

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, 2022
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, 2022

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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 2022 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements 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. 337

Jeddah, Kingdom of Saudi Arabia
 May 18, 2022G
 Shawal 17, 1443H



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

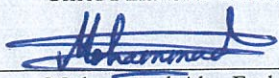
Interim Consolidated Statement of Financial Position (Unaudited)

As at 31 March 2022

(Expressed in Saudi Arabian Riyals)

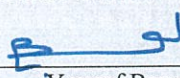
	Note	31 March 2022 (Unaudited)	30 September 2021 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	5	459,088,248	447,338,602
Intangible assets		5,456,345	5,906,636
Right-to-use assets	6	25,000,529	27,387,060
Non-current assets		489,545,122	480,632,298
Current assets			
Inventories, Net	7	676,357,912	624,734,835
Trade receivables, Net	8	357,399,172	275,064,805
Prepayments and other receivables		44,814,971	33,414,480
Investments held at fair value through Profit or loss's statement		2,477,958	1,212,124
Cash and cash equivalents		179,984,968	181,361,839
Current Assets		1,261,034,981	1,115,788,083
Total Assets		1,750,580,103	1,596,420,381
Shareholders' equity and liabilities			
Shareholders' Equity			
Share capital	1	508,000,000	508,000,000
Statutory reserve		96,115,498	89,198,060
Retained earnings		177,590,034	166,133,090
Total equity attributable to shareholders of the Company		781,705,532	763,331,150
Non-controlling interests		142,023,027	141,366,248
Total equity		923,728,559	904,697,398
Liabilities			
Non-current liabilities			
Long term loans- Non-current portion	9	7,500,000	12,500,000
Liability of dismantling and removing of property, plant and equipment		11,815,186	11,699,095
Employee benefits		34,457,989	33,624,375
Lease liabilities- Non-current portion	6	23,534,795	25,210,625
Non-current liabilities		77,307,970	83,034,095
Current liabilities			
Short-term borrowings	9	514,000,000	469,500,000
Long-term loans – current portion	9	24,910,000	10,000,000
Lease liabilities– current portion	6	2,644,954	2,587,382
Trade payables		116,624,214	50,374,525
Accrued expenses and other payables		48,759,666	38,869,801
Dividends payable		14,319,566	571,439
Provision for contract losses		3,959,419	5,807,780
Zakat Provision	10	24,325,755	30,977,961
Current liabilities		749,543,574	608,688,888
Total Liabilities		826,851,544	691,722,983
Total equity and liabilities		1,750,580,103	1,596,420,381

Chief Financial Officer



Mohammad Abu Farha

Chief Executive Officer



Yousef Bazaid

Vice Chairman



Raed Al-Mudameem

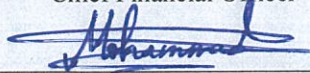
The accompanying notes form an integral part of these interim condensed consolidated financial statements.

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, 2022
(Expressed in Saudi Arabian Riyals)

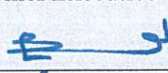
	<u>Note</u>	For the three-months period ended 31March		For the six-months period ended 31March	
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenue		448,311,572	453,024,307	912,552,839	887,892,038
Cost of sales		(380,844,846)	(352,044,664)	(778,887,243)	(707,673,435)
Gross profit		67,466,726	100,979,643	133,665,596	180,218,603
Expected credit losses impact		--	--	(2,200,000)	--
Selling and distributing expenses		(4,600,364)	(7,892,072)	(10,092,701)	(15,653,635)
Administrative expenses		(12,312,793)	(13,613,407)	(24,948,893)	(24,437,118)
Profit from operation		50,553,569	79,474,164	96,424,002	140,127,850
Financial charges		(5,352,990)	(3,409,971)	(8,889,927)	(7,007,980)
Other revenue		563,777	19,524	1,433,926	107,389
Realized gains on financial assets at fair value through profit or loss		2,564,280	--	3,069,550	--
Unrealized gain on financial assets at fair value through profit or loss		3,258	--	(46,166)	--
Net profit before Zakat		48,331,894	76,083,717	91,991,385	133,227,260
Zakat	10	(4,738,754)	(2,371,097)	(8,410,223)	(7,746,148)
Net Profit		43,593,139	73,712,620	83,581,161	125,481,112
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		43,593,139	73,712,620	83,581,161	125,481,112
Total comprehensive Profit attributable to:					
- Shareholders of the Company		35,162,348	60,023,762	69,174,382	102,688,996
- Non-controlling interests		8,430,791	13,688,858	14,406,779	22,792,116
		43,593,139	73,712,620	83,581,161	125,481,112
Total comprehensive income attributable to:					
- Shareholders of the Company		35,162,348	60,023,762	69,174,382	102,688,996
- Non-controlling interests		8,430,791	13,688,858	14,406,779	22,792,116
		43,593,139	73,712,620	83,581,161	125,481,112
Earnings per share to net income for the Period:	11				
- Basic		0.69	1.18	1.36	2.02
- Diluted		0.69	1.18	1.36	2.02

