AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022
WITH INDEPENDENT AUDITORS' REPORT

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
As at 30 September 2022

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL YAMAMAH STEEL INDUSTRIES COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Al Yamamah Steel Industries Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the consolidated financial statements of the group, which comprise of the following:

- The consolidated statement of financial position as at 30 September 2022;
- The consolidated statements of profit or loss and comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended, and;
- The notes to the consolidated financial statements, including a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia together and are relevant to our audit of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended 30 September 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matters, a description of how our audit addressed the matter is set out below:

Key audit matters	How the matter was addressed in our audit
Revenue recognition- Sales	
The Group's revenues amounted to SR 1.46 billion for the year ended 30 September 2022. (2021: SR 1.62 billion). Revenue recognition has been identified as a key audit matter due to the following: - Significant volume of transactions; - The auditing professional standards presume that there is significant risk related to revenue recognition. The accounting policy for revenue is outlined in (note 3) and a breakdown of revenue is presented in (note 22)	The audit procedures we performed included, among ot things, based on our judgement, the following: - Testing the design and implementation of the internal controls related to revenue recognition and their operating effectiveness. - Testing of IT general controls and major IT applications controls related to revenue recognition - Testing sales transactions and performing cut off procedures to ensure that revenues are recorded in the correct periods. - Performing substantive test of details and analytical procedures.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL YAMAMAH STEEL INDUSTRIES COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS "CONTINUED"

<table>
<tr><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Inventories Valuation</td></tr>
<tr><td>As on 30 September 2022, the net inventories balance amounted to 940 million Saudi riyals (2021: 625 million Saudi riyals).
The existence and valuation of inventories is key to the audit because of the following:
• The Group has a high level of inventories at the end of the year.
• With reference to Note 3, inventories are valued at cost or net realizable value, whichever is lower, and cost is determined using the weighted average method. Determining whether inventories will be realized at less than cost requires management to exercise judgment and apply assumptions based on the most documented evidence at the time estimates are made. Management performs the following procedures to determine the required impairment:

Use of average inventories aging reports along with historical trends to estimate the likely future ability to sell slow moving and obsolete inventories,
For the useful lives of inventories, management establishes a provision for slow-moving and idle inventories on a percentage basis. These percentages are derived from historical levels of provision,
- An analysis of inventories items is performed on the date of the financial statements to ensure that it is recorded at cost or net realizable value, whichever is lower, and a reduction in value is recognized if necessary.

The accounting policy for inventories is clarified in note 3, and the details of inventories are presented in note 8.</td><td>• Our audit procedures to address the risks of material misstatement relating to the existence of inventories include the following:

Attending the actual inventories count at the end of the year and assessing the adequacy of control over the presence of inventories.

Reviewing the group's procedures to reflect the results of the actual inventories in the accounting records.

• In connection with the determination of the cost of inventories, our audit procedures included:

For purchases items from stock including raw materials and spare parts, review purchases and test supporting documents on sample basis.

For production in progress and finished production, assessing the reasonableness of the costing methods used by the group through a combination of procedures for examining internal control systems and documentary examination.
• In connection with the determination of the net realizable value of inventories, our audit procedures included:
- Testing the aging report prepared by the management and verifying the validity of the obsolete items by matching a sample of the inventories to the obsolete stock and the date of recorded invoices,

The net realizable value has been tested and compared with recent selling prices of inventories after deducting cost to sale on a sample basis.

- Reviewing the accounting policy applied to the group and ensuring its conformity with the policy included in the consolidated financial statements.

Slow moving and stagnant inventories has been recalculated.</td></tr>
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL YAMAMAH STEEL INDUSTRIES COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS "CONTINUED"

Key audit matters	How the matter was addressed in our audit
Trade receivables	
As at 30 September 2022, the balance of trade receivables amounted to SR 352 million (2021: SR 275 million). Trade receivables are recorded net of the expected impairment losses. The Group has adopted IFRS 9 - Financial Instruments and the 'Expected Credit Losses' model, which requires the use of significant judgements related to the impact of the changes in the economic factors on the expected credit losses models. Accordingly, we have considered this matter as a key audit matter.	The audit procedures we performed included, among other things, based on our judgement, the following: - Obtaining an understanding of the revenue recognition, trade receivables and the calculation of the expected credit losses processes considering the relevant accounting standards and assessing the appropriateness of the accounting policies used. - Testing the design and implementation of the internal controls related to trade receivables balances and the follow up on the collection of these balances. - Selecting a sample from the trade receivables, and requested sending balance confirmations to verify the correctness of the balances at year end, and for customers where no confirmations were received, we performed alternative audit procedures including vouching of the supporting documents and the follow up on subsequent collections for the selected samples. - Reviewing the expected credit losses study prepared by management and the adequacy of the provision formed. - Evaluating the basis used by management in determining the expected credit losses and their reasonableness. Involving our specialists to review the methods used by management compared to what is generally accepted. - Evaluating the assumptions, approach and judgements used by management in the expected credit losses model. - Assessing the adequacy of disclosures included by management in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL YAMAMAH STEEL INDUSTRIES COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS "CONTINUED"

Key audit matters	How the matter was addressed in our audit
PPE impairment	
As at 30 September 2021, the net book value of property, plant and equipment amounted to SR 505 million. (2021: SR 447 million). As on September 30, 2022, the management performed an impairment review of property, plant and operating equipment to assess whether there was any indication of possible impairment in value, and as a result of that review, there was no impairment of the Group's assets. As on September 30, 2021, management assessed property, plant and operating equipment for impairment, there was no impairment of the Group's assets. Accordingly, this matter was considered a key audit matter, as the impairment assessment procedures included significant judgments and estimates.	- The audit procedures we performed included, among other things, based on our judgement, the following: - Obtaining an understanding of the procedures performed by management in relation to the impairment of non-financial assets in accordance with the requirements of the related accounting standards. - Obtaining the impairment study of the property, plant and equipment and the study of the expected net future cash flows from the usage of property, plant and equipment approved by the management of the Group. - Using our specialists to test the key assumptions used by management in calculating the value in use. - Evaluating the reasonableness of the assumptions and basis relied upon during the preparation of the future cash flows study approved by management. - Reviewing the board of directors' meeting minutes to ensure that there are no decisions taken to dispose any property, plant and equipment during the current year. - Assessing the adequacy of disclosures included by management in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL YAMAMAH STEEL INDUSTRIES COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER INFORMATION INCLUDED IN THE GROUP'S 2022 ANNUAL REPORT

Management is responsible for the other information. The other information comprises the information included in the group`s annual report, other than the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
When we read the annual report, and conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Company's By-laws and the applicable requirements of Company's regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the group's financial reporting process

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL YAMAMAH STEEL INDUSTRIES COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- Evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exist related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL YAMAMAH STEEL INDUSTRIES COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on the information that has been made available to us while performing our audit procedures, nothing has come to our attention that causes us to believe that the group is not in compliance, in all material respects, with the applicable requirements of the Regulation for Companies in the Kingdom of Saudi Arabia and the Company's By-laws in so far as they affect the preparation and presentation of the financial statements.

For Al-Bassam & Co.

البسام وشركاؤه
محاسبون قانونيون
رقم الترخيص ٥٢٠/١١/٣٢٣
C.R.1010385804
License 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ahmed A. Mohandis
Certified Public Accountant
License No. 477
Jeddah: Jumada al-Alkhirah 5, 1444H
Corresponding to: December 29, 2022

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022
(Expressed in Saudi Arabian Riyals)

	Note	2022	2021
Assets			
Non-current assets			
Property, plant and equipment, Net	5	**504,600,842**	447,338,604
Intangible assets, Net	6	**4,995,898**	5,906,637
Right-of-use assets, Net	7	**31,865,591**	27,387,060
Non-current assets		**541,462,331**	480,632,301
Current assets			
Inventories, Net	8	**939,782,509**	624,734,835
Trade receivables, Net	9	**352,242,535**	275,064,805
Prepayments and other receivables, Net	10	**15,510,172**	33,414,480
Financial assets at fair value through Profit or loss	11	**2,100,765**	1,212,124
Cash and cash equivalents	12	**68,331,971**	181,361,839
Current Assets		**1,377,967,952**	1,115,788,083
Total Assets		**1,919,430,283**	1,596,420,384
Shareholders' equity and liabilities			
Shareholders' Equity			
Share capital	13	**508,000,000**	508,000,000
Statutory reserve	14	**89,198,060**	89,198,060
Retained earnings		**49,344,016**	166,133,090
Total equity attributable to shareholders of the Company		**646,542,076**	763,331,150
Non-controlling interests	15	**137,295,902**	141,366,248
Total equity		**783,837,978**	904,697,398
Liabilities			
Non-current liabilities			
Long term loans – Non-current portion	16	**2,500,000**	12,500,000
Lease liabilities – Non-current portion	7	**31,299,725**	25,210,625
Employee benefits	17	**38,119,601**	33,624,375
Liability of dismantling of property, plant and equipment	18	**11,933,078**	11,699,095
Non-current liabilities		**83,852,404**	83,034,095
Current liabilities			
Short-term loans	16	**873,761,202**	469,500,000
Long-term loans – current portion	16	**10,000,000**	10,000,000
Lease liabilities – current portion	7	**2,549,729**	2,587,382
Provision for contract losses	19	**1,492,388**	5,807,780
Dividends payable		**568,881**	571,439
Trade payables		**49,166,471**	50,374,526
Advances from customers		**43,126,244**	6,898,405
Accrued expenses and other payables	20	**41,792,701**	31,971,398
Provision for Zakat	21	**29,282,285**	30,977,961
Current liabilities		**1,051,739,901**	608,688,891
Total Liabilities		**1,135,592,305**	691,722,986
Total equity and liabilities		**1,919,430,283**	1,596,420,384

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 consolidated financial statements.

