AL YAMAMAH STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

Consolidated Financial Statements
For the year ended 30 September 2020
with
INDEPENDENT AUDITORS' REPORT

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
As at 30 September 2020

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Al Yamamah Steel Industries Company
A Saudi Joint Stock Company

Opinion

We have audited the consolidated financial statements of Al Yamamah Steel Industries Company - a Saudi joint stock company ("the Company") and its subsidiary, hereinafter referred to as ("the Group"), which comprise the consolidated statement of financial position as at 30 September 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Revenue recognition

With reference to note (4-n) for the accounting policy of the revenue realization and Note 19 – related to Revenue from Contracts with Customers.

The Key audit matter	How the matter was addressed in our audit
The Group's revenues amounted to SR 1.87 billion for the year ended 30 September 2020. Revenue is considered a key factor for the performance and profitability of the Group. The auditing standards emphasize on the importance of assessing the risk of management override of controls when recognizing revenue that could result in significant risk of overstating revenues to increase profitability.	The audit procedures we performed included, among other things, based on our judgement the following: - Obtaining an understanding of the revenue recognition process considering the relevant accounting standard and assessing the appropriateness of the accounting policies used. - Testing the design and implementation of the internal controls related to revenue recognition and their operating effectiveness, including anti-fraud controls. - Performing analytical review of the revenues by comparing the sales quantities and prices of the current period to the sales quantities and prices of the prior period and identifying whether there are any trends or significant fluctuations that require additional audit procedures in light of our understanding of the current market conditions. - Testing, on sample basis, sales transactions and their supporting documents and performing cut off procedures to ensure that revenues are recorded in the correct periods. - Assessing the adequacy of disclosures included by management in the financial statements.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Al Yamamah Steel Industries Company (continued)
A Saudi Joint Stock Company

Impairment of trade receivables

With reference to notes (2-d &4-d) related to the accounting policy of the impairment of trade receivables and note (9) related to the disclosure of trade receivables.

Key audit matter	How the matter was addressed in our audit
As at 30 September 2020, the balance of trade receivables amounted to SR 335.6 million. - Trade receivables are recorded net after deduction of the expected impairment losses. The Group has adopted IFRS 9 - Financial Instruments and the 'Expected Credit Losses' model, which requires the use of significant judgements related to the impact of the changes in the economic factors on the expected credit losses models. Accordingly, we have considered this matter as a key audit matter.	The audit procedures we performed included, among other things, based on our judgement the following: - Obtaining an understanding of the revenue recognition, trade receivables and the calculation of the expected credit losses processes considering the relevant accounting standards and assessing the appropriateness of the accounting policies used. - Testing the design and implementation of the internal controls related to trade receivables balances and the follow up on the collection of these balances. - Selecting a sample from the trade receivables, and requested sending balance confirmations to verify the correctness of the balances at year end, and for customers where no confirmations were received, we performed alternative audit procedures including vouching of the supporting documents and the follow up on subsequent collections for the selected samples. - Reviewing the expected credit losses study prepared by management and the adequacy of the provision formed. - Evaluating the basis used by management in determining the expected credit losses and their reasonableness. - Involving our specialists to review the methods used by management compared to what is generally accepted. - Evaluating the assumptions, approach and judgements used by management in the expected credit losses model. - Assessing the adequacy of disclosures included by management in the financial statements.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Al Yamamah Steel Industries Company (continued)
A Saudi Joint Stock Company

Impairment of property, plant and equipment	
With reference to note (4-e) related to the accounting policy of the impairment of non-financial assets and note (5) related to the disclosure of property, plant, and equipment.	
Key audit matter	**How the matter was addressed in our audit**
As at 30 September 2020, the net book value of property, plant and equipment amounted to SR 451.8 million. The risks related to the valuation of the property, plant and equipment is represented in the probability of having an impairment in the recoverable amount compared to the net book value in light of the exsitence of impairment indicators. As at 30 September 2020, an impairment amounting to SR 7 million was recognized in one of the operating segements of the Group (note 5- g). - Accordingly, this matter was considered as a key audit matter as the impairment assessment procedures included significant judgements and estimates.	The audit procedures we performed included, among other things, based on our judgement the following: - Obtaining an understanding of the procedures performed by management in relation to the impairment of non-financial assets in accordance with the requirements of the related accounting standards. - Obtaining the impairment study of the property, plant and equipment and the study of the expected net future cash flows from the usage of property, plant and equipment approved by the management of the Group. - Using our specialists to test the key assumptions used by management in calculating the value in use. - Evaluating the reasonableness of the assumptions and basis relied upon during the preparation of the future cashflows study approved by management. - Reviewing the board of directors' meeting minutes to ensure that there are no decisions taken to dispose any property, plant and equipment during the current year. - Assessing the adequacy of disclosures included by management in the financial statements.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Al Yamamah Steel Industries Company (continued)
A Saudi Joint Stock Company

Other information

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

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Audit Committee, are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Al Yamamah Steel Industries Company (continued)
A Saudi Joint Stock Company

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Al Yamamah Steel Industries Company ("the Company") and its subsidiary ("the Group")**.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current 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.

For KPMG Al Fozan & Partners
Certified Public Accountants

Nasser Ahmed Al-Shutairy
License No. 454

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KPMG Al Fozan & Partners

Jeddah, 13 Jumada Al-Awwal 1442H
Corresponding to 28 December 2020

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2020
(Expressed in Saudi Arabian Riyals)

	Note	2020	2019
Assets			
Non-current assets			
Property, plant and equipment	5	**451,812,960**	470,163,875
Right-to-use assets	6	**28,641,040**	--
Intangible assets	7	**6,824,515**	7,590.339
Non-current assets		**487,278,515**	477,754,214
Current assets			
Inventories	8	**528,592,609**	809,042,511
Trade receivables	9	**335,645,431**	210,097,273
Prepayments and other receivables	10	**26,918,257**	26,125,995
Cash and cash equivalents	11	**18,456,920**	29,104,691
Current Assets		**909,613,217**	1,074,370,470
Total Assets		**1,396,891,732**	1,552,124,684
Shareholders' equity and liabilities			
Shareholders' Equity			
Share capital	12	**508,000,000**	508,000,000
Statutory reserve	13	**68,414,889**	63,349,244
Retained earnings		**66,105,408**	20,905,239
Total equity attributable to shareholders of the Company		**642,520,297**	592,254,483
Non-controlling interests	14	**138,899,226**	127,354,309
Total equity		**781,419,523**	719,608,792
Liabilities			
Non-current liabilities			
Long term loans	15-c	**22,500,000**	34,992,547
Liability of dismantling and removing of property, plant and equipment	16	**11,469,701**	11,244,194
Lease liabilities	6	**26,146,855**	--
Employee benefits	17	**34,323,448**	34,009,948
Non-current liabilities		**94,440,004**	80,246,689
Current liabilities			
Short-term borrowings	15-b	**397,253,401**	654,030,473
Long-term loans – current portion	15-c	**10,000,000**	11,919,307
Trade payables		**44,244,767**	31,374,897
Lease liabilities	6	**2,330,504**	--
Accrued expenses and other payables	18	**45,878,380**	39,743,438
Provision for Zakat	29	**21,325,153**	15,201,088
Current liabilities		**521,032,205**	752,269,203
Total Liabilities		**615,472,209**	832,515,892
Total equity and liabilities		**1,396,891,732**	1,552,124,684

The board of directors has approved these financial statements on 13 Jumada Al-Awwal corresponding to 28 December 2020.

Chief Financial Officer	Chief Executive Officer	Deputy Chairman
Mohammed Abu Farhah	Yousef Bazaid	Raed Almudaihim

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

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 September 2020
(Expressed in Saudi Arabian Riyals)

	Note	2020	2019
Revenue	19	**1,867,420,987**	959,275,171
Cost of sales	20	**(1,665,749,713)**	(925,890,880)
Gross profit		**201,671,274**	33,384,291
Other operating revenues	24	**463,800**	15,904,273
Selling and Marketing expenses	22	**(41,205,004)**	(17,228,893)
Expected credit loss provision	9	**(2,322,050)**	(1,896,764)
Administrative expenses	23	**(46,776,970)**	(41,649,523)
Profit / (loss) from operation		**111,831,050**	(11,486,616)
Financial charges	32	**(21,782,230)**	(19,446,329)
Income / (loss) before tax		**90,048,820**	(30,932,945)
Zakat	29	**(14,102,826)**	(7,530,791)
Profit / (loss)		**75,945,994**	(38,463,736)
Other comprehensive income:			
Items that will not be reclassified under profit or loss:			
Re-measurement of employee benefit liabilities	17-b	**(385,263)**	(1,049,195)
Total other comprehensive loss		**(385,263)**	(1,049,195)
Total comprehensive income / (loss)		**75,560,731**	(39,512,931)
Profit / (loss) attributable to:			
- Shareholders of the Company		**50,656,454**	(39,876,461)
- Non-controlling interests		**25,289,540**	1,412,725
		75,945,994	(38,463,736)
Total comprehensive Profit/(loss) attributable to:			
- Shareholders of the Company		**(390,640)**	(817,569)
- Non-controlling interests		**5,377**	(231,626)
		(385,263)	(1,049,195)
Total comprehensive income / (loss) attributable to:			
- Shareholders of the Company		**50,265,814**	(40,694,030)
- Non-controlling interests		**25,294,917**	1,181,099
		75,560,731	(39,512,931)
Earnings / (loss) per share to net income / (loss) for the year:	21		
- Basic		**0.997**	(0.78)
- Diluted		**0.997**	(0.78)

The board of directors has approved these financial statements on 13 Jumada Al-Awwal corresponding to 28 December 2020.

