

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three months period ended 31 December 2020  
With  
**INDEPENDENT AUDITORS' REPORT ON REVIEW**



**KPMG Al Fozan & Partners**  
**Certified Public Accountants**  
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License No. 46/11/323 issued 11/3/1992

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

To the Shareholders of Al Yamamah Steel Industries Company

## Introduction

We have reviewed as at 31 December 2020 the accompanying condensed consolidated interim financial statements of Al Yamamah Steel Industries Company ("the Company") and its subsidiary, collectively referred to as ("the Group") which comprise:

- the condensed consolidated interim statement of financial position as at 31 December 2020,
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month period ended 31 December 2020.
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 December 2020,
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 December 2020, and
- the notes to the condensed consolidated interim financial statements.

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

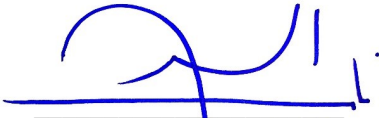
## Scope of review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 December 2020 condensed consolidated interim financial statements of Al Yamamah Steel Industries Company (the "Company") and its subsidiary, collectively referred to as ("the Group") are not prepared, in all material respects, in accordance with IAS (34), 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

**For KPMG Al Fozan & Partners**  
**Certified Public Accountants**

  
Nasser Ahmed Al Shutairy  
License No. 454



Jeddah, 26 Jumada Al-Thani 1442H  
Corresponding to 8 February 2021



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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

As at 31 December 2020

(Expressed in Saudi Arabian Riyals)

	Note	31 December 2020 (unaudited)	30 September 2020 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	444,085,676	451,812,960
Intangible assets		6,593,159	6,824,515
Right-to-use assets	6	28,377,943	28,641,040
<b>Total non-current assets</b>		<b>479,056,778</b>	<b>487,278,515</b>
<b>Current assets</b>			
Inventories	7	678,827,314	528,592,609
Trade receivables	8	302,056,127	335,645,431
Prepayments and other receivables		31,360,660	26,918,257
Cash and cash equivalents		24,088,837	18,456,920
<b>Total current assets</b>		<b>1,036,332,938</b>	<b>909,613,217</b>
<b>Total assets</b>		<b>1,515,389,716</b>	<b>1,396,891,732</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' Equity</b>			
Share capital	1	508,000,000	508,000,000
Statutory reserve		72,681,413	68,414,889
Retained earnings		104,504,119	66,105,408
<b>Total equity attributable to shareholders of the Company</b>		<b>685,185,532</b>	<b>642,520,297</b>
Non-controlling interests		148,002,483	138,899,226
<b>Total equity</b>		<b>833,188,015</b>	<b>781,419,523</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term loans	9.c	20,000,000	22,500,000
Liability of dismantling and removing of property, plant and equipment		11,527,094	11,469,701
Employee benefits		32,885,280	34,323,448
Lease liabilities	6	24,953,020	26,146,855
<b>Total non-current liabilities</b>		<b>89,365,394</b>	<b>94,440,004</b>
<b>Current liabilities</b>			
Short-term borrowings	9.a	460,647,151	397,253,401
Long-term loans – current portion	9.c	10,000,000	10,000,000
Trade payables		41,712,330	44,244,767
Accrued expenses and other payables		53,067,531	45,878,380
Provision for Zakat	10	23,486,114	21,325,153
Lease liabilities	6	3,923,181	2,330,504
<b>Total current liabilities</b>		<b>592,836,307</b>	<b>521,032,205</b>
<b>Total liabilities</b>		<b>682,201,701</b>	<b>615,472,209</b>
<b>Total equity and liabilities</b>		<b>1,515,389,716</b>	<b>1,396,891,732</b>

The board of directors has approved these financial statements on 13 Jumada Al-Thani corresponding to 8 February 2021.

Chief Financial Officer

Chief Executive Officer

Vice Chairman

  
Mohammad Abu Farhah

  
Yousef Bazaid

  
Raed Al-Mudalfeh

The accompanying notes through 1 to 17 form an integral part of these condensed consolidated interim financial statements (unaudited)



**AL YAMAMAH STEEL INDUSTRIES COMPANY**

(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the three months period ended 31 December 2020

(Expressed in Saudi Arabian Riyals)


	<u>Note</u>	<u>2020</u> (unaudited)	<u>2019</u> (unaudited)
<b>Revenue</b>		434,867,731	405,394,138
Cost of Sales		(355,628,772)	(386,499,807)
<b>Gross profit</b>		<u>79,238,959</u>	<u>18,894,331</u>
Other operating revenues		87,865	250,715
Selling and Marketing expenses		(7,761,563)	(7,555,892)
Administrative expenses		(10,823,709)	(10,612,736)
<b>Profit from operation</b>		<u>60,741,552</u>	<u>976,418</u>
Financial charges		(3,598,009)	(7,033,844)
Profit / (loss) before zakat		<u>57,143,543</u>	<u>(6,057,426)</u>
Zakat	10	(5,375,051)	(2,180,798)
<b>Profit / (loss)</b>		<u>51,768,492</u>	<u>(8,238,224)</u>
<b>Other comprehensive income items:</b>			
<b>Items that will not be reclassified under profit or loss:</b>			
Re-measurement of employee benefit liabilities		--	--
<b>Total other comprehensive income</b>		--	--
<b>Total comprehensive income / (loss)</b>		<u>51,768,492</u>	<u>(8,238,224)</u>
<b>Profit / (loss) attributable to:</b>			
Shareholders of the Company		42,665,235	(7,584,411)
Non-controlling interests		9,103,257	(653,813)
		<u>51,768,492</u>	<u>(8,238,224)</u>
<b>Total comprehensive income / (loss) attributable to:</b>			
Shareholders of the Company		42,665,235	(7,584,411)
Non-controlling interests		9,103,257	(653,813)
		<u>51,768,492</u>	<u>(8,238,224)</u>
<b>Earnings / (loss) per share to net income / (loss) for the period:</b>	11		
Basic		<u>0.84</u>	<u>(0.15)</u>
Diluted		<u>0.84</u>	<u>(0.15)</u>

