

Watani Iron Steel Company
(A Closed Joint Stock Company)
Interim Condensed Financial Statements
For the six-month period ended 30 June 2021
together with the Independent Auditor's Review Report

Watani Iron Steel Company
(A Closed Joint Stock Company)
Interim Condensed Financial Statements
For the six-month period ended 30 June 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

**To The Shareholders of Watani Iron Steel Company
(A Closed Joint Stock Company)
Kingdom of Saudi Arabia**

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Watani Iron Steel Company ("the Company"), as at 30 June 2021 and the related interim statement of comprehensive income, and interim statement of changes in equity, and interim statement of cash flows for the six-month period then ended, and notes to the interim financial statement, including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.

Ibrahim A. Al Bassam
Certified Public Accountant
License No. 337
Kingdom of Saudi Arabia



**15 Muharram1443H
23 August 2021**

Watani Iron Steel Company
(A Closed Joint Stock Company)
Interim Statement of Financial Position
As at 30 June 2021
(Saudi Riyals)

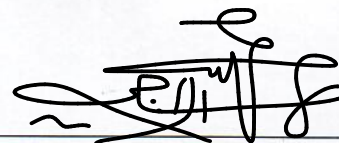
	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property and equipment		287,334,935	297,021,778
Intangible assets		25,944,262	25,944,262
Total non-current assets		313,279,197	322,966,040
Current assets			
Inventory		51,608,024	52,082,743
Trade receivable, net	6	--	--
Prepayments and other receivables		4,825,780	3,808,966
Cash and cash equivalents		5,383,336	8,445,181
Total current assets		61,817,140	64,336,890
Total assets		375,096,337	387,302,930
EQUITY AND LIABILITIES			
Equity			
Share capital	1	121,100,000	121,100,000
Statutory reserve		8,574,028	8,574,028
Actuarial reserve		(371,839)	(371,839)
Retained earnings		41,027,170	11,026,220
Total equity		170,329,359	140,328,409
LIABILITY			
Non-current liabilities			
Long-term loans	9	19,600,000	42,300,000
Employees' post-employment benefits		5,391,314	4,444,264
Total non-current liabilities		24,991,314	46,744,264
Current liabilities			
Long-term loans- current portion	9	42,250,000	25,000,000
Short-term loans	9	82,750,000	104,700,000
Trade payable		31,947,032	27,289,353
Accrued expenses and other payable		22,034,641	42,301,388
Provision for Zakat	8-b	793,991	939,516
Total current liabilities		179,775,664	200,230,257
Total liabilities		204,766,978	246,974,521
Total equity and liabilities		375,096,337	387,302,930



Financial Manager
Mohammed Hamdi Ahmed



Executive Manager
Yousuf Mohammed Al Tarif



Chief Board of Directors
Abdul Karim Mohammed Al Rajhi

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

Watani Iron Steel Company
(A Closed Joint Stock Company)
Interim Statement of Comprehensive Income
For the six-month period ended 30 June 2021
(Saudi Riyals)

	Notes	For the six-month period ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
Sales		322,021,437	205,920,156
Cost of sales		(281,337,171)	(177,421,714)
Gross profit		40,684,266	28,498,442
Selling and marketing expenses		(148,307)	(232,707)
General and administrative expenses		(6,713,019)	(4,994,174)
Operating profit		33,822,940	23,271,561
Finance cost		(3,589,034)	(4,946,350)
Other income, net		561,035	473,313
Net income before zakat		30,794,941	18,798,524
Zakat	8-b	(793,991)	(479,606)
Net income for the period		30,000,950	18,318,918
Other comprehensive income:			
Items that will not be reclassified			
subsequently to the statement of profit or			
loss:			
Actuarial gain / (losses) on employee's post-employment benefits		--	--
Total Comprehensive income for the period		30,000,950	18,318,918
Basic and diluted earnings per share	10	2.48	1.51



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Watani Iron Steel Company
(A Closed Joint Stock Company)
Interim Statement of Changes in Equity
For the six-month period ended 30 June 2021
(Saudi Riyals)

