

**Al Yamamah Steel Industries Company**  
(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Financial Statements (Unaudited)**  
**For the Three-Months and Nine-Months Periods Ended June 30,**  
**2023 With the Independent Auditor's Review Report**

**Al Yamamah Steel Industries Company**  
(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Financial Statements (Unaudited)**  
**For the Three-Months and Nine-Months Periods Ended June 30, 2023**

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**PKF****Ibrahim Ahmed Al-Bassam  
& Co. Certified Public Accountants**

## Independent Auditor's Review Report on The Interim Condensed Financial Statements

To the Shareholders of Al Yamamah Steel Industries Company

### Introduction

We have reviewed the condensed consolidated interim statement of financial position of **Al Yamamah Steel Industries Company** ("the Company") and its subsidiary, collectively referred to as ("the Group") as at 30 June 2023 and the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-months and nine-months period then ended, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the nine-months period then ended, and summary of the notes to the condensed consolidated interim financial statements. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 (IAS 34), 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS (34), 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.

Ahmed A. Mohandis  
Certified Public Accountant  
License No. 477

Jeddah: 23 Muharram 1445H

Corresponding to: 10 August 2023



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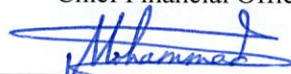
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**Al Yamamah Steel Industries Company**  
(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Statement of Financial Position (Unaudited)**  
**As of 30 June 2023**  
(Expressed in Saudi Arabian Riyals)

	<b>Note</b>	<b>30 June 2023 (Unaudited)</b>	<b>30 September 2022 (Audited)</b>
<b><u>Assets</u></b>			
<b>Non-current assets</b>			
Property, plant and equipment, Net	5	614,577,914	504,600,842
Intangible assets, Net		4,447,661	4,995,898
Right-of-use assets, Net	6	29,453,175	31,865,591
<b>Non-current assets</b>		<b>648,478,750</b>	<b>541,462,331</b>
<b>Current assets</b>			
Inventories, Net	7	833,204,716	939,782,509
Trade receivables, Net	8	402,713,612	352,242,535
Prepayments and other receivables		140,837,171	15,510,172
financial assets at fair value through profit or loss statement		659,200	2,100,765
Cash and cash equivalents		52,263,457	68,331,971
<b>Current Assets</b>		<b>1,429,678,156</b>	<b>1,377,967,952</b>
<b>Total Assets</b>		<b>2,078,156,906</b>	<b>1,919,430,283</b>
<b><u>Shareholders' equity and liabilities</u></b>			
<b>Shareholders' Equity</b>			
Share capital	1	508,000,000	508,000,000
Statutory reserve		29,198,060	89,198,060
Retained earnings		2,179,568	49,344,016
<b>Total equity attributable to shareholders of the Company</b>		<b>539,377,628</b>	<b>646,542,076</b>
Non-controlling interests		103,010,108	137,295,902
<b>Total equity</b>		<b>642,387,736</b>	<b>783,837,978</b>
<b><u>Liabilities</u></b>			
<b>Non-current liabilities</b>			
Long term loans- Non-current portion	9	47,970,005	2,500,000
Lease liabilities- Non-current portion	6	28,872,161	31,299,725
Employee benefits		40,984,510	38,119,601
Liability of dismantling and removing property, plant and equipment		12,994,408	11,933,078
<b>Non-current liabilities</b>		<b>130,821,084</b>	<b>83,852,404</b>
<b>Current liabilities</b>			
Short-term borrowings	9	1,058,882,484	873,761,202
Long-term loans – current portion	9	5,000,000	10,000,000
Lease liabilities– current portion	6	2,581,009	2,549,729
Provision for contracts losses		--	1,492,388
Dividends payable		567,885	568,881
Trade payables		131,662,145	49,166,471
Advance from customers		33,528,403	43,126,244
Accrued expenses and other payables		48,912,439	41,792,701
Zakat Provision	10	23,813,721	29,282,285
<b>Current liabilities</b>		<b>1,304,948,086</b>	<b>1,051,739,901</b>
<b>Total Liabilities</b>		<b>1,435,769,170</b>	<b>1,135,592,305</b>
<b>Total equity and liabilities</b>		<b>2,078,156,906</b>	<b>1,919,430,283</b>

Chief Financial Officer



Mohammad Abu Farha

Chief Executive Officer



Sahal Althobaiti

Vice Chairman



Raed Almudaiheem

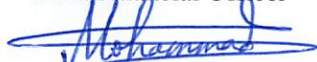
The accompanying notes form an integral part of these interim condensed consolidated financial statements