The board of directors has approved these financial statements on 13 Jumada Al-Thani corresponding to 8 February 2021.

Chief Financial Officer

Chief Executive Officer

Vice Chairman



Mohammad Abu Farhah



Yousef Bazaid



Raed Al-Mudaiheem

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AL YAMAMAH STEEL INDUSTRIES COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months period ended 31 December 2020

(Expressed in Saudi Arabian Riyals)

	Equity attributable to equity holders of the Company				Non-controlling interests	Total shareholders' equity
	Share capital	Statutory reserve	Retained earnings	Total		
<b>For the three months period ended 31 December 2020</b>						
Balance at 1 October 2020 (audited)	508,000,000	68,414,889	66,105,408	642,520,297	138,899,226	781,419,523
Comprehensive income for the period	--	--	42,665,235	42,665,235	9,103,257	51,768,492
Profit for the period	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
<b>Total comprehensive income for the period (unaudited)</b>			<b>42,665,235</b>	<b>42,665,235</b>	<b>9,103,257</b>	<b>51,768,492</b>
<b>Transactions with shareholders of the Company</b>						
Transferred to statutory reserve	--	4,266,524	(4,266,524)	--	--	--
<b>Total transactions with Shareholders of the Company</b>		<b>4,266,524</b>	<b>(4,266,524)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Balance at 31 December 2020 (unaudited)</b>	<b>508,000,000</b>	<b>72,681,413</b>	<b>104,504,119</b>	<b>685,185,532</b>	<b>148,002,483</b>	<b>833,188,015</b>
<b>For the three-month period ended 31 December 2019</b>						
Balance at 1 October 2019 (audited)	508,000,000	63,349,244	20,905,239	592,254,483	127,354,309	719,608,792
Comprehensive loss for the period	--	--	(7,584,411)	(7,584,411)	(653,813)	(8,238,224)
Loss for the period	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
<b>Total comprehensive loss for the period</b>			<b>(7,584,411)</b>	<b>(7,584,411)</b>	<b>(653,813)</b>	<b>(8,238,224)</b>
<b>Balance at 31 December 2019 (unaudited)</b>	<b>508,000,000</b>	<b>63,349,244</b>	<b>13,320,828</b>	<b>584,670,072</b>	<b>126,700,496</b>	<b>711,370,568</b>

The board of directors has approved these financial statements on 13 Jumada Al-Thani corresponding to 8 February 2021.

Chief Financial Officer

Vice Chairman

  
Mohammed Abu Farhah

  
Rashed Al-Mudaiheem

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

For the three months period ended 31 december 2020

(Expressed in Saudi Arabian Riyals)

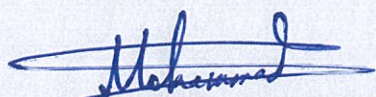
	<u>Note</u>	<u>2020</u> (unaudited)	<u>2019</u> (unaudited)
<b><u>Operating activities</u></b>			
<b>Income / (loss) for the period before Zakat</b>		<b>57,143,543</b>	<b>(6,057,426)</b>
<b>Adjustments:</b>			
Depreciation on property, plant and equipment		10,438,475	10,945,281
Amortization of intangibles		231,356	228,334
Gains on disposal of property, plant and equipment		(25,804)	(29,091)
Depreciation of right-to-use assets	6	643,700	650,067
Finance costs		3,598,009	7,033,844
Provision for employee benefits charged for the period		1,295,471	1,433,723
		<u>73,324,750</u>	<u>14,204,732</u>
<b><u>Changes in operating assets and liabilities</u></b>			
Trade receivables		33,589,304	(80,497,967)
Inventories		(150,234,705)	230,941,180
Prepayments and other receivables		(4,442,403)	(7,713,373)
Trade payables		(2,532,437)	(6,183,541)
Accrued expenses and other current receivables		7,270,651	(5,349,281)
<b>Cash (used in) / generated from operating activities</b>		<b>(43,024,840)</b>	<b>145,401,750</b>
Paid Zakat during the year	10	(3,214,090)	--
Paid employee's benefits during the period		(2,733,639)	(539,088)
<b>Net cash (used in) / generated from operating activities</b>		<b>(48,972,569)</b>	<b>144,862,662</b>
<b><u>Investing activities</u></b>			
Purchase of property, plant and equipment		(2,798,742)	(5,358,284)
Proceeds from disposal of property, plant and equipment		113,355	29,091
<b>Net cash used in investing activities</b>		<b>(2,685,387)</b>	<b>(5,329,193)</b>
Proceeds from loans and credit facilities		607,712,092	384,457,561
Payment for loans and credit facilities		(546,818,342)	(517,272,814)
Finance costs paid		(3,215,799)	(5,928,948)
Payment of lease obligations	6	(388,078)	(152,279)
<b>Net cash from / (used in) financing activities</b>		<b>57,289,873</b>	<b>(138,896,480)</b>
Change in cash and cash equivalents		5,631,917	636,989
Cash and cash equivalents at the beginning of period		18,456,920	29,104,691
Cash and cash equivalents at end of the period		<u>24,088,837</u>	<u>29,741,680</u>
<b><u>Other non-cash transactions</u></b>			
Undiscounted finance charges for dismantling assets constructed on leased land		57,393	92,705
Increase in the right to use assets in exchange against the increase in lease obligations	6	380,603	1,121,505
Accrued financial charges		--	396,540

