

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

Interim condensed Consolidated Financial Statements (Unaudited)

For the three-month and six-month periods ended March 31, 2021

With the Independent Auditor's Review Report

AL YAMAMAH STEEL INDUSTRIES COMPANY

(A Saudi Joint Stock Company)

Interim condensed Consolidated Financial Statements (unaudited)

For the three-month and six-month periods ended March 31, 2021

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Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements**To the shareholders of \ Al Yamamah Steel Industries Company**

(A Saudi Joint Stock Company)

Introduction

We have reviewed the condensed consolidated interim statement of financial position of Al Yamamah Steel Industries Company ("the Company") and its subsidiary, collectively referred to as ("the Group") as at 31 March 2021 and the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim statement of cash flows for the six-month period then ended, and summary of the notes to the condensed consolidated interim financial statements. Management is responsible for the preparation and presentation of these interim condensed consolidated 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.

Other matter

The consolidated financial statements for the fiscal year ended on September 30, 2020 were audited by another auditor who expressed an unqualified opinion on these consolidated financial statements on Jumada Al-Awwal 13, 1442 corresponding to December 28, 2020.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated 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 Al-Bassam & Co.**Ibrahim Ahmed Al-Bassam**
Certified Public Accountant
License No. 3376 May 2021G
24 Ramadan 1442H
Jeddah, Kingdom of Saudi Arabia

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

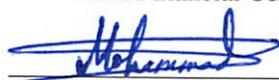
Interim Consolidated Statement of Financial Position

As at 31 March 2021

(Expressed in Saudi Arabian Riyals)

	Note	31 March 2021 (Unaudited)	30 September 2021 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	5	446,492,583	451,812,960
Intangible assets		6,366,833	6,824,515
Right-to-use assets	6	27,714,887	28,641,040
Non-current assets		480,574,303	487,278,515
Current assets			
Inventories, Net	7	593,369,586	528,592,609
Trade receivables, Net	8	385,984,754	335,645,431
Prepayments and other receivables		28,709,996	26,918,257
Cash and cash equivalents		21,212,534	18,456,920
Current Assets		1,029,276,870	909,613,217
Total Assets		1,509,851,173	1,396,891,732
Shareholders' equity and liabilities			
Shareholders' Equity			
Share capital	1	508,000,000	508,000,000
Statutory reserve		78,683,789	68,414,889
Retained earnings		107,725,504	66,105,408
Total equity attributable to shareholders of the Company		694,409,293	642,520,297
Non-controlling interests		147,941,342	138,899,226
Total equity		842,350,635	781,419,523
Liabilities			
Non-current liabilities			
Long term loans	9	17,500,000	22,500,000
Liability of dismantling and removing of property, plant and equipment		11,583,515	11,469,701
Employee benefits		33,881,778	34,323,448
Lease liabilities		24,807,263	26,146,855
Non-current liabilities		87,772,556	94,440,004
Current liabilities			
Short-term borrowings	9	434,000,000	397,253,401
Long-term loans – current portion		10,000,000	10,000,000
Trade payables		39,084,487	44,244,767
Accrued expenses and other payables		66,113,677	45,878,380
Dividend payable		13,750,000	--
Zakat Provision		14,331,989	21,325,153
Lease liabilities	6	2,447,829	2,330,504
Current liabilities		579,727,982	521,032,205
Total Liabilities		667,500,538	615,472,209
Total equity and liabilities		1,509,851,173	1,396,891,732

Chief Financial Officer



Mohammad Abu Farha

Chief Executive Officer



Yousef Bazaid

Vice Chairman



Raed Al-Mudaiheem

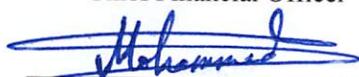
The accompanying notes form an integral part of these interim condensed consolidated financial statements

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

Interim Consolidated Statement of Profit or Loss and other comprehensive income (Unaudited)
For the three-month and six-month periods ended March 31, 2021
(Expressed in Saudi Arabian Riyals)