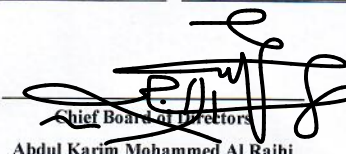
	Notes	Share capital	Statutory reserve	Actuarial reserve	Retained earnings	Total
For the six-month period ended 30 June 2020						
As at 1 January 2020 (audited)		121,000,000	5,465,929	(275,267)	18,853,334	145,043,996
Net income for the period		--	--	--	18,318,918	18,318,918
Dividend for the period	12	--	--	--	(35,800,000)	(35,800,000)
Balance at 30 June 2020 (unaudited)		121,000,000	5,465,929	(275,267)	1,372,252	127,562,914
For the six-month period ended 30 June 2021						
As at 1 January 2021 (audited)		121,000,000	8,574,028	(371,839)	11,026,220	140,328,409
Net income for the period		--	--	--	30,000,950	30,000,950
Balance at 30 June 2021 (unaudited)		121,000,000	8,574,028	(371,839)	41,027,170	170,329,359



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Watani Iron Steel Company
(A Closed Joint Stock Company)
Interim Statement of Cash Flows
For the six-month period ended 30 June 2021
(Saudi Riyals)

	For the six-month period ended	
	Notes	
	30 June 2021	30 June 2020
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net income for the period before Zakat	30,794,941	18,798,524
Adjustments for:		
Depreciation of property, plant and equipment	9,879,590	9,892,977
Provision for employees' post-employment benefits	964,701	385,721
Finance cost	3,589,034	4,946,350
	<u>45,228,266</u>	<u>34,023,572</u>
Changes in operating assets and liabilities:		
Inventory	474,719	42,304
Trade receivables	--	(640,692)
Prepayments and other receivables	533,186	(3,170,454)
Trade payables	4,657,679	10,966,928
Accrued expenses and other payable	(21,015,603)	(9,371,033)
Due to related parties	--	18,496,157
	<u>29,878,247</u>	<u>50,346,782</u>
Cash generated from operating activities	29,878,247	50,346,782
Zakat paid	8 (939,516)	(773,526)
Employees' post-employment benefits paid	(17,651)	--
	<u>28,921,080</u>	<u>49,573,256</u>
Net cash generated from operating activities	28,921,080	49,573,256
Cash flows from investing activities		
Additions to property, plant and equipment	(192,747)	(195,694)
	<u>(192,747)</u>	<u>(195,694)</u>
Net cash used in investing activities	(192,747)	(195,694)
Cash flows from financing activities		
Proceeds from short-term loans	9 127,100,000	126,790,000
Short-term loans paid	9 (149,050,000)	(127,123,392)
Finance cost paid	(2,840,178)	(3,080,094)
Long-term loans	(7,000,000)	--
Dividend	12 -	(35,800,000)
	<u>(31,790,178)</u>	<u>(39,213,486)</u>
Net cash used in financing activities	(31,790,178)	(39,213,486)
Net change in cash balances at banks	(3,061,845)	10,164,076
Cash and balances at banks beginning of the period	8,445,181	11,817,351
Cash and balances at banks at the end of the period	5,383,336	21,981,427

Non-cash transactions

Amortization of deferred commissions from prepayments and other receivables related to SIDF

1,550,000

1,020,000



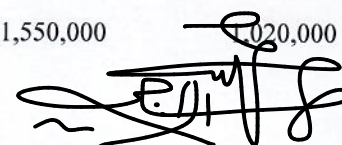
Financial Manager

Mohammed Hamdi Ahmed



Executive Manager

Yousuf Mohammed Al Tarif



Chief Board of Directors

Abdul Karim Mohammed Al Rajhi

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

Watani Iron Steel Company

(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

(Saudi Riyals)