The board of directors has approved these financial statements on 13 Jumada Al-Thani corresponding to 8 February 2021.

Chief Financial Officer

Chief Executive Officer

Vice Chairman



Mohammad Abu Farhah



Yousef Bazaid



Raed Al-Mudaiheem

The accompanying notes through 1 to 17 form an integral part of these condensed consolidated interim financial statements (unaudited)



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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

As at 31 December 2020

**1. COMPANY AND PRINCIPAL ACTIVITIES**

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:

<u>Factory</u>	<u>City</u>	<u>Commercial Registration Number</u>	<u>Date of CR</u>
Al Yamamah Steel Industries	Jeddah	4030068043	28/4/1410H
Al Yamamah for Electric Poles	Jeddah	4030148938	9/3/1425H
Al Yamamah Steel Industries	Dammam	2050059045	7/3/1429H
Al Yamamah for Production of Electric Power Towers	Jeddah	4030180886	9/7/1429H
Al Yamammah Solar Power Systems	Jeddah	4030304080	9/9/1439H
Al Yamamah Wind Power Systems (under construction)	Jeddah	4030304267	13/9/1439H

As at 31 December 2020, the authorized, subscribed and fully paid share capital amounted 508 million (30 September 2020: SR 508 million) divided into 50.8 million shares (30 September 2020: 50.8 million) shares of SR 10 each (30 September 2020: SR 10).

The condensed consolidated interim 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”):

<u>Company name</u>	<u>County of incorporation</u>	<u>Ownership percentage</u>
Al Yamamah Company for Reinforcing Steel Bars Company	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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

As at 31 December 2020

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**2. BASIS OF PREPERATION**

**a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (“SOCPA”) These condensed consolidated interim financial statements must be read in conjunction with the Group's prior year consolidated financial statements as of September 30, 2020 (“Previous Year's Financial Statements”). These condensed consolidated interim financial statements do not include all of the information required for a complete set of IFRS financial statements, however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements. In addition, the results for the three month period ended 31 December 2020 are not necessarily indicative of the results that may be expected for the financial year ending 30 September 2021.

**b) Basis of measurement**

The accompanying condensed consolidated interim financial statements have been 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**

These condensed consolidated interim financial statements are presented in Saudi Arabian Riyals which is the functional and presentation currency of the all companies of the Group.

**d) Use of judgements and estimates**

The preparation of the condensed consolidated interim 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 Company’s accounting policies correspond to the disclosed policies in last year’s financial statements.

**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.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

As at 31 December 2020

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**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Basis of consolidation**

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiary set forth in Note 1. Control is achieved when the Group is exposed, or has rights to returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group controls an investee if and only if the Group has:

1. Control over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
2. Exposure to rights in variable returns from its involvement with the investee.
3. The ability to use its power over the investee to affect its returns.

The Group reassesses whether it has control over the investee if facts and circumstances indicate that there have been changes in one of the above-mentioned elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of an acquired or disposed of subsidiary during the period are included in the consolidated financial statements from the date the Group gains control until the date the control ceases.

Profits, losses and all components of other comprehensive income are attributable to the equity holders of the Parent Company of the Group and to the holders of non-controlling interests, even if this results in a deficit balance in favor of the non-controlling interest holders. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group balances and financial transactions resulting from transactions between the Group and the subsidiary and those arising between the subsidiaries are eliminated in preparing these consolidated financial statements. Also, any unrealized gains or losses resulting from internal transactions in the Group are eliminated upon consolidation of the financial statements.

Any change in shareholding interests in the subsidiary, without loss of control, is accounted for as an equity transaction, and when the Group loses control on the subsidiary it and does the following:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- De-recognition of the carrying amount of any non-controlling interest.
- Recognizes the fair value of consideration received
- Recognizes the fair value of any investment retained
- surplus or deficit are recognized in profit or loss.

The Parent Company's share of the aforementioned components within other comprehensive income is reclassified under profit, loss or retained earnings, as would be required if the Group had directly disposed of the related assets or liabilities.