Chief Financial Officer	Chief Executive Officer	Deputy Chairman
Mohammed Abu Farhah	Yousef Bazaid	Raed Almudaihim

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

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2020
(Expressed in Saudi Arabian Riyals)

		Equity attributable to equity holders of the Company					
	Note	Share capital	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
30 September 2019							
Balance at 1 October 2018		508,000,000	63,349,244	61,599,269	632,948,513	126,173,210	759,121,723
Comprehensive loss for the year							
Loss for the year		--	--	(39,876,461)	(39,876,461)	1,412,725	(38,463,736)
Other comprehensive loss		--	--	(817,569)	(817,569)	(231,626)	(1,049,195)
Total comprehensive loss for the year		--	--	(40,694,030)	(40,694,030)	1,181,099	(39,512,931)
Balance at 30 September 2019		508,000,000	63,349,244	20,905,239	592,254,483	127,354,309	719,608,792
30 September 2020							
Balance at 1 October 2019		**508,000,000**	**63,349,244**	**20,905,239**	**592,254,483**	**127,354,309**	**719,608,792**
Comprehensive income for the year							
Income for the year		--	--	**50,656,454**	**50,656,454**	**25,289,540**	**75,945,994**
Other comprehensive loss		--	--	**(390,640)**	**(390,640)**	**5,377**	**(385,263)**
Total comprehensive income for the year		--	--	**50,265,814**	**50,265,814**	**25,294,917**	**75,560,731**
Transactions with shareholders of the Company							
Transferred to statutory reserve		--	**5,065,645**	**(5,065,645)**	--	--	--
Total transactions with shareholders of the Company		--	**5,065,645**	**(5,065,645)**	--	--	--
Other transactions							
Dividends to non-controlling interests	14	--	--	--	--	**(13,750,000)**	**(13,750,000)**
Balance at 30 September 2020		**508,000,000**	**68,414,889**	**66,105,408**	**642,520,297**	**138,899,226**	**781,419,523**

The board of directors has approved these financial statements on 13 Jumada Al-Awwal corresponding to 28 December 2020.

Chief Financial Officer	Chief Executive Officer	Deputy Chairman
Mohammed Abu Farhah	Yousef Bazaid	Raed Almudaimm

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

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 September 2020
(Expressed in Saudi Arabian Riyals)

	Note	2020	2019
Cash flows from operating activities			
Profit / (loss)		**75,945,994**	(38,463,736)
Adjustments:			
depreciation	5	**41,819,453**	38,359,713
Amortization of intangibles	7	**908,400**	798,599
(Gains) / losses on disposal of property, plant and equipment	24	**(38,545)**	233,835
Gain of lease modification		**(794)**	--
Provision for expected credit losses	9-c	**2,322,050**	1,896,764
Right of use asset depreciation	6	**2,812,760**	--
Inventory provision	8-a	**1,807,403**	1,118,782
Provision for impairment loss on property, plant and equipment	5-g	**4,737,878**	2,272,724
Provision for employee benefits charged for the year	17	**5,999,043**	5,332,857
Other provisions (no longer required) / charged to the year	27	--	(14,148,511)
Zakat charged for the year	29-c	**14,102,826**	7,530,791
Finance costs	32	**21,782,230**	19,446,329
		172,198,698	24,378,147
Changes in operating assets and liabilities			
Trade receivables		**(127,870,208)**	(72,521,184)
Inventories		**278,642,499**	(456,487,187)
Prepayments and other receivables		**(1,839,043)**	61,298
Trade payables		**12,869,870**	16,652,768
Accrued expenses and other payables		**8,007,177**	8,290,188
Cash generated from / (used in) operations		**342,008,993**	(479,625,970)
Paid Zakat	29-c	**(7,978,761)**	(10,478,732)
Paid employee's benefits	17	**(6,070,806)**	(2,858,518)
Net cash from / (used in) operating activities		**327,959,426**	(492,963,220)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	**(28,209,842)**	(42,867,031)
Additions to intangibles assets	7	**(142,576)**	(1,840,886)
Proceeds from the disposal of property, plant and equipment		**41,971**	12,686
Net cash used in investing activities		**(28,310,447)**	(44,695,231)
Cash flows from financing activities			
Proceeds from loans and credit facilities	15-d	**2,203,307,234**	1,767,822,239
Payment for loans and credit facilities	15-d	**(2,474,496,160)**	(1,342,240,310)
Finance costs paid		**(21,884,161)**	(17,706,220)
Payment of lease obligations	6	**(3,473,663)**	--
Dividends paid to non-controlling interests	14	**(13,750,000)**	--
Net cash (used in) / generated from financing activities		**(310,296,750)**	407,875,709
Net decrease in cash and cash equivalents balance		**(10,647,771)**	(129,782,742)
Cash and cash equivalents at the beginning of the year		**29,104,691**	158,887,433
Cash and cash equivalents at the end of the year	11	**18,456,920**	29,104,691
Other non-cash transactions			
Financial charges for dismantling of property, machinery and equipment provision	32	**225,507**	166.952
Finance charges for lease liabilities	6	**1,278,573**	--
Impact of adoption of IFRS (16)	3.1.c	**1,046,781**	--
Capitalizing the present values of future cash outflow for dismantling and decommissioning of solar energy systems factory		--	2,818,765

The board of directors has approved these financial statements on 13 Jumada Al-Awwal corresponding to 28 December 2020.

Chief Financial Officer	Chief Executive Officer	Deputy Chairman
Mohammed Abu Farhah	Yousef Bazaid	Raed Almudaihim

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

1. General

Al Yamamah Steel Industries Company ("the Company" or "the Parent Company") is a Saudi Joint Stock Company registered in Riyadh under Commercial Registration No. 1010070794 dated 1/06/1409H as per the Minister of Commerce Decree No. (726) dated 20/3/1427H and His Highness approval on the incorporation of the Company No (1491) dated 30/05/1427H, corresponding to 26/06/2006. The Company is operating under Industrial License No, 144/X dated 22/03/1409H and the amendments pursuant to it.

The Company's activities are:

- Manufacture of tubes, pipes and hollow shapes from iron,
- Manufacture of metal structures and their parts for bridges and towers,
- Manufacture of poles and their parts, including (poles, lighting cabins, traffic lights, etc.),
- Manufacture and installation of prefabricated steel structures for industrial facilities.

The Company operates through its factories in the following cities in the Kingdom and these factories operate under the following commercial registrations and their dates:

Factory	City/Place	CR Number	Date of CR
Al Yamamah Steel Industries Company	Jeddah	4030068043	28/4/1410H
Al Yamamah for Electric Poles	Jeddah	4030148938	9/3/1425H
Al Yamamah Steel Industries Company	Dammam	2050059045	7/3/1429H
Al Yamamah for Production of Electric Power Towers	Jeddah	4030180886	9/7/1429H
Al Yamamah Industrial Solar Energy Systems Factory	Jeddah	4030304080	9/9/1439H
Al Yamamah Wind Power Systems (under construction)	Jeddah	4030304267	16/01/1412H

The consolidated financial statements include the financial statements of the Company, its branches, and the subsidiary mentioned below, which its head office is located in Riyadh and its factory is located in Yanbu, (collectively referred to as the "Group"):

Company Name	County of incorporation	Ownership percentage
Al Yamamah Company for Reinforcing Steel Bars	Kingdom of Saudi Arabia	72.5%

The subsidiary is principally engaged in producing the reinforcing steel bars, and wholesale and retail trading of reinforcing steel bars.

The registered address of the Company is as follows:
Al Yamamah Steel Industries Company
Riyadh 11583
P .O. Box 55303
Kingdom of Saudi Arabia

2. BASIS OF PREPERATION

a) Statement of Compliance

The consolidated financial statements (hereinafter referred to as "financial statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants.

Accounting policies applied by the Group are set out in note (4).

This is the first set of Group's annual financial statements in which IFRS 16 "Leases" has been applied (note 3).

b) Basis of measurement

The accompanying financial statements are prepared on the historical cost basis, except for the defined benefit obligation is measured at the present value of future obligations using the projected unit credit method using the accrual basis of accounting and the going concern concept.

c) Functional and presentation currency

Financial statements have been presented in Saudi Arabian Riyals (SR) which is the functional and presentation currency of the Company and its subsidiaries.

d) Use of judgements and estimates

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

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

Significant judgments made by the management upon the adopting the Group's accounting policies correspond to the disclosed policies in last year's financial statements. Except for the new significant judgments and major resources of estimates related to the adoption of IFRS 16 with the Customers which have been disclosed in note 3.

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

Measurement of defined benefit obligations

The Group's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. Judgments are used in estimating the actuarial assumptions. Key assumptions are disclosed in Note (17).

2. BASIS OF PREPERATION (continued)

d) Use of judgements and estimates (continued)

Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or other CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in the statement of profit or loss. They are collected first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been calculated, net of depreciation or amortization, if no impairment loss had been recognized.

Impairment of trade and other receivables

The Group follows an expected credit loss ("ECL") model for the impairment of trade receivables, this requires the Group to take into consideration certain estimates for forward looking factors while calculating the probability of default.

Impairment for inventory

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

Useful lives of property, plant and equipment

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

2. BASIS OF PREPERATION (continued)

d) Use of judgements and estimates (continued)

Liability of dismantling and removing of property, plant and equipment

The provision for dismantling and removing of properties, plant and equipment constructed on leased land is assessed on a periodic basis and discounted at a discount rate that reflects the terms of the obligation to determine the present value of the obligation. Significant estimates and assumptions have been used in determining the provision for liabilities outstanding to dismantle assets, as there are many factors that will affect the final due amount. These factors include estimates of the cost of rehabilitation activities, technological changes, regulatory changes, cost increases, compared to inflation rates and changes in discount rates. These assumptions may cause actual expenditures in the future to differ from the currently expected amounts. The provision at the reporting date represents management's best estimate of the present value of future costs.

Intangible assets

Expected useful lives of intangible assets are estimated at a specific point in time or in undefined period. As for intangible assets with defined useful lives, they are amortized during the period of the asset's economic useful life and the impairment is estimated when an indicator of impairment exists. The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected amortization method of the future economic benefits included in the asset are accounted when a change in the period or method of amortization occurs, as needed, and they are treated as changes in the accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset.
Intangible assets with undefined useful life are not amortized, but they are tested on annually basis, whether in a separate way or at the level of cash generating units. The evaluation of the indefinite life of asset is reviewed annually to determine whether the use of the indefinite useful life is still justified. In the event that these justifications do not persist, the estimate of the useful life is changed to a specified useful life on a future basis.

Fair value of assets and liabilities

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 in the principal or, in its absence, the most advantageous market to which the access is available at that date. The fair value of a liability reflects its non-performance risk.

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. The Group has no assets or liabilities under this level as at 30 September 2020 and 30 September 2019.

- Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The Group has no assets or liabilities under this level.

2. BASIS OF PREPERATION (continued)

d) Use of judgements and estimates (continued)

Fair value of assets and liabilities (continued)

- Level 3: Inputs for assets and liabilities 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 Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at 30 September 2020 and 30 September 2019, there are no transfers between levels.

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as such. Therefore, these consolidated financial statements continue to be prepared on going concern basis.

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

The Group has applied IFRS 16 for the first time effective from 1 October 2019.