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)

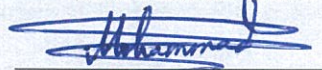
Interim Consolidated Statement of Changes in Equity (Unaudited)

For the six-month period ended March 31, 2022

(Expressed in Saudi Arabian Riyals)

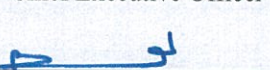
	Note	Share capital	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
For the six-month period ended 31 March 2022							
Balance at 1 October 2021 (Audited)		508,000,000	89,198,060	166,133,090	763,331,150	141,366,248	904,697,398
Comprehensive loss for the period							
Income for the period		--	--	69,174,382	69,174,382	14,406,779	83,581,161
Other comprehensive income		--	--	--	--	--	--
Total comprehensive loss for the period (Unaudited)		--	--	69,174,382	69,174,382	14,406,779	83,581,161
Dividends (Note 14)		--	--	(50,800,000)	(50,800,000)	--	(50,800,000)
Transferred to statutory reserve		--	6,917,438	(6,917,438)	--	--	--
Dividends to non-controlling interests		--	--	--	--	(13,750,000)	(13,750,000)
Balance at 31 March 2022 (Unaudited)		<u>508,000,000</u>	<u>96,115,498</u>	<u>177,590,034</u>	<u>781,705,532</u>	<u>142,023,027</u>	<u>923,728,559</u>
For the six-month period ended 31 March 2021							
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							
Income for the period		--	--	102,688,996	102,688,996	22,792,116	125,481,112
Other comprehensive income		--	--	--	--	--	--
Total comprehensive income for the period (Unaudited)		--	--	102,688,996	102,688,996	22,792,116	125,481,112
Dividends (Note 14)		--	--	(50,800,000)	(50,800,000)	--	(50,800,000)
Transferred to statutory reserve		--	10,268,900	(10,268,900)	--	--	--
Dividends to non-controlling interests		--	--	--	--	(13,750,000)	(13,750,000)
Balance at 31 March 2021 (Unaudited)		<u>508,000,000</u>	<u>78,683,789</u>	<u>107,725,504</u>	<u>694,409,293</u>	<u>147,941,342</u>	<u>842,350,635</u>

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
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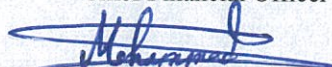
Interim Consolidated Statement of Cash Flows (Unaudited)

For the six-month period ended March 31, 2022

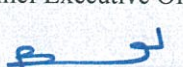
(Expressed in Saudi Arabian Riyals)

	Note	2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Profit for the period before zakat		91,991,385	133,227,260
Adjustments:			
Depreciation on property, plant and equipment		21,058,768	20,694,426
Amortization of intangibles		457,791	457,682
(Gains) / losses on disposal of property, plant and equipment		(30,118)	(100,786)
Slow moving Inventories items provision		475,081	5,194,496
Provision for contract losses		--	11,152,331
Unrealized loss from Investments held at fair value through Profit or loss's statement		46,166	--
Right of use asset depreciation	6	1,501,520	1,375,206
Finance costs		8,889,927	7,007,980
Provision for expected credit losses		2,200,000	--
Provision for employee benefits charged for the period		2,741,888	2,590,941
		<u>129,332,408</u>	<u>181,599,536</u>
Changes in operating assets and liabilities			
Trade receivables		(84,534,367)	(50,339,324)
Inventories		(52,098,158)	(73,399,910)
Prepayments and other receivables		(11,400,489)	(1,791,740)
Trade payables		66,249,689	(5,160,280)
Accrued expenses and other payables		7,427,955	8,959,123
Cash generated from operations		<u>54,977,039</u>	<u>59,867,405</u>
Paid Zakat	10	(15,062,429)	(14,739,312)
Paid employee's benefits		(1,908,274)	(3,032,611)
Net cash generated from operating activities		<u>38,006,336</u>	<u>42,095,482</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(32,822,882)	(12,033,183)
Purchase of intangible assets		(7,500)	--
Purchase of financial assets at fair value through profit or loss		(1,312,000)	--
Proceeds from the disposal of property, plant and equipment		47,400	188,354
Net cash (used in) investing activities		<u>(34,094,982)</u>	<u>(11,844,829)</u>
Cash flows from financing activities			
Changes in balance of loans and credit facilities		54,410,000	31,746,599
Paid Finance cost		(7,532,593)	(6,096,551)
Payment of lease obligations	6	(1,363,756)	(2,398,200)
Dividends paid		(50,801,874)	(50,746,888)
Net cash (used in) financing activities		<u>(5,288,223)</u>	<u>(27,495,040)</u>
Net change in cash and cash equivalents balance		(1,376,869)	2,755,614
Cash and cash equivalents at the beginning of the period		181,361,837	18,456,920
Cash and cash equivalents at the end of the period		<u>179,984,968</u>	<u>21,212,534</u>