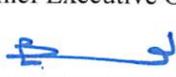
	Note	For the three-month period ended 31March		For the six-month period ended 31March	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2021 (Unaudited)
Revenue		453,024,307	593,332,534	887,892,038	998,726,672
Cost of sales		(352,044,665)	(516,851,794)	(707,673,435)	(903,351,601)
Gross profit		<u>100,979,643</u>	<u>76,480,740</u>	<u>180,218,603</u>	<u>95,375,071</u>
Other operating revenues		19,524	207,615	107,389	458,330
Selling and Marketing expenses		(7,892,072)	(12,957,061)	(15,653,635)	(20,512,953)
Administrative expenses		(13,613,407)	(11,326,051)	(24,437,118)	(21,938,787)
Profit / (loss) from operation		<u>79,493,688</u>	<u>52,405,243</u>	<u>140,235,240</u>	<u>53,381,661</u>
Financial charges		(3,409,971)	(5,930,914)	(7,007,980)	(12,964,758)
Income / (loss) before tax		<u>76,083,717</u>	<u>46,474,329</u>	<u>133,227,260</u>	<u>40,416,903</u>
Zakat	10	(2,371,097)	(2,544,464)	(7,746,148)	(4,725,262)
Profit / (loss)		<u>73,712,620</u>	<u>43,929,865</u>	<u>125,481,112</u>	<u>35,691,641</u>
Other comprehensive income:					
Items that will not be reclassified under profit or loss:					
Re-measurement of employee benefit liabilities		--	--	--	--
Total other comprehensive loss		--	--	--	--
Total comprehensive income / (loss)		<u>73,712,620</u>	<u>43,929,865</u>	<u>125,481,112</u>	<u>35,691,641</u>
<u>Total comprehensive Profit/(loss) attributable to:</u>					
- Shareholders of the Company		60,023,762	32,060,291	102,688,996	24,475,880
- Non-controlling interests		13,688,858	11,869,574	22,792,116	11,215,761
		<u>73,712,620</u>	<u>43,929,865</u>	<u>125,481,112</u>	<u>35,691,641</u>
<u>Total comprehensive income / (loss) attributable to:</u>					
- Shareholders of the Company		60,023,762	32,060,291	102,688,996	24,475,880
- Non-controlling interests		13,688,858	11,869,574	22,792,116	11,215,761
		<u>73,712,620</u>	<u>43,929,865</u>	<u>125,481,112</u>	<u>35,691,641</u>
<u>Earnings / (loss) per share to net income / (loss) for the year:</u>					
- Basic	11	1.18	0.63	2.02	0.48
- Diluted		1.18	0.63	2.02	0.48

Chief Financial Officer



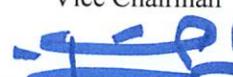
Mohammad Abu Farha

Chief Executive Officer



Yousef Bazaid

Vice Chairman



Raed Al-Mudaiheem

The accompanying notes form an integral part of these interim condensed consolidated financial statements

AL YAMAMAH STEEL INDUSTRIES COMPANY

(A Saudi Joint Stock Company)

Interim Consolidated Statement of Changes in Equity (Unaudited)

For the six-month period ended March 31, 2021

(Expressed in Saudi Arabian Riyals)

	Equity attributable to shareholders of the Company				Non-controlling interests	Total equity	
	Note	Share capital	Statutory reserve	Retained earnings			Total
<u>For the six-month period ended 31 March 2021</u>							
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 loss for the period							
Income for the period		--	--	102,688,996	102,688,996	22,792,116	125,481,112
Other comprehensive income		--	--	--	--	--	--
Total comprehensive loss for the period (Unaudited)		--	--	102,688,996	102,688,996	22,792,116	125,481,112
Transactions with shareholders of the Company							
Dividends (Note 14)		--	--	(50,800,000)	(50,800,000)	--	(50,800,000)
Transferred to statutory reserve		--	10,268,900	(10,268,900)	--	--	--
Total transactions with shareholders of the Company		--	10,268,900	(61,068,900)	(50,800,000)	--	(50,800,000)
Dividends to non-controlling interests		--	--	--	--	(13,750,000)	(13,750,000)
Balance at 31 March 2021(Unaudited)		508,000,000	78,683,789	107,725,504	694,409,293	147,941,342	842,350,635
<u>For the six-month period ended 31 March 2021</u>							
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 income for the year							
Income for the period		--	--	24,475,880	24,475,880	11,215,761	35,691,641
Other comprehensive income		--	--	--	--	--	--
Total comprehensive income for the period (Unaudited)		--	--	24,475,880	24,475,880	11,215,761	35,691,641
Transactions with shareholders of the Company							
Transferred to statutory reserve		--	2,447,588	(2,447,588)	--	--	--
Total transactions with shareholders of the Company		--	2,447,588	(2,447,588)	--	--	--
Balance at 31 March 2020 (Unaudited)		508,000,000	65,796,832	42,933,531	616,730,363	138,570,070	755,300,433