3.1 IFRS 16 - Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an agreement contains a lease, SIC 15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Accordingly, the Group, as a lessee, has recognized the right to use relating of the relevant asset and proved the lease liabilities which represent the obligations of the lease payments. There is no difference in the accounting of leases as a lessor. The Group has used the modified retrospective approach and the practical option of implementation. The right to use the assets has been recognized at an amount equal to the amount of the liability with some related adjustments. Accordingly, the information presented for the year 2019 has not been restated, which has previously reported under IAS 17 and its other related interpretations.

The change in accounting policies are explained as follows:

(a) Definition of a lease

Previously, the Group used to determine whether the arrangement was or contained a lease under IFRIC 4. Currently, the Group assesses whether a contract is or contains a lease based on the new definition of lease. Under IFRS 16, an arrangement is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 IFRS 16 – Leases (continued)

(a) Definition of a lease (continued)

On transition to IFRS 16, the Group elected to use the right of using the initial assessment of transactions
The IFRS 16 has only been applied to contracts that were previously identified as leases. Contracts that were identified as leases under IAS 17 and IFRIC 4 were reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 October 2019. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

(b) As a lessee

Previously, the Group classified property lease as operating lease in accordance with IAS 17. At transition, the lease obligations that were classified as operating leases under IAS 17 have been measured at the present value of the remaining lease payments discounted at the Group's borrowing rate as at 1 October 2019. The right-to-use asset is measured using any of the following:

- their carrying amount as if the IFRS had been applied since the commencement date, discounted using the borrowing rate at the date of initial application; or
- at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company has applied this approach to all leases.

The Group has applied the previous valuation of the right-to-use related to recognition and classification of leases under IAS 17 when applying IFRS 16 for leases.
The group has used the allowed exemption on:
- Derecognized right-of-use assets and liabilities for leases with less than 12 months of the lease term.
- Excluded initial direct costs of the initial measurement of the right-of-use asset on initial application;
- Use a future vision when determining the lease term if the lease includes extension or termination option.

(c) Impact on financial statements

Impact on transition
On transition to IFRS 16, the Group elected to recognize the right to use lease assets and liabilities at an amount equal to the lease liability adjusted to prepayments and due rent. The impact on transition is as follows:

	1 October 2019
Lease liabilities	27,768,961
Add: Balance of prepaid rental expenses	1,046,781
Right-to-use assets	**28,815,742**
Lease liabilities	**28,815,742**

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 IFRS 16 – Leases (continued)

(c) Impact on financial statements (continued)

Impact during the year

For the purpose of applying IFRS 16 to leases that were previously classified as operating lease, the Group as at 30 September 2020 has recognized net right to use assets of SR 28,641,040 after depreciation and lease liabilities of SR 28,477,359 as at 31 September 2019, and the depreciation expense amounted to SR 2,812,760 during the year and interest expense of SR 1,544,797 for the same year (Note 6).

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except what was clarified in Note (3) above.

a) Basis of consolidating financial statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary. The financial statements of the subsidiary are prepared for the same reporting period as the Company.

Subsidiary

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over these entities. The subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

Non-controlling interests

NCI are measured at their proportionate share of the identifiable net assets at the date of acquisition.
Change in the Group's interest in a subsidiary that do not result in a loss of control is accounted for as equity transactions.

The Group does not add its indirect share in the subsidiaries that it owns through investments in equity-accounted investees. When calculating the shares attributable to non-controlling interests, only the shares owned directly or indirectly by another subsidiary are taken into account.

Loss of control

When a Group loses control over an associate, assets, liabilities, non-controlling equity and other equity components are disposed and gains and losses are recognized in statement of profit or loss and any shares held are recognized at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Foreign Currencies

Functional and presentation currency
The Group's consolidated financial statements are presented in Saudi Arabian Riyals (SR) which is the functional and presentation currency of the Group. The functional currency of each entity within the Group is determined based on the basic economic environment in which the entity is registered and in which it operates.

Foreign currency transactions
Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

Equity investments at FVOCI (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss).

c) Inventories
Inventories are valued at the lower of cost or net realizable value. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories, productions or transformation costs and other costs incurred to bring the inventory to its existing location and condition. In the case of manufactured and under manufacturing goods, the cost includes an appropriate share of indirect production expenses based on normal operating capacity.
Net realizable value is the estimated selling price in the Group's ordinary course of business, less the estimated costs of completion.

d) Financial instruments

Non-derivative financial instruments
The Company has applied the following classification and measurement requirements for the financial instruments.

Recognition of financial instruments
Financial asset and liability recognized when the Group represents a part of contractual obligations of the instrument, which is usually at the date of trade. The Company derecognizes financial asset when contractual cash flows of these assets are expired, or when the Company transfers financial asset's contractual cash flows in a transaction in which all risks and rewards of ownership of assets are substantially transferred. Any interests resulted from transferred financial assets that the Company has established or held as separate assets or liabilities are recognized.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Derecognition
On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i)the consideration received (including any new asset obtained less any new liability assumed) and (ii)any cumulative gain or loss that had been recognized in OCI is recognized in the profit or loss. However, in respect of equity securities designated as at FVOCI, any cumulative gain / loss recognized in OCI is not recognized in the profit or loss on derecognition.

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

The Group derecognizes financial assets primarily when:
- contractual rights of cash flows from financial assets expire; or
- the Group transfers the rights to collect contractual cash flows in the transaction through which all risks and rewards of ownership of the financial assets are transferred or through which the Group does not make a material transfer; or

- retain all risks and rewards of ownership and do not maintain control over financial assets. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes financial liabilities when its terms are modified and when the cash flows of the adjusted liabilities are significantly different. In such case, new financial liabilities are recognized at fair value based on the modified terms.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Classification of financial instruments
The Group classified its financial assets into the following measurement categories:

1) Assets to be measured at amortized cost; or
2) Fair value through profit or loss (FVTPL); or
3) FVOCI - investment in equity instruments

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

Financial assets are not reclassified subsequently to initial recognition unless the Group changed business model for managing the financial assets. In such case, all affected financial assets are reclassified at the first day of the first financial period subsequent to business model change.

Financial assets are measured at amortized cost if it meets both of the following conditions and are not recognized as financial assets at fair value through profit or loss:
- Kept in business model which aims to keep assets to gain contractual cash flows; and
- The contractual conditions lead to enter into certain dates for cash flows which represent the principal and the interests of the basic pending amount.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Upon the initial measurement of equity instruments, which the Group does not hold for trading purpose, the Group can elect to present any subsequent changes in fair value for these investments in the statement of other comprehensive income. This election is made on an investment by investment basis.

Any other financial assets not classified or measured at amortized cost or fair value through other comprehensive income as above mentioned, are measured at fair value through profit or loss, including derivative financial assets.

Financial assets- subsequent measurement - profits or losses:

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see below). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss is recognized in profit or loss.
FVOCI (Equity instruments)	These assets are subsequently measured at fair value. Dividends are recognized as revenues in the statement of profit or loss, unless these dividends represent recoverable amounts for part of the investment cost. Any other profits or losses are recognized in the statement of other comprehensive income and shall not be reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net profits or losses, including any benefits or dividends are recognized in the statement of profits or loss.

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

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Share capital
Instruments issued by the Company are classified as equity (shareholders' equity) only to the extent that the definition of the asset or liability does not apply. The Company's ordinary shares are classified as equity instruments (Shareholders' equity).

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Expected credit loss should be measured for financial assets measured at amortized cost or fair value through other comprehensive income, except for equity instruments investments.

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

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

Lifetime ECL measurement applies if the credit risk of a credit asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Group can assume that credit risks on a financial instrument didn't significantly increase since the initial recognition; if the financial instrument is previously determined as low credit risk instrument at the date of report. However, lifetime expected credit loss measurement is always applied on trade receivables and assets of the contracts without the presence of a significant finance item, in which the Group can adopt this policy to trade receivables with a non-significant finance item.

The Group elected to evaluate trade receivables impairment using 12-month expected credit loss model.
The carrying amount of financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write - off is later recovered, it is recognized in profit or loss in the period of recovery.

e) Impairment of non-financial assets

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

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment of non-financial assets

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

An assessment is conducted at each reporting date to determine whether there is an evidence of impairment loss previously recorded or curtailed. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds 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 the statement of consolidated profit or loss.

Non-financial assets other than goodwill, if any, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

f) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognized within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less from the origination date, which are available to the Group without any restrictions. The statement of cash flows is prepared in accordance with the indirect method.

h) Trade payables and accruals

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Property, plant and equipment

Recognition and Measurement
Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. For internally established assets, cost of asset includes materials and direct labor costs and other direct costs required to operate these assets in the location and purpose which they are acquired for.

If a significant part of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses from disposal of an item of property tools and equipment are determined based on the deference between net proceeds from selling and book value of disposed items of property, plant and equipment and they are carried on in the statement of profit or loss at the same period at which the disposal takes place.

Subsequent costs
The cost of replacing part of the item of property, plant and equipment is recognized in the carrying amount of the item if the future economic benefits of the Company in that segment are probable and the cost can be measured reliably. Book value of the replaced item is disposed. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Major inspections and overhauls are identified and accounted for as a separate component if that component is used over more than one period and the book value for such elements are determined by referring to current market price of these repairs.

Depreciation
Depreciation is an organized distribution of depreciable value of property, plant and equipment items (asset’s cost less asset’s residual value) along the asset's useful life.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold lands are not depreciated.

When the useful lives of items of property and equipment differ, they are accounted for as separate items.

The estimated useful lives of assets during current and comparative period are as follow:

Item	Years
Buildings	20 – 50 years
Plant and equipment	7 – 30 years
Vehicles and transportation	5 -10 years
Furniture and office equipment	5 - 20 years)
Computers and electric equipment	5 -10 years
Tools and instruments	5 years

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Property, plant and equipment (continued)

Projects in progress

The cost of capital work in progress is calculated based on the actual cost and shown as capital work in progress until receiving the project from the Contractor and then transferred to different items under property, plant and equipment and then depreciated.

j) Intangible assets

Intangible assets represent computer software licenses where amounts paid to acquire computer software licenses are capitalized and stated at cost less any impairment, if any. They are amortized on a straight-line basis over the useful life of the licenses, ranging from 5 to 15 years.

k) Finance income and finance costs

Finance income and finance costs comprise of Islamic Murabaha of invested money which are recognized in profit or loss. Interest income from Islamic Murabaha is recognized as it accrues under profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and facilities. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss using the effective interest method.

l) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to passage of time is recognized as interest expenses.

m) Employee's benefits

General description of a defined benefit plan for employee's - end of service benefits

The Group is required by law to pay end of service benefits (defined benefit plan) in accordance with the Saudi Labor Law. The benefit of the end of service benefit equals half the salary of the last month of each of the first five years of service, including the fractions of the year, in addition to the salary of the last month in full for each year of the remaining / subsequent service, including fractions of the year. Entitlement factors are applied in cases of resignation. The end of service benefit plan is unfunded.