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022
(Expressed in Saudi Arabian Riyals)

	Note	2022	2021
Revenue	22	**1,464,976,007**	1,619,027,590
Cost of sales	23	**(1,386,818,845)**	(1,254,854,073)
Gross profit		**78,157,162**	364,173,517
Selling and Distribution expenses	24	**(18,067,961)**	(25,310,997)
Administrative expenses	25	**(47,945,704)**	(49,959,097)
Profit from operation		**12,143,497**	288,903,423
Expected credit losses Provision	9	**1,441,335**	(2,795,715)
Provision for contract losses	19	**4,315,392**	(5,807,780)
Finance Charge		**(26,075,992)**	(13,310,210)
Realized revenues from Financial assets at fair value through Profit or loss	11	**3,198,431**	113,868
Unrealized revenues from Financial assets at fair value through Profit or loss	11	**(423,359)**	279,246
Other revenues	26	**1,754,376**	1,552,280
(Loss) Profit before Zakat		**(3,646,320)**	268,935,112
Zakat	21	**(13,366,753)**	(24,392,120)
Net (Loss) Profit		**(17,013,073)**	244,542,992
Other comprehensive income:			
Items that will not be reclassified under profit or loss:			
Re-measurement of employee benefit liabilities	17	**(1,196,347)**	2,009,883
Total other comprehensive income / (loss)		**(1,196,347)**	2,009,883
Total comprehensive (Loss) income		**(18,209,420)**	246,552,875
(Loss) Profit attributable to:			
Shareholders of the Company		**(26,655,991)**	207,831,707
Non-controlling interests		**9,642,918**	36,711,285
		(17,013,073)	244,542,992
Total comprehensive (Loss) Profit attributable to:			
Shareholders of the Company		**(1,233,083)**	1,879,146
Non-controlling interests		**36,736**	130,737
		(1,196,347)	2,009,883
Total comprehensive (loss) income attributable to:			
Shareholders of the Company		**(27,889,074)**	209,710,853
Non-controlling interests		**9,679,654**	36,842,022
		(18,209,420)	246,552,875
(loss) Earnings per share to net income / (loss) for the year:	28		
Basic		**(0.52)**	4.09
Diluted		**(0.52)**	4.09

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 consolidated financial statements.

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022
(Expressed in Saudi Arabian Riyals)

		Equity attributable to equity holders of the Company					
	Note	**Share capital**	**Statutory reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
For the year ended 30 September 2021							
Balance at 1 October 2020		508,000,000	68,414,889	66,105,408	642,520,297	138,899,226	781,419,523
Comprehensive income for the year							
Income for the year		--	--	207,831,707	207,831,707	36,711,285	244,542,992
Other comprehensive loss		--	--	1,879,146	1,879,146	130,737	2,009,883
Total comprehensive income for the year		--	--	209,710,853	209,710,853	36,842,022	246,552,875
Transferred to statutory reserve	14	--	20,783,171	(20,783,171)	--	--	--
Dividends	30	--	--	(88,900,000)	(88,900,000)	(34,375,000)	(123,275,000)
Balance at 30 September 2021		508,000,000	89,198,060	166,133,090	763,331,150	141,366,248	904,697,398
For the year ended 30 September 2022							
Balance at 1 October 2021		**508,000,000**	**89,198,060**	**166,133,090**	**763,331,150**	**141,366,248**	**904,697,398**
Comprehensive income for the year							
(loss) / profit for the year		-	-	(26,655,991)	(26,655,991)	9,642,918	(17,013,073)
Other comprehensive (loss) / profit income		-	-	(1,233,083)	(1,233,083)	36,736	(1,196,347)
Total comprehensive income for the year		-	-	**(27,889,074)**	**(27,889,074)**	**9,679,654**	**(18,209,420)**
Dividends		-	-	**(88,900,000)**	**(88,900,000)**	**(13,750,000)**	**(102,650,000)**
Balance at 30 September 2022		**508,000,000**	**89,198,060**	**49,344,016**	**646,542,076**	**137,295,902**	**783,837,978**

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 consolidated financial statements.

AL YAMAMAH STEEL INDUSTRIES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2022
(Expressed in Saudi Arabian Riyals)

	Note	2022	2021
Cash flows from operating activities			
Profit for the year before zakat		**(3,646,320)**	268,935,112
Adjustments:			
Depreciation	5	**42,702,791**	41,834,503
Amortization of intangibles	6	**918,239**	917,879
Right of use asset depreciation	7	**3,404,277**	2,943,813
(Gains) on disposal of property, plant and equipment	26	**12,384**	(175,786)
Inventories provision	8	**(2,794,780)**	9,894,440
Provision for inventory impairment	8	**55,927,840**	--
Provisions for contract losses		**(4,315,392)**	5,807,780
Provision for expected credit losses	9	**(1,441,335)**	2,795,715
Profits on revaluation of financial assets at fair value	11	**423,359**	(279,246)
Provision for employee benefits charged for the year	17	**5,716,468**	5,351,172
Finance costs*	27	**26,075,992**	13,310,210
		122,983,523	351,335,592
Changes in operating assets and liabilities			
Inventories*		**(368,180,734)**	(102,195,624)
Trade receivables		**(75,736,395)**	57,784,911
Prepayments and other receivables		**17,904,308**	(6,496,223)
Trade payables*		**(1,745,230)**	6,129,759
Advances from customers		**36,227,839**	1,169,944
Accrued expenses and other payables*		**2,548,089**	(9,171,821)
Cash (Used in) generated from operations		**(265,988,600)**	298,556,538
Paid Zakat	21	**(15,062,429)**	(14,739,312)
Paid employee's benefits	17	**(2,417,589)**	(4,040,362)
Net cash (Used in) generated from operating activities		**(283,478,618)**	279,776,864
Cash flows from investing activities			
Purchase of property, plant and equipment*		**(99,484,568)**	(41,288,757)
Proceeds from the disposal of property, plant and equipment		**44,330**	263,353
Additions to intangibles assets		**(7,500)**	--
Financial assets at fair value through profit or loss		**(1,312,000)**	(932,878)
Net cash (used in) investing activities		**(100,759,738)**	(41,958,282)
Cash flows from financing activities			
Proceeds from loans and credit facilities		**394,261,202**	62,246,599
Dividends paid to non-controlling interests		**(102,652,558)**	(123,190,575)
Finance costs paid*		**(16,616,211)**	(10,016,046)
Payment of lease liabilities*	7	**(3,783,945)**	(3,953,641)
Net cash generated from (used in) financing activities		**271,208,488**	(74,913,663)
Net change in cash and cash equivalents balance		**(113,029,868)**	162,904,919
Cash and cash equivalents at the beginning of the year		**181,361,839**	18,456,920
Cash and cash equivalents at the end of the year		**68,331,971**	181,361,839
Other non-cash transactions			
Transfers from inventories to property, plant and equipment		**537,175**	3,841,042
Trade payables		**(537,175)**	--
Inventories		--	(3,841,042)
Dismantling provision		**233,983**	229,394
Accrued expenses and other current receivables		**7,273,214**	1,480,314
Right of use assets		**(7,882,808)**	(1,689,833)
Finance costs		**(9,459,781)**	(3,294,164)
lease liabilities		**9,835,392**	3,274,289

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 consolidated financial statements.

1. GENERAL

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

The Company's activities are:

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

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

Factory	City/Place	CR Number	Date of CR
Al Yamamah Steel Industries Company	Jeddah	4030068043	28/4/1410H
Al Yamamah for Electric Poles	Jeddah	4030148938	9/3/1425H
Al Yamamah Steel Industries Company	Dammam	2050059045	7/3/1429H
Al Yamamah for Production of Electric Power Towers	Jeddah	4030180886	9/7/1429H
Al Yamamah Industrial Solar Energy Systems Factory	Jeddah	4030304080	9/9/1439H
Al Yamamah Wind Power Systems (under construction)	Jeddah	4030304267	13/09/1439H

As on September 30, 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, 2022: 50.8 million shares) each with a value of SR 10 (September 30, 2021: 10 SR).

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

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

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

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

2. BASIS OF PREPARATION

2/1 Statement of Compliance

The consolidated financial statements (hereinafter referred to as "financial statements") have been prepared on September 30, 2022 in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants.

2. BASIS OF PREPARATION (CONTINUED)

2/1 Statement of Compliance (Continued)
As required by the Capital Market Authority "CMA" through its circular issued on October 16, 2016, the group must apply the cost model to measure property, plant and equipment, real estate investments and intangible assets when adopting IFRS for a period of three years starting from the date of applying IFRS, this was later extended.

2/2 Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis, unless IFRSs permit measurement using other valuation techniques.

The preparation of 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 financial statements. These significant estimates and assumptions are disclosed in Note 4.

The Company financial statements are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Saudi riyals, which is the functional and presentation currency. The numbers were rounded to the nearest thousand riyals, unless otherwise stated.

2/3 Use of judgements and estimates
The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.

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

Significant judgments made by the management upon the adopting the Group's accounting policies correspond to the disclosed policies in last year's financial statements.

2/4 Going Concern
The Group's management has made an assessment of the Group's ability to continue as a going concern, and is convinced that the Group has sufficient resources to continue its business in the near future. In addition, the management does not have any material doubts about the Group's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES
Mentioned below an overview of the significant accounting policies applied in the preparation of these consolidated financial statements of the parent company (a Saudi joint stock company) and its subsidiaries (the "Group"). These policies are consistently applied to all periods presented, except for what is mentioned in the bases for preparation Note 2, unless otherwise stated.