1. LEGAL STATUS AND OPERATIONS

Watani Iron Steel Company ("The Company") was established as a Saudi closed joint stock Company under the Companies Law in the Kingdom of Saudi Arabia under Commercial Registration No (1010255409) on 23/8/1429H corresponding to 24/8/2008 issued in Riyadh, where the capital of the Company amounted to 2 million SR divided to 2,000 shares equal in value, with the value of each share 1,000 SR. On 7/3/1433H corresponding to 20/1/2012 the capital has been increased to 80 million SR, divided to 80,000 shares equal in value, with the value of each share 1,000 SR. The increase of 78 million SR has been fulfilled by transferring the partners' current account to the capital increase account. On 24/8/1434H corresponding to 3/7/2013 the capital have been increased to 120 million Saudi riyals, divided into 120 thousand shares equal in value, the value of each share is 1,000 Saudi riyals. The increase of 40 million Saudi riyals has been fulfilled through in-kind shares and is represented by steel factory equipment for the full value of the increase. On 16/12/1435H corresponding to 19/12/2013 the capital has been increased to 130 million SR, divided to 130,000 shares equal in value, the value of each share is 1,000 SR. and the 10 million SR increase has been fulfilled by in-kind shares which is oven and machine to make pallets. On 19/2/1437H corresponding to 1/12/2015 the capital has been increased to 180 million SR, divided to 180,000 shares equal in value, value of each share is 1,000 SR. and the increase of capital by 50 million SR has been fulfilled by transferring balance payables to partners current accounts which is capital increase account. On 17/10/1438H corresponding to 11/7/2017 the capital has been decreased for the purpose of amortizing losses amounting to 130 million SR, divided to 130,000 equal in value, the value of each share is 1,000 SR. On 22/2/1440H corresponding to 31/10/2018 the capital has been decreased for the purpose of amortizing losses amounting to 121 million SR, divided to 121,000 equal in value, the value of each share is 1,000 SR. have been distributed to partners as follows:

<u>Partner</u>	<u>No, share</u>	<u>Share value</u>	<u>Shareholding%</u>	<u>Shares value</u>
Abdul Karim Mohamed	84,700		70%	84,700,000
Abdulaziz Al-Rajhi		1,000		
Yousef Mohamed Abdulrahman Al Tarif	36,300		30%	36,300,000
	121,000	1,000	100%	121,000,000

On 13/9/1441H corresponding to 6/5/2020 the partners decided to transfer the Company with its rights and obligations from a limited liability Company to a closed joint stock Company with a capital of 121 million SR divided into 12,100,000 shares ,the value of each share is 10 SR all of which are fully paid ordinary shares, and the Company was registered in the joint stock companies under Ministerial decision No. (Q / 4260) dated 13/9/1441H corresponding to 6/5/2020 and Ministerial decision No. (Q / 4261) dated 10/11/1441H corresponding to 1/7/2020.

On 21/11/1441H (corresponding to 12/7/2020), the extraordinary general assembly agreed to increase the Company's capital to 121.1 million SR divided into 12,110,000 fully paid in cash by the shareholders. The Company's capital at the date of the accompanying financial statements is SR121.1 million divided into 12,110,000 fully-paid ordinary shares, the value of each share is SR 10.

The Company also operates under an industrial facility license issued by the Ministry of Industry and Mineral Resources (formerly the Ministry of Energy, Industry and Mineral Resources) with decision No. (411102103252) dated 8/7/1441H (corresponding to 3/3/2020).

The activities of the Company are represented in the manufacture of primary iron products in the form of blocks of substrates and waste after being melted, as well as the manufacture of sheets plates, strip coils, bar bars, wire corners and clips of all shapes.

The activities of the Company as stated in the , Articles of Association, are represented in practicing and implementing manufacturing industries.

Watani Iron Steel Company
(A Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six-month period ended 30 June 2021
(Saudi Riyals)

1. LEGAL STATUS AND OPERATIONS (continued)

Under Transaction No. (56541) for a letter to Watani Company issued to the Ministry of Commerce on 22/11/1442H which states that the shareholders of Watani Steel Company have changed the legal entity of the Company from a limited liability Company to a closed joint stock Company starting from 2/7/2020 until 31/12/2020 as it was approved that the Company can prepare the financial statements provided that the first financial year is continuous and the Company prepares its financial statements as usual and that the change in the legal form did not lead to the emergence of a new accounting unit.

On 4/10/2020 a conditional approval was obtained from the Tadawul Company for the Watani Iron Steel Company with a capital of 121,100,000 SR and a number of 12,110,000 shares for a direct listing application for securities, provided that the issuer (Watani Steel Company) obtains the approval of the Authority on the relevant registration application in accordance with the relevant regulations and rules with full compliance with the liquidity requirements upon listing.

