considered to be the same as their fair values, due to their short-term nature.

25 Provisions

	Note	2021	2020
January 1		**-**	-
Additions during the year	7	**10,000,000**	-
December 31		**10,000,000**	-

During November 2021, the Company received a legal notice from the Saudi General Authority for Competition, stating that based on the resolution issued by the General Authority for Competition in October 2021, the Company is liable for a financial penalty amounting to Saudi Riyals 10 million in relation to alleged violations of the Competition Law in 2018. After taking appropriate legal advice, the Company appealed against the decision. If upheld, payment of Saudi Riyals 10 million will be required. Accordingly, the Company has recorded the above as a provision during 2021. The court of appeal is expected to consider this matter during 2022.

(All amounts in Saudi Riyals unless otherwise stated)

26 Zakat matters

26.1 Components of zakat base

	2021	2020
Amendment of net profit		
Profit before zakat	**229,649,378**	225,753,200
Provisions	**15,975,897**	16,335,231
Amended net profit	**245,625,275**	242,088,431
Zakat base		
Share capital	**1,200,000,000**	1,200,000,000
Statutory reserve	**360,000,000**	360,000,000
Retained earnings, adjusted	**-**	-
Provisions	**63,047,429**	60,708,712
Lease liabilities	**3,565,716**	3,554,795
Assets retirement obligations	**-**	8,816,347
Advance from customers	**4,478,630**	-
Less:		
Property, plant and equipment	**(1,344,760,153)**	(1,408,404,366)
Right-of-use assets	**(2,924,322)**	(2,965,374)
Dividends paid	**(72,603,384)**	(44,292,344)
Spare parts inventories	**(112,059,947)**	(79,902,881)
Ministry of Finance share in zakat liability due at 6.48%	**(22,314,342)**	(20,095,462)
Zakat base	**76,429,627**	77,419,427
Zakat due without amended net profit at 2.578%	**1,970,114**	2,001,096
Zakat due on amended net profit at 2.5%	**6,140,632**	3,070,672
Zakat from previous years	**9,889,254**	2,729,328
Zakat expense	**18,000,000**	5,800,000

26.2 Provision for zakat

	2021	2020
January 1	**18,408,133**	18,335,046
Provision for the year	**18,000,000**	5,800,000
Payment during the year	**(14,443,671)**	(5,726,913)
December 31	**21,964,462**	18,408,133

(All amounts in Saudi Riyals unless otherwise stated)

26 Zakat matters (continued)

26.3 Status of final assessments (restated)

The Company has finalized its Zakat status up to the year 2007.

The Company filed its Zakat returns for the years ended December 31, 2008 to 2014 and obtained zakat certificates for the said years. The Zakat, Tax, and Customs Authority ("ZATCA") did not issue the final Zakat assessments for the said years till to date.

The Company filed its Zakat returns for the years ended December 31, 2015 to 2017 and obtained Zakat certificates for the said years. The ZATCA issued Zakat assessments for the said years and claimed an additional Zakat liability amounting to Saudi Riyals 21,652,207 of which the Company has paid Saudi Riyals 6,317,237 during 2021. The Company objected against the remaining amount of the assessments. The ZATCA rejected the objection. The Company has escalated the case to the General Secretariat for Zakat and Tax Committees ("GSZTC") and is still awaiting the GSZTC decision.

The ZATCA reopened the assessment of the years 2001 and 2002 and claimed withholding tax due on non-resident parties of Saudi Riyals 2,489,146. The Company objected against the said assessment, which is still under study by the ZATCA.

The Company filed its Zakat return for the years ended December 31, 2018 and obtained the restricted Zakat certificate for the year 2018. The ZATCA issued the Zakat assessment for the year 2018 and claimed an additional Zakat liability of Saudi Riyals 4,619,143. The Company objected against the said assessments. The ZATCA rejected the objection. The Company escalated the case to the GSZTC and is still awaiting the GSZTC decision.

The Company filed its Zakat return for the years ended December 2019 and 2020, and obtained unrestricted Zakat certificates for the said years. The ZATCA issued Zakat assessments for the years 2019 and 2020 claiming an additional Zakat liability of Saudi Riyals 22,378,356. The Company objected against the ZATCA assessments, which is still under study by the ZATCA.