Chief Financial Officer



Mohammad Abu Farha

Chief Executive Officer



Yousef Bazaid

Vice Chairman



Raed Al-Mudalheem

The accompanying notes form an integral part of these interim condensed consolidated financial statements

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

Interim Consolidated Statement of Cash Flows (Unaudited)
For the six-month period ended March 31, 2021
(Expressed in Saudi Arabian Riyals)

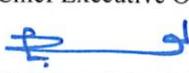
	Note	<u>2021</u> <u>(Unaudited)</u>	<u>2020</u> <u>(Unaudited)</u>
<u>Cash flows from operating activities</u>			
Profit / (loss) for the period before zakat		133,227,260	40,416,903
Adjustments:			
depreciation on property, plant and equipment		20,694,426	21,337,270
Amortization of intangibles		457,682	454,187
(Gains) / losses on disposal of property, plant and equipment		(100,786)	(40,675)
Inventory provision		5,194,496	3,107,403
Contracts Incremental cost provision		11,152,331	--
Right of use asset depreciation	6	1,375,206	1,325,339
Finance costs		7,007,980	12,964,758
Provision for expected credit losses		--	1,022,050
Provision for employee benefits charged for the period		2,590,941	2,867,446
		<u>181,599,536</u>	<u>83,454,681</u>
<u>Changes in operating assets and liabilities</u>			
Trade receivables		(50,339,324)	(245,852,483)
Inventories		(73,399,910)	237,536,266
Prepayments and other receivables		(1,791,740)	(10,147,331)
Trade payables		(5,160,280)	24,868,044
Accrued expenses and other payables		8,959,123	(4,364,765)
Cash generated from operations		<u>59,867,405</u>	<u>85,494,412</u>
Paid Zakat	10	(14,739,312)	(7,978,761)
Paid employee's benefits		(3,032,611)	(2,989,689)
Net cash (used in) / from operating activities		<u>42,095,482</u>	<u>74,525,962</u>
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment		(12,033,183)	(12,822,608)
Proceeds from the disposal of property, plant and equipment		188,354	40,688
Net cash (used in) investing activities		<u>(11,844,829)</u>	<u>(12,781,920)</u>
<u>Cash flows from financing activities</u>			
Proceeds from loans and credit facilities		806,000,000	810,709,259
Payment for loans and credit facilities		(774,253,401)	(851,526,300)
Finance costs paid		(6,096,551)	(12,781,134)
Payment of lease obligations	6	(2,398,200)	(1,953,232)
Dividends paid		(50,746,888)	--
Net cash (used in) financing activities		<u>(27,495,040)</u>	<u>(55,551,407)</u>
Net decrease in cash and cash equivalents balance		2,755,614	6,192,635
Cash and cash equivalents at the beginning of the year		18,456,920	29,104,691
Cash and cash equivalents at the end of the year		<u>21,212,534</u>	<u>35,297,326</u>

Chief Financial Officer



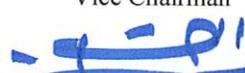
Mohammad Abu Farha

Chief Executive Officer



Yousef Bazaid

Vice Chairman



Raed Al-Mudaihem

The accompanying notes form an integral part of these interim condensed consolidated financial statements

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

Interim Consolidated Statement of Cash Flows (Unaudited) (Continued)
For the six-month period ended March 31, 2021
(Expressed in Saudi Arabian Riyals)

	<u>Note</u>	<u>2021</u> <u>(Unaudited)</u>	<u>2020</u> <u>(Unaudited)</u>
*Non-cash transactions			
Strategic spare parts transferred from inventories to Property, plant and equipment		3,428,436	--
Financial charges for dismantling of property, machinery and equipment provision		113,814	112,194
Finance charges for lease liabilities		660,345	790,176
Impact of adoption of IFRS (16)	6	2,285	1,121,505

Chief Financial Officer	Chief Executive Officer	Vice Chairman
		
Mohammad Abu Farha	Yousef Bazaid	Raed Al-Mudaiheem

The accompanying notes form an integral part of these interim condensed consolidated financial statements

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

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the six-month period ended March 31, 2021

(Expressed in Saudi Arabian Riyals)

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	13/9/1439H

As at March 31, 2021, the authorized, subscribed and fully paid up capital of the company amounted to 508 million (30 September 2020: SR 508 million) divided into 50.8 million shares (30 September 2020: 50.8 million shares), each of SA 10. (30 September 2020: SA10).