The approval of the Capital Market Authority was obtained to publish the Company's share' registration document on the Tadawul Company's website on 30/12/2020.

On 5/7/1442H (corresponding to 17/2/2021) the Company's shares were listed and started trading' in the Saudi Stock Exchange under the code (9513).

The Company's head office is located at the following address :

P.O. Box 355355

Riyadh 11383

Saudi Arabia

In reference to the events related to the spread of the Corona virus (Covid-19) and its repercussions on the business sectors locally and internationally, the Company is committed to implementing what was stipulated in the decisions issued recently by the competent authorities. The Company has taken the necessary measures to ensure the health and safety of the Company's employees and to contribute to limiting the spread of the epidemic. The Company also seeks to benefit from the initiatives and decisions adopted and presented by the Kingdom's government in order to mitigate the negative effects of Covid-19 on private sector companies.

The Company has been affected during the six months period ended 30 June 2021 similar to other industrial companies. Due to the difficulty in determining the time period of this pandemic, the Company is currently unable to determine the financial impact of the crisis, however, management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

2. BASIS OF PREPARATION

2-1 Basis of compliance

These interim condensed financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). and should be read in conjunction with the Company annual prior financial statements. They do not include all of the information and disclosures required in the annual statements to prepare a complete set of financial statements; however, the accounting policies and explanatory notes are included to explain events and the important transaction to understand the changes in the Company financial position and its performance since the last annual financial statement of the Company.

The results for the six-months period ended 30 June 2021 are not necessarily indicative of the results that can be expected for the financial year ended 31 December 2021.

Watani Iron Steel Company
(A Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six-month period ended 30 June 2021
(Saudi Riyals)

2. BASIS OF PREPARATION (continued)

2-1 Basis of compliance (continued)

As of June 30, 2021, the Company's current liabilities exceeded its current assets by SAR 117,958,524 (December 31, 2020: SAR 135,893,367), which is mainly attributable to the loan balance of SAR 125,000,000 (December 31, 2019: 129,700,000 SAR). Despite the shortfall in working capital, the Company has a positive operating cash flow of SAR 28,921,080, which is an indication of the Company's ability to meet its obligations as they fall due. The management also believes that it is able to make use of the new facilities if required. Accordingly, the financial statements have been prepared on a going concern basis, and loans continue to be classified according to their original repayment terms (note 9).

2-2 Use of estimates and assumptions

The preparation of these interim condensed financial statements required management to make judgments, estimates and assumptions that affect the application of policies and reported amounts, liabilities, revenues, and expenses. Actual results may differ from these estimates.

The significant estimates made by management when applying the Company's accounting policies and the significant sources of estimation uncertainties were the same as those shown in the last annual financial statements.

However, as explained in note 1 above, the Company has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of the Covid-19 pandemic. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These interim condensed financial statements are presented in Saudi Riyals, which is the functional currency of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4-1 New standards, amendment to on standards and interpretations

There are no new standards that have been issued, however, a number of amendments to the standards are effective from 1 January 2021, but do not have a material impact on the interim condensed financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

The Company entered into a loan agreement with the Saudi Industrial Development Fund to help finance the expansion of its factory for the production of iron blocks and rebar ,where the assets of the factory were mortgaged to the fund (note 9-2) .

6. TRADE RECEIVABLES

	<u>30 June 2021</u> <u>(Unaudited)</u>	<u>31 December 2020</u> <u>(Audited)</u>
Trade receivables	-	1,311,219
Provision for impairment in trade receivables (6-1)	-	-
Client written – off*	-	(1,311,219)
	<u>-</u>	<u>-</u>

6-1 The movement in provision for impairment in trade receivables

	<u>30 June 2021</u> <u>(Unaudited)</u>	<u>31 December 2020</u> <u>(Audited)</u>
Balance beginning of the year	-	-
Charged during the year	-	1,311,219
Provision written – off*	-	(1,311,219)
Balance end of the year	<u>-</u>	<u>-</u>

*The Company agreed on written-off the provision charged during 2020 for default client.