During 2019, the ZATCA issued an assessment of withholding tax for the years 2006 to 2010 and claimed withholding tax due on non-resident parties of Saudi Riyals 26,857,219. The Company objected to the assessment. During 2021 the Company paid Saudi Riyals 26,857,219 in relation to this, while awaiting the decision of the objection. Refer to note 13 for restatement details in relation to this.

27 Related party transactions and balances

Related parties comprise the shareholders, directors, associate company, key management personnel. Related parties also include business entities in which certain directors or senior management have an interest (other related parties).

(a) Major shareholder

Following is the major shareholder of the Company:

Name	Country of incorporation	Effective ownership interest percentage	
		2021	**2020**
Al Awael Investment Holding Company	Saudi Arabia	**23.21**	23.21

(b) Following are the significant transactions with related parties:

Name	Nature of transactions	2021	2020
Alrashed Cement Company (affiliate)	Sales	**99,700,677**	80,179,720
Towa Development Company (affiliate)	Sales	**80,275,862**	77,021,748
Precast Building System Company (affiliate)	Sales	**2,343,414**	1,683,906

(All amounts in Saudi Riyals unless otherwise stated)

27 Related party transactions and balances (continued)

(c) Key management personnel compensation:

	2021	**2020**
Salaries and other employee benefits expense for the year	**6,991,883**	7,357,900
Salaries and other employee benefits outstanding balance	**2,114,333**	2,509,000
Post-employment benefits outstanding balance	**2,535,271**	2,241,094

(d) Directors and other committees' remuneration and related expenses

	Note	**2021**	**2020**
Board of Directors' remunerations	7	**1,400,000**	1,400,000
Board of Directors' attendance fees and expenses	7	**114,000**	341,175
Audit committees' attendance fees and expenses		**314,003**	265,000
		1,828,003	2,006,175

(e) Directors and other committees' remuneration outstanding balance

	Note	**2021**	**2020**
Accrued Board of Directors' remunerations	24	**2,100,000**	2,934,782
		2,100,000	2,934,782

(f) Due from related parties

	Note	**2021**	**2020**
Alrashed Cement Company (affiliate)	15	**34,315,658**	25,179,722
Towa Development Company (affiliate)	15	**29,378,611**	37,081,993
Precast Building System Company (affiliate)	15	**997,870**	1,061,358
		64,692,139	63,323,073

(g) Terms and conditions

Transactions with related parties were made on mutually agreed terms.

28 Financial risk management

28.1 Financial risk factors

The Company's activities expose it to a variety of financial risks including the effects of changes in market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the management under policies approved by the board of directors.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies, and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

28 Financial risk management (continued)

28.1 Financial risk factors (continued)

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Control department. Internal Control department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currency that is not the Company's functional currency. The Company's transactions are principally in Saudi Riyals, and United States Dollars. The management believes that there is no currency risk arising from the transactions in currencies to which the Saudi Riyals is pegged.

The Company's exposure to currency risk arising from currencies to which the Saudi Riyals is not pegged is not material to these financial statements.

(ii) Fair value and cash flow interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The Company's interest-bearing liabilities, which are mainly bank borrowings, are at floating rates of interest, which are subject to re-pricing. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Company are not significant. As at December 31, 2021 and 2020, there are no outstanding borrowings and there are no interest-bearing financial assets.

(All amounts in Saudi Riyals unless otherwise stated)

28 Financial risk management (continued)

28.1 Financial risk factors (continued)

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from special commission rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or it's issuer, or factors affecting all similar financial instruments traded in the market. The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the statement of financial position at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVPL). To manage its price risk arising from investments in securities, the Company's investments are publicly traded.

The table below summarizes the impact of increases/decreases of the market price of share on the Company's equity. The analysis is based on the assumption that the market price of share had increased or decreased by 10% with all other variables held constant, and that all the Company's equity instruments moved in line with the market price.