3/1 Basis of consolidation of financial statements
The financial statements of the group include the financial statements of the company and its subsidiaries as shown in Note No. (1). Control is achieved when the Group is exposed, or has rights, to returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group considers controlling an investee when the Group has:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/1 Basis of consolidation of financial statements (Continued)

1. Control of the investee company (existing rights that give it the current ability to direct the activities of the investee).
2. Exposure to risks and rights to various returns from its overlap with the investee company.
3. The ability to use its power over the investee company to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one of the elements of control described above. The process of consolidation of a subsidiary begins when the group obtains control of the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the financial statements from the date the Group acquires control of the subsidiary until the date it ceases.

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

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction, when the Group loses control of a subsidiary that:

- De-recognition of the assets (including goodwill) and liabilities of the subsidiary.
- De-recognition of the carrying amount of any non-controlling interest.
- Establishing the fair value of the amount received.
- Recognize the fair value of any investment held.
- Proving the surplus or deficit in profit or loss.

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

Eliminations
Intra-group balances and transactions, as well as any unrealized gains or losses arising from intra-group transactions, are eliminated in full when preparing these financial statements. Unrealized gains arising from transactions with equity investees are eliminated to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but to the extent that there is no evidence of impairment.

Non-controlling interests
The non-controlling interest in the net assets of a subsidiary is recognized separately from the Group's interest in net assets. Non-controlling interests consist of the amounts of those interests recognized on the date of the primary business combination as well as their shares of changes in equity in the company that occur after the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/2 New standards, amendments to standards and interpretations

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Company's Financial Statements, except for where referenced below.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021	These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.
IFRS 16	Amendments to IFRS 16 Leasing - Covid-19 Related Rent Concessions	April 1, 2021	This amendment extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification for payments originally due on or before June 30, 2022 (rather than payment due on or before June 30, 2021).

The Company has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 37	Onerous Contracts Cost of Fulfilling Contract	January 1, 2022	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements IFRS 9: The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of 'testing whether an asset is functioning properly'.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/3 Foreign Currencies translation

Translation of foreign currency transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the end of each reporting period at the exchange rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognized in the consolidated statement of profit or loss in the year in which they arise except for foreign exchange differences on monetary items due from or due to a foreign operation that are not likely or due to be settled (and therefore form part of the net Investment in the foreign operation) which is initially recognized in other comprehensive income and is reclassified from shareholders' equity to the consolidated statement of profit or loss upon settlement of the monetary items.

On disposal of a foreign operation (disposal of the Group's entire interest in a foreign operation, disposal involving loss of control of a subsidiary that includes a foreign operation), all cumulative exchange differences in equity for that operation attributable to the Group's shareholders are reclassified to the statement of profit or loss. In addition, in connection with the partial disposal of a subsidiary that includes a foreign operation, which does not result in the Group losing control of the subsidiary, the proportionate share of the accumulated exchange differences is redistributed to the non-controlling interests and is not recognized in the statement of profit or loss. For all other partial disposals (such as partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the cumulative exchange rate differences is reclassified to the statement of profit or loss.

Foreign exchange translation differences for subsidiaries

Each group company has transactions denominated in currencies other than the presentation currency at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the end of each reporting period at the exchange rates prevailing at that date. Exchange differences on monetary items are recognized in the consolidated statement of profit and loss in the period in which they arise except when other comprehensive profit is deferred to cover qualifying cash flows.

Assets and liabilities included in the consolidated financial statements of foreign companies that are issued in their functional currency are presented in Saudi Riyals, which is the functional and presentation currency of the Group using the exchange rates prevailing at the end of the year. Revenues and expenses in Saudi Riyals are translated according to the weighted average exchange rates during the year or according to the exchange rates prevailing at the date of the transaction for significant transactions.

Changes resulting from retranslation of the opening balance of net assets from foreign operations and changes resulting from translating the net results for the year from foreign operations are recognized in the statement of other comprehensive income.

When there is a change in control of an external operation, the change in exchange rates is recognized in equity and charged to the consolidated statement of profit or loss as part of the gain or loss on disposals.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/4 Property, plant and equipment

Property, plant and equipment except lands owned by the company and properties work in progress are stated at cost less accumulated depreciation and impairment in value, if any. lands owned by the company and properties work in progress is valued at cost.

Depreciation is charged to income applying the straight line method at the rates specified in the property, plant and equipment note.

The estimated useful lives of assets will be depreciated as follow:

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

In respect of additions and disposals during the year, depreciation is charged from the months of acquisition or capitalization and up to the months preceding of disposal respectively.

Annual review of residual values and useful lives

The residual value of the asset is the current estimated amount that the Company can obtain from excluding the asset after deducting the estimated costs of exclusion if the asset has already reached the expected life and condition at the end of its useful life.

The residual values and useful lives of the assets are reviewed and adjusted, if necessary, at the end of each financial period. If the forecasts differ from previous estimates, the change (s) are calculated as a change in accounting estimates.

Asset segmentation

Property, plant and equipment often consists of different parts with different useful lives or consumption patterns. These parts are replaced (independently) during the useful life of the asset. Accordingly:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/4 Property, plant and equipment (Continued)

- Each part of the item of property, plant and equipment is depreciated, the cost of which is relatively important relative to the total cost of the item independently (unless one of the important parts has the same useful life and the method of consuming another part of the same item of property, plant and equipment, in which case, the two parts can be combined together for the purpose of consumption).
- Under the segmentation approach. The Company does not recognize the daily maintenance costs of the item in the carrying amount of the item of property, plant and equipment. These costs are recognized in the statement of profit or loss when incurred. The components of the different assets are determined and depreciated separately only for the significant parts of property, plant and equipment with useful lives or different depreciation patterns. However, the principles regarding parts replacement (which represent the subsequent cost of a replacement part) generally apply to all specific parts, regardless of whether they are significant or not important.

projects under construction
The cost of the projects under construction is calculated on the basis of the actual cost and is shown as projects under implementation until the project is received from the contractor, then it is transferred to the various items within property, machinery and equipment, and then depreciation is started.

Capitalization of costs within property, plant and equipment
The cost of item of property, plant and equipment consists of the following:
- Purchase price, including import duties and non-refundable purchase taxes, after discounting commercial discounts and discounts.
- Any costs directly related to the origin of the site and the necessary condition for its operation in the manner deemed appropriate for the administration.
- Initial estimation of the costs of dismantling and moving the item, returning the site on which it is located to its natural state, and the obligation incurred either as a result of purchasing this item or as a result of using it during a specific period for purposes other than producing inventories during that year.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably, the recognition of the carrying amount of one of the parts recognized as a separate asset ceases at replace it.

Borrowing costs related to the qualifying assets are capitalized as part of the cost of the qualifying assets until commencement of commercial production.

All other repair and maintenance expenses are charged to the statement of profit or loss during the period of the financial statements in which they are incurred. Regular maintenance and repairs that do not increase the estimated useful life of the asset or production outputs are charged to the statement of profit or loss when incurred.

Profits and losses resulting from the disposal of property, plant and equipment are determined by comparing the proceeds with the net book value and are included in other income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/5 Intangible assets
Intangible assets represent computer software licenses where amounts paid to acquire computer software licenses are capitalized and stated at cost less any impairment, if any. They are amortized on a straight-line basis over the useful life of the licenses, ranging from 5 to 15 years.

3/6 Impairment of non-financial assets
An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount that is higher of an asset's fair value less costs of disposal and its value in use. Impairment losses are recognized in statement of profit or loss.

The fair value is determined according to IFRS 13 on fair value and the cost of disposal is the cost that can only be added. The book value of the assets is evaluated by the current discounted value of future cash flows, taking into account the risks associated with money in the country in which it is dealt.

On the date of each financial position, the values of the non-financial assets other than the financial assets and those that were subject to impairment are reviewed for the possibility of reversing the decrease in the value. When the impairment loss is subsequently refunded, the carrying amount of the asset or cash-generating unit is increased in accordance with adjusted estimates of its recoverable amount, provided that the book value does not exceed if no loss has been recorded for the asset or cash-generating unit in previous years. A reversal of an impairment loss is recognized as direct income in the statement of profit or loss. Impairment of property, plant and equipment primarily idle production capacity of the plant by closing or selling ineffective products from auxiliary products. When the impairment loss is subsequently reversed, the carrying amount of the asset is increased to the adjusted recoverable amount, within the book value limits that would have been determined if the impairment loss was not recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss, unless the underlying asset is included in the revalued value, in which case the reversal of the impairment loss is treated as an increase in the revaluation.

3/7 Inventories
Inventories, excluding damaged, are valued at cost or net realizable value (whichever is lower). The decrease in the net realizable value is recognized as an expense during the period in which the decrease arose. Any reversal of the impairment is charged to the consolidated statement of profit or loss during the period in which the reversal arose. The net realizable value is determined by the estimated selling price of the products in the ordinary course of the Group's business, less any expected additional costs required to complete the product and expenses required to market, distribute and sell the product.

Inventories cost determined as follow:

Category	Cost
Raw Materials	Weighted average
Spare Parts	Weighted average
Work in progress	Average industrial cost
Finished Goods	Average industrial cost

Absolute inventories are assessed at the net recoverable amount. Industrial cost includes the direct cost of materials and labor and a portion of the indirect cost.