Watani Iron Steel Company
(A Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six-month period ended 30 June 2021
(Saudi Riyals)

7. TRANSACTION AND BALANCES WITH RELATED PARTIES

Transactions with related parties are represented in the salaries, remuneration and allowances of Board of Directors, Committees and Senior management, dividend, sales and expenses on behalf that took place during the period between the Company and the shareholders and between the Company and parties owned by the shareholders or who own significant shares in its capital. The most important transactions with related parties and the resulting balances are as follows:

A. Due from related party

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>Volume of transaction for the six-month period ended</u>	
			<u>30 June 2021</u> <u>(Unaudited)</u>	<u>30 June 2020</u> <u>(Unaudited)</u>
Yousef Al-Turaif Trading Est	Affiliate	Expenses on behalf	--	66,143
Abdul Karim Al-Rajhi steel Company	Affiliate	Sales	--	59,850

B- Senior management

	<u>30 June 2021</u>		<u>30 June 2020</u>	
	<u>BOD members and committee</u>	<u>Executive management</u>	<u>BOD members and committee</u>	<u>Executive management</u>
BOD members and committee remuneration	640,000	75,000	--	--
Board and committee attendance allowance	54,000	--	--	--
Salaries and wages and equivalents	--	1,164,300	--	707,550
Benefits and production incentives	--	31,350	--	2,100
End of service	--	52,979	--	43,663
	694,000	1,323,629	--	753,313

8. ZAKAT PROVISION

8-a Zakat base

The Company submitted its return to the Zakat, Tax and Customs Authority until the year ended 31 December 2020 and the Company obtained a certificate from the Authority valid until 29 Ramadan 1443H corresponding to 30 April 2022.

8-b Zakat provision movement

The following is summary of zakat movement:

	<u>30 June 2021</u> <u>(Unaudited)</u>	<u>31 December 2020</u> <u>(Audited)</u>
Balance at the beginning of the period / year	939,516	773,526
Charged during the period / year	793,991	939,516
Payments during the period / year	(939,516)	(773,526)
Balance at the end of the period / year	793,991	939,516

Watani Iron Steel Company
(A Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six-month period ended 30 June 2021
(Saudi Riyals)

9. LOANS

	30 June 2021	31 December
	(Unaudited)	2020
		(Audited)
Loans from local banks (note 9-1)	82,750,000	104,700,000
Saudi Industrial Development Fund (9-2)	66,500,000	73,500,000
Total loans	149,250,000	178,200,000
Less: current portion		
Loans from local banks	82,750,000	104,700,000
Saudi Industrial Development Fund	42,250,000	25,000,000
Total current portion	125,000,000	129,700,000
Total non-current portion	24,250,000	48,500,000
Deduct:		
Deferred interest and commissions	(4,650,000)	(6,200,000)
	19,600,000	42,300,000

Some of these loans contain bank covenants. The breach of these covenants may lead to re-negotiation with the banks. These covenants are monitored on a monthly basis by the management and in case of a breach or possible breach of these covenants, action is taken by the management to ensure that these conventions are fulfilled. It has been evident that the Company is not committed to some of the covenant related to financial ratios contained in the agreements with banks and the Saudi Industrial Development Fund.

9-1 Loans from local banks

The Company entered into credit facility agreements with several local banks, including current account facilities, short-term loans, financing of participation and murabaha contracts, and documentary credit facilities at variable Islamic murabaha rates agreed with banks, and the credit limits granted by banks amount to 125 million Saudi riyals .

On 5 Dhul Qi'dah 1442H corresponding to 15 June 2021, the Company announced on its website through Tadawul the full payment of a short-term loan with the Saudi British Bank - Alawwal Bank amounting to 40 million Saudi riyals.

The following is a statement of the movement of short-term loans during the period that are due during the period ended in:

	30 June 2021	31 December
	(Unaudited)	2020
		(Audited)
Balance at the beginning of the period / year	104,700,000	115,100,000
Repaid during the period / year	(149,050,000)	(278,980,000)
Used during the period / year	127,100,000	268,580,000
Balance end of the period / year	82,750,000	104,700,000

9-2 Loan from Saudi Industrial Development Fund

The Company entered into a loan agreement with the Saudi Industrial Development Fund amounting to 187 million Saudi riyals on 12 Rabi Al-Akher 1435H corresponding to 12 February 2014 to help finance the expansion of the iron blocks and rebar production factory. All the assets were mortgaged in favor of the fund (Note 5). On Jumada Al-Awwal 16, 1438H corresponding to 13 February 2017 in accordance with Article 4 of the loan contract referred to above, the two parties agreed to reduce the loan amount to 164 million Saudi riyals, the loan will be repaid in eleven installments Semi-annual. The first installment was paid on 17 Shaaban 1439H, corresponding to May 3, 2018.