Chief Financial Officer


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Chief Executive Officer


Yousef Bazaid

Vice Chairman


Raed Al-Mudaheem

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

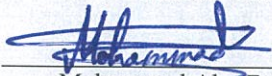
Interim Consolidated Statement of Cash Flows (Unaudited) (Continued)

For the six-month period ended March 31, 2022


(Expressed in Saudi Arabian Riyals)

	Note	2022 (Unaudited)	2021 (Unaudited)
*Non-cash transactions			
Transfer of strategic spare parts from inventory to property, plant and equipment		--	3,428,436
Financial charges for dismantling of property, machinery and equipment provision		116,091	113,814
Finance cost for lease obligations		340,869	660,345
Accrued finance cost		610,734	--
Dividends		13,519,566	--
Impact of adoption of IFRS (16)	6	--	2,285

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 consolidated financial statements

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

Notes to the Interim Condensed Consolidated Financial Statements

For the six-month periods ended March 31, 2022

(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 on March 31, 2022, the company's authorized, subscribed and fully paid capital amounted to SR 508 million (September 30, 2021: SR 508 million), divided into 50.8 million shares (September 30, 2021: 50.8 million shares), each of which is SR 10. (September 30, 2021 AD: 10 Saudi riyals).

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

For the six-month periods ended March 31, 2022

(Expressed in Saudi Arabian Riyals)

2. BASIS OF PREPERATION

2/1 Statement of Compliance

The consolidated financial statements for the three-month period ended December 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, 2021.

The accounting policies for this interim financial statement matching with accounting policies for the year end consolidated financial statement on September 30, 2021.

2/2 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, 2021.

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.

2/3 Use of judgments and estimates

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

Estimates and assumptions are based on past experience and factors that include expectations of future events that are reasonable in the circumstances and are used to extend the carrying period of assets and liabilities that are not independent of other sources. Estimates and assumptions are evaluated on an ongoing basis. Accounting estimates recognized in the period in which the estimates are revised are reviewed in the review period and future periods if the changed estimates affect the current and future periods.

The significant judgments made by management in applying the Group's accounting policies are consistent with those disclosed in the financial statements for the previous year.

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

For the six-month periods ended March 31, 2022

(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.

3/1 The basis of consolidated financial statement (Continued)

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

For the six-month periods ended March 31, 2022

(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:

- a) Production of steel pipes
- b) Al Yamamah Factory for Reinforcing Steel Bars
- c) Factory of space frame structures

Electricity sector including:

- a) Electric Power Towers Factory.
- b) Electric Poles Factory.
- c) 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 2022 (Unaudited)				
Revenue	683,330,711	229,222,128	--	912,552,839
Sale cost	(564,749,262)	(214,137,981)	--	(778,887,243)
Segment's net profit	<u>87,651,577</u>	<u>(7,093,800)</u>	<u>3,023,384</u>	<u>83,581,161</u>
Segment Asset	<u>996,996,267</u>	<u>732,354,310</u>	<u>21,229,526</u>	<u>1,750,580,103</u>
Segment liabilities	<u>502,520,755</u>	<u>306,292,867</u>	<u>18,037,922</u>	<u>826,851,544</u>
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	<u>133,631,352</u>	<u>(8,150,240)</u>	--	<u>125,481,112</u>
Segment Asset	<u>1,008,095,657</u>	<u>483,800,129</u>	<u>17,955,386</u>	<u>1,509,851,172</u>
Segment liabilities	<u>362,124,004</u>	<u>290,183,262</u>	<u>15,193,272</u>	<u>667,500,538</u>