Evaluation methodology and key assumptions for the actuarial study

In compliance with the requirements of IAS 19 "Employee's Benefits", the end of service indemnity is determined by actuarial valuation using the projected unit credit actuarial cost method at the end of each fiscal year. The gain or loss arising from actuarial revaluation is recognized in the statement of comprehensive income for the period in which the revaluation occurred. They are not included in profit or loss. The cost of the current service of the defined benefit plan is recognized in the statement of profit or loss under employee's benefit expense to reflect the increase in the liability resulting from staff services for the current year and the cases of change, reduction or adjustment of benefits. Service costs for the previous years are directly are also recognized in profit or loss. Interest is calculated using the effective discount rate at the beginning of the period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Employee's benefits

Defined benefit costs are classified as follows:
- cost of service (including current service costs, past service cost, as well as gains and losses resulting from the scaling up and reimbursement of staff benefits);
- Interest cost; and
- Re-measurement.

Short-term employee's benefits
Liabilities are recognized and measured for benefits in respect of wages, salaries, annual leave and sick leave in the period in which they are rendered in the undiscounted amounts of the benefits expected to be paid for these services.

Retirement benefit costs
The Group contributes to the retirement benefits of employee's in accordance with the regulations of the General Organization for Social Insurance and is calculated as a percentage of the employee's remuneration. Payments are treated to government-managed pension benefit plans as payments to specific contribution plans as the Group's liabilities against these plans are equivalent to those that arise in a defined contribution retirement plan. Payments to retirement benefit plans are charged as an expense when due.

n) Revenue from contracts with customers

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

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

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

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

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

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

If the consideration promised in a contract includes a variable amount, the Group shall estimate the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Revenue from contracts with customers (continued)

(a) Sales of goods
For contracts with customers which the only obligation is going to be selling steel products, revenues shall be recognized at the time in which control over asset is transferred to the costumer at a specific point in time, which is usually at the delivery date. Revenue is measured net of returns, trade discounts, if any.

The Group recognizes revenue at the point in time at which the customer starts to obtain control of a promised asset and the entity satisfies the performance obligations. The Group considers the below mentioned indicators to assess the transfer of control of the promised asset:
- the Group has a present right to payment for the asset
- the customer has legal title to the asset
- the Group has transferred physical possession of the asset
- the customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset

o) Zakat
The Company and its subsidiaries are subject to zakat in accordance with the regulations of the Saudi General Authority of Zakat and Tax ("GAZT"). Zakat is provided for the period ratably and charged separately in the statement of profit or loss and other comprehensive income. Additional zakat, if any, related to prior years' assessments arising from GAZT are accounted for in the period in which the final assessments are finalized.

Withholding tax expense
The Group withholds taxes on transactions with non-resident parties and on dividends paid to non-resident shareholders in accordance with GAZT regulations applicable in Kingdom of Saudi Arabia.

Value added tax
The value added tax was introduced in Saudi Arabia as of 1 January 2018 (14 Rabea Al Thani 1439H), which is tax on the supply of goods and services ultimately borne by the consumer, but collected at each stage of the production and distribution chain as a general principle. The value added tax (VAT) transaction in the Group's accounts should reflect its role as a tax collector and the VAT should not be included in income or expenditures, whether of capital nature or income. However, there will be circumstances in which the Group will incur VAT, and in such cases where VAT is non-refundable, it must be included in the cost of the product or service.

p) Expenses
Selling and marketing expenses arising from the Group's efforts underlying the marketing, selling and distribution functions. All other expenses, excluding cost of sales and financial charges, are classified as administrative expenses. Allocation of common expenses between cost of sales, selling and distribution and general and administrative expenses, where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. Asset is classified as 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;
- it is due to be settled 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.

All other assets are classified as non-current assets.

A liability is classified as current when:

- Expected to be settled in the normal operating cycle;
- 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 date of financial position.

The Group classifies all other liabilities as non-current.

r) Dividends

Dividends are recorded as a liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the year in which they were approved by the General Assembly of shareholders.

s) Segmental information

An operating segment is a company of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that differ from those of other business segments and which are measured in accordance with the reports used by the executive management.

A geographical segment is associated with the provision of products or services in a specific economic environment that is subject to risks and rewards that differ from those of segments of business in other economic environments.

t) Statutory reserve

In accordance with the Regulations for Companies and the Company's By-Laws, the Company is required to transfer 10% of its annual net income to a statutory reserve until such reserve equals 30% of share capital. This reserve is not available for distribution to shareholders.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

u) New standards, amendments and standards issued and not yet effective

Standards issued and not yet effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the financial statements are disclosed below. The Group intends to adapt these standards, where applicable, when they become effective.

Standard / Interpretation	*Description*	*Effective from periods beginning on or after the following date*
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
IFRS 3	Definition of a Business (Amendments to IFRS 3)	1 January 2020
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
IFRS 17	Insurance contacts	1 January 2021
IFRS 10 and IAS 28	Sales or Contributions of Assets between an Investor and its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/effective date deferred indefinitely

The standards, interpretations and amendments applied as of 1 January 2020, have no material impact on the Group's financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

a) Movement in property, plant and equipment during the year ended 30 September 2020 is as follows:

	Note	Lands	Buildings	Plant and equipment	Vehicles and transportation	Furniture and office equipment	Computers and electric equipment	Tools and instruments	Projects in progress	Total
Cost										
Balance at 1 October 2019		13,264,725	327,639,708	460,100,797	5,419,267	4,403,380	10,511,596	5,817,356	4,182,329	**831,339,158**
Additions		--	--	5,698,119	--	171,682	427,349	153,685	21,759,007	**28,209,842**
Disposals		--	--	--	(196,650)	(17,211)	(123,817)	(10,396)	--	**(348,074)**
Transferred from projects in progress		--	17,415,113	1,332,858	--	89,433	80,405	--	(18,917,809)	**--**
Balance at 30 September 2020		**13,264,725**	**345,054,821**	**467,131,774**	**5,222,617**	**4,647,284**	**10,895,533**	**5,960,645**	**7,023,527**	**859,200,926**
Accumulated depreciation:										
Balance at 1 October 2019		--	124,560,200	214,101,088	4,820,539	3,736,442	7,673,956	4,010,334	--	**358,902,559**
Charges during the year		--	14,349,569	25,253,701	247,488	269,918	1,060,362	638,415	--	**41,819,453**
Disposals		--	--	--	(196,639)	(17,211)	(120,402)	(10,396)	--	**(344,648)**
Balance at 30 September 2020		**--**	**138,909,769**	**239,354,789**	**4,871,388**	**3,989,149**	**8,613,916**	**4,638,353**	**--**	**400,377,364**
Impairment losses	5-g	--	3,713,260	3,297,342	--	--	--	--	--	**7,010,602**
Net Book Value										
As at 30 September 2020		**13,264,725**	**202,431,792**	**224,479,643**	**351,229**	**658,135**	**2,281,617**	**1,322,292**	**7,023,527**	**451,812,960**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

b) Movement in property, plant and equipment during the year ended 30 September 2019 is as follows:

	Note	Lands	Buildings	Plant and equipment	Vehicles and transportation	Furniture and office equipment	Computers and electric equipment	Tools and instruments	Projects in progress	Total
Cost										
Balance at 1 October 2018		13,264,725	296,379,882	413,233,314	5,723,317	4,331,756	10,093,374	4,973,473	38,434,377	**786,434,218**
Additions		--	2,920,742	4,438,805	--	50,249	407,271	849,908	37,018,821	**45,685,796**
Disposals		--	--	(54,600)	(304,050)	(11,382)	(404,799)	(6,025)	--	**(780,856)**
Transferred from projects in progress		--	28,339,084	42,483,278	--	32,757	415,750	--	(71,270,869)	**--**
Balance at 30 September 2019		**13,264,725**	**327,639,708**	**460,100,797**	**5,419,267**	**4,403,380**	**10,511,596**	**5,817,356**	**4,182,329**	**831,339,158**
Accumulated depreciation:										
Balance at 1 October 2018		--	111,615,000	190,694,980	4,765,466	3,454,172	6,857,662	3,689,901	--	**321,077,181**
Charges during the year		--	12,945,200	23,425,722	359,123	293,752	1,001,234	334,682	--	**38,359,713**
Disposals		--	--	(19,614)	(304,050)	(11,482)	(184,940)	(14,249)	--	**(534,335)**
Balance at 30 September 2019		--	124,560,200	214,101,088	4,820,539	3,736,442	7,673,956	4,010,334	--	**358,902,559**
Impairment losses	5-g	--	1,328,212	944,512	--	--	--	--	--	**2,272,724**
Net Book Value										
As at 30 September 2019		**13,264,725**	**201,751,296**	**245,055,197**	**598,728**	**666,938**	**2,837,640**	**1,807,022**	**4,182,329**	**470,163,875**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

c) Depreciation for the year ended 30 September has been allocated as follows:

	Note	2020	2019
Cost of Sales	20	**39,065,301**	35,482,184
Administrative expenses	23	**2,685,058**	2,829,843
Selling and marketing expenses	22	**69,094**	47,686
		41,819,453	38,359,713

d) Property, plant and equipment include property and equipment mortgaged to the Saudi Industrial Development Fund (SIDF) related to the Company's branch, Al Yamamah Factory for Electric Poles and Accessories, with a net book value as at 30 September 2020 amounted to SR 49.82 million (30 September 2019: SR 56.3 million) (Note 15). The Company paid all due installments to the Saudi Industrial Development Fund on 4 June 2020, and work is underway to release the aforementioned mortgage.

e) The buildings of the Company include buildings with net book value amounting to SR 129.22 million as at 30 September 2020 (30 September 2019: SR 119.91 million) are constructed on lands leased from the Saudi Authority for Industrial Cities and Technical Areas (MODON) for 20 years, started on 29 Shawwal 1429H, and the lease is renewable for a similar period with similar or with other terms as agreed upon between the concerned parties, except for the poles and towers factories, as they are constructed on a land owned by the Company.

f) The buildings of the subsidiary's factory with net book value amounting to SR 76.9 million as at 30 September 2020 (30 September 2019: SR 81.7 million) are constructed on a piece of land leased from the Royal Commission for Yanbu for 35years, started on 5 Rabie Thani 1427H for a nominal annual lease. Rent is renewable for concessive periods with the same terms and other terms as agreed between relevant parties.

g) The Company has studied the impairment of its property, plant and equipment of and the recoverable amount is accounted for as at 30 September 2020, based on the value-in-use for cash generating unit determined by the Group, which comprise of net operating assets of the sectors. When determining the value in use of the cash generating unit, the cash flows that were determined using the weighted average cost of capital for a five-year period were discounted at 7.26% rate before the calculation of Zakat until 2025, according to the estimated useful lives of the related plant and equipment. This study resulted in a decrease in the assets of two factories within the construction and electricity sectors (the vacuum structures factory and the electric power towers factory) with an amount of SR 7.01 million (30 September 2019: SR 2.27 million) and the decrease in the value was allocated to machinery, equipment and buildings. Value-in-use calculating is impacted and is considered highly sensitive in case of change in the following key assumptions:

- Future business plans and future performance improvements.
- Discount rate used in cash flows estimates.
- Sale prices and quantities.