Watani Iron Steel Company
(A Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six-month period ended 30 June 2021
(Saudi Riyals)

9. LOANS (continued)

9-2 Loan from Saudi Industrial Development Fund (continued)

The agreement with the Saudi Industrial Development Fund also includes covenants related to financial ratios ,and it has been evident that the Company does not adhere to some of the financial ratios pledges contained in the agreements with the fund. According to the agreement concluded with the Saudi Industrial Development Fund ,the fund ,based on the Company's non-compliance with the covenants ,may immediately terminate its obligations by a postal ,telegraph ,or telex or fax notification to the Company. The Company obtained a letter from the Saudi Industrial Development Fund No (21) dated 1 Muharram1443 H ,corresponding to August 9, 2021 stating that the Company was exempted from the commitment No (1) of the agreement related to the working capital ratio (the ratio of current assets to the ratio of current liabilities) for the year 2021. In addition, the Company's management closely monitors the financial ratios and is in constant contact with the fund's management in this regard. The Fund did not indicate any non-compliance with the commitments or conditions and that the agreement is valid according to the permanent correspondence with the Fund.

The Company's management is also committed to paying the installments on their due dates and has not defaulted on any installment and has not defaulted on payment .The Company also has positive cash flows ,which in turn supports the Company's financial position and ensures the provision of quick cash flow to meet its short-term obligations.

The loan installments of the Saudi Industrial Development Fund were restructured based on the approval of the Fund on 14 Rabi` Al-Awal 1442H corresponding to 31 October 2020, where the restructuring was carried out to be the first installment of 14 million Saudi riyals on 15 Jumada al-Akher 1442 AH corresponding to 28 January 2021, and the last installment of 24.25 million Saudi Riyal Rabi Al Akher 15 1444H corresponding to 9 November 2022.

Based on the schedule of installments owed by the Company in favour of the Saudi Industrial Development Fund, loan project No. 2383, the Company paid the instalment due on January 28, 2021 with a value of 14 million SAR in December of the year 2020, in addition to paying part of the installment due on May 27, 2021 with a value of 11 million SAR as classified and shown in the audited financial statements for the year 2020.

Where, the repayment of the remaining amount of the installment due on May 27, 2021 was resumed on its due date, bringing the total repaid of the loan until June 30, 2021to 97.5million Saudi riyals, so the outstanding balance and due on June 2021 ,30 is amounting to 66.5 million Saudi riyals.

10. EARNING PER SHARE

Basic and diluted earnings per share from net income is calculated by dividing the income of the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the end of the period amounting to 12,110,000 million shares (30 June 2020: 12,110,000 million shares after taking the shares increase retrospectively).

11. SEGMENT REPORTING

The main activity of the Company is the manufacture of raw iron products in the form of lumps from substrates and waste after re-melting.

There are no geographical sectors with the Company as all the revenues from the Company's activities take place within the Kingdom of Saudi Arabia and therefore there are no geographical sectors that are disclosed.

12. DIVIDENDS

The Company did not distribute profits during the period (2020: on 7/9/1441H corresponding to 30/04/2020, the Company's partners distributed profits for part of the profits of 2019 and part of the profits for the first quarter of 2020 amounting to 35.8 million Saudi riyals.

Watani Iron Steel Company

(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

(Saudi Riyals)

13. ADJUSTING PRIOR PERIOD FIGURES

Certain comparative figures have been reclassified to conform with the current period presentation.

14. SUBSEQUENT EVENTS

There have been no significant events subsequent to the period that would require additional disclosure or adjustment in these interim condensed financial statements.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements for the period ended 30 June 2021, have been approved by the Board of Directors on 9 Muharram 1443H corresponding to 17 August 2021.