**Eliminated transactions**

Intra-group balances and transactions, as well as any unrealized gains or losses resulting from internal transactions between the Group's companies, are completely eliminated when preparing these consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but to the extent that there is no evidence of impairment.

**Non-controlling interests**

The non-controlling interests in the net assets of the consolidated subsidiary are recognized separately from the Group's equity in the net assets. Non-controlling interests consist of the amounts of those interests that are recognized at the date of the original business combination in addition to their shares in the changes in equity in the Company that occur after the date of acquisition.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

As at 31 December 2020

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.2 Significant accounting policies**

The accounting policies applied by the Group in preparing the interim condensed consolidated financial statements are consistent with those used in preparing the annual consolidated financial statements of the Group for the year ended 30 September 2020.

**3.3 Standards issued and not yet effective**

Standards and amendments issued but not yet effective up to the date of issuance of the Group's condensed consolidated interim financial statements are listed below. The Group does not expect a material impact on the condensed consolidated interim financial statements if the below standards and amendments are applied.

<b>Effective for annual periods beginning on or after</b>	<b>New standards or amendments</b>
1 January 2021	IFRS 17 "Insurance Contracts"
1 January 2022	Definition of a Business (Amendments to IFRS 1 "Presentation of Financial Statements")
Available for optional adoption/effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

**4. 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 assessment made by the Chief Operating Decision Maker at least every quarter and reviewed by senior management of the Group.

The Group is operating its activities in the Kingdom of Saudi Arabia through the following main business sectors:

**The construction sector includes the following:**

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

**Electricity sector including:**

- a) Al Yamamah 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.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

As at 31 December 2020

**4. Segment information (continued)**

31 December 2020 Expressed in Saudi Arabian Riyals (Unaudited)	Segment reporting			
	Construction Segment	Electricity Segment	Other	Total
Revenue	323,823,098	111,044,633	--	434,867,731
Sales cost	(256,964,529)	(98,664,243)	--	(355,628,772)
Segment profit	50,015,697	1,752,795	--	51,768,492
Segment assets	1,086,385,518	410,194,746	18,809,452	1,515,389,716
Segment liabilities	450,663,279	207,294,236	24,244,186	682,201,701

31 December 2019 (Unaudited)	Segment Reporting			
	Construction Segment	Electricity Segment	Other	Total
Revenue	331,963,768	73,430,370	--	405,394,138
Sales cost	(315,802,410)	(70,697,397)	--	(386,499,807)
Segment loss	(1,579,190)	(6,659,034)	--	(8,238,224)
Segment assets	1,104,831,852	303,335,538	23,484,273	1,431,651,663
Segment liabilities	496,380,681	210,164,815	13,735,599	720,281,095

**5. PROPERTY, PLANT AND EQUIPMENT**

a) The following is a statement of the net book value of property, plant and equipment:

	31 December 2020 (Unaudited) Saudi Riyal	30 September 2020 (Audited) Saudi Riyal
Total Cost	861,783,350	859,200,926
Total compound depreciation	(410,687,072)	(400,377,364)
Impairment losses	(7,010,602)	(7,010,602)
<b>Net carrying amount</b>	<b>444,085,676</b>	<b>451,812,960</b>

b) 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 31 December 2020 amounted to SR 47.70 million ( 30 September 2020: SR 49.82 million). The Company has paid all installments due to the Saudi Industrial Development Fund on 4 June 2020 and has received the approval of the Saudi Industrial Development Fund to release the mortgage, and the Company will receive the original instrument during February 2021.

c) The Company's buildings with net book value amounted to SR 123.03 million as at 31 December 2020 (30 September 2020: SR 125.5 million) are constructed on lands leased from the Saudi Authority for Industrial Cities and Technical Areas (MODON) for 20 years, started on 29 Shawal 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.



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**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

- d) The buildings of the subsidiary's factory with net book value amounting to SR 75.6 million as at 31 December 2020 (30 September 2020: SR 76.9 million) are constructed on a piece of land leased from the Royal Commission for Yanbu for 35 years, started on 5 Rabi Al-Thani 1427H for a nominal annual lease. Rent is renewable for concessive periods with the same terms or other terms as agreed between relevant parties.

- e) The property, plant and equipment include the following projects in progress:

	<b>31 December 2020 (Unaudited)</b>	30 September 2020 (Audited)
Al Yamammah Solar Power Systems Factory	5,535,174	5,199,086
Prepayments to vendors	2,804,358	1,198,582
Wind Power Energy Systems Project	320,256	277,141
Galvanizing basin renovation and development project - poles	348,717	--
Other	5,067	348,718
	<b>9,013,572</b>	<b>7,023,527</b>

**6. LEASE CONTRACTS**

As at 1 October 2019, the Group implemented IFRS 16 "Lease Contracts". The movement in the right-of-use-assets

	<b>31 December 2020 (Unaudited) Expressed in Saudi Arabian Riyals</b>	30 September 2020 (Audited) Expressed in Saudi Arabian Riyals
Balance at 1 October	28,641,040	28,815,742
Additions during the period / year	380,603	2,672,158
Disposals during the period / year	--	(34,100)
Depreciation during the period / year	(643,700)	(2,812,760)
Balance at end of the period/year	<b>28,377,943</b>	<b>28,641,040</b>