	2021	2020
	Impact on P&L	
Market price of share – increases by 10%	-	2,500,000
Market price of share – decreases by 10%	-	(2,500,000)

(b) Credit risk

Credit risk arises from cash and cash equivalents, credit exposures to customers, including outstanding receivables.

i. Risk management

Credit risk is managed on a company basis. For banks, only independently rated parties above P-2 ratings are accepted. For trade receivables, internal risk control department assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set in accordance with limits set by the management. The compliance with credit limits by customers is regularly monitored by line management. See Note 15 for concentration of credit risk.

ii. Security

For majority of the trade receivables, the Company obtains security in the form of bank letter of guarantee, which can be called upon if the counterparty is in default under the terms of the agreement.

iii. Impairment of financial assets

The Company has the following financial assets that are subject to the expected credit loss model:

	2021	2020
Trade receivables – third parties	**147,254,843**	86,400,156
Trade receivables – related parties	**64,692,139**	63,323,073
Cash and cash equivalents	**35,504,312**	19,564,852
Other receivables	**5,710,578**	4,059,491
	253,161,872	173,347,572

(All amounts in Saudi Riyals unless otherwise stated)

28 Financial risk management (continued)

28.1 Financial risk factors (continued)

***(b) Credit risk** (continued)*

Cash and cash equivalents and other receivables

Cash and cash equivalents and other receivables are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before December 31, 2020 and the corresponding historical credit losses experienced within this period. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics like collateral type and type of customer and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and inflation rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The management consider balances outstanding more than 365 days as credit impaired.

Trade receivables are grouped based on collateral:

	Note	2021	2020
Balances secured by bank guarantees	(i)	**167,478,766**	109,100,604
Balances unsecured	(ii)	**44,468,216**	40,622,625
		211,946,982	149,723,229

i- The following table provides information about the exposure to credit risk and ECL for trade receivables:

	2021		
	Gross carrying amount	**Loss rate**	**Loss allowance**
0-30 Days	**36,526,061**	**1.07%**	**392,180**
31-90 days	**35,943,115**	**1.39%**	**501,190**
91-365 days	**137,356,405**	**1.47%**	**2,017,860**
above 365 days	**2,121,401**	**100%**	**2,121,401**
	211,946,982		**5,032,631**

	2020		
	Gross carrying amount	**Loss rate**	**Loss allowance**
0-30 Days	44,096,248	1.10%	499,062
31-90 days	77,186,630	1.90%	1,479,324
91-365 days	26,559,015	4.40%	1,172,909
above 365 days	1,881,336	100%	1,881,336
	149,723,229		5,032,631

(All amounts in Saudi Riyals unless otherwise stated)

28 Financial risk management (continued)

(b) Credit risk (continued)

Impairment losses on financial assets recognized in the statement of comprehensive income are as follows:

	Note	2021	2020
Expected credit loss allowance for accounts receivable	15	-	1,500,000
Expected credit loss allowance for other receivables	16	**176,725**	3,000,000
		176,725	4,500,000

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 720 days past due. During the year, the Company has not written-off any over-due balances (2020: no write-off).

(c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. For instance, concentrations of liquidity risk may arise from the repayment terms of financial liabilities, bank overdraft or reliance on a particular market in which to realize liquid assets.

	2021			
	Less than one year	1 to 2 years	More than 2 years	Total
Accrued and other payables (excluding Withholding tax, and VAT payables)	**81,530,345**	**-**	**-**	**81,530,345**
Lease liabilities	**661,146**	**1,040,000**	**2,080,000**	**3,781,146**
Trade payables	**34,609,219**	**-**	**-**	**34,609,219**
	116,800,710	**1,040,000**	**2,080,000**	**119,920,710**

	2020			
	Less than one year	1 to 2 years	More than 2 years	Total
Accrued and other payables (excluding Withholding tax, and VAT payables)	72,346,690	-	-	72,346,690
Lease liabilities	697,177	1,040,000	2,600,000	4,337,177
Trade payables	31,374,359	-	-	31,374,359
	104,418,226	1,040,000	2,600,000	108,058,226

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Company's future commitments. Refer to Note 21 for unused credit facilities. The Company's terms of sales require amounts to be paid on a terms basis and provide bank guarantees by customers.