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5. PROPERTY, PLANT AND EQUIPMENT

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

	31 March 2022 (Unaudited)	30 September 2021 (Audited)
Total cost	927,931,832	895,870,641
Total Accumulated depreciation	461,832,982	441,521,437
Impairment losses	7,010,602	7,010,602
Net carrying amount	459,088,248	447,338,602

- a) The buildings of the Company include buildings with net book value amounting to SR 110.343 million as at 31 March 2022 (30 September 2021: SR 115.5 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.
- b) The buildings of the subsidiary's factory with net book value amounting to SR 69.55 million as at 31 March 2022 (30 September 2021: SR72 million) are constructed on a piece of land leased from the Royal Commission for Yanbu for 35years, started on 5 Rabie Thani 1427H for a nominal annual lease. Rent is renewable for concessive periods with the same terms and other terms as agreed between relevant parties.

5/2 Capital work in progress represents the following projects:

	31 March 2022 (Unaudited)	30 September 2021 (Audited)
Advanced to vendors	26,215,419	15,290,508
Al Yamamah Solar Power Systems Factory	17,772,803	5,890,147
Pipe forming and perforating machine (Jeddah pipes)	--	5,196,056
Project of adding laser cutting machines - Al-Abraj Factory	7,104,431	3,813,559
Wind Power Energy Systems Project	2,723,777	412,603
Renovation and development project of the galvanizing basin - columns	347,696	347,696
Expansion works of Jeddah pipe factory	1,757,171	104,592
Expansion of the fourth production line in the Dammam factory	683,236	12,872
Smelting Project - Rebar	538,792	90,463
Kiln Floor Lifting Cylinder - Rebar	79,035	16,350
Assembling and installing units from 17: 20 - Rebar	443,344	-
	57,665,704	31,174,846

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6. LEASES CONTRACTS

The movement in the right-of-use-assets as follow:

	31 March 2022 (Unaudited)	30 September 2021 (Audited)
<u>Cost</u>		
Balance at beginning of period / Year	33,143,633	31,453,800
Additions for the period / year	95,145	1,689,833
Disposals during the period / year	(980,156)	--
Balance at ending of period / Year	32,258,622	33,143,633
<u>Accumulated Depreciation</u>		
Balance at beginning of period / Year	5,756,573	2,812,760
Depreciation during the period / year	1,501,520	2,943,813
Balance at ending of period / Year	7,258,093	5,756,573
Net balance ending of period / Year	25,000,529	27,387,060

- The movement in the lease liabilities is as follows:

	31 March 2022 (Unaudited)	30 September 2021 (Audited)
Balance at beginning of the period / year	27,798,007	28,477,359
Additions for the period / year	95,145	1,689,833
Depreciation during the period / year	630,509	1,584,456
Disposals during the period/ year	(980,156)	-
Paid during the period / year	(1,363,756)	(3,953,641)
Balance at end of period / year	26,179,749	27,798,007

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

	31 March 2022 (Unaudited)	30 September 2021 (Audited)
Current liability	2,644,954	2,587,382
Non-current liability	23,534,795	25,210,625
Balance at end of period / year	26,179,749	27,798,007

7. INVENTORIES

7/1 Inventories comprise the following:

	<u>Note</u>	31 March 2022 (Unaudited)	30 September 2021 (Audited)
Raw materials		476,379,048	397,579,164
Finished goods		87,366,423	111,953,818
Work in progress		12,935,337	18,320,936
Spare parts		47,709,600	47,781,053
Goods in transit		73,316,810	69,974,089
		697,707,218	645,609,060
Less: Allowance for slow moving inventory items	7/2	(21,349,306)	(20,874,225)
		676,357,912	624,734,835

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7. INVENTORIES (CONTINUED)

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

	31 March 2022 (Unaudited)	30 September 2021 (Audited)
Balance at beginning of the period / year	20,874,225	10,979,785
Provided during the period / year	475,081	9,894,440
Balance at end of period / year	21,349,306	20,874,225

8. TRADE RECEIVABLES, Net

8/1 Trade receivables comprise the following:

	Note	31 March 2022 (Unaudited)	30 September 2021 (Audited)
Trade receivables - related parties	13	168,475,493	115,541,953
Trade customers - other parties		204,435,367	172,834,540
		372,910,860	288,376,493
Less: Expected credit loss provision	8/2	(15,511,688)	(13,311,688)
		357,399,172	275,064,805

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

	31 March 2022 (Unaudited)	30 September 2021 (Audited)
Balance, at beginning of the period / year	13,311,688	10,515,973
Provided during the period / year	2,200,000	2,795,715
Balance at end of period / year	15,511,688	13,311,688

8/3 As at March 31, 2022, 65% of total sales for the period belongs to only main 8 customers with outstanding balances amounted to SR 251,181,221 (67% at 30 September 2021: SR 195,585,467).