- The movement in the lease liabilities is as follows:

	<b>31 December 2020 (Unaudited) Expressed in Saudi Arabian Riyals</b>	30 September 2020 (Audited) Expressed in Saudi Arabian Riyals
Balance at 1 October	28,477,359	27,768,959
Additions during the period / year	380,603	2,672,158
Disposals during the period / year	--	(34,892)
Interest expenses for the period / year	406,317	1,544,797
Settled during the period/year	(388,078)	(3,473,663)
Balance at end of the period/year	<b>28,876,201</b>	<b>28,477,359</b>

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**6. LEASE CONTRACTS (continued)**

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

	<b>31 December 2020 (Unaudited) Expressed in Saudi Arabian Riyals</b>	<b>30 September 2020 (Audited) Expressed in Saudi Arabian Riyals</b>
Current liability	3,923,181	2,330,504
Non-current liability	24,953,020	26,146,855
	<u>28,876,201</u>	<u>28,477,359</u>

**7. INVENTORIES**

Inventories comprise the following:

	<b>31 December 2020 (Unaudited) Expressed in Saudi Arabian Riyals</b>	<b>30 September 2020 (Audited) Expressed in Saudi Arabian Riyals</b>
Raw materials	519,734,207	370,198,266
Finished goods	78,786,660	77,190,179
Work in progress	24,552,319	29,512,444
Spare parts	53,334,475	52,145,554
Goods in transit	13,399,438	10,525,951
	<u>689,807,099</u>	<u>539,572,394</u>
Less: Allowance for slow moving inventory items	7.a (10,979,785)	(10,979,785)
	<u>678,827,314</u>	<u>528,592,609</u>

7.a Movement on provision for slow moving inventory during the year as follows:

	<b>31 December 2020 (Unaudited) Expressed in Saudi Arabian Riyals</b>	<b>30 September 2020 (Audited) Expressed in Saudi Arabian Riyals</b>
Balance at beginning of the period/year	10,979,785	9,172,382
Provided during the period/year	--	1,807,403
Balance at end of the period/year	<u>10,979,785</u>	<u>10,979,785</u>



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**8. TRADE RECEIVABLES**

a. Trade receivables comprise of the following:

	<u>Note</u>	<b>31 December 2020</b> (Unaudited) Expressed in Saudi Arabian Riyals	<b>30 September 2020</b> (Audited) Expressed in Saudi Arabian Riyals
Trade receivables - Related parties	13	<b>193,612,187</b>	219,075,961
Trade customers - Others		<b>118,959,913</b>	127,085,443
Total		<b>312,572,100</b>	346,161,404
Less: Expected credit loss provision		<b>(10,515,973)</b>	(10,515,973)
		<b>302,056,127</b>	335,645,431

b. The movement in allowance for expected credit losses during the period / year is as follows:

	<b>31 December 2020</b> (Unaudited) Expressed in Saudi Arabian Riyals	<b>30 September 2020</b> (Audited) Expressed in Saudi Arabian Riyals
Balance at beginning of period/year	<b>10,515,973</b>	8,193,923
Provided during the period/year	--	2,322,050
<b>Balance at end of the period/year</b>	<b>10,515,973</b>	10,515,973

c. As at 31 December 2020, the percent of 63% of the total sales for the period relates to only eight customers, whose outstanding balance amounted to SR 243,428,106 (59% on 30 September 2020: SR 268,617,334).

d. The ageing of trade receivables as at the reporting date is as follows:

<u>Duration</u>	<u>31 December 2020</u>		<u>30 September 2020</u>	
	<u>Balance</u> (Unaudited) Expressed in Saudi Arabian Riyals	<u>Impairment In value</u> (Unaudited) Expressed in Saudi Arabian Riyals	<u>Balance</u> (Audited) Expressed in Saudi Arabian Riyals	<u>Impairment In value</u> (Audited) Expressed in Saudi Arabian Riyals
Not due	<b>278,716,304</b>	--	302,341,157	--
From 0 to 90 days	<b>10,317,245</b>	--	12,737,978	--
From 91 to 180 days	<b>12,967,264</b>	<b>4,447,831</b>	22,036,441	4,447,831
Over 181 Days	<b>10,571,287</b>	<b>6,068,142</b>	9,045,828	6,068,142
	<b>312,572,100</b>	<b>10,515,973</b>	346,161,404	10,515,973

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**9. BANK FACILITIES**

**Bank facilities from local banks**

As at 31 December 2020, the Group has bank financing facilities with total amount of SR 1,83 billion (30 September 2020: SR 1.83 billion) with some local banks of which SR 825 million were used (30 September 2020: SR 898.6 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 for Solar Energy 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 Factory for Electric Poles 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 notes issued by the Parent Company and the subsidiary to the local banks.

a) **Short-term borrowings**

Short-term loans represents outstanding amounts of overdrafts and short term loans facilities with some commercial banks to finance working capital requirements.