(All amounts in Saudi Riyals unless otherwise stated)

28 Financial risk management (continued)

28.2 Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains a proper capital ratio in order to support its business and maximize shareholders' value. The capital structure includes all component of shareholders' equity totaling Saudi Riyals 1.67 billion at December 31, 2021 (December 31, 2020: Saudi Riyals 1.69 billion). The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated based on the net debt divided by total equity.

	2021	**2020**
Total borrowings	-	-
Less: cash and bank balances	**(35,512,263)**	(19,564,852)
Net debt	**(35,512,263)**	(19,564,852)
Total equity	**1,671,186,514**	1,696,698,204
Total capital	**1,200,000,000**	1,200,000,000
Gearing ratio	**(2.12%)**	(1.15%)

The negative gearing ratio indicates that the Company's capital structure is effectively comprised of equity only.

28.3 Fair value estimation

As at December 31, 2021 and 2020, the fair values of the Company's financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature, bear no interest, except for short-term deposits which are at prevailing market rates and are expected to be realized at their current carrying values within twelve months from the date of statement of financial position

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has established practices with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including level three fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS that are endorsed in the Kingdom of Saudi Arabia, including the level in the fair value hierarchy in which such valuations should be classified.

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

(All amounts in Saudi Riyals unless otherwise stated)

28 Financial risk management (continued)

28.3 Fair value estimation (continued)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. 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 falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

There are no financial assets at fair value as at December 31, 2021. The table below presents the financial assets at their fair values as at December 31, 2020 based on the fair value hierarchy:

	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income	25,000,000	-	-	25,000,000

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. During the years ended December 31, 2021 and 2020, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2021 and 2020, the face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values. The fair values of the non-current financial liabilities are considered to approximate to their carrying amounts as these carry interest rates which are based on market interest rates.

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments for quoted securities.

(All amounts in Saudi Riyals unless otherwise stated)

29 Financial instruments

(a) Categories of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

	2021		
Assets as per statement of financial position	**Financial assets carried at amortized cost**	**Financial assets at fair value through profit or loss**	**Total**
Trade receivables	206,914,351	-	**206,914,351**
Other receivables	2,533,853	-	**2,533,853**
Cash and cash equivalents	35,512,263	-	**35,512,263**
Total	**244,960,467**	**-**	**244,960,467**

	2020		
Assets as per statement of financial position	**Financial assets carried at amortized cost**	**Financial assets at fair value through other comprehensive income**	**Total**
Financial assets at fair value through other comprehensive income	-	25,000,000	**25,000,000**
Trade receivables	144,690,598	-	**144,690,598**
Other receivables	1,059,491	-	**1,059,491**
Cash and cash equivalents	19,564,852	-	**19,564,852**
Total	**165,314,941**	**25,000,000**	**190,314,941**

	At amortized cost	
December 31	**2021**	**2020**
Liabilities as per statement of financial position		
Trade payables	**34,609,219**	31,374,359
Accrued and other payables (excluding withholding tax and VAT payables)	**81,530,345**	72,346,690
Lease liabilities	**3,565,716**	3,554,795
Total	**119,705,280**	107,275,844

30 Cash flow information

(a) Net debt reconciliation

	2021	**2020**
Cash and cash equivalents	**35,512,263**	19,564,852
Liquid investments	**-**	25,000,000
Lease liabilities	**(3,565,716)**	(3,554,795)
Net debt	**31,946,547**	41,010,057

(All amounts in Saudi Riyals unless otherwise stated)

30 Cash flow information (continued)

	2021	**2020**
Cash and cash equivalents and liquid investments	**35,512,263**	44,564,852
Gross debt	**(3,565,716)**	(3,554,795)
Net debt	**31,946,547**	41,010,057

	Cash and cash equivalents	**Liquid investments**	**Borrowings**	**Lease Liabilities**	**Total**
January 1, 2020	29,695,682	-	(42,000,000)	(3,635,183)	(15,939,501)
Cash flows	(10,130,830)	25,000,000	42,000,000	80,388	56,949,558
December 31, 2020	**19,564,852**	**25,000,000**	**-**	**(3,554,795)**	**41,010,057**
Cash flows	15,947,411	(25,000,000)	-	(10,921)	(9,063,510)
December 31, 2021	**35,512,263**	**-**	**-**	**(3,565,716)**	**31,946,547**

31 Earnings per share

Earnings per share have been calculated by dividing the profit for the year of the Company by the weighted average number of shares outstanding during the year.