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, 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 Interim Condensed Consolidated Financial Statements (Unaudited)

For the six-month period ended March 31, 2021

(Expressed in Saudi Arabian Riyals)

2. BASIS OF PREPERATION

a) Statement of Compliance

The consolidated financial statements for the six –month period ended March 31, 2021 have been prepared in accordance with International Accounting Standard 34 (‘Interim Financial Reporting’) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants.

The interim consolidated financial statement not included the applicable information and notes needed to prepare year end consolidated financial statement accordance with international financial reporting as endorsed in the Kingdom of Saudi Arabia, so must review with the year-end consolidated financial statement on September 30, 2020.

The accounting policies for this interim financial statement matching with accounting policies for the year end consolidated financial statement on September 30, 2020.

Basis of measurement

The accompanying financial statements are prepared on the historical cost basis, except the international standard for financial reporting allowed to use another evaluation measurement method.

The preparation of interim condensed consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the amounts disclosed in the interim condensed financial statements. These important estimates and assumptions were disclosed in the annual financial statements for the year ended September 30, 2020.

Items included in the Group's interim condensed consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the “functional currency”). The interim condensed consolidated financial statements are presented in Saudi Riyals, which is the functional and presentation currency.

Going Concern

The management of the group prepare evaluation for the group ability to continues on the basis of going concern, and have a full conviction the group have enough resources to continues on the short run future, in addition to the management doesn’t have significant doubts for the group ability to continues for this way.

So the accompanying financial statements were prepared on the basis of going concern.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the six-month period ended March 31, 2021

(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES

3/1 The basis of consolidated financial statement

The financial statement for the group included the financial statement for the company and subsidiaries as disclosed in note 1.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Group ceases to control the subsidiary. Control is achieved when a company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The company have a rights to prepare reevaluation for the subsidiaries already have a control on it, If the company have indicators refer to there are some changes on the control cases we discussed above.

Assets, Liabilities, Revenue and expenses for the subsidiaries companies will be included in the year-end consolidated financial statement for the parent company.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Any changes in the percentage of share for subsidiaries companies without loss control, record as a normal transaction for equity statement, but when loss the control on the subsidiaries do below:

- De - recognition for the assets and liabilities related to subsidiaries
- De – recognition non-controlling interest
- Recognize any amount received by fair value.
- Recognize fair value for all investment.
- Recognize deficit or surplus at profit or loss

The balances classified previously at other comprehensive income will be reclassified at profit or loss statement or retained earnings after the parent company loss the control for this subsidiaries.

Elimination process:

We must eliminate any intragroup transactions or balance in additions to any unrealized gain or loss generate from intragroup transaction during prepare financial statement.

Share of Non-Controlling interest:

We recognize non-controlling interest after the date of acquisition and presented separately at the statement of equity.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the six-month period ended March 31, 2021

(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3/2 New issued standard but not applied yet

The following new standard issued but not applied till the date of issue Interim Consolidated Statement and the group didn't expect any significant change during apply these standards.

Applying date	New standard or amendment
January 1, 2021	International financial reporting standard 17 (Insurance contracts)
January 1, 2022	Classification of Liabilities (amendment on the international financial reporting standard 1)
Available to apply (option)	Amendment on the international financial reporting standard 10 and 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 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:

The construction sector includes the following:

- Production of steel pipes
- Al Yamamah Factory for Reinforcing Steel Bars
- Factory of space frame structures

Electricity sector including:

- Electric Power Towers Factory.
- Electric Poles Factory.
- Al Yamamah Industrial Solar Energy Systems Factory

Others:

Represent properties belong to the public administration.