Short term bank borrowings comprise the following:

	<b>31 December 2020 (Unaudited)</b> <b>Expressed in Saudi Arabian Riyals</b>	<b>30 September 2020 (Audited)</b> <b>Expressed in Saudi Arabian Riyals</b>
Arab National Bank	337,214,000	307,753,401
Saudi Fransi Bank	101,500,000	89,500,000
The Saudi Investment Bank	21,933,151	--
	<u>460,647,151</u>	<u>397,253,401</u>

b) **SIDF LONG-TERM LOAN**

On October 31, 2013, the Company received a loan from the Saudi Industrial Development Fund for the expansion of Al Yamamah Factory for Electric Poles 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 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.

c) **LONG-TERM LOANS**

Long-term borrowings at December 31 represent the following:

	<b>31 December 2020 (Unaudited)</b> <b>Expressed in Saudi Arabian Riyals</b>	<b>30 September 2020 (Audited)</b> <b>Expressed in Saudi Arabian Riyals</b>
Arab National Bank	30,000,000	32,500,000
	<u>30,000,000</u>	<u>32,500,000</u>



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**9. BANK FACILITIES (continued)**

**c) LONG-TERM LOANS (continued)**

Long-term borrowings are presented in the condensed consolidated interim statement of financial position sheet as following:

	<b>31 December 2020</b> (Unaudited) <b>Expressed in Saudi Arabian Riyals</b>	<b>30 September 2020</b> (Audited) Expressed in Saudi Arabian Riyals
Non-current portion shown under non-current liabilities	20,000,000	22,500,000
Current portion shown under current liabilities	10,000,000	10,000,000
	<u>30,000,000</u>	<u>32,500,000</u>

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

<b><u>Year</u></b>	<b>31 December 2020</b> (Unaudited) <b>Expressed in Saudi Arabian Riyals</b>	<b>30 September 2020</b> (Audited) Expressed in Saudi Arabian Riyals
2022	<b>10,000,000</b>	10,000,000
2023	<b>7,500,000</b>	10,000,000
2024	<b>2,500,000</b>	2,500,000
<b>Total</b>	<u><b>20,000,000</b></u>	<u>22,500,000</u>

**10. ZAKAT**

**a) Zakat provision**

The movement summary on Zakat provision is as follows:

	<b>31 December 2020</b> (Unaudited) <b>Expressed in Saudi Arabian Riyals</b>	<b>30 September 2020</b> (Audited) Expressed in Saudi Arabian Riyals
Balance at beginning of the period/year	<b>21,325,153</b>	15,201,088
Charge on the period / year	<b>5,375,051</b>	14,102,826
Payments during the period / year	<b>(3,214,090)</b>	(7,978,761)
	<u><b>23,486,114</b></u>	<u>21,325,153</u>

**b) 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 2020. Accordingly, the Company paid the due Zakat and obtained a valid Zakat certificate up to 30 January 2022.

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 and 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 financial year 2011.

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**10. ZAKAT (continued)**

**b) Zakat status(continued)**

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 financial years ended 30/9/2008 until 30/9/2010. The Appeal Committee requested the Preliminary Committee to consider the company's objection in the matter, and also included Resolution No. (1875) endorsed the Appeal Committee's decision to approve the deduction of the Company's contribution to the land of Melissa for the financial year ended 30/9/2011, which represents the main item in the controversial differences of financial years ended 30/9/2008 until 30/9/2010. The Company approved the majority of the objectionable items for the financial year ended 30/9/2011. Therefore, the final zakat assessment for the financial year 2011 has not been issued to date, noting that the total differences from the financial years from 2008 to 2010 amounted to SR 7.5 million.

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 financial 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 has submitted a new lawsuit to the General Secretariat for Tax Committees in Riyadh for these years during October 2020 and received during January 2021 from the General Secretariat for Tax Committees the date of the session that will be held on 2 March 2021.

**Al Yamamah Steel Industries Company (continued)**

On 23 March 2020, the General Authority of Zakat and 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 financial 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 revised zakat assessments for these financial years during the month of October 2020, which showed zakat differences amounting to about SR 4.7 million. The Company has paid the zakat differences for the two years ending on 30 September 2016, and 30 September 2018, totaling about SR 1.4 million. The Company has also objected some items of the zakat differences for the three years ending on 30 September 2015, 2017 and 2019 during the month of December 2020, and the unpaid zakat for these items amounted to about SR 1.5 million after the Company paid the non-objectionable zakat differences for these three years, totaling SR 1.8 million during the same month.

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

**Al Yamamah Company for Reinforcing Steel Bars Company**

The Company submitted its Zakat declarations for the years since incorporation till the year ended 30 September 2020 and paid the due Zakat according to these declarations and obtained final Zakat certificate valid until 30 January 2022. The Company has finalized its Zakat status with GAZT from date of incorporation till the financial year ended 30 September 2016. As for the financial years ending 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 financial year ending on 30 September 2019, with an amount of SR 983,963 on 27 February 2020. The Company has submitted an objection to these differences, which was received by the GAZT on 23 Rajab 1441H, corresponding to 18 March 2020. The GAZT has rejected this objection on 11 May 2020. During the month of June 2020, the Company has filed a grievance with the General Secretariat of the Tax Committees on the GAZT's decision to reject the objection, and the objection was not settled up to the date of issuance of these financial statements.



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**11. 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 condensed consolidated interim financial statements amounting to 50.8 million shares.