8/4 Ageing of the trade receivables is as follows:

<u>Duration</u>	31 March 2022 (Unaudited)		30 September 2021 (Audited)	
	Due Balances	Impairment In value	Due Balances	Impairment In value
Not due	294,037,093	2,119,652	225,247,642	1,419,533
From 0 to 90 days	26,528,318	2,392,846	8,827,982	675,313
From 91 to 180 days	43,379,534	5,789,729	45,147,344	5,915,088
Over 181 Days	8,965,915	5,209,461	9,153,525	5,301,754
	372,910,860	15,511,688	288,376,493	13,311,688

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9. BANK FACILITIES

Bank facilities from local banks

As on March 31, 2022, the group has bank facilities totaling 2.13 billion Saudi riyals (September 30, 2021: 1.83 billion Saudi riyals) with some local banks, of which the user amounted to 1.089 million Saudi riyals (30 September 2021: 925 million Saudi riyals), represented in letters of guarantee, documentary credits and short-term bank facilities to cover the working capital requirements of the group. It also includes a long-term bank facility granted by the Arab National Bank to the parent company to contribute to the establishment of the Al-Yamamah Factory for Solar Energy Systems and the Al-Yamamah Factory for Wind Energy Systems and financing the working capital. All bank facilities bear bank commissions according to the prevailing market rates and are secured by promissory notes issued by the parent company, the subsidiary company of local banks and the Saudi Industrial Development Fund.

During August 2021, the company obtained the approval of the Saudi Industrial Development Fund dated 15 Ramadan 1442 H corresponding to April 27, 2021 to grant a loan to Al Yamamah Solar Energy Systems Company Factory in the amount of 49,700,000 SR, to finance 50% of the property, machinery, equipment and working capital eligible for financing, provided that The amount is disbursed in installments until Shawwal 29, 1443 H corresponding to May 30, 2022, and an amount of 3,750,000 SR is deducted from these payments on a pro-rata basis from the entire value of the loan, representing prepaid financing expenses in addition to semi-annual financing expenses to be paid throughout the validity of the agreement. The maximum limit was agreed upon, and the company received an amount of 13,785,000 SR, representing 30% of the loan value (14,910,000 SR) after deducting 30% of the fees (1,125,000 SR). The loan is paid in semi-annual installments starting on Shawwal 15, 1444 H corresponding to May 5, 2023, and ending on 15 Rabi' al-Thani 1450 H corresponding to September 5, 2028. This loan is secured by promissory notes issued by Al-Yamamah Steel Industries Company in favor of the Saudi Industrial Development Fund covering the entire amount and payments, and mortgage the buildings and facilities erected or to be erected on the factory land with the entire factory, its machinery, equipment, accessories, accessories and everything that is obtained It must later be for the project. The agreement includes certain financial covenants.

During March 2022, the company agreed with the Saudi Industrial Development Fund for the early repayment of the loan in the amount of 14,910,000 riyals, representing the received part of the loan and its share of the above-mentioned fees, in return for closing the loan and exempting the company from the remaining fees amounting to 2,625,000 riyals. During April 2022, the company paid The required amount, and in process to close the loan, retrieve promise notes that were issued in favor of the Saudi Industrial Development Fund, and clear the buildings and facilities erected or to be erected on the factory land with the entire factory, its machinery, equipment, accessories, and everything that will be obtained later.