The goods are valued by the way at the purchase cost or the value of the supplier's invoice in addition to some of the expenses necessary to complete the purchase process.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/7 Inventories "Continued"

Net realizable value and inventories provision valuation
Net realizable value is the estimated selling price in the normal course of business of the Group less the estimated costs of completion and selling and distribution expenses. The valuation of the net realizable value of inventories reduction is usually done on an individual basis. This is when the product is from the same product line (which has a similar purpose and end use) and is marketed in the same geographical area.

Reducing inventories below cost to their net realizable value is in accordance with International Financial Reporting Standards that the value of assets should not be increased more than the amounts expected to be realized from their sale.

A provision is made for slow moving, obsolete and obsolete inventories. Damaged inventories is identified and reduced when you perform the inventories count. The provision for slow moving and obsolete inventories is assessed by category of inventories as part of the financial report. The stage is evaluated based on comparison of the level of completeness of inventories held with expected and potential future sales.

3/8 Financial instruments

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/8 Financial instruments (Continued)

- The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes financial liabilities when its terms are modified and when the cash flows of the adjusted liabilities are significantly different. In such case, new financial liabilities are recognized at fair value based on the modified terms.

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/8 Financial instruments (Continued)

Financial assets- subsequent measurement - profits or losses:

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

Reclassification

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

Offsetting of financial instruments

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

Share capital

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

Impairment

Impairment of financial assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/8 Financial instruments (Continued)
Lifetime ECL measurement applies if the credit risk of a credit asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Group can assume that credit risks on a financial instrument didn't significantly increase since the initial recognition; if the financial instrument is previously determined as low credit risk instrument at the date of report. However, lifetime expected credit loss measurement is always applied on trade receivables and assets of the contracts without the presence of a significant finance item, in which the Group can adopt this policy to trade receivables with a non-significant finance item.
The Group elected to evaluate trade receivables impairment using 12-month expected credit loss model.
The carrying amount of financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write - off is later recovered, it is recognized in profit or loss in the period of recovery.

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

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

An assessment is conducted at each reporting date to determine whether there is an evidence of impairment loss previously recorded or curtailed. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/8 Financial instruments (Continued)

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of consolidated profit or loss.

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

3/9 Loans and receivables

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

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

3/10 Cash and cash equivalents

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

3/11 Trade payables and accruals

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

3/12 Finance income and finance costs

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

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

3/13 Provisions

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/14 Employee's benefits

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/15 Revenue recognition

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

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

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

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

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

Step 5 - Recognize revenue when (or as) the entity satisfies a performance obligation.
If the consideration promised in a contract includes a variable amount, the Group shall estimate the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer.

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

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

The Group recognizes revenue at the point in time at which the customer starts to obtain control of a promised asset and the entity satisfies the performance obligations. The Group considers the below mentioned indicators to assess the transfer of control of the promised asset:

- the Group has a present right to payment for the asset
- the customer has legal title to the asset
- the Group has transferred physical possession of the asset
- the customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/16 Zakat & Tax

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

Withholding tax expense

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

Value added tax

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

3/17 Expenses

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

3/18 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. Asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is classified as current when:

- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the date of financial position.

The Group classifies all other liabilities as non-current.

3/19 Dividends

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/20 Segmental information

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

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

3/21 Statutory reserve

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

4. USE OF JUDGEMENTS AND ESTIMATES

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

Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.
Significant judgments made by the management upon the adopting the Group's accounting policies correspond to the disclosed policies in last year's financial statements. Except for the new significant judgments and major resources of estimates related to the adoption of IFRS 16 with the Customers which have been disclosed in note 3.

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

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

Impairment of non-financial assets
At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.
For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or other CGUs.
The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

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

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

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

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

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

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

Intangible assets
Expected useful lives of intangible assets are estimated at a specific point in time or in undefined period. As for intangible assets with defined useful lives, they are amortized during the period of the asset's economic useful life and the impairment is estimated when an indicator of impairment exists. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at the end of each reporting period.

4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Intangible assets "Continued"
Changes in the expected useful life or the expected amortization method of the future economic benefits included in the asset are accounted when a change in the period or method of amortization occurs, as needed, and they are treated as changes in the accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset.
Intangible assets with undefined useful life are not amortized, but they are tested on annually basis, whether in a separate way or at the level of cash generating units. The evaluation of the indefinite life of asset is reviewed annually to determine whether the use of the indefinite useful life is still justified. In the event that these justifications do not persist, the estimate of the useful life is changed to a specified useful life on a future basis.

Fair value of assets and liabilities
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the access is available at that date. The fair value of a liability reflects its non-performance risk.

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. The Group has no assets or liabilities under this level as at 30 September 2022 and 30 September 2021.

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

Level 3: Inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at 30 September 2022 and 30 September 2021, there are no transfers between levels.

5. PROPERTY, PLANT AND EQUIPMENT, NET

a) Movement in property, plant and equipment during the year ended 30 September 2022 is as follows:

	Note	Lands	Buildings	Plant and equipment	Vehicles and transportation	Furniture and office equipment	Computers and electric equipment	Forklifts	Tools and instruments	Strategic Spare Parts	Projects in progress	Total
Cost												
Balance at 30 September 2020		13,264,725	345,054,821	462,202,784	5,222,617	4,647,284	10,895,533	509,500	5,960,645	4,419,490	7,023,527	859,200,926
Additions		--	122,373	4,675,413	656,935	94,046	301,524	--	502,046	3,841,042	27,622,033	37,815,412
Disposals		--	--	---	(664,000)	(9,220)	(5,201)	--	(12,027)	(87,551)	--	(777,999)
Transferred from CWIP		--	184,050	2,849,836	--	31,277	5,856	---	32,000	--	(3,470,716)	(367,697)
Balance at 30 September 2021		13,264,725	345,361,244	469,728,033	5,215,552	4,763,387	11,197,712	509,500	6,482,664	8,172,981	31,174,844	895,870,642
Additions		**--**	**--**	**1,718,796**	**208,000**	**238,751**	**640,117**	**--**	**186,157**	**3,170,014**	**94,449,909**	**100,611,744**
Disposals		**--**	**--**	**(55,046)**	**(164,650)**	**(17,923)**	**(587,294)**	**--**	**(46,904)**	**(14,006)**	**--**	**(885,823)**
Transferred from CWIP		**--**	**19,774,211**	**27,995,057**	**1,560,500**	**66,512**	**23,420**	**--**	**45,900**	**--**	**(50,055,601)**	**(590,001)**
Balance at 30 September 2022		**13,264,725**	**365,135,455**	**499,386,840**	**6,819,402**	**5,050,727**	**11,273,955**	**509,500**	**6,667,817**	**11,328,989**	**75,569,152**	**995,006,562**
Accumulated depreciation:												
Balance at 30 September 2020		--	138,909,769	237,882,037	4,871,387	3,989,150	8,613,916	450,454	4,638,353	1,022,298	--	400,377,364
Charges during the year	5.b	--	15,239,552	24,108,720	238,870	200,043	832,134	8,122	631,037	576,025	--	41,834,503
Disposals		--	---	--	(663,983)	(9,220)	(5,201)	--	(12,027)	--		(690,431)
Balance at 30 September 2021		--	154,149,321	261,990,757	4,446,274	4,179,973	9,440,849	458,576	5,257,363	1,598,323	--	441,521,436
Charges during the year	5.b	**--**	**15,422,458**	**24,673,138**	**349,812**	**175,526**	**816,562**	**8,123**	**364,290**	**892,882**	**--**	**42,702,791**
Disposals		--	**--**	**(19,953)**	**(164,650)**	**(17,923)**	**(578,325)**	**--**	**(46,267)**	**(1,991)**	**--**	**(829,109)**
Balance at 30 September 2022			**169,571,779**	**286,643,942**	**4,631,436**	**4,337,576**	**9,679,086**	**466,699**	**5,575,386**	**2,489,214**	**--**	**483,395,118**
Impairment losses	5.f	--	**3,713,260**	**3,297,342**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**7,010,602**
Net book value As at 30 September 2022		**13,264,725**	**191,850,416**	**209,445,556**	**2,187,966**	**713,151**	**1,594,869**	**42,801**	**1,092,431**	**8,839,775**	**75,569,152**	**504,600,842**
Net book value As at 30 September 2021		13,264,725	187,498,663	204,439,934	769,278	583,414	1756,863	50,924	1,225,301	6,574,658	31,174,844	447,338,604

5. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

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

	Note	2022	2021
Cost of Sales	23	**40,236,477**	39,329,538
Selling and Distribution expenses	24	**32,466**	61,658
Administrative expenses	25	**2,433,848**	2,443,307
		42,702,791	41,834,503

c) The buildings of the Company include buildings with net book value amounting to SR 124.7 million as at 30 September 2022 (30 September 2021: SR 115.5 million) that are constructed on lands leased from the Saudi Authority for Industrial Cities and Technical Areas (MODON), 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 with net book value amounting to SR 108.98 million as at 30 September 2022 (30 September 2021: SR 77.09 million).

d) The buildings of the subsidiary's factory with net book value amounting to SR 67 million as at 30 September 2022 (30 September 2021: SR 72 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.

e) The Company has studied the impairment of its property, plant and equipment and the recoverable amount is accounted for as at 30 September 2022, based on the value-in-use for cash generating unit determined by the Group, which comprise of net operating assets of the sectors. When determining the value in use of the cash generating unit, the cash flows that were determined using the weighted average cost of capital for a five-year period were discounted at 7.26% rate before the calculation of Zakat until 2026, according to the estimated useful lives of the related plant and equipment. This study resulted in a decrease in the assets of two factories within the construction and electricity sectors (the vacuum structures factory and the electric power towers factory). Value-in-use calculation is impacted and is considered highly sensitive in case of change in the following key assumptions:

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

The movement in the decrease in the value of property, plant and equipment is as follows:

	2022	2021
Balance at beginning of year	**7,010,602**	7,010,602
Balance at end of year	**7,010,602**	7,010,602

5. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

f) Capital work in progress represents the following projects:

	2022	2021
Advanced to vendors	**55,353,078**	15,290,508
Al Yamamah Solar Power Systems Factory	**15,583,258**	412,603
Pipe forming and perforating machine (Jeddah pipes)	**2,521,271**	104,592
Expansion of the fourth production line in the Dammam factory	**762,308**	12,872
Smelting Project - Rebar	**826,860**	90,463
Kiln Floor Lifting Cylinder - Rebar	**79,035**	16,350
Upgrading of pole cutting lines	**443,342**	--
Renovation and development project of the galvanizing basin - columns	**--**	347,696
Wind Power Energy Systems Project	--	5,890,147
Expansion works of Jeddah pipe factory	--	5,196,056
Project of adding laser cutting machines - Al-Abraj Factory	--	3,813,559
	75,569,152	31,174,846

6. INTANGIBLE ASSETS, NET

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

a. Movement in carrying value of intangible assets was as follows:

	Note	2022	2021
Cost			
Balance at beginning of year		**16,064,016**	16,064,016
Additions for the year		**7,500**	--
Balance at end of year		**16,071,516**	16,064,016
Accumulated Amortization			
Balance at beginning of year		**10,157,379**	9,239,500
Amortization charged on the year	6.b	**918,239**	917,879
Balance at end of year		**11,075,618**	10,157,379
Carrying value as at the end of the year		**4,995,898**	5,906,636

b. Amortization charged for the year is as follows:

	Note	2022	2021
Cost of sales	23	**82,655**	82,655
Selling and Distribution expenses	24	**28,940**	28,941
Administrative expenses	25	**806,644**	806,283
		918,239	917,879

7. LEASES

7/1 Movement in Right of use assets, as follow:

	2022	2021
Right of use assets		
Balance at 1 October	**33,143,633**	31,453,800
Additions for the year	**8,863,213**	1,689,833
Disposals during the year	**(980,405)**	--
Balance at 30 September	**41,026,441**	33,143,633
Accumulated Amortization		
Balance on 1 October	**5,756,573**	2,812,760
Depreciation during the year	**3,404,277**	2,943,813
Balance on 30 September	**9,160,850**	5,756.573
Net Balance at 30 September	**31,865,591**	27,387,060

7/2 The amortization during the year has been allocated as follows:

	Note	**2022**	2021
Cost of sales	23	**2,056,945**	2,054,197
Selling and Distribution expenses	25	**1,347,332**	889,616
		3,404,277	2,943,813

7/3 The movement in the lease liabilities is as follows:

	Note	**2022**	2021
Balance at 1 October		**27,798,007**	28,477,359
Additions for the year		**8,863,213**	1,689,833
Disposals during the year		**(980,156)**	--
Interest expenses for the year	27	**1,952,584**	1,584,456
Payments during the year		**(3,784,194)**	(3,953,641)
Balance at 30 September		**33,849,454**	27,798,007

7/4 The following are the lease obligations as classified in the consolidated statement of financial position:

	2022	2021
Current liability	**2,549,729**	2,587,382
Non-current liability	**31,299,725**	25,210,625
	33,849,454	27,798,007

8. INVENTORIES, NET

Inventories at 30 September comprise the following:

	Note	2022	2021
Raw materials		**816,404,935**	397,579,164
Finished goods		**113,461,636**	111,953,818
Spares not for sale		**22,131,857**	18,320,936
Work in progress		**49,473,576**	47,781,053
Goods in transit		**12,317,790**	69,974,089
		1,013,789,794	645,609,060
Less: Allowance for slow moving inventories items	8-a	**(18,079,445)**	(20,874,225)
Less: Provision for inventory decrease		**(55,927,840)**	--
		939,782,509	624,734,835

8-a Movement in provision for slow moving inventories during the year as follows:

	Note	2022	2021
Balance, at beginning of the year		**20,874,225**	10,979,785
Provided during the year	23	**2,665,754**	9,894,440
Utilized during the year		**(5,460,534)**	--
Balance at end of year		**18,079,445**	20,874,225

8-b

	Note	2022	2021
Provided during the year*	23	**55,927,840**	--
Balance at end of year		**55,927,840**	--

* As of September 30, 2022, the management studied the decrease in the net realizable value of inventories, and as a result of that study, there was a decrease in the realizable value of the inventory by an amount of SAR 55,927,840, which was recorded in the cost of sales.

9. TRADE RECEIVABLES, NET

A) Trade receivables comprise the following:

	Note	2022	2021
Trade receivables - related parties	31	**90,646,528**	115,541,953
Trade customers - other parties		**271,522,487**	172,834,540
		362,169,015	288,376,493
Less: Expected credit loss provision	B	**(9,926,480)**	(13,311,688)
		352,242,535	275,064,805

B) The movement in allowance for expected credit losses during the year is as follows:

	2022	2021
Balance, at beginning of the year	**13,311,688**	10,515,973
Provided during the year	**2,200,000**	2,795,715
Utilized during the year	**(5,585,208)**	---
Balance at end of year	**9,926,480**	13,311,688

9. TRADE RECEIVABLES, NET (CONTINUED)

C) 65% of the total sales for the year belongs to only eight customers and their outstanding balance as at 30 September 2022 amounted to SR 179.2 million (67% at 30 September 2021: SR 195.6 million).

D) Utilized from expected credit losses included trade receivables balances which were written off based on the decision of the Board of Directors by circulation on September 14, 2022, in the amount of 1,943,873 Saudi riyals, due to their aging and the inability to collect those receivables according to what was stated in the aforementioned decision.

E) Ageing of the trade receivables as at 30 September is as follows:

	2022		2021	
Duration	**Balance**	**Impairment In value**	Balance	Impairment In value
Not due	**255,947,890**	**1,380,202**	225,247,642	1,419,533
From 0 to 90 days	**77,022,150**	**535,430**	8,827,982	675,313
From 91 to 180 days	**21,232,289**	**44,162**	45,147,344	5,915,088
Over 181 Days	**7,966,686**	**7,966,686**	9,153,525	5,301,754
	362,169,015	**9,926,480**	288,376,493	13,311,688

Collections in the subsequent period from the group's outstanding trade receivable balances on September 30, 2022: 122.1 million SR (2021: 186 million SR), and secured receivables amounted to 206.5 million SR (2021: 48.41 million SR), which were excluded from receivables balances when calculating the expected credit losses, the net balance of receivables subject to calculation becomes 33.6 million Saudi riyals (2021: 53.99 million SR), classified according to their ages

10. PREPAYMENTS AND OTHER RECEIVABLES, NET

Prepayments and other receivables comprise of the following:

	2022	2021
Payments to suppliers	**9,194,522**	26,914,708
Prepaid expenses	**5,760,219**	4,050,811
Employee's receivables	**617,843**	1,472,436
Other debit balances	**58,956**	1,097,893
	15,631,540	33,535,848
Less: Provisions for doubtful debts	**(121,368)**	(121,368)
	15,510,172	33,414,480

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

It represents the investment value in the shares traded on the Saudi stock market for trading, and the group maintains this portfolio with a local brokerage company licensed in the Kingdom of Saudi Arabia. The movement of those assets is as follows:

	2022	2021
Balance on October 1,	**1,212,124**	--
Additions	**20,247,511**	1,145,871
Disposals	**(22,133,942)**	(326,861)
Revaluation Gain (Unrealized gains)	**(423,359)**	279,246
Realized gains	**3,198,431**	113,868
Balance on September 30,	**2,100,765**	1,212,124

12. CASH AND CASH EQUIVALENTS

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

	2022	2021
Cash at banks - current accounts	**68,151,971**	71,361,839
Short-term deposits	**--**	110,000,000
Checks under collection	**180,000**	---
	68,331,971	181,361,839

13. SHARE CAPITAL

As at 30 September 2022 and 30 September 2021, the Company's authorized, subscribed and fully paid share capital amounted to SR 508 million divided into 50.8 million ordinary shares of SR 10 each.

Major shareholders as at 30 September are as follows:

	2022		2021	
	No. of shares	**Ratio**	No. of shares	Ratio
Rashed Abdulrahman Al Rashed & Sons Company	**4,900,000**	**9.65**	4,900,000	9.65
Abdulqader Almuhaidib & Sons Company	**4,083,461**	**8.04**	4,083,461	8.04
Al Mojel Trading and Contracting Company	**5,074,141**	**9.99**	5,074,141	9.99
Al Mahana Trading Company	**3,440,384**	**6.77**	3,440,384	6.77
Abdul Karim Hamed Abdul Karim Al Mojel	**2,962,556**	**5.83**	2,962,556	5.83

14. STATUTORY RESERVE

In accordance with the Saudi Arabian Companies Law and the Company's By-Laws, 10% of the annual net income is required to make a statutory reserve until this reserve equals 30% of the capital. This statutory reserve is not available for distribution to the shareholders.