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

	For the three-month period ended At December 31 <u>2020</u> (Unaudited)	<b>For the three- month period ended At December 31 <u>2019</u> (Unaudited)</b>
Gain / (loss) per share attributable to the shareholders of the Company	<b>0.84</b>	(0.15)

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

	<b>For the three- month period ended At December 31 <u>2020</u></b>	For the three-month period ended At December 31 <u>2019</u>
Issued ordinary shares at beginning of the period	<b>50,800,000</b>	50,800,000
<b>Weighted average number of shares outstanding at the end of the year</b>	<b>50,800,000</b>	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 period there were no diluted shares, accordingly the diluted earnings / (loss) per share does not differ from the basic earnings / (loss) per share.

**12. CONTINGENCIES AND CAPITAL COMMITMENTS**

- a) At 31 December 2020, the contingent liabilities against the uncovered portion of bank guarantee letters issued by local banks on behalf of the Group amounted to SAR 107,7 million (30 September 2020: SR 107.4 million).
- b) At 31 December 2020, the contingent liabilities against letters of guarantees amounted to SR 226,82 million (30 September 2020: SR 361.4 million) issued in the in the normal course of the Group's business.
- c) As at 31 December 2020, the capital contingencies related to under project in progress amounted to SR 6.933 million (30 September 2020: SR 0,55 million).

**13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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:

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**13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

a. Related party transactions for the three-month period ended 31 December, and balances arising there from are described below:

Transactions with related parties	Nature of relationship	Nature of transaction	Amount of transaction for the three-months period ended December 31		Balance as at	
			<u>2020</u> (Unaudited) Expressed in Saudi Arabian Riyals	<u>2019</u> (Unaudited) Expressed in Saudi Arabian Riyals	<u>31 December</u> <u>2020</u> (Unaudited) Expressed in Saudi Arabian Riyals	30 September <u>2020</u> (Audited) Expressed in Saudi Arabian Riyals
<b><u>Under accounts receivables (Note 8):</u></b>						
Abdulqader Almuhaidib & Sons Company -*	Shareholder	Sales	<b>126,471,468</b>	127,097,800	<b>133,521,855</b>	144,430,814
Rashid Abdulrahman Al Rashid & Sons Company -**	Shareholder	Sales	<b>7,735,809</b>	12,779,453	<b>19,605,812</b>	19,693,512
Al Muhana Trading Company	Shareholder	Sales	<b>36,115,522</b>	29,714,177	<b>12,019,546</b>	16,671,589
Al Muhanna Steel Group -***	Shareholder	Sales	<b>18,792,676</b>	16,235,978	<b>24,697,702</b>	24,934,963
Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary	Sales				
	Shareholder		<b>4,417,164</b>	4,003,262	<b>3,135,577</b>	12,475,683
Al Mojel Trading Company	Shareholder	Sales	<b>1,455,900</b>	4,365,300	<b>631,695</b>	869,400
					<b>193,612,187</b>	219,075,961
<b><u>Under trade payables</u></b>						
Abdulqader Almuhaidib & Sons Company -*	Shareholder	Purchases	<b>280,657</b>	235,128	<b>5,405</b>	7,976
Rashid Abdulrahman Al Rashid & Sons Company **	Shareholder	Purchases	--	16,800	--	--
Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary					
	Shareholder	Purchases	<b>69,087</b>	49,668	--	--
					<b>5,405</b>	7,976

\* Transaction with Abdul Kader Al Muhaideb & Sons Company include Masdar for Building Materials Co & Masdar Technical Supplies Co&Thabat Contracting Company.

\*\* 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.

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**13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

- b. 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 period amounted as follows:

<u>Nature of transaction</u>	For the three-month period ended 31 December 2020 (Unaudited) Expressed in Saudi Arabian Riyals	For the three-month period ended December 31 2019 (Unaudited) Expressed in Saudi Arabian Riyals
Key management personnel	Salaries, allowances and incentives <u>1,465,233</u>	<u>1,645,188</u>

**14. DIVIDENDS**

**During the period ended 31 December 2020**

On 7 Jumada Al-Awwal 1442H, corresponding to 22 December 2020, the Board of Directors has recommended the distribution of cash dividends to shareholders for the financial year ending on 30 September 2020 amounting to SR 50,800,000 at the rate of SR 1 per share. The recommendation will be presented to the ordinary General Assembly of the shareholders of the Company scheduled to be held on 3 Rajab 1442H, corresponding to 15 February 2021 for approval. The dividends are attributable to the shareholders of the Company who own shares on the maturity date registered in the registry of the Company's shareholders' in the Securities Depository Center (Edaa) at the end of the second trading day following the day of the Company's General Assembly meeting.

**During period ended 31 December 2019**

No dividend was declared for any periods as at 31 December 2019.

On 23 Rajab 1441, corresponding to 18 March 2020, the Ordinary General Assembly has approved the recommendation of the BOD not to distribute cash dividends to shareholders for the financial year ending 30 September 2019.

**15. 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.

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.



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**15. FINANCIAL RISK MANAGEMENT (continued)**

**Financial risk management framework (continued)**

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 risks**

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.