	Segment reporting			
	Construction Segment	Electricity Segment	Others	Total
31 March 2021 (Unaudited)				
Revenue	673,856,249	214,035,789	--	887,892,038
Sale cost	(507,036,606)	(200,636,829)	--	(707,673,435)
Segment's net profit	133,631,352	(8,150,240)	--	125,481,112
Segment Asset	1,008,095,657	483,800,129	17,955,386	1,509,851,172
Segment liabilities	398,374,004	290,183,262	15,193,272	703,750,538
31 March 2020 (Unaudited)				
Revenue	830,476,800	168,249,872	--	998,726,672
Sale cost	(738,455,797)	(164,895,804)	--	(903,351,601)
Segment's net profit	52,649,577	(16,957,936)	--	35,691,641
Segment Asset	1,140,994,810	427,174,219	22,574,338	1,590,743,367
Segment liabilities	547,821,076	271,105,731	16,516,127	835,442,934

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the six-month period ended March 31, 2021

(Expressed in Saudi Arabian Riyals)

5. PROPERTY, PLANT AND EQUIPMENT

5/1 The following is a statement of the net book value of property, plant and equipment:

	31 March 2021 (Unaudited)	30 September 2020 (Audited)
Total cost	874,203,225	859,200,926
Total compound depreciation	(420,700,040)	(400,377,364)
Impairment losses	(7,010,602)	(7,010,602)
Net carrying amount	<u>446,492,583</u>	<u>451,812,960</u>

- a) Property, plant and equipment include property and equipment mortgaged for 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 47.72 million (30 September 2019: SR 49.82 million). The Company paid all due installments to the Saudi Industrial Development Fund on 4 June 2020, and in process to release the electronic land Suk.
- b) The buildings of the Company include buildings with net book value amounting to SR 120.49 million as at 30 September 2020 (30 September 2019: 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.
- c) 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 35 years, 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.
- d) Capital work in progress represents the following projects:

	31 March 2021 (Unaudited)	30 September 2020 (Audited)
Al Yamamah Solar Power Systems Factory	5,367,939	5,199,086
Advanced to vendors	6,864,320	1,198,582
Upgrading of pole cutting lines	333,106	277,141
Wind Power Energy Systems Project	10,924	--
Galvanizing basin renovation and development project – poles	348,718	348,718
Establishing a galvanizing plant at Industrial 3 - Solar Energy Factory	345,834	--
	<u>13,270,841</u>	<u>7,023,527</u>

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6. LEASES CONTRACTS

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

	2021	30 September
	31 March	2020 (Audited)
	(Unaudited)	(Audited)
Balance at 1 October	28,641,040	28,815,742
Additions for the period / year	449,053	2,672,158
Disposals during the period / year	--	(34,100)
Depreciation during the period / year	(1,375,206)	(2,812,760)
Balance at 31 September 2020 and 30 March 2020	<u>27,714,887</u>	<u>28,641,040</u>

- The movement in the lease liabilities is as follows:

	2021	30 September
	31 March	2020 (Audited)
	(Unaudited)	(Audited)
Balance at 1 October	28,477,359	27,768,959
Additions for the period / year	380,603	2,672,158
Disposals during the period / year	--	(34,892)
Depreciation during the period / year	795,330	1,544,797
Balance at 31 September 2020 and 30 March 2020	<u>27,255,092</u>	<u>28,477,359</u>

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

	31 March 2021	30 September
	(Unaudited)	2020
	(Unaudited)	(Audited)
Current liability	2,447,829	2,330,504
Non-current liability	24,807,263	26,146,855
Balance at 31 September 2020 and 30 March 2020	<u>27,255,092</u>	<u>28,477,359</u>

7. INVENTORIES

7/1 Inventories at 30 September comprise the following:

	31 March 2021	30 September
	(Unaudited)	2020
	(Unaudited)	(Audited)
Raw materials	411,310,325	370,198,266
Finished goods	96,987,572	77,190,179
Spares not for sale	22,353,220	29,512,444
Work in progress	48,586,367	52,145,554
Goods in transit	30,306,384	10,525,951
	<u>609,543,868</u>	<u>539,572,394</u>
Less: Allowance for slow moving inventory items	7/2 (16,174,282)	(10,979,785)
	<u>593,369,586</u>	<u>528,592,609</u>

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7. INVENTORIES (continued)

7/2 Movement on provision for slow moving inventory during the year as follows:

	31 March 2021	30 September
	(Unaudited)	2020
	(Unaudited)	(Audited)
Balance, at 1 October	10,979,785	9,172,382
Provided during the period / year	5,194,497	1,807,403
Balance at 31 September 2020 and 30 March 2020	<u>16,174,282</u>	<u>10,979,785</u>