15. NON-CONTROLLING INTERESTS

a) Non-controlling interests comprise the following:

	2022	2021
Subsidiary's net assets	**499,257,832**	514,059,083
Net assets attributable to NCI (27.5%)	**137,295,902**	141,366,248

b) Movement on non-controlling interests:

	2022	2021
Balance at beginning of year	**141,366,248**	138,899,226
Share of total comprehensive income	**9,679,654**	36,842,022
Dividends to non-controlling interests	**(13,750,000)**	(34,375,000)
Balance at end of year	**137,295,902**	141,366,248

a) During the year ended on September 30, 2022, subsidiary company distributed dividends to shareholders amounting to 50,000,000 Saudi riyals in relation to non-controlling interests, of which the amount was 13,375,000 Saudi riyals.

b) The following table summarizes the information related to the subsidiary company of the group in which it has a substantial non-controlling interest before any exclusion of intra-group transactions:

15. NON-CONTROLLING INTERESTS (CONTINUED)

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

	2022	2021
Non-current assets	**181,943,527**	191,341,346
Current assets	**429,534,899**	375,028,820
Non-current liabilities	**(32,930,874)**	(31,984,257)
Current liabilities	**(79,289,720)**	(20,326,826)
Net assets (100%)	**499,257,832**	514,059,083
Carrying amount of NCI	**137,295,902**	141,366,248
Income for the year	**35,065,165**	133,495,579
Other comprehensive income / (loss)	**133,584**	475,408
Total comprehensive income (100%)	**35,198,749**	133,970,987
Profit allocated to NCI	**9,642,918**	36,711,285
Other Comprehensive income / (loss) allocated to NCI	**36,736**	130,737
Total Other Comprehensive income to NCI (27.5%)	**9,679,654**	36,842,022

16. CREDIT FACILITIES

Bank facilities from local banks

The Group has bank facilities with total amount of SR 2.19 billion (30 September 2021: SR 1.83 million) with some local banks of which SR 1.2 billion were used (30 September 2021: SR 324.90 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) Saudi Industrial Development Fund "SIDF" loan

During the august 2021, the company obtained the approval of "SIDF" dated Ramadan 15, 1442 corresponding to April 27, 2021 to grant a loan to the Al-Yamamah Solar Energy Systems Company in the amount of 49,700,000 Saudi riyals, 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 AH, corresponding to May 30, 2022, and an amount of 3,750,000 riyals is deducted from these payments on a pro rata basis from the entire value of the loan. These represent prepaid financing expenses in addition to semi-annual financing expenses that will be paid throughout the validity of the agreement. The limit has been agreed upon. The company has received an amount of 13,785,000 riyals, representing 30% of the loan value after deducting 30% of the fees (1,125,000 Saudi riyals). The second 1450 AH corresponding to September 5, 2028, this loan is secured by promissory notes issued by Al-Yamamah Steel Industries Company in favor of SIDF covering the full amount and payments, and the mortgage of the buildings and facilities established Which will be built on the factory land with the entire factory, its machines, equipment, accessories, and everything that is obtained later for the project. The agreement includes some conditions, including the retention of certain financial ratios.

16. CREDIT FACILITIES (CONTINUED)

a) Saudi Industrial Development Fund “SIDF” loan (Continued)

In March 2022, the company agreed with “SIDF” to early repay the loan in the amount of 14,910,000 SR, which represents the part received from the loan and its share of the fees mentioned above in return for closing the loan and exempting the company from the remaining fees amounting to 2,625,000 Saudi riyals. in April 2022, the company paid the required amount, and the loan was closed during June 2022, and during July 2022, the mortgage of the buildings established or to be established on the factory land was released along with the entire factory, its machinery, equipment, accessories, and everything that is obtained later, company cancelled the electronic promise note which was issued for SIDF.

b) Loans and bank facilities

	2022	2021
Current portion (16/3)	**883,761,202**	479,500,000
Non-Current portion	**2,500,000**	12,500,000
	886,261,202	492,000,000

c) Short-term loans

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

	2022	2021
Short-term loans	**873,761,202**	469,500,000
The current part of long-term loans	**10,000,000**	10,000,000
	883,761,202	479,500,000

d) loans according to the financing entities:

	2022	2021
Arab National Bank - the current part	**640,500,000**	343,500,000
Arab National Bank - Non-current part (16/5)	**2,500,000**	12,500,000
Banque Saudi Fransi	**215,000,000**	136,000,000
Al Rajhi Bank	**22,845,626**	--
British Saudi Bank	**5,415,576**	---
	886,261,202	492,000,000

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

Year	2022	2021
2023	--	10,000,000
2024	**2,500,000**	2,500,000
Total	**2,500,000**	12,500,000

F) Movement in loans

The movement in loans consists of the following:

	2022	2021
Balance at beginning of year	**492,000,000**	429,753,401
Additions for the year	**2,599,454,481**	1,670,000,000
Payments during the year	**(2,205,193,279)**	(1,607,753,401)
Balance at end of year	**886,261,202**	492,000,000

17. EMPLOYEE'S BENEFITS

17/1 The movement in the employee benefit obligations is as follows:

	2022	2021
Present value of the obligation as at the beginning of the year	**33,624,375**	34,323,448
current service cost	**4,819,687**	4,918,383
interest cost	**896,781**	432,789
Total expense charged to statement of profit or loss*	**5,716,468**	5,351,172
Re-measurement of employee benefit liability	**1,196,347**	(2,009,883)
Actual benefits paid during the year	**(2,417,589)**	(4,040,362)
The present value of the obligation at the end of the year	**38,119,601**	33,624,375

17/2 The valuation was prepared by an independent external actuary using the following key assumptions:

	2022	2021
Discount rate %		
Parent company	**4.00**	2.65
Subsidiary company	**4.00**	2.98
Salaries increase rate %		
Parent company	**5.00**	2.65
Subsidiary company	**4.00**	3.80

17/3 Total analysis of the employee's payments during year is as follow:

	Note	**2022**	2021
Salaries and wages		**121,445,017**	120,265,705
Remuneration		**3,359,669**	8,206,324
Defined benefit expenses	17 - 2	**5,716,468**	5,351,172
		130,521,154	133,823,201

17/4 Defined benefit liability sensitivity's changes impact, as follow:

	2022	2021
Discount rate		
Increase by 1%	**35,788,782**	31,459,757
Decrease by 1%	**40,742,935**	36,007,071
Salaries rate		
Increase by 1%	**40,907,992**	36,147,858
Decrease by 1%	**35,598,357**	31,400,707
Assumption of a statistical study of employees		
Number of employees	**1.241**	1.192
Average age of employees (years)	**37.75**	57.6
Average years of past service	**5.69**	8.8

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

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

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

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

	Note	**2022**	2021
Balance, beginning of the year		**11,699,095**	11,469,701
Charged financial charges	27	**233,983**	229,394
Balance at end of year		**11,933,078**	11,699,095

19. PROVISION FOR CONTRACT LOSSES

On August 2, 2021, a contract was signed to supply products between Al Yamamah Steel Industries (the parent company) and Larsen & Toubro Saudi Arabia, at a value of 241 million Saudi riyals. Products supplying will be during next financial period 2022, on the date of the financial position the management reassessed the estimated cost of the contract and the estimated unavoidable losses amounted to 5.8 million Saudi riyals, which were recorded in the provision for contract losses, and since the management was unable to determine the value of the penalty clause In the event of non-fulfillment of the contract, the estimated loss was considered to be less than the penalty clause value that could be incurred.

The movement of the provision is as follows:

	2022	2021
Balance on 1 October	**5,807,780**	--
Formed during the year	**---**	5,807,780
Utilized during the year	**(4,315,392)**	--
Balance on 30 September	**1,492,388**	5,807,780

20. ACCRUED EXPENSES AND OTHER PAYABLES

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

	2022	2021
Accrued expenses	**13,745,751**	14,411,558
Value added tax (VAT)	**11,850,832**	2,759,223
Directors' remuneration and allowances	**3,849,696**	4,405,696
Accrued employee’s bonus	**4,254,450**	8,205,939
Accrued financing expenses	**7,273,214**	1,480,314
Other Payables	**818,758**	708,668
	41,792,701	31,971,398

21. ZAKAT

a) Zakat base

Al Yamamah Steel Industries Company

	2022	2021
Additions		
Share capital	**508,000,000**	508,000,000
Retained Earnings	**77,233,090**	--
Reserves	**89,198,060**	68,414,889
Loans and other finance resources	**12,500,000**	28,746,575
Provisions	**77,114,023**	63,039,714
Accruals and other credit balances	**8,412,598**	--
Accrued dividends	**568,881**	--
Lease liabilities	**15,512,568**	9,006,662
Total additions	**788,539,220**	677,207,840
Discounts		
Property, plant and equipment (net)	**(343,831,180)**	(279,989,789)
Spare parts stock	**(18,966,194)**	(17,594,295)
Investments	**(336,442,836)**	(275,563,870)
Right-to-use assets	**(15,687,624)**	(9,301,163)
Total deductions	**(714,927,834)**	(582,449,117)
Zakat base	**73,611,386**	94,758,723
Adjusted Zakat base (365 days)	**75,898,745**	97,703,203
Adjusted net profit	**10,731,292**	145,182,028
Total base	**86,630,037**	242,885,231
Zakat charge (Zakat base @ 2.5%)	**2,165,751**	6,072,131

Al Yamamah Company for Reinforcing Steel Bars Company

	2022	2021
Additions		
Share capital	**300,000,000**	300,000,000
Retained Earnings	**94,862,228**	24,240,799
Reserves	**69,196,855**	55,847,297
Carryover provisions	**18,746,964**	12,998,698
Lease liabilities	**18,336,887**	18,791,345
Other additions to base	**152,325**	168,596
	501,295,259	412,046,735
Discounts		
Property, plant and equipment (net)	**165,282,752**	172,624,045
Right of use assets	**16,177,967**	18,085,897
Intangible assets, net	**482,815**	631,404
Spare Parts	**29,576,542**	29,393,334
Total deductions	**211,520,076**	220,734,680
Zakat base	**289,775,183**	191,312,055
Adjusted Zakat base (365 days)	**298,779,497**	197,256,779
Amended net loss	**46,452,836**	150,976,754
Total base	**345,232,333**	348,233,533
Due Zakat 2.5% (from net zakat base)	**8,630,808**	8,705,839