	2021	**2020**
Profit for the year	**211,649,378**	219,953,200
Weighted average number of shares	**120,000,000**	120,000,000
Basic earnings per share (Saudi Riyals per share)	**1.76**	1.83

The Company does not have any dilutive potential shares.

32 Dividends

During 2021, as authorized according to the Company's Bylaws, the Board of Directors has approved interim dividends distribution amounting to Saudi Riyals 1 per share (Saudi Riyals 120 million in total) for the first half of 2021. Payment of this dividend distribution commenced during 2021.

On April 21, 2021, the General Assembly approved dividends distribution of Saudi Riyals 1 per share (Saudi Riyals 120 million in total) for the year ended December 31, 2020. Payment of this dividend distribution commenced during May 2021.

During 2020, as authorized according to the Company's Bylaws, the Board of Directors has approved interim dividends distribution amounting to Saudi Riyals 0.75 per share (Saudi Riyals 90 million in total) for the first half of 2020. Payment of this dividend distribution commenced during October 2020.

On March 31, 2020, the General Assembly approved to distribute cash dividends amounting to Saudi Riyals 1.25 per share (Saudi Riyals 150 million in total) for the year ended December 31, 2019.

(All amounts in Saudi Riyals unless otherwise stated)

33 Commitments

i) Guarantees and letters of credit

The bank issued guarantees and letters of credit on behalf of the Company as at December 31, 2021 for an amount of Saudi Riyals 27 million (December 31, 2020: Saudi Riyals 15.5 million).

ii) Capital commitments

The Company has capital commitments in relation with contracts for constructing property, plant and equipment as at December 31, 2021 amounting to Saudi Riyals 3.5 million (December 31, 2020: Saudi Riyals 1.8 million).

34 Restatement

The Company restated the prior period comparatives of the financial statements as certain transactions related to withholding tax liabilities had not been accounted for correctly. The details of the restatement have been summarized below:

On January 15, 2019, the Zakat, Tax and Customs Authority ("ZATCA") issued an assessment of withholding tax for the years 2006 to 2010 amounting Saudi Riyals 27 million. On March 13, 2019, the Company objected to the assessment.

On March 9, 2021, the Company appealed to the General Secretariat for Tax Committees ("GSTC"). On May 25, 2021, the Company received a response from GSTC that the appeal request should not be accepted from a formality perspective since it was submitted by the Company after the statutory deadline to appeal against ZATCA's decision. Further, according to ZATCA's regulations, the ZATCA's decision becomes final and cannot be objected if the Taxpayer does not submit its appeal to the GSTC or settlement committee within 30 days of receipt of the decision issued by the ZATCA in which it rejects the taxpayer's objection or the passing of 90 days after the date of the submission of the objection to ZATCA without receiving a decision. Accordingly, ZATCA's decision was final during 2019 and related accrual should have been recorded, but management did not record such adjustment in 2019. During 2021, the Company identified the above error and, accordingly, restated the comparative financial information of these financial statements.

The above restatement had no effect on the statements of comprehensive income and cash flows for the year ended December 31, 2020.

The resultant impact of the above-mentioned restatement on each of the impacted financial statement line items for the prior periods is reflected in the table below:

	As previously reported	Restatement	As restated
Effect on the statement of financial position as at January 1, 2020			
Retained earnings	178,960,241	(26,857,219)	**152,103,022**
Accruals and other current liabilities	59,701,543	26,857,219	**86,558,762**
Effect on the statement of financial position as at December 31, 2020			
Retained earnings	163,555,423	(26,857,219)	**136,698,204**
Accruals and other current liabilities	76,933,861	26,857,219	**103,791,080**

35 Board of Directors authorization

The accompanying financial statements were authorized for issue by the Company's Board of Directors on March 29, 2022