8. TRADE RECEIVABLES

8/1 Trade receivables comprise the following:

	Note	31 March 2021	30 September
		(Unaudited)	2020
		(Unaudited)	(Audited)
Trade receivables - related parties	13	159,104,169	219,075,961
Trade customers - other parties		237,396,558	127,085,443
		<u>396,500,727</u>	<u>346,161,404</u>
Less: Expected credit loss provision	8/2	(10,515,973)	(10,515,973)
		<u>385,984,754</u>	<u>335,645,431</u>

8/2 The movement in allowance for expected credit losses during the period/ year is as follows:

	31 March 2021	30 September 2020
	(Unaudited)	(Audited)
Balance, at beginning of the period / year	10,515,973	8,193,923
Provided during the period / year	--	2,322,050
Balance at end of period / year	<u>10,515,973</u>	<u>10,515,973</u>

8/3 As at March 31, 2021 65% of total sales for the period belongs to only eight customers with outstanding balances amounted to SR 299,854,253 (58% at 30 September 2020: SR 268,617,334).

8/1 Ageing of the trade receivables as at 30 September is as follows:

<u>Duration</u>	31 March 2021		30 September 2020	
	Due Balances	Impairment In value	Due Balances	Impairment In value
Not due	309,847,205	--	302,341,157	--
From 0 to 90 days	45,112,125	--	12,737,978	--
From 91 to 180 days	31,893,112	4,447,831	22,036,441	4,447,831
Over 181 Days	9,648,285	6,068,142	9,045,828	6,068,142
	<u>396,500,727</u>	<u>10,515,973</u>	<u>346,161,404</u>	<u>10,515,973</u>

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9. BANK FACILITIES

Bank facilities from local banks

The Group has bank facilities with total amount of SR 1.83 billion (30 September 2019: SR 1.83 million) with some local banks of which SR 827.26 were used (30 September 2019: 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 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:

	31 March 2021 (Unaudited)	30 September 2021 (Audited)
Arab National Bank	291,500,000	307,753,401
Banque Saudi Fransi	142,500,000	89,500,000
	<u>434,000,000</u>	<u>397,253,401</u>

b) SIDF 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 loans comprise the following:

	31 March 2021 (Unaudited)	30 September 2021 (Audited)
Arab National Bank	27,500,000	32,500,000
	<u>27,500,000</u>	<u>32,500,000</u>

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9. BANK FACILITIES (Continued)

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

	31 March 2021 (Unaudited)	30 September 2021 (Audited)
Current portion under current assets	17,500,000	22,500,000
Non-current portion shown under non-current liabilities	10,000,000	10,000,000
	<u>27,500,000</u>	<u>32,500,000</u>

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

<u>Year</u>	31 March 2021 (Unaudited)	30 September 2021 (Audited)
2022	--	10,000,000
2023	10,000,000	10,000,000
2024	7,500,000	2,500,000
Total	<u>17,500,000</u>	<u>22,500,000</u>

10. ZAKAT

a) **Movement summary on Zakat provision is as follows:**

	31 March 2021 (Unaudited)	30 September 2020 (Audited)
Balance, at 1 October	21,325,153	15,201,088
Add: Charge for the Year/ period	7,746,148	14,102,826
Less: payments during the year/period	(14,739,312)	(7,978,761)
Balance at the end of the year	<u>14,331,989</u>	<u>21,325,153</u>

b) **Zakat status**

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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 fiscal year 2011.

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10. ZAKAT (Continued)

d) Zakat status (continued)

Al Yamamah Steel Industries Company (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 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 land of Melissa 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.

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 GAZT 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 during October 2020, and during January 2021, it received the date of the session from the General Secretariat of the Tax Committees, and it was held on March 2, 2021, and it rejected the company's objection to zakat assessments for financial years from September 30, 2008 until September 30, 2010, because the company did not file the objection at time. The company has appealed against the decision.