Banks Facilities and Loans are shown in condensed interim financial position statement as follow:

	31 March 2022	30 September
	(Unaudited)	2021 (Audited)
Short term Loans (9/1)	538,910,000	479,500,000
Long Term Loans	7,500,000	12,500,000
	546,410,000	492,000,000

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9. BANK FACILITIES (Continued)

9/1 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 2022 (Unaudited)	30 September 2021 (Audited)
Arab National Bank	309,500,000	333,500,000
Banque Saudi Fransi	204,500,000	136,000,000
Current portion from Long term Loans	10,000,000	10,000,000
Saudi Industrial Development Fund - current portion	14,910,000	-
	538,910,000	479,500,000

9/2 Long term loans

Long term loans comprise the following:

	31 March 2022 (Unaudited)	30 September 2021 (Audited)
Arab National Bank (9/2/1)	7,500,000	12,500,000
	7,500,000	12,500,000

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

9/2/1 Arab National Bank

<u>Year</u>	31 March 2022 (Unaudited)	30 September 2021 (Audited)
2023	5,000,000	10,000,000
2024	2,500,000	2,500,000
	7,500,000	12,500,000

Movement on Loans as follow:

	31 March 2022 (Unaudited)	30 September 2021 (Audited)
Balance, at beginning of period / year	492,000,000	429,753,401
Addition during the period / Year	1,091,410,000	1,670,000,000
Less: payments during the period / year	(1,037,000,000)	(1,607,753,401)
Balance at the end of the period / year	546,410,000	492,000,000

10. ZAKAT

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

	31 March 2022 (Unaudited)	30 September 2021 (Audited)
Balance beginning of period / year	30,977,961	21,325,153
Add: Charge for the period / year	8,410,223	14,777,970
Prior years differences	--	9,614,150
Less: payments during the period / year	(15,062,429)	(14,739,312)
Balance at the end of the period / year	24,325,755	30,977,961

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10. ZAKAT (CONTINUED)

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 2021. Accordingly, the Company paid the due Zakat and obtained a valid Zakat certificate up to 30 January 2023.

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.

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. the date of the session would be defined later.

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.

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10. ZAKAT (CONTINUED)

AL YAMAMAH STEEL INDUSTRIES COMPANY (Continued)

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 later.

Al Yamamah Steel Industries Company received the final zakat assessment for the year ending on September 30, 2020, during the month of October 2021, which showed zakat differences amounting to 9.742 MSR. The company paid an amount of 12,589 SR, and objected to the remaining difference of 9,730 MSR with the authority, and issued bank guarantee in favor of the Authority for half of the value objected to. The session was held during the month of December 2021, and the Authority rejected the company's objection. During January 2021, the company objected to the Authority's decision with the General Secretariat of the Tax Committees.

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

Al Yamamah Company for Reinforcing Steel Bars

The company submitted its zakat returns for the years from the beginning of the activity until the fiscal year ending on September 30, 2021, and paid the zakat due in those returns, and a final zakat certificate was obtained, valid until January 30, 2023, The company ended its zakat position with the General Authority for Zakat and Income for the years from the date of the company's establishment until the fiscal year ending on September 30, 2019.

11. EARNINGS PER SHARE

11/1 Basic Earnings per share

The calculation of basic earnings per share has been based the distributable earnings 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.

	For the three-month period ended 31March		For the six-month period ended 31March	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Earnings per share attributable to the company's shareholders	0.69	1.18	1.36	2.02

11/2 Diluted Earnings per share

The calculation of diluted earnings per share has been based on the profit 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.

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12. CONTINGENCIES AND CAPITAL COMMITMENTS

- a) On March 31, 2022, the value of the contingent liabilities against the unhedged portion of bank guarantee letters issued by local banks on behalf of the Group amounted to SR 149.59 million (September 30, 2021: SR122 million).
- b) At March 31, 2022 the contingent liabilities against outstanding letters of credit amounted to SAR 541,61 million (September 30, 2021: SAR 310.47 million) which were issued in the ordinary course of the Group's business.
- c) As on March 31, 2022, the capital commitments related to the projects under implementation amounted to 119,5 million Saudi riyals (September 30, 2021: 110.93 million Saudi riyals).

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13. RELATED PARTY TRANSACTIONS AND BALANCES

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 13 Ragab 1443H, corresponding to 14 February 2022 with the following entities and parties, the following are the transactions with related parties during the six-month period ending on March 31, and the balances arising therefrom:

	Nature of relationship	Nature of transaction	Amount of transaction for the six months period ended March 31		Balance as at	
			2022 (Unaudited)	2021 (Audited)	31 March 2022 (Unaudited)	30 September 2021 (Audited)
Transactions with related parties:						
<u>Under accounts receivable (Note 8):</u>						
Abdulqader Almuhaideb & Sons Company *	Shareholder	Sales	221,814,442	270,331,159	99,467,610	62,900,204
Rashid Abdulrahman Al Rashid & Sons Company **	Shareholder	Sales	1,156,701	9,398,780	1,137,406	696,875
Al Mahana Trading Company	Shareholder	Sales	66,387,552	73,164,785	24,661,091	24,515,406
Al Mahanna Steel Group ***	Shareholder	Sales	85,658,686	37,200,436	24,307,608	24,023,146
Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary's shareholder	Sales	23,029,939	6,620,699	16,010,678	2,028,047
Al Mojel Trading Company	Shareholder	Sales	3,758,100	3,093,900	2,891,100	1,378,275
					168,475,493	115,541,953
<u>Under trade payables</u>						
Abdulqader Almuhaideb & Sons Company *	Shareholder	Purchases	105,672	329,785	--	--
Rashid Abdulrahman Al Rashid & Sons Company **	Shareholder	Purchases	--	--	--	--
Al Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Shareholder in subsidiary	Purchases	1,975	170,287	--	--

* 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)

- a) 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:

		For the three-month period ended 31March		For the six-month period ended 31March	
		2022	2021	2022	2021
<u>Nature of transaction</u>		<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Key management personnel	Salaries, allowances and incentives	<u>1,481,987</u>	1,464,108	<u>2,963,947</u>	<u>2,928,216</u>

14. DIVIDENDS

During the period ended 31 March 2022

On Jumada Al-Aawal 8, 1443H, corresponding to December 12, 2021, the Board of Directors recommended the distribution of cash dividends to shareholders for the second half of the financial year ending on September 30, 2021, in the amount of 50,800,000 Saudi riyals, at the rate of 1 Saudi riyal per share, and the eligibility of cash dividends to shareholders owning shares on December 30, 2021 Those who are registered in the company's shareholders register at the Depository Center at the end of the second trading day following the due date. The dividends were distributed on January 12, 2022 and deposited in the investment accounts linked to the shareholders' investment portfolios. The recommendation was presented to the ordinary general assembly of shareholders held on Rajab 13, 1443H, corresponding to February 14, 2022, and it was approved.

During the period ended 31 March 2021

The ordinary general assembly of the shareholders of the company, which was held on Rajab 3, 1442H corresponding to February 15, 2021, approved the recommendation of the Board of Directors on 7 Jumada Al-Aawal 1442H corresponding to December 22, 2020 to distribute cash dividends to the company's shareholders for the fiscal year ending on September 30, 2020 amounting to 50,800,000 Saudi riyals at 1 riyals Saudi per share, for the company's shareholders owning its shares on the day of the meeting and who are 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, the cash dividends were transferred to the shareholders entitled to them.

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 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 March 2022 (Unaudited)	Book value as at 30 September 2021 (Audited)
<u>Variable rate instruments</u>		
Borrowings	546,410,000	492,000,000
	546,410,000	492,000,000

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 2022 (Unaudited)		Profit / (loss) Ended at 30 September 2021 (Audited)	
	Decrease in basis points of related to commission rates 100 bps	Increase in basis points of related commission rates 100 bps	Decrease in basis points of related to commission rates 100 bps	increase in basis points of related commission rates 100 bps
Borrowings	5,464,100	(5,464,100)	4,920,000	(4,920,000)

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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 stated at their estimated realizable values.

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

	31 March 2022 (Unaudited)	30 September 2021 (Audited)
<u>Financial assets</u>		
Trade receivables	357,399,172	275,064,805
Bank balances	179,984,968	181,361,839
	<u>537,384,140</u>	<u>456,426,644</u>
<u>Financial assets</u>		
Secured *	327,083,622	229,768,792
Unsecured **	210,300,518	226,657,852
	<u>537,384,140</u>	<u>456,426,644</u>

** As at March 31, 2022, the secured financial assets include bank balances and trade receivables in the amount of 147 million Saudi riyals secured by bank guarantees (September 30, 2021: 48.41 million Saudi riyals).

** As at March 31, 2022, secured/unsecured financial assets include trade receivables in the amount of SAR 168,475,493 due from related parties and whose maturity dates have not yet passed (September 30, 2021: SAR 115,541,953).