5. PROPERTY, PLANT AND EQUIPMENT (continued)

h) Capital work in progress represents the following projects:

	2020	2019
Al Yamammah Solar Power Systems Factory	**5,199,086**	3,010,750
Advance to vendors	**1,198,582**	918,047
Upgrading of poles cutting lines	**348,718**	7,728
Wind Power Energy Systems Project	**277,141**	--
Galvanizing basin renovation and development project - poles	**--**	245,804
	7,023,527	4,182,329

- During the year ending 30 September 2020, the project of modernizing the buildings of the solar energy systems was completed, with an amount of SR 17.5 million represented in the work of updating the electrical and mechanical works, the construction of the administrative building and the works of renewing the fence and asphalt, and thus it was transferred to the buildings clause. The project is constructed on land leased from Modon at a nominal rent.

- During the year ending 30 September 2020, the two cutting lines in the poles factory were completed and they were capitalized on 31 January 2020, at a cost of SR 292,449.

6. LEASES

On 1 October 2019, the Group implemented IFRS 16 "Leases". The movement in the right-of-use-assets

	2020	2019
Balance at 1 October 2019	**28,815,742**	--
Additions for the year	**2,672,158**	--
Disposals during the year	**(34,100)**	--
Depreciation during the year	**(2,812,760)**	--
Balance at 30 September 2020	**28,641,040**	--

The depreciation during the year has been allocated as follows:

	Note	**2020**	2019
Cost of sales	20	**1,813,451**	--
Administrative expenses	23	**801,500**	--
Selling and marketing expenses	22	**197,809**	--
		2,812,760	--

- The movement in the lease liabilities is as follows:

	2020	2019
Balance at 1 October 2019	**27,768,959**	--
Additions for the year	**2,672,158**	--
Disposals during the year	**(34,892)**	--
Interest expenses for the year	**1,544,797**	--
Payments during the year	**(3,473,663)**	--
Balance at 30 September 2020	**28,477,359**	--

6. LEASES (continued)

- The following are the lease obligations as classified in the consolidated statement of financial position:

	2020	2019
Current liability	**2,330,504**	--
Non-current liability	**26,146,855**	--
1,	**28,477,359**	--

7. INTANGIBLE ASSETS

The intangible assets represent software and computer licenses, which are amortized over a period of 5 to 15.5 years.

Amortization charged for the year is as follows:

	Note	**2020**	2019
Cost of sales	20	**73,177**	1,393
Administrative expenses	23	**806,283**	779,950
Selling and marketing expenses	22	**28,940**	17,256
		908,400	798,599

Movement in carrying value of intangible assets was as follows:

	2020	2019
Cost		
Balance at beginning of year	**15,921,440**	14,080,554
Additions for the year	**142,576**	1,840,886
Balance at end of year	**16,064,016**	15,921,440
Accumulated Amortization		
Balance at beginning of year	**8,331,101**	7,532,502
Amortization charged on the year	**908,400**	798,599
Balance at end of year	**9,239,501**	8,331,101
Carrying value as at the end of the year	**6,824,515**	7,590,339

8. INVENTORIES

Inventories at 30 September comprise the following:

	Note	**2020**	2019
Raw materials		**370,198,266**	630,116,178
Finished goods		**77,190,179**	111,268,835
Spares not for sale		**52,145,554**	51,638,131
Work in progress		**29,512,444**	16,439,961
Goods in transit		**10,525,951**	8,751,788
		539,572,394	818,214,893
Less: Allowance for slow moving inventory items	8-a	**(10,979,785)**	(9,172,382)
		528,592,609	809,042,511

8. INVENTORIES (continued)

8-a Movement on provision for slow moving inventory during the year as follows:

	2020	2019
Balance, at beginning of the year	**9,172,382**	8.053.600
Provided during the year	**1,807,403**	1,118,782
Balance at end of year	**10,979,785**	9,172,382

9. TRADE RECEIVABLES

9.a Trade receivables comprise the following:

	Note	**2020**	2019
Trade receivables - related parties	26	**219,075,961**	128,135,215
Trade customers - other parties		**127,085,443**	90,155,981
		346,161,404	218,291,196
Less: Expected credit loss provision	9.c	**(10,515,973)**	(8,193,923)
		335,645,431	210,097,273

9.b 58% of the total sales for the year belongs to only eight customers and their outstanding balance as at 30 September 2020 SR 268,617,334 (59% at 30 September 2019: SR 154,348,449).

9.c The movement in allowance for expected credit losses during the year is as follows:

	2020	2019
Balance, at beginning of the year	**8,193,923**	6,297,159
Provided during the year	**2,322,050**	1,896,764
Balance at end of year	**10,515,973**	8,193,923

9.d Ageing of the trade receivables as at 30 September is as follows:

	2020		2019	
Duration	**Balance**	**Impairment In value**	Balance	Impairment In value
Not due	**302,341,157**	**--**	164,479,864	149,390
From 0 to 90 days	**12,737,978**	**--**	36,091,153	480,060
From 91 to 180 days	**22,036,441**	**4,447,831**	11,127,454	1,075,717
Over 181 Days	**9,045,828**	**6,068,142**	6,592,725	6,488,756
	346,161,404	**10,515,973**	218,291,196	8,193,923

Additional information related to the Group's exposure to credit and market risk is disclosed in Note 31.

10. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables comprise of the following:

	2020	2019
Payments to suppliers	**17,463,584**	12,393,030
Prepaid expenses	**7,142,871**	8,631,909
Employee's receivables	**1,635,552**	2,027,897
VAT account	**--**	2,623,680
Other debit balances	**797,618**	570,847
	27,039,625	26,247,363
Less: Provisions for doubtful debts	**(121,368)**	(121,368)
	26,918,257	26,125,995

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at September 30 comprise the following:

	2020	2019
Cash at banks - current accounts	**18,456,920**	29,104,691

12. SHARE CAPITAL

As at 30 September 2020 and 30 September 2019, the Company's authorized, subscribed and fully paid share capital amounted to SR 508 million divided into 50.8 million ordinary shares of SR 10 each.

Major shareholders as at 30 September are as follows:

	2020		2019	
	No. of shares	**Ratio**	No. of shares	Ratio
Abdulqader Almuhaidib & Sons Company *	**8,600,440**	**16.93**	8,600,440	16.93
Rashed Abdulrahman Al Rashed and Sons Company**	**8,600,440**	**16.93**	8,600,440	16.93
Al mojel Trading and Contracting Company	**5,633,720**	**11.09**	5,633,720	11.09
Al muhana Trading Company	**3,439,160**	**6.77**	3,439,160	6.77
Abdul Karim Hamed Abdul Karim Al mojel	**2,961,640**	**5.83**	2,961,640	5.83

13. STATUTORY RESERVE

In accordance with the Saudi Arabian Companies Law and the Company's By-Laws, 10% of the annual net income is required to make a statutory reserve until this reserve equals 30% of the capital. This statutory reserve is not available for distribution to the shareholders. The Company has not transferred any amounts to the statutory reserve for the year ended 30 September 2019 due to the loss incurred.

14. NON-CONTROLLING INTERESTS

a) Non-controlling interests comprise the following:

	2020	2019
Subsidiary's net assets	**505,088,097**	463.106.578
Net assets attributable to NCI (27.5%)	**138,899,226**	127,354,309

14. NON-CONTROLLING INTERESTS (continued)

b) Movement on non-controlling interests:

	2020	2019
Balance at beginning of year	**127,354,309**	126,173,210
Share of total comprehensive income	**25,294,917**	1,181,099
Dividends to non-controlling interests	**(13,750,000)**	--
Balance at end of year	**138,899,226**	127,354,309

- During the year ending 30 September 2020, the subsidiary has distributed dividends to shareholders amounting to SR 50 million in respect of non-controlling equity, including an amount of SR 13,750,000.

The following table summarizes the information relating to the Group's subsidiary that has material Non-controlling interest (NCI), before any intra group eliminations:

	2020	2019
Non-current assets	**200,199,192**	**192,097,565**
Current assets	**385,230,750**	**562,240,399**
Non-current liabilities	**(31,250,207)**	**(12,770,771)**
Current liabilities	**(49,091,638)**	**(278,460,615)**
Net assets (100%)	**505.088.097**	**463,106,578**
Carrying amount of NCI	**138,899,227**	**127,354,309**
Revenue	**987,494,767**	**295,108,895**
Income for the year	**91,961,963**	**5,137,184**
Other comprehensive income / (loss)	**19,553**	**(842,278)**
Total comprehensive income (100%)	**91,981,516**	**5,137,184**
Profit allocated to NCI	**25,294,917**	1,412,726
Other Comprehensive income / (loss) allocated to NCI	**5,377**	(231,626)

15. CREDIT FACILITIES

Bank facilities from local banks

The Group has bank facilities with total amount of SR 1.83 billion (30 September 2019: SR 1.98 million) with some local banks of which SR 898.6 were used (30 September 2019: SR 925 million), represent letters of guarantee, letters of credit, and short-term bank facilities to cover the Group's working capital requirements, as well as a long-term bank facility granted by the Arab National Bank to the Parent Company to contribute to the establishment of Al Yamamah Solar Power Systems Factory and Al Yamamah Company for Wind Energy Systems Factory and financing of working capital, in addition to the Saudi Industrial Development Fund's long-term loan to finance the expansion of Al Yamamah Electric Poles Factory and Accessories, the last installments of which were paid during June 2020. All the bank facilities bear bank commissions at the commercial rates prevailing in the market, and these facilities are guaranteed by a promissory note issued by the Parent Company and the subsidiary to the local banks.