On 23 March 2020, the GAZT 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 revised zakat assessments for these fiscal years during the month of October 2020, which showed zakat differences amounting to about SR 4.7 million, the company paid the zakat differences for the two years ended on September 30, 2016, and September 30, 2018, total amounted to 1.4 million Saudi riyals, and the company objected to some items of zakat differences for the three years ending on September 30, 2015, 2017, 2019 during December 2020. The unpaid zakat related to these items amounted to about 1.5 million Saudi riyals after the company paid the non-objectionable zakat differences for these three years, which totaled 1.8 million Saudi riyals during the same month. During February 2021, the company received the authority's decision, which included a partial acceptance of 375,000 Saudi riyals from one of the differences, and the company objected to the request of the General Secretariat of the Tax Committees in the city of Riyadh on the decision during March 2021, and the invitation was accepted, and the date of the session will be determined.

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

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10. ZAKAT (Continued)

d) Zakat status (continued)

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 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 fiscal year ending 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.

11. EARNINGS PER SHARE

11/1 Basic Earnings 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.

	<u>3 Months ended at March 31</u>		<u>3 Months ended at March 31</u>	
	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
EPS attributable to company's shareholders	1.18	0.63	2.02	0.48

11/2 Diluted Earnings 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 are no diluted shares and therefore the diluted earnings per share is not different from the basic earnings per share.

12. CONTINGENCIES AND CAPITAL COMMITMENTS

- a) At 31 March 2021, the contingent liabilities against the uncovered portion of bank guarantee letters issued by local banks on behalf of the Group amounted to SR 106.56 million (30 September 2020: 107.4 million).
- b) At 31 March 2021, the contingent liabilities against letters of guarantees amounted to SR 259.19 million (30 September 2020: SR 361.4 million) issued in the in the normal course of the Group's business.
- c) At 31 March 2021, the capital contingencies related to under project in progress amounted to SR 23.62 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 3 Rajab 1441H, corresponding to 15 February 2020 with the following entities and parties:

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13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) Related party transactions for the six-month ended 31 March, and balances arising there from are described below:

<u>Transactions with related parties:</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>Amount of transaction for the three months period ended December 31</u>		<u>Balance as at</u>	
			<u>2021 (Unaudited)</u>	<u>2020 (Audited)</u>	<u>31 March 2021 (Unaudited)</u>	<u>30 September 2020 (Audited)</u>
<u>Under accounts receivable (Note 8):</u>						
Abdulqader Almuhaideb & Sons Company *	Shareholder	Sales	270,331,159	326,026,316	164,432,191	144,430,814
Rashid Abdulrahman Al Rashid & Sons Company **	Shareholder	Sales	9,398,780	29,459,993	20,800,952	19,693,512
Al Mahana Trading Company	Shareholder	Sales	73,164,785	46,984,232	22,685,925	16,671,589
Al Mahanna Steel Group ***	Shareholder	Sales	37,200,436	27,239,509	23,961,253	24,934,963
Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary's shareholder	Sales	6,620,699	44,447,136	3,665,086	12,475,683
Al Mojel Trading Company	a shareholder	Sales	3,093,900	7,569,000	1,851,150	869,400
					<u>237,396,557</u>	<u>219,075,961</u>
<u>Under trade payables</u>						
Abdulqader Almuhaideb & Sons Company *	a shareholder	Purchases	329,785	802,128	259	7,976
Rashid Abdulrahman Al Rashid & Sons Company **	a shareholder	Purchases	--	70,560	--	--
Al Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary shareholder	Purchases	170,287	78,384	--	--
					<u>259</u>	<u>7,976</u>

* Transaction with Abdul Kader Al Muhaideb and Sons Company include Masdar for Building Materials Company and Thabat Contracting Company.

** Transaction with Rashed Abdul Rahman and Sons Company include Saudi Services for Electro Mechanical Works Company.

*** Al Muhanna Steel Group belongs 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 year amounted as follows:

	Nature of transaction	For the three-month period ended 31March		For the six -month period ended 31March	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Key management personnel	Salaries, allowances and incentives	1,464,108	1,645,188	2,928,216	3,290,376

14. DIVIDENDS

During the period ended 31 March 2021

The extraordinary meeting of the Company's shareholders, which was held on 3 Rajab 1442H, corresponding to 15 February 2021, to distribute cash dividends for the financial year ending on 30 September 2020, based on the recommendations of the Board of Directors on 7 Jummada I, 1442H corresponding to 22 December 2020, amounted to SR 50,800,000 at SR 1 per share. To the shareholders of the company who own its shares on the day of the meeting and who was registered in the company's shareholders register at the Depository Center at the end of the second trading day following the day of the company's ordinary general assembly. On February 25, 2021 AD, the cash dividends were transferred to the eligible shareholders.