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)

	Undiscounted contractual cash flows					
	<u>1 year or less</u>	<u>1 year to 3 years)</u>	<u>3 years or More</u>	<u>Interest accruals for future periods</u>	<u>Total contractual maturity</u>	<u>Total Carrying value</u>
31 March 2022						
<u>Non-derivative financial liabilities</u>						
Loans	538,910,000	7,500,000	--	2,509,499	548,919,499	546,410,000
Trade payables	116,624,214	--	--	--	116,624,214	116,624,214
Contracts' losses provision	3,959,419	--	--	--	3,959,419	3,959,419
Dividends Payable	14,319,566	--	--	--	14,319,566	14,319,566
Accrued expenses and other payables	48,759,666	--	--	--	48,759,666	48,759,666
Lease liabilities	2,644,954	5,397,789	18,137,006	12,168,550	38,348,299	26,179,749
	<u>725,217,819</u>	<u>12,897,789</u>	<u>18,137,006</u>	<u>14,678,049</u>	<u>770,930,663</u>	<u>756,252,614</u>
30 September 2021						
<u>Non-derivative financial liabilities</u>						
Loans	479,500,000	12,500,000	--	2,893,127	494,893,127	492,000,000
Trade payables	50,374,525	--	--	--	50,374,525	50,374,525
Contracts' losses provision	5,807,780	--	--	--	5,807,780	5,807,780
Dividends Payable	571,439	--	--	--	571,439	571,439
Accrued expenses and other payables	38,869,801	--	--	--	38,869,801	38,869,801
Lease liabilities	2,587,382	4,190,308	21,020,317	13,111,703	40,909,710	27,798,007
	<u>577,710,927</u>	<u>16,690,308</u>	<u>21,020,317</u>	<u>16,004,830</u>	<u>631,426,382</u>	<u>615,421,552</u>

- It is 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:

	31 March 2022 (Unaudited)	30 September 2021 (Audited)
	826,851,544	691,722,983
Less: Cash and cash equivalents	(179,984,968)	(181,361,839)
Net obligations	646,866,576	510,361,144
Total equity	781,705,532	763,331,150
Adjusted shareholders' equity	781,705,532	763,331,150
Net obligations to equity	0.83	0.66

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 2022 (Unaudited)		Fair value			
	Carrying value		Level 1	Level 2	Level 3	Total
	Amortized cost	Total				
Trade receivables	357,399,172	357,399,172	--	--	--	--
Cash and cash equivalents	179,984,968	179,984,968	--	--	--	--
	537,384,140	537,384,140	--	--	--	--
Financial liabilities						
Loans and facilities	546,410,000	546,410,000	--	--	--	--
Trade payables	116,624,214	116,624,214	--	--	--	--
Dividends payable	14,319,566	14,319,566	--	--	--	--
Zakat provision	24,325,755	24,325,755	--	--	--	--
Accrued expenses and other payables	48,759,666	48,759,666	--	--	--	--
	750,439,201	750,439,201	--	--	--	--
Financial Assets	30 September 2021 (Audited)		Fair value			
	Carrying value		Level 1	Level 2	Level 3	Total
	Amortized cost	Total				
Trade receivables	275,064,805	275,064,805	--	--	--	--
Cash and cash equivalents	181,361,839	181,361,839	--	--	--	--
	456,426,644	456,426,644	--	--	--	--
Financial liabilities						
Loans and facilities	492,000,000	492,000,000	--	--	--	--
Trade payables	50,374,525	50,374,525	--	--	--	--
Dividends payables	571,439	571,439	--	--	--	--
Accrued expenses and other payables	38,869,801	38,869,801	--	--	--	--
Zakat provision	30,977,961	30,977,961	--	--	--	--
	612,793,726	612,793,726	--	--	--	--

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16. SUBSEQUENT EVENTS

- A major review and restructuring of key interest rate indicators is currently underway at the world level, and in line with the Saudi Central Bank's goal in maintaining monetary and financial stability, the Saudi Central Bank decided during the month of May 2022 to raise the rate of repurchase agreements "RIBOR" by 0.5 percent from 1.25 to 1.75 percent. The Group's management is closely following these changes to determine the possible financial impact on the results of its business during the upcoming periods.

- The Board of Directors recommended on Shawwal 11, 1443H, corresponding to May 12, 2022, to distribute cash dividends to the shareholders for the first half of the fiscal year ending September 30, 2022, in the amount of 38,100,000 Saudi Riyals, at 0.75 Saudi Riyal per share. The eligibility of cash dividends will be to the shareholders owning shares on June 16, 2022, registered in the company's shareholders register at the Depository Center at the end of the second trading day following the due date. The dividends will be distributed on June 29, 2022, by depositing in the investment accounts linked to the entitled shareholders' investment portfolios.

17. COMPARATIVE FIGURES

Some comparative figures have been reclassified to consist with current period figures.

18. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the Board of Directors on Shawal 17, 1443H, corresponding to May 18, 2022.