21. ZAKAT (CONTINUED)

b) Charge for the year

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

Zakat has been calculated for the Parent Company based on the separate financial statements as at and for the year ended 30 September 2022, and Zakat is calculated for the subsidiary (Al Yamamah Company for Reinforcing Steel Bars) based on the statutory financial statements as at and for the year ended 30 September 2022.

c) Movement of Zakat provision during the year

	2022	2021
Balance, at beginning of the year	**30,977,961**	21,325,153
Add: Charge for the Year	**10,796,560**	14,777,970
Prior years differences	**2,570,193**	9,614,150
Less: payments during the year	**(15,062,429)**	(14,739,312)
Balance at the end of the year	**29,282,285**	30,977,961

The management believes that the Zakat provision meets future zakat liabilities the year ended 30 September 2022 as well as the contingent liability for additional Zakat differences in the event of the decision of the Tax Appeal Committee to recognize Zakat differences amounting to of SAR 17.2 million as explained in note (29-c).

d) Zakat position

Al Yamamah Steel Industries Company

The company submitted zakat declarations for the years from the beginning of incorporation on June 26, 2006 until the year ending on September 30, 2022, according to which the company paid the due zakat and obtained a final zakat certificate valid until January 30, 2023. Below are the details of the company's zakat position from the date of incorporation until September 30 2022, which shows the value of the zakat differences resulting from the Authority's assessments of the aforementioned years and as a result of the company's objection to those differences, as well as the amounts paid by the company in exchange for the assessments differences of those years:

a) For the period from the date of incorporation from June 26, 2006 to September 30, 2007:
The company received final zakat certificate and final zakat assessment from Zakat, Tax and Customs Authority.

b) The years from 2008 to 2011:
The zakat differences for the years from 2008 to 2011 amounted to 9.9 million SR according to the claims of Zakat, Tax and Customs Authority. The company issued a letter of guarantee in the amount of 7.5 million SR representing all the differences that were not accepted by the Authority for the years 2008-2010, so that the net accrued differences objected to for those years amounted to 7.5 million SR.

c) The years from 2012 to 2014:
The company did not receive any assessments for those years.

21. ZAKAT (CONTINUED)

d) Zakat status (continued)

Al Yamamah Steel Industries Company (continued)

d) The years from 2015 to 2019:
The zakat differences for the years from 2015 to 2019 amounted to 4.7 million SR according to the claims of the Zakat, Tax and Customs Authority. The company paid 1.4 million SR representing the zakat differences for the years 2016 and 2018. It objected to an amount of 3.3 million SR for the years 2015, 2017, and 2019 an amount of 1.5 million SR was accepted from the objection submitted to these differences, and the company paid an amount of 1.8 million SR, representing the total differences that were not accepted by the Authority, and thus there are no zakat differences due for those years.

e) Financial year 2020:
Zakat differences for the year 2020 amounted to 9.742 million SR according to the zakat assessment and the claims of the Zakat, Tax and Customs Authority. The company paid an amount of 12,589 SR, and the objection to the amount of 9.730 million SR was rejected. The company issued a letter of guarantee in the amount of 4.87 million SR, and the General Secretariat of Tax Committees rejected the company's objection to the Zakat assessment with the Authority, so the company requested an appeal against the decision of the General Secretariat of Tax Committees, and a date for the session will be set.

f) Financial year 2021:
The company did not receive a zakat assessment for the year 2021.

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 Authority for the years from the date of the company's establishment until the fiscal year ending on September 30, 2019.

22. REVENUES, NET

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

	2022	2021
Construction segment	**995,002,011**	1,232,986,088
Electric	**469,973,996**	386,041,502
	1,464,976,007	1,619,027,590

The majority of the sale takes place at a specific point in time upon delivery of the products. As for the revenues that occurred over a period, they were insignificant during the year ending on 30 September 2022 and amounted to SR 0.89 million (2021: SR 4.96 million).

23. COST OF SALES

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

	Note	**2022**	2021
Raw materials utilized		**1,168,284,439**	1,079,944,435
Direct Salaries, wages and equivalents		**90,572,031**	91,615,718
depreciation	5	**40,236,477**	39,329,538
Slow moving inventories' items provision	8	**(2,794,780)**	9,894,440
Right of use asset depreciation	7	**2,056,945**	2,054,197
Amortization of intangibles	6	**82,655**	82,655
Inventory impairment	8	**55,927,840**	--
Other overheads		**32,453,238**	31,933,090
		1,386,818,845	1,254,854,073

24. SELLING AND DISTRIBUTION EXPENSES

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

	Note	2022	2021
Transportation Charges		**11,391,177**	17,291,844
Salaries, wages and equivalents		**6,231,554**	7,532,941
Depreciation	5	**32,466**	61,658
Amortization of intangibles	6	**28,940**	28,941
Others		**383,824**	395,613
		18,067,961	25,310,997

25. ADMINISTRATIVE EXPENSES

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

	Note	2022	2021
Salaries, wages and equivalents		**33,717,569**	34,674,542
Directors' remuneration and allowances		**2,660,000**	4,406,500
Depreciation	5	**2,433,848**	2,443,307
Professional and consultation fees		**1,836,333**	1,539,764
Computers support and subscription expenses		**2,367,290**	1,340,250
Amortization of intangibles	6	**806,644**	806,283
Right of use asset depreciation	7	**1,347,332**	889,616
Others		**2,776,688**	3,858,835
		47,945,704	49,959,097

26. OTHER REVENUES

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

	2022	2021
Interest on bank deposits	**1,168,185**	126,968
Human Resources Fund Support	**365,763**	424,101
Foreign currencies exchange rates differences	**4,519**	147,902
Gains / (losses) on disposal of property, plant and equipment	**(12,384)**	175,786
insurance benefits	**--**	286,114
Others	**228,293**	391,409
	1,754,376	1,552,280

27. FINANCE COSTS

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

	Note	2022	2021
Charged finance cost related to the loans	16	**23,889,425**	11,496,360
Interest expense charged on long-term lease liabilities	7	**1,952,584**	1,584,456
Undiscounted finance charges for the provision for dismantling and decommissioning of property, plant and equipment	18	**233,983**	229,394
Finance costs as included in the statement of profit or loss and other comprehensive income		**26,075,992**	13,310,210
Add			
Finance cost charged on the statement of profit or loss under employee’s benefits obligations	17	**896,781**	432,789
Total finance costs		**26,972,773**	13,742,999

28. EARNINGS (LOSS) PER SHARE

28/1 Basic earnings / (loss) per share

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

	2022	2021
Gain / (loss) attributable to shareholders of Company	**(26,655,991)**	207,831,707
Earnings / (loss) per share attributable to Company's shareholders	**(0.52)**	4.09

28/2 Diluted earnings / (loss) per share

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

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

29. CONTINGENCIES AND CAPITAL COMMITMENTS

a) At 30 September 2022, the contingent liabilities against the uncovered portion of bank guarantee letters issued by local banks on behalf of the Group amounted to SR 161.87 million (30 September 2021: 122 million).

b) At 30 September 2022, the contingent liabilities against letters of guarantees amounted to SR 153.46 million (30 September 2021: SR 310 million) issued in the normal course of the Group's business.

c) At 30 September 2022, the capital contingencies related to under project in progress amounted to SR 115.99 million (30 September 2021: SR 110.93 million.

30. DIVIDENDS

During the year ended 30 September 2022

- The Board of Directors, at his meeting held on Shawwal 11, 1443H, corresponding to May 12, 2022, approved the distribution of cash dividends to the company's shareholders for the first half of the fiscal year that ends on September 30, 2022, according to the mandate granted to it by the General Assembly of the company in its meeting held on February 14, 2022. With a value of 38,100,000 Saudi riyals, at 0.75 Saudi riyals per share, and the eligibility for cash dividends for shareholders who own shares on June 16, 2022 and who are registered in the company's shareholder register at the Depository Center at the end of the second trading day following the due date. The profits were distributed on June 29, 2022 AD, and were deposited in the investment accounts linked to the shareholders' investment portfolios..

- The Board of Directors, at his meeting held on 8 Jumada Al-Awwal 1443 H corresponding to 12 December 2021 approved the distribution of cash dividends amounted 50,800,00 Saudi Riyals to its Shareholders of the company for the second half of the fiscal year ended September 30, 2021, at 1 Saudi Riyal per share, for the shareholders on 26 Jumada Al-Awwal 1443 H corresponding to December 30, 2021. The eligibility is for shareholders who own the shares on the date of eligibility and who are registered in the company's shareholders' register at Securities Depository Center Company (Edaa) by the end of second trading day following the eligibility date. The cash dividends will be transferred to the eligible shareholders on 9 Jumada Al-Thani 1443 H corresponding to January 12, 2022.

30. DIVIDENDS (Continued)

During the year ended 30 September 2021

- The Board of Directors, at the meeting held on 24 Ramadan 1442 H corresponding to May 6, 2021, approved the distribution of cash dividends to the company's shareholders for the first half of the fiscal year ending on September 30, 2021 amounted 38,100,000 Saudi Riyals at 0.75 Saudi Riyals per share, to the shareholders of the company who own its shares on the day of the meeting Assembly 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 21 Shawwal 1442 H, corresponding to June 2, 2021, the cash dividends were transferred to the eligible shareholders.