	<b>Carrying value as at December 31 2020</b> (Unaudited)	<b>Book value as at 30 September 2020</b> (Audited)
<b><u>Variable rate instruments</u></b>		
Borrowings	<b>490,647,151</b>	429,753,401
	<b>490,647,151</b>	429,753,401

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 are remain constant.

	<b>Profit / (loss) 30 September 2020</b> (Audited)		<b>Profit / (loss) 31 December 2020</b> (Unaudited)	
	Increase in basis points of related to commission rates <b>100 bps</b>	Decrease in basis points of related commission rates <b>100 bps</b>	Increase in basis points of related to commission rates <b>100 bps</b>	Decrease in basis points of related commission rates <b>100 bps</b>
Borrowings	(4,297,534)	4,297,534	<b>(4,906,472)</b>	<b>4,906,472</b>

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**15. 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. Trade receivables are stated at their estimated realizable values.

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

	<b>31 December 2020 (Unaudited) Expressed in Saudi Arabian Riyals</b>	<b>30 September 2020 (Audited) Expressed in Saudi Arabian Riyals</b>
<b><u>Financial assets</u></b>		
Trade receivables	302,056,127	335,645,431
Bank balances	24,088,837	18,456,920
	<u>326,144,964</u>	<u>354,102,351</u>
	<b>31 December 2020 (Unaudited) Expressed in Saudi Arabian Riyals</b>	<b>30 September 2020 (Audited) Expressed in Saudi Arabian Riyals</b>
<b><u>Financial assets</u></b>		
Secured *	60,475,384	70,114,959
Unsecured **	265,669,580	283,987,392
	<u>326,144,964</u>	<u>354,102,351</u>

\* As at 31 December 2020, secured financial assets include bank balances and trade receivables amounting to SR 36,38 million secured by bank guarantees (30 September 2020: SR 51,65 million).

\*\* As at 31 December 2020, unsecured financial assets of trade receivables amounting to SR 193,612,187 due from related parties whose maturity dates have not yet been exceeded (30 September 2020: SR 219,075,961).

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**15. 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 and represented by gross and undiscounted amounts:

Undiscounted contractual cash flows

<b>31 December 2020</b>	Undiscounted contractual cash flows				Interest accruals for future periods	Total contractual maturity	Total Carrying value
	<b>1 year or less</b>	<b>1 year to 3 years)</b>	<b>3 years or More</b>				
<b>Non-derivative financial liabilities</b>							
<b>Loans</b>	470,647,151	20,000,000	--	2,873,940	493,521,091	490,647,151	
<b>Trade payables</b>	41,712,330	--	--	--	41,712,330	41,712,330	
<b>Accrued expenses and other payables</b>	53,067,531	--	--	--	53,067,531	53,067,531	
<b>Leases obligation</b>	3,923,181	4,740,353	20,212,667	26,878,591	55,754,792	28,876,201	
	<b>569,350,193</b>	<b>24,740,353</b>	<b>20,212,667</b>	<b>29,752,531</b>	<b>644,055,744</b>	<b>614,303,213</b>	

Undiscounted contractual cash flows

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

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



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**15. FINANCIAL RISK MANAGEMENT (continued)**

**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.

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

	<b>31 December 2020</b> (Unaudited) Expressed in Saudi Arabian Riyals	<b>30 September 2020</b> (Audited) Expressed in Saudi Arabian Riyals
Total obligations	<b>682,201,701</b>	615,472,209
Less: Cash and cash equivalents	<b>(24,088,837)</b>	(18,456,920)
<b>Net obligations</b>	<b>658,112,864</b>	597,015,289
Total equity	<b>833,188,015</b>	781,419,523
<b>Adjusted shareholders' equity</b>	<b>833,188,015</b>	781,419,523
<b>Net obligations to equity</b>	<b>0.79</b>	0.76

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

	<b>31 December 2020 (Unaudited)</b>					
	<b>Carrying value</b>		<b>Fair value</b>			
	<b>Amortized cost</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>						
Trade receivables	<b>302,056,127</b>	<b>302,056,127</b>	--	--	--	--
Cash and cash equivalents	<b>24,088,837</b>	<b>24,088,837</b>	--	--	--	--
	<b>326,144,964</b>	<b>326,144,964</b>	--	--	--	--
<b>Financial liabilities</b>						
Loans and facilities	<b>490,647,151</b>	<b>490,647,151</b>	--	--	--	--
Trade payables	<b>41,712,330</b>	<b>41,712,330</b>	--	--	--	--
	<b>532,359,481</b>	<b>532,359,481</b>	--	--	--	--

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**15. FINANCIAL RISK MANAGEMENT (continued)**

**Capital management**

Financial Assets	30 September 2020 (Audited)					
	Carrying value		Fair value			
	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	--	--	--	--
	<u>354,102,351</u>	<u>354,102,351</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Financial liabilities</b>						
Loans and facilities	429,753,401	429,753,401	--	--	--	--
Trade payables	44,244,767	44,244,767	--	--	--	--
	<u>473,998,168</u>	<u>473,998,168</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>

**16. 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 31 December 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.

**17. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements were approved and authorized to issue by the Board of Directors on 26 Jumada Al-Thani 1442 H (corresponding to 8 February 2021).