15. CREDIT FACILITIES (continued)

a) SIDF loan

On October 31, 2013, the Company received a loan from the Saudi Industrial Development Fund for the expansion of Al Yamamah Electric Poles Factory and Accessories up to a maximum of SR 16.9 million. The loan is repayable in semi-annual installments commencing on 15 Shawwal 1436H, corresponding to 31 July 2015 and ending on 15 Rabea Al-Thani 1442H, corresponding to 30 November 2020. The loan is secured by the mortgage of the buildings and facilities constructed of constructed or that will be constructed on the land of the factory along with the factory's entire machinery, equipment, accessories, and all that is subsequently obtained for the project. The agreement includes certain conditions, including maintaining certain financial ratios. The Company has paid all due installments and loan front-end fees to the Saudi Industrial Development Fund on 4 June 2020, and work is in progress to release the aforementioned mortgage.

b) Short-term loans

Short-term loans represent outstanding amounts of overdrafts and short-term loans facilities with some commercial banks to finance the working capital of the companies of the Group,

Short term bank borrowings comprise the following:

	2020	2019
Arab National Bank	**307,753,401**	498,987,659
Banque Saudi Fransi	**89,500,000**	123,109,381
The Saudi Investment Bank	**--**	31,933,433
	397,253,401	654,030,473

c) Long term loans

Long term loans comprise the following:

	2020	2019
SIDF loan	**--**	6,911,854
Arab National Bank	**32,500,000**	40,000,000
	32,500,000	46,911,854

Long-term borrowings are presented in the consolidated balance sheet as following:

	2020	2019
Current portion under current assets	**10,000,000**	11,919,307
Non-current portion shown under non-current liabilities	**22,500,000**	34,992,547
	32,500,000	46,911,854

Non-current portion of long-term loans are due as follows:

Year	**2020**	2019
2021	**--**	12,492,547
2022	**10,000,000**	10,000,000
2023	**10,000,000**	10,000,000
2024	**2,500,000**	2,500,000
Total	**22,500,000**	34,992,547

15. CREDIT FACILITIES (continued)

d) Movement in loans

The movement in loans consists of the following:

	2020	2019
Balance at beginning of year	**700,942,327**	275,360,398
Additions for the year	**2,203,307,234**	1,767,822,239
Payments during the year	**(2,474,496,160)**	(1,342,240,310)
Balance at end of year	**429,753,401**	700,942,327

16. LIABILITY OF DISMANTLING AND DECOMMISSIONING OF PROPERTY, PLANT AND EQUIPMENT

The obligation represents the value of the liability raises from for dismantling and removing of property, plant and equipment is the amount of the liability arising from the dismantling and disposal of property, plant and equipment constructed on leased land, where the lease agreement requires the dismantling of the assets created at the end of the lease period.

During the year ending on 30 September 2019, the Group has capitalized the present value of the potential future cash flows for decommissioning and dismantling of assets established on leased land for the Al Yamamah Industrial Solar System Factory at an amount of SR 2.8 million.

The Group uses a 2% discount rate to determine the present values of the liability. The management believes that the discount rate used is a reflection of the liability terms.

The Group expects the timings of the cash outflows to be the same as the contractual terms, which range from 13 to 35 years.

	2020	2019
Balance, beginning of the year	**11.244.194**	8.258.477
Charged financial charges	**225.507**	166.952
Capitalizing the present values of future cash outflow for dismantling the solar energy systems factory	**--**	2.818.765
Balance at end of year	**11.469.701**	11.244.194

17. EMPLOYEE'S BENEFITS

a) The valuation was prepared by an independent external actuarial using the following key assumptions:

- As on 30 September 2020, the discount rate was 1.11% for the Company and 1.42% for the subsidiary annually (30 September 2019, the discount rate was 3.75% for the Company and 3.5% for the subsidiary).
- As at 30 September 2020, the rate of salary increase was 1.11% for the Company and 2.92% for the subsidiary annually (30 September 2019, the average salary increase was 3.75% for the Company and 5% for the subsidiary annually).

17. EMPLOYEE'S BENEFITS (continued)

b) The movement in the employee benefit obligations is as follows:

	2020	2019
Present value of the obligation as at the beginning of the year	**34,009,948**	30,486,414
Components of cost charged on year in statement of profit or loss:		
Current service cost	**3,850,257**	4,083,399
Interest cost	**2,148,786**	1,249,458
Total expense charged to statement of profit or loss	**5,999,043**	5,332,857
Items understatement of other comprehensive income:		
Re-measurement of employee benefit liability	**385,263**	1,049,195
Actual benefits paid during the year	**(6,070,806)**	(2,858,518)
The present value of the obligation at the end of the year	**34,323,448**	34,009,948

c) Defined benefit liability sensitivity

		2020	2019
	Base	34,323,448	34,009,948
Rate of change in salaries	Increase by 1%	**36,881,597**	36,317,133
	Decrease by 1%	**32,018,317**	31,916,505
	Base	**34,323,448**	34,009,948
Discount rate	Increase by 1%	**32,173,689**	32,066,369
	Decrease by 1%	**36,754,387**	36,192,013
Assumption of a statistical study of employees			
Membership data			
Number of employees		1,284	1,154
Average age of employees (years)		37.26	37.46
Average years of past service		5.19	5.07

d) Total analysis of the employee's payments during year is as follow:

	Note	**2020**	2019
Salaries and wages		**128,183,090**	97,335,658
Remuneration		**2,090,778**	1,500,000
Defined benefit expenses	**17 - b**	**5,999,043**	5,332,857
		136,272,911	104,168,515

18. ACCRUED EXPENSES AND OTHER PAYABLES

Accrued expenses and other payables as at 30 September comprise the following:

	2020	2019
Accrued expenses	**19,776,869**	13,954,767
Value added tax (VAT)	**11,152,973**	--
Prepayments from customers	**5,728,460**	14,195,397
Directors' remuneration and allowances	**2,887,654**	3,240,000
Accrued employee's bonus	**2,090,778**	1,500,000
Accrued financing expenses	**1,399,332**	3,271,567
Other Payables	**2,842,314**	3,581,707
	45,878,380	39,743,438

19. REVENUE

Below is the classification of the Group's revenues is as follows:

	2020	2019
Construction segment	**1,525,818,472**	781,750,811
Electric	**341,602,515**	177,524,360
	1,867,420,987	959,275,171

The majority of the sale takes place at a specific point in time upon delivery of the products. As for the revenues that occurred over a period of time, they were insignificant during the year ending on 30 September 2020 and amounted to SR 17.7 million (2020: SR 3 million).

20. COST OF SALES

Cost of sales for the year ended September 30 comprises the following:

	Note	2020	2019
Raw materials utilized		**1,476,630,852**	791,620,759
Direct Salaries, wages and equivalents		**94,417,479**	64,113,692
depreciation	5	**39,065,301**	35,482,184
Right of use asset depreciation	6	**1,813,451**	--
Amortization of intangibles	7	**73,177**	1,393
Other overheads		**53,749,453**	34,672,852
		1,665,749,713	925,890,880

21. EARNINGS (LOSS) PER SHARE

Basic earnings / (loss) per share

The calculation of basic earnings / (losses) per share has been based the distributable earnings / (losses) attributable to shareholders of ordinary shares and the weighted average number of ordinary shares outstanding at the date of the financial statements amounting to 50.8 million shares.

1) Gain / (loss) attributable to ordinary shareholders (basic)

	2020	2019
Gain / (loss) attributable to shareholders of Company	**50,656,454**	(39,876,461)
Earnings / (loss) per share attributable to Company's shareholders	0.997	(0.78)

21. EARNINGS (LOSS) PER SHARE (continued)

Basic earnings / (loss) per share

2) Weighted-average number of standing shares (basic)

	2020	2019
Issued ordinary shares at beginning of the year	50,800,000	**50,800,000**
Effect of shares issued	--	**--**
Weighted average number of shares outstanding at the end of the year	50,800,000	**50,800,000**

Diluted earnings / (loss) per share

The calculation of diluted earnings / (losses) per share has been based on the profit / (loss) distributable to shareholders on ordinary shares and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any.

During the year there were no diluted shares, accordingly the diluted earnings / (loss) per share does not differ from the basic earnings / (loss) per share.

22. SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the year ended 30 September comprise the following:

	Note	**2020**	2019
Transportation Charges		**31,344,933**	7,687,128
Salaries, wages and equivalents		**7,515,438**	7,290,783
Allocated expenses for sales discounts		**1,713,000**	--
Right of use asset depreciation	6	**197,809**	--
Depreciation	5	**69,094**	47,686
Advertising and promotion		**36,022**	198,372
Amortization of intangibles	7	**28,940**	17,256
Sales commission		**--**	1,312,886
Rent and rates		**--**	70,992
Others		**299,768**	603,790
		41,205,004	17,228,893

23. ADMINISTRATIVE EXPENSES

Administrative expenses for the year ended 30 September comprise the following:

	Note	**2020**	2019
Salaries, wages and equivalents		**32,179,994**	27,748,570
Directors' remuneration and allowances		**2,160,000**	2,051,802
depreciation	5	**2,685,058**	2,829,843
Professional and consultation fees		**2,072,941**	2,061,016
Computers support and subscription expenses		**1,861,530**	1,977,707
Electricity, telephones and courier		**1,249,894**	832,272
Amortization of intangibles	7	**806,283**	779,950
Right of use asset depreciation	6	**801,500**	--
Repair and maintenance expense		**648,167**	408,191
Traveling and transportation		**346,007**	899,757
Insurance		**195,395**	206,617
Stationery and printings		**167,948**	210,129
Rent and rates		**16,416**	183,509
Others		**1,585,837**	1,460,160
		46,776,970	41,649,523

24. OTHER OPERATING REVENUES

Other operational revenues, net for the year ended 30 September comprise the following:

	Note	2020	2019
Gains / (losses) on disposal of property, plant and equipment		**38,545**	(233,835)
Profits of leases amendment		**794**	--
Other provisions no more required	27	**--**	14,148,511
Foreign currencies exchange rates differences		**292,777**	39,717
Interest on bank deposits		**--**	1,698,689
Others		**131,684**	251,191
		463,800	15,904,273

25. CONTINGENCIES AND CAPITAL COMMITMENTS

a) At 30 September 2020, the contingent liabilities against the uncovered portion of bank guarantee letters issued by local banks on behalf of the Group amounted to SR 107.4 million (30 September 2019: 145 million).

b) At 30 September 2020, the contingent liabilities against letters of guarantees amounted to SR 361.4 million (30 September 2019: SR 86 million) issued in the in the normal course of the Group's business.

c) At 30 September 2020, the capital contingencies related to under project in progress amounted to SR 0.55 million (30 September 2019: SR 17.3 million.

26. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Related parties represent the Company's shareholders and their relatives up to the fourth generation, associated and affiliated companies and directors and key management personnel of the Group.

Transactions with related parties mainly represent purchases and goods and services rendered in accordance with agreed terms which are approved by the management and approved by the General Assembly of shareholders held on 23 Rajab 1441H, corresponding to 18 March 2020 with the following entities and parties:

26. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Related party transactions for the year ended 30 September, and balances arising there from are described below:

Transactions with related parties:	Nature of relationship	Nature of transaction	Amount of transaction		Balance as at	
			2020	2019	**2020**	2019
Under accounts receivable (Note 9):						
Abdulqader Almuhaidib & Sons Company *	Shareholder	Sales	**576,200,368**	200,998,979	**144,430,814**	69,152,653
Rashid Abdulrahman Al Rashid & Sons Company **	Shareholder	Sales	**45,206,087**	48,921,067	**19,693,512**	13,394,140
Al muhana Trading Company	Shareholder	Sales	**94,640,157**	104,189,313	**16,671,589**	11,026,140
Al Mahanna Steel Group ***	Shareholder	Sales	**66,186,399**	66,956,542	**24,934,963**	29,379,362
Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary shareholder	Sales	**64,407,849**	24,621,859	**12,475,683**	5,182,920
Al Mojel Trading Company	a shareholder	Sales	**10,804,500**	2,551,800	**869,400**	--
					219,075,961	128,135,215
Under trade payables						
Abdulqader Almuhaidib & Sons Company *	a shareholder	Purchases	**1,736,792**	174.164	**7,976**	14.175
Rashid Abdulrahman Al Rashid & Sons Company **	a shareholder	Purchases	**141,960**	106,139	**--**	--
Al muhanna Steel Group ***	a shareholder	Purchases	**13,860**	9.030	**--**	--
Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary shareholder	Purchases	**78,384**	1.063.422	**--**	--
					7,976	14.175

* Transaction with Abdul Kader Al Muhaideb & Sons Company include Masdar for Building Materials Company and Thabat construction Company limited.
** Transaction with Rashed Abdul Rahman & Sons Company include Saudi Services for Electromechanical Works Company.
*** Al Muhanna Steel Group belongs to the shareholder and BOD member Muhanna bin Abdullah Al Muhanna.

26. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise).

The salaries, wages and related costs benefits during the year amounted as follows:

	Nature of transaction	**2020**	2019
Key management personnel	Salaries, allowances and incentives	**6,498,735**	6,602,393
BOD members	Board of directors' numerations	**2,160,000**	2,051,802

27. Other provisions

a) The movement on provision during the year is as follows:

	Note	**2020**	2019
Balance, beginning of the year		**--**	14,148,511
Provision no more required	27-b	**--**	(14,148,511)
Balance at end of year		**--**	--

b) The balance of SR 14,148,511 on 30 September 2019 represents the provision for differences between the amount of electricity actually consumed and paid from the Electricity and Water Utility Company in Jubail and Yanbu ("MARAFIQ ") and the quantities agreed upon with the subsidiary in the agreed upon with the subsidiary in the so-called reserved capacity clause for the period from 1 January 2015 to 30 September 2018.

The subsidiary has received a letter from Marafiq on 28 February 2019, which includes the following:

1- Exempting the subsidiary from claims for the reserved capacity item for the years 2015 and beyond.
2- Considering the reserved capacity clause in the agreement signed with the subsidiary invalid.

Accordingly, the balance of the provision made in previous years amounting to SR 14,148,511 has been refunded and has been included in the item of other operating income in the consolidated statement of profit or loss and other comprehensive income.

28. DIVIDENDS

During the year ended 30 September 2020
No dividends were declared by the Parent Company.

During the year ended 30 September 2019
The extraordinary meeting of the Company's shareholders, which was held on 11 Rajab 1440H, corresponding to 18 March 2019, has agreed not to distribute cash dividends for the financial year ending on 30 September 2018, based on the recommendations of the Board of Directors on 13 May 2018 and 8 January 2019.

29. ZAKAT

a) Zakat base

Al Yamamah Steel Industries Company

	2020	2019
Additions		
Share capital	**508,000,000**	508,000,000
Loans and other finance resources	**32,500,000**	46,911,854
Provisions	**51,928,584**	39,997,389
adjusted net loss	**--**	(86,252,999)
Retained Earnings	**20,905,239**	61,599,269
Reserves	**63,349,244**	63,349,244
Other additions	**--**	10,490,376
Lease liabilities	**10,183,930**	--
Total additions	**686,866,997**	644,095,133
Discounts		
Property, plant and equipment (net)	**276,525,699**	234,829,770
Spare parts stock	**16,830,173**	14,958,703
Investments	**299,516,447**	332,027,812
Right-to-use assets	**10,553,624**	--
Total deductions	**603,425,943**	581,816,285
Zakat base	**83,441,054**	62,278,848
Adjusted Zakat base (365 days)	**86,033,855**	--
adjusted net loss	**(2,213,624)**	--
Total base	**83,820,231**	62,278,848
Zakat charge (Zakat base @ 2.5%)	**2,095,506**	1,556,971

Al Yamamah Company for Reinforcing Steel Bars Company

	2020	2019
Additions		
Share capital	**300,000,000**	300,000,000
Retained Earnings	**66,455,479**	112,674,291
Reserves	**46,651,101**	46,137,382
Carryover provisions	**11,874,916**	10,361,111
Adjusted gains (losses) of the year	**59,650,904**	(31,709,044)
Other additions to base	**18,323,196**	--
	502,955,596	437,463,740
Discounts		
Property, plant and equipment (net)	**152,120,985**	144,556,156
Intangible assets (net)	**698,249**	846,839
Parts	**34,551,672**	36,450,476
Total deductions	**187,370,906**	181,853,471
Zakat base	**315,584,690**	255,610269
Due Zakat 2.5% (from net zakat base)	**7,889,618**	6,390,257

29. ZAKAT (continued)

b) Charge for the year

The Company and its subsidiary file separate Zakat returns on an unconsolidated basis using the equity method of accounting. Significant components of zakat base of each company comprise of shareholders' equity, provisions as at the beginning of the year and adjusted net income, less the net book value of property, plant and equipment, and certain other items. In case of negative Zakat base, no Zakat is payable by the Company for the year.

Zakat has been calculated for the Parent Company based on the separate financial statements as at and for the year ended 30 September 2020, and Zakat is calculated for the subsidiary (Al Yamamah Company for Reinforcing Steel Bars) based on the statutory financial statements as at and for the year ended 30 September 2020.

c) Movement of Zakat provision during the year

	2020	2019
Balance, at beginning of the year	**15,201,088**	18,149,029
Add: Charge for the Year	**14,102,826**	7,530,791
Less: payments during the year	**(7,978,761)**	(10,478,732)
Balance at the end of the year	**21,325,153**	15,201,088

The management believes that the Zakat provision meets future Zakat liabilities the year ended 30 September 2020 as well as the contingent liability for additional Zakat differences in the event of the decision of the Tax Appeal Committee to recognize Zakat differences amounting to of SAR 12.2 million as explained in note (29-c).

d) Zakat status

AL YAMAMAH STEEL INDUSTRIES COMPANY

The Company has submitted Zakat declarations for the years from the beginning of the establishment until the year ended 30 September 2019. Accordingly, the Company paid the due Zakat and obtained a valid Zakat certificate up to 30 January 2021.

The Company has received Zakat assessments for the years from 2008 through 2011, in which the GAZT raised additional Zakat differences amounting to SR 9.9 million. The Company objected against the said assessments. The Company's objection was filed with the Primary Zakat & Tax Committee, according to which the Company submitted a letter of guarantee to GAZT with the claimed amount. A decision was issued by the committee to accept the objection for the fiscal year 2011.

The Tax Appeal Committee issued its decision No. (1875) dated 26/6/1439H, corresponding to 14/3/2018, that is approved by the Minister of Finance under the letter No. (4989) dated 13/6/1439H, corresponding to 1/3/2018, where the Company's appeal was formally accepted before the Primary Committee for the fiscal years ended 30/9/2008 until 30/9/2010. The resolution No. (1875) endorsed the Appeal Committee's decision to approve the deduction of the Company's contribution to the Melissa land for the fiscal year ended 30/9/2011, which represents the main item in the controversial differences of fiscal years ended 30/9/2008 until 30/9/ 2010.The Company approved the majority of the objectionable items for the fiscal year ended 30/9/2011. Therefore, the final zakat assessment for the fiscal year 2011 has not been issued to date, noting that the total differences from the fiscal years from 2008 to 2010 amounted to SR 7.5 million.

29. ZAKAT (continued)

d) Zakat status (continued)

Al Yamamah Steel Industries Company (continued)
The General Secretariat of the Tax Committees in Jeddah has requested during the month of June 2020 from the Company to set a date for the session for the lawsuit filed by the Company against the General Authority for Zakat and Tax for the fiscal years ending from 30 September 2008 till 30 September 2010, and the Company did so and received the date from the General Secretariat For Tax Committees during August 2020, which is 13 October 2020. The session was held online on that date, and the judicial authority issued a decision not to accept the lawsuit for lack of the territorial jurisdiction, and the Company will raise a new lawsuit to the General Secretariat for Tax Committees in Riyadh for these years.

On 23 March 2020, the General Authority of Zakat & Tax has requested some detailed and analytical documents and data for the years from 30 September 2015 to 30 September 2019, and the Company has provided them to GAZT during May 2020. During the month of September 2020, GAZT has provided the Company with the initial zakat assessments for the fiscal years 2015 through 2019, and GAZT has requested the Company to provide them - if desired - with documents that could reduce the zakat differences for these years, and the Company has provided GAZT with them during the same month. GAZT has issued the modified zakat assessments for these fiscal years during the month of October 2020, which showed zakat differences amounting to about SR 4.7 million, and the Company will object against the zakat differences during December 2020.

No assessment has been received for the years from 2012 to 2014.