- The ordinary general assembly of the shareholders of the company, which was held on 3 Rajab 1442 H corresponding to February 15, 2021, approved the recommendation of the Board of Directors on 7 Jumada Al-Awwal 1442 H corresponding to December 22, 2020 to distribute cash dividends to the company's shareholders for the fiscal year ended September 30, 2020 amounting to 50,800,000 Saudi Riyals at the rate of 1 Saudi Riyal 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 eligible shareholders.

31. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Transactions with related parties mainly represent purchases and goods and services rendered in accordance with agreed terms which are approved by the management and approved by the General Assembly of shareholders held on 13 Rajab 1443H, corresponding to 14 February 2022 with the following entities and parties:

31. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

Transactions with related parties:	**Nature of relationship**	**Nature of transaction**	**Amount of transaction**		**Balance as at**	
			2022	2021	**2022**	2021
Under accounts receivable (Note 9):						
Abdulqader Almuhaidib & Sons Company *	Shareholder	Sales	**286,901,197**	465,570,528	**41,388,487**	62,900,204
Rashid Abdulrahman Al Rashid & Sons Company **	Shareholder	Sales	**2,332,087**	10,085,488	**277,916**	696,875
Al Mahana Trading Company	Shareholder	Sales	**124,725,694**	143,965,318	**22,459,955**	24,515,406
Al Mahanna Steel Group ***	Shareholder	Sales	**131,355,086**	90,716,188	**22,994,522**	24,023,146
Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary shareholder	Sales	**27,126,453**	11,550,981	**1,797,198**	2,028,047
Al Mojel Trading Company	a shareholder	Sales	**5,580,000**	5,738,100	**1,728,450**	1,378,275
					90,646,528	115,541,953
Under trade payables						
Abdulqader Almuhaidib & Sons Company *	a shareholder	Purchases	**202,027**	1,058,310	**19,516**	--
Rashid Abdulrahman Al Rashid & Sons Company **	a shareholder	Purchases	**--**	1,975	**--**	--
Al Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary shareholder	Purchases	**--**	170,287	**--**	--
					19,516	--

* 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 to the shareholder and BOD member Muhanna bin Abdullah Al Muhanna.

31. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

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

	Nature of transaction	**2022**	2021
Key management personnel	Salaries, allowances and incentives	**8,122,198**	8,308,457
BOD members	Board of directors numerations	**2,660,000**	4,406,500

32. 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			
As at and for the year ended At 30 September 2022	**Construction segment**	**Electricity segment**	**Others**	**Total**
Revenue	**995,002,011**	**469,973,996**	**--**	**1,464,976,007**
Cost of sales	**(941,321,010)**	**(445,497,835)**	**--**	**(1,386,818,845)**
Net segment loss	**(5,556,657)**	**(14,304,199)**	**2,847,783**	**(17,013,073)**
Segment assets	**1,233,819,374**	**658,957,180**	**26,653,729**	**1,919,430,283**
Segment liabilities	**779,291,708**	**332,592,737**	**23,707,860**	**1,135,592,305**

32. SEGMENTAL INFORMATION (CONTINUED)

As at and for the year ended	Segment Reporting: Construction segment	Electricity segment	Others	Total
At 30 September 2021				
Revenue	1,237,952,780	381,074,810	--	1,619,027,590
Cost of sales	911,898,676	342,955,397	--	1,254,854,073
Net segment loss	253,827,392	(9,563,647)	279,247	244,542,992
Segment assets	1,025,498,267	552,564,208	18,357,909	1,596,420,384
Segment liabilities	544,108,950	131,144,830	16,469,206	691,722,986

33. 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.

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 30 September 2022	Book value as at 30 September 2021
Variable rate instruments		
Borrowings	886,261,202	492,000,000

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (Continued)

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.

	Gain / (loss) 2022		Profit / (loss) 2021	
	Increase in basis points of related to commission rates **100 bps**	Decrease in basis points of related commission rates **100 bps**	Increase in basis points of related to commission rates **100 bps**	Decrease in basis points of related commission rates **100 bps**
Borrowings	**8,862,612**	**(8,862,612)**	(4,920,000)	4,920,000

Foreign currency risk

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

Credit risk

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

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

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

	2022	2021
Financial assets		
Trade receivables	**352,242,535**	275,064,805
Bank balances	**68,331,971**	181,361,839
	420,574,506	456,426,644
Secured *	**293,809,136**	229,768,792
Unsecured **	**126,765,370**	226,657,852
	420,574,506	456,426,644

** As at 30 September 2022, secured financial assets include bank balances and trade receivables amounting to SR 225.5 million secured by bank guarantees (30 September 2021: SR 48.41 million).

** As at 30 September 2022, secured and non-secured financial assets include trade receivables amounting to SR 90.6 million due from related parties (30 September 2021: SR 115.5 million).

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

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

	Undiscounted contractual cash flows					
Non-derivative financial liabilities 30 September 2022	**1 year or less**	1 year to 3 years)	3 years or More	Interest accruals for future periods	Total contractual maturity	Total Carrying value
Loans	**883,761,202**	**2,500,000**	**--**	**4,627,220**	**890,888,422**	**886,261,202**
Trade payables	**49,166,471**	**--**	**--**	**--**	**49,166,471**	**49,166,471**
Contracts' losses provision	**1,492,388**	**--**	**--**	**--**	**1,492,388**	**1,492,388**
Dividends payables	**568,881**	**--**	**--**	**--**	**568,881**	**568,881**
Accrued expenses and other payables	**41,792,701**	**--**	**--**	**--**	**41,792,701**	**41,792,701**
Lease liabilities	**2,549,729**	**5,560,401**	**25,739,324**	**13,111,703**	**46,961,157**	**33,849,454**
	979,331,372	**8,060,401**	**25,739,324**	**17,738,923**	**1,030,870,020**	**1,013,131,097**
Non-derivative financial liabilities 30 September 2021						
Loans	479,500,000	12,500,000	--	2,893,127	494,893,127	492,000,000
Trade payables	50,374,526	--	--	--	50,374,526	50,374,526
Contracts' losses provision	5,807,780	--	--	--	5,807,780	5,807,780
Dividends payables	571,439	--	--	--	571,439	571,439
Accrued expenses and other payables	31,971,398	--	--	--	31,971,398	31,971,398
Lease liabilities	2,587,382	4,190,308	21,020,317	13,111,703	40,909,710	27,798,007
	570,812,525	16,690,308	21,020,317	16,004,830	624,527,980	608,523,150

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

33. 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’s adjusted net debt to net equity ratio was as follows:

	2022	2021
Total obligations	**1,135,592,305**	691,722,983
Less: Cash and cash equivalents	**(68,331,971)**	(181,361,839)
Net obligations	**1,067,260,334**	510,361,144
Total equity	**783,837,978**	904,697,398
Adjusted shareholders’ equity	**783,837,978**	904,697,398
Net obligations to equity	**1.36**	0,56

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

	30 September 2022						
	Carrying value		**Fair value**			
Financial Assets	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Trade receivables	**352,242,535**	**352,242,535**	--	--	--	--
Cash and cash equivalents	**68,331,971**	**68,331,971**	--	--	--	--
Financial assets at fair value through profit or loss	--	--	2,100,765	--	--	2,100,765
Prepayment and other debit balances	**6,315,650**	**6,315,650**	--	--	--	--
	426,890,156	**426,890,156**	**2,100,765**	--	--	2,100,765
Financial liabilities						
Loans and facilities	**886,261,202**	**886,261,202**	--	--	--	--
Trade payables	**49,166,471**	**49,166,471**	--	--	--	--
Dividends payables	**568,881**	**568,881**	--	--	--	--
Accrued expenses and other payables	**41,792,701**	**41,792,701**	--	--	--	--
Zakat provision	**29,282,285**	**29,282,285**	--	--	--	--
	1,007,071,540	**1,007,071,540**	--	--	--	--

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

	30 September 2021					
	Carrying value		Fair value			
Financial Assets	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Trade receivables	275,064,805	275,064,805	--	--	--	--
Cash and cash equivalents	181,361,839	181,361,839	--	--	--	--
Financial assets at fair value through profit or loss	--	--	1,212,124	--	--	1,212,124
Prepayment and other debit balances	6,499,772	6,499,772	--	--	--	--
	462,926,416	462,926,416	1,212,124	--	--	1,212,124
Financial liabilities						
Loans and facilities	492,000,000	492,000,000	--	--	--	--
Trade payables	50,374,525	50,374,525	--	--	--	--
Dividends payable	571,439	571,439	--	--	--	--
Accrued expenses and other payables	31,971,398	31,971,398	--	--	--	--
Zakat Provisions	30,977,961	30,977,961	--	--	--	--
	605,895,324	605,895,324	--	--	--	--

34. SIGNIFICANT EVENTS

A fundamental review and restructuring of the main interest rate indices are currently being conducted worldwide, and in line with the Central Bank of Saudi Arabia's objective to maintain monetary and financial stability, it has been decided the following:

The Central Bank of Saudi Arabia decided during the period from May to September 2022 to raise the rate of repurchase agreements, “REPO”, by a total increase amounting to 2.5 percent, from 1.25 to 3.75 percent. The Group's management is closely following these changes to determine the potential financial impact on its business results during the coming periods.

35. SUBSEQUENT EVENTS

The Central Bank of Saudi Arabia decided during November and December 2022 to raise the rate of repurchase agreements, “REPO”, by a total increase amounting to 1.25 percent, from 3.75 to 5.00 percent. The Group's management is closely following these changes to determine the potential financial impact on its business results during the coming periods.

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

36. COMPARATIVE FIGURES

Some of the prior year figures have been reclassified to conform to the current year’s presentation.

37. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the Board of Directors on 28 Jumada al-Ula 1444H (corresponding to - December 22, 2022).