During the period ended 31 March 2021

No dividends were declared by the Parent Company.

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.

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.

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15. FINANCIAL RISK MANAGEMENT (continued)

Financial risk management framework (continued)

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 at 31 September 2021 (Unaudited)	Book value as at 30 September 2020(Audited)
<u>Variable rate instruments</u>		
Borrowings	461,500,000	429,753,401
	461,500,000	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 remaining constant.

	Profit / (loss) ended at 31 March 2020 (Unaudited)		Profit / (loss) Ended at 30 September 2020 (Audited)	
	Increase in basis points of related to commission rates <u>100 bps</u>	Decrease in basis points of related commission rates <u>100 bps</u>	Increase in basis points of related to commission rates <u>100 bps</u>	Decrease in basis points of related commission rates <u>100 bps</u>
Borrowings	<u>4,615,000</u>	<u>(4,615,000)</u>	<u>4,297,534</u>	<u>(4,297,534)</u>

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.

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15. FINANCIAL RISK MANAGEMENT (continued)

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:

	31 March 2021	31 September 2021
	(Unaudited)	(Audited)
<u>Financial assets</u>		
Trade receivables	385,984,754	335,645,431
Bank balances	21,212,534	18,456,920
	<u>407,197,288</u>	<u>354,102,351</u>
<u>Financial assets</u>		
Secured *	70,922,756	70,114,959
Unsecured **	336,274,532	283,987,392
	<u>407,197,288</u>	<u>354,102,351</u>

** As at 31 March 2021, secured financial assets include bank balances and trade receivables amounting to SR 49,71 million secured by bank guarantees (30 September 2020: SR 51.65 million).

** As at 31 March 2021, secured and non-secured financial assets include trade receivables amounting to SR 237,396,558 due from related parties (30 September 2020: SR 219,075,961).

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:

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15. FINANCIAL RISK MANAGEMENT (continued)

31 March 2021	Undiscounted contractual cash flows					
	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	444,000,000	17,500,000	--	3,178,451	464,678,451	461,500,000
Trade payables	39,084,487	--	--	--	39,084,487	39,084,487
Accrued expenses and other payables	66,113,677	--	--	--	66,113,677	66,113,677
Lease liabilities	2,447,829	4,851,782	19,955,482	13,623,006	40,878,099	27,255,093
	<u>551,645,993</u>	<u>22,351,782</u>	<u>19,955,482</u>	<u>16,801,457</u>	<u>610,754,714</u>	<u>593,953,257</u>
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
Accrued expenses and other payables	45,878,380	--	--	--	45,878,380	45,878,380
Lease liabilities	2,330,503	3,932,764	22,214,092	14,334,968	42,812,327	28,477,359
	<u>499,707,051</u>	<u>26,432,764</u>	<u>22,214,092</u>	<u>17,217,116</u>	<u>565,571,023</u>	<u>548,353,907</u>

- It is 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.

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

	31 March 2021 (Unaudited)	30 September 2020 (Audited)
Total obligations	667,500,538	615,472,209
Less: Cash and cash equivalents	(21,212,534)	(18,456,920)
Net obligations	<u>646,288,004</u>	<u>597,015,289</u>
Total equity	842,350,634	781,419,523
Adjusted shareholders' equity	<u>842,350,634</u>	<u>781,419,523</u>
Net obligations to equity	<u>0.77</u>	<u>0.76</u>

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15. FINANCIAL RISK MANAGEMENT (continued)

Capital management (continued)

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

Financial Assets	31 March 2021 (Unaudited)					
	Carrying value		Fair value			
	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Trade receivables	385,984,754	385,984,754	--	--	--	--
Cash and cash equivalents	21,212,534	21,212,534	--	--	--	--
	<u>407,197,288</u>	<u>407,197,288</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Financial liabilities						
Loans and facilities	461,500,000	461,500,000	--	--	--	--
Trade payables	39,084,487	39,084,487	--	--	--	--
	<u>500,584,487</u>	<u>500,584,487</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>

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>
Financial liabilities						
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 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,

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16. SIGNIFICANT EVENTS (continued)

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.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the Board of Directors on 24 Ramadan 1442H, corresponding to 6 May 2021).