Al Yamamah Company for Reinforcing Steel Bars
The Company submitted its Zakat declarations for the years since incorporation till the year ended 30 September 2019 and paid the due Zakat according to these declarations and obtained final Zakat certificate valid until 30 January 2021. The Company has finalized its Zakat status with GAZT from date of incorporation till the fiscal year ended 30 September 2016. As for the fiscal years ended 30 September 2017 and 30 September 2018, they are still under review by GAZT and no zakat assessments have been issued for them to date. The Company has received a final revised zakat assessment for the fiscal year ended on 30 September 2019, with an amount of SR 983,963 on 27/02/2020, and the Company submitted an objection against these differences, which was received by GAZT on 23/07/1441H, corresponding to 18/03/2020, and GAZT refused this objection on 11/05/2020. During the month of June 2020, the Company has filed a grievance with the General Secretariat of the Tax Committees on GAZT's decision to reject the object.

30. SEGMENTAL INFORMATION

The presentation of key segments is determined on the basis that the risks and rewards of the Group are substantially affected by the differences in the products of those segments. These segments are organized and managed separately according to the nature of the services and products, each forming a separate unit. The operational segments set out below are determined by distinguishing business activities from which the Group generates revenues and incurs costs.

The economic characteristics are reviewed, and the operating segments are aggregated on the basis of the organization made by the Chief Operating Decision Maker at least every quarter and reviewed by Group's senior management.
The Group is operating its activities in the Kingdom of Saudi Arabia through the following main business sectors:

30. SEGMENTAL INFORMATION (continued)

The construction sector includes the following:

a) Production of steel pipes
b) Al Yamamah Factory for Reinforcing Steel Bars
c) Factory of Space Frame Structures

Electricity sector including:

a) Electric Power Towers Factory.
b) ALyamamah Electrical Poles Factory & Accessories'.
c) Al Yamamah Solar Power Systems Factory

Others:

Represent properties belong to the public administration.

	Segment Reporting			
As at and for the year ended	**Construction segment**	**Electricity segment**	**Others**	**Total**
At 30 September 2020				
Revenue	1,525,818,472	341,602,515	--	1,867,420,987
Cost of sales	(1,332,075,106)	(333,674,607)	--	(1,665,749,713)
Net gain / (loss) for the segment	112,100,234	(36,154,240)	--	75,945,994
Segment assets	932,252,244	445,916,218	18,723,270	1,396,891,732
Segment liabilities	485,545,295	111,788,457	18,138,457	615,472,209

	Segment Reporting			
As at and for the year ended	Construction segment	**Electricity segment**	Others	Total
At 30 September 2019				
Revenue	781,750,811	177,524,360	--	959,275,171
Cost of sales	(759,635,955)	(166,254,925)	--	(925,890,880)
Net segment loss	(20,227,776)	(18,235,960)	--	(38,463,736)
Segment assets	1,150,147,013	391,099,590	10,878,081	1,552,124,684
Segment liabilities	625,085,065	195,555,452	11,875,375	832,515,892

31. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value and cash flow, interest rate risks and price risk), credit risk and liquidity risk.
The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Financial risk management framework

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

31. FINANCIAL RISK MANAGEMENT (continued)

Financial risk management framework (continued)

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets, and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, 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 audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the balance sheet include cash and cash equivalents, trade and other receivables, loans, trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Market risk

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

Interest rate risk

The loans obtained by the Group are carried at variable interest rates based at prevailing market interest rates.

	Book value as of 30 September 2020	Book value as of 30 September 2019
Variable rate instruments		
Borrowings	**429,753,401**	700,942,327

The table below reflects the possible change of 100 basis points in interest rates at the reporting date on profit or loss assuming all other variables remain constant.

	Gain / (loss) 2020		Profit / (loss) 2019	
	Increase in basis points of related to commission rates **100 bps**	Decrease in basis points of related commission rates **100 bps**	Increase in basis points of related to commission rates **100 bps**	Decrease in basis points of related commission rates **100 bps**
Borrowings	**(4,297,534)**	**4,297,534**	(7,009,423)	7,009,423

31. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Group is not significantly exposed to fluctuations in foreign exchange rates during its normal course of business, as the Group's core transactions during the period were denominated in Saudi Riyals and US Dollars. Thus, there are no significant risks associated with transactions and balances denominated in US Dollars.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers, which are based on comprehensive customer ratings and past repayment rates.

The management also continuously monitors the credit exposure related to its customers and makes provision against the expected credit losses. Standing balances of customers are continuously monitored. Cash and cash equivalents are placed with national banks with sound credit ratings. Trade and other receivables are mainly due from local customers and 86% the Group’s trade receivables are due from eight main customers. Trade receivables are stated at their estimated realizable values.

The Group's gross maximum exposure to credit risk is as follows:

	2020	2019
Financial assets		
Trade receivables	**335,645,431**	210,097,273
Bank balances	**18,456,920**	29,104,691
	354,102,351	239,201,964

	2020	2019
Financial assets		
Secured *	**70,114,959**	63,487,535
Unsecured **	**283,987,392**	175,714,429
	354,102,351	239,201,964

** As of 30 September 2020, secured financial assets include bank balances and trade receivables amounting to SR 51,65 million secured by bank guarantees (30 September 2019: SR 34.38 million).

** As of 30 September 2020, secured and non-secured financial assets include trade receivables amounting to SR 219,075,961 due from related parties (30 September 2019: SR 128,135,215).

31. FINANCIAL RISK MANAGEMENT (continued)

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 financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available. The concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets. The following is the contractual maturities for financial liabilities at the end of the period, which are presented in gross and undiscounted amounts:

	Undiscounted contractual cash flows					
30 September 2020	**1 year or less**	1 year to 3 years)	3 years or More	Interest accruals for future periods	Total contractual maturity	Total Carrying value
Non-derivative financial liabilities						
Loans	**407,253,401**	**22,500,000**	**--**	**2,882,148**	**432,635,549**	**429,753,401**
Trade payables	**44,244,767**	**--**	**--**	**--**	**44,244,767**	**44,244,767**
Lease liabilities	**2,330,503**	**3,932,764**	**22,214,092**	**14,334,968**	**42,812,327**	**28,477,359**
Accrued expenses and other payables	**45,878,380**	**--**	**--**	**--**	**45,878,380**	**45,878,380**
	499,707,051	**26,432,764**	**22,214,092**	**17,217,116**	**565,571,023**	**548,353,907**

	Undiscounted contractual cash flows					
30 September 2019	1 year or less	1 year to 3 years)	3 years or More	Interest accruals for future periods	Total contractual maturity	Total Carrying value
Non-derivative financial liabilities						
Loans	665,949,780	32,492,547	2,500,000	8,110,814	709,053,141	700,942,327
Trade payables	31,374,897	--	--	--	31,374,897	31,374,897
Accrued expenses and other payables	39,743,438	--	--	--	39,743,438	39,743,438
	737,068,115	32,492,547	2,500,000	8,110,814	780,171,476	772,060,662

- It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. and to maintain a strong capital base to support the sustained development of its businesses.

31. FINANCIAL RISK MANAGEMENT (continued)

The Group adjusted net debt to net equity ratio was as follows:

	2020	2019
Total obligations	**615,472,209**	832,515,892
Less: Cash and cash equivalents	**(18,456,920)**	(29,104,691)
Net obligations	**597,015,289**	803,411,201
Total equity	**781,419,523**	719,608,792
Adjusted shareholders' equity	**781,419,523**	719,608,792
Net obligations to equity	**0.76**	1.12

The below table shows the carrying amounts and fair values of the financial assets and liabilities including their levels in the fair value hierarchy.

	30 September 2020					
	Carrying value		**Fair value**			
Financial Assets	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Trade receivables	**335,645,431**	**335,645,431**	--	--	--	--
Cash and cash equivalents	**18,456,920**	**18,456,920**	--	--	--	--
	354,102,351	**354,102,351**	--	--	--	--
Financial liabilities						
Loans and facilities	**429,753,401**	**429,753,401**	--	--	--	--
Trade payables	**44,244,767**	**44,244,767**	--	--	--	--
	473,998,168	**473,998,168**	--	--	--	--

	30 September 2019					
	Carrying value		Fair value			
Financial Assets	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Trade receivables	210.097.273	210.097.273	--	--	--	--
Cash and cash equivalents	29,104,691	29,104,691	--	--	--	--
	239.201.964	239.201.964	--	--	--	--
Financial liabilities						
Loans and facilities	700,942,327	700,942,327	--	--	--	--
Trade payables	31,374,897	31,374,897	--	--	--	--
	732,317,224	732,317,224	--	--	--	--

32. FINANCE COSTS

Financial charges for the year ended 30 September comprise the following:

	Note	**2020**	2019
Charged finance cost related to the loans		**20,011,926**	19,279,377
Undiscounted finance charges for the provision for dismantling and decommissioning of property, plant and equipment		**225,507**	166,952
Interest expense charged on long-term lease liabilities	6	**1,544,797**	--
Finance costs as included in the statement of profit or loss and other comprehensive income		**21,782,230**	19,446,329
Add			
Finance cost charged on the statement of profit or loss under employee's benefits obligations	17	**2,148,786**	1,249,458
Total finance costs		**23,931,016**	20,695,787

33. SUBSEQUENT EVENTS

The Management believes that there are no significant subsequent events since the end of the year that may impact the Group's financial position or disclosures in the financial statements than those disclosed.

34. SIGNIFICANT EVENTS

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The financial and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications. The Group has formed a work team to assess the expected impacts on the Group's business inside and outside the Kingdom (if any), and to conduct a preliminary study for the purpose of reviewing and evaluating potential risks related to the raw materials supply chain, human resources, current stock levels, and ensuring the continued operation of production facilities for the Group's companies without interruption.

The uncertainties caused by COVID-19, have required to update the inputs and assumptions used for the determination of expected credit losses as at 30 September 2020. ECLs were estimated based on a range of forecast economic conditions as at that date and considering that the situation is fast evolving, the Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

In addition, the Group has taken special considerations regarding the impact of (Covid-19) on the qualitative and quantitative factors when determining whether there are indicators of impairment in the value of non-financial assets, the results of which were reflected in the decline in the value of non-financial assets as at that date.

The Group has taken into consideration the potential effects of the current economic fluctuations in determining the reported amounts of its financial and non-financial assets. These are management's best estimates in light of the information currently available. However, these reported amounts remain highly sensitive to market fluctuations.

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Group continues to prepare the financial statements on the going concern basis.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the Board of Directors on 13 Jumada Al-Awwal 1442H, corresponding to 28 (corresponding to 28 December 2020).