**Al Yamamah Steel Industries Company**  
(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)**  
**For the Three-Months and Nine-Months Periods Ended June 30, 2023**  
(Expressed in Saudi Arabian Riyals)

	Note	For the three-months period ended 30 June		For the nine-months period ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue		265,250,790	237,248,490	1,114,131,032	1,149,801,329
Cost of sales		(291,467,867)	(213,637,745)	(1,151,236,267)	(992,524,987)
<b>Gross (Loss) profit</b>		<b>(26,217,077)</b>	<b>23,610,745</b>	<b>(37,105,235)</b>	<b>157,276,342</b>
Expected credit losses impact	8	--	2,200,000	--	--
Selling and distributing expenses		(3,835,322)	(3,714,799)	(14,126,927)	(13,807,500)
Administrative expenses		(13,213,885)	(12,503,061)	(37,205,203)	(37,451,959)
<b>(Loss) Profit from operation</b>		<b>(43,266,285)</b>	<b>9,592,885</b>	<b>(88,437,365)</b>	<b>106,016,883</b>
Financial charges		(18,769,733)	(6,888,911)	(50,289,110)	(15,778,838)
Other revenue		323,815	316,224	846,378	1,750,150
Realized gains on financial assets at fair value through profit or loss		403,566	18,577	2,087,144	3,088,127
Unrealized gain (loss) on financial assets at fair value through profit or loss		(114,400)	(407,979)	(396,393)	(454,145)
<b>Net (loss) profit before Zakat</b>		<b>(61,423,036)</b>	<b>2,630,796</b>	<b>(136,189,346)</b>	<b>94,622,177</b>
Zakat	10	(1,668,812)	(4,077,142)	(5,260,896)	(12,487,365)
<b>Net (loss) Profit</b>		<b>(63,091,848)</b>	<b>(1,446,346)</b>	<b>(141,450,242)</b>	<b>82,134,812</b>
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified under profit or loss:</b>					
Re-measurement of employee benefit liabilities		--	--	--	--
Total other comprehensive loss		--	--	--	--
<b>Total comprehensive (loss) income</b>		<b>(63,091,848)</b>	<b>(1,446,346)</b>	<b>(141,450,242)</b>	<b>82,134,812</b>
<b>Total comprehensive Profit (loss) attributable to:</b>					
- Shareholders of the Company		(47,370,031)	550,259	(107,164,448)	69,724,638
- Non-controlling interests		(15,721,817)	(1,996,605)	(34,285,794)	12,410,174
		<b>(63,091,848)</b>	<b>(1,446,346)</b>	<b>(141,450,242)</b>	<b>82,134,812</b>
<b>Total comprehensive (loss) income attributable to:</b>					
- Shareholders of the Company		(47,370,031)	550,259	(107,164,448)	69,724,638
- Non-controlling interests		(15,721,817)	(1,996,605)	(34,285,794)	12,410,174
		<b>(63,091,848)</b>	<b>(1,446,346)</b>	<b>(141,450,242)</b>	<b>82,134,812</b>
<b>(Loss) Earnings per share to net income for the Period:</b>					
- Basic	11	(0.93)	0.01	(2.11)	1.37
- Diluted		(0.93)	0.01	(2.11)	1.37

Chief Financial Officer



Mohammad Abu Farha

Chief Executive Officer



Sahal Althobaiti

Vice Chairman



Raed Almudaiheem

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



**Al Yamamah Steel Industries Company**  
(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Unaudited)**

**For the Nine-Month Period Ended June 30, 2023**

(Expressed in Saudi Arabian Riyals)

	Share capital	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>For the NINE-month period ended 30 June 2023</b>						
Balance at 1 October 2022 (Audited)	508,000,000	89,198,060	49,344,016	646,542,076	137,295,902	783,837,978
<b>Comprehensive loss for the period</b>						
(loss) for the period	--	--	(107,164,448)	(107,164,448)	(34,285,794)	(141,450,242)
Other comprehensive income	--	--	--	--	--	--
<b>Total comprehensive income for the period (Unaudited)</b>	--	--	(107,164,448)	(107,164,448)	(34,285,794)	(141,450,242)
Transferred from statutory reserve to retained earnings	--	(60,000,000)	60,000,000	--	--	--
<b>Balance at 30 June 2023 (Unaudited)</b>	<u>508,000,000</u>	<u>29,198,060</u>	<u>2,179,568</u>	<u>539,377,628</u>	<u>103,010,108</u>	<u>642,387,736</u>
<b>For the NINE-month period ended 30 June 2022</b>						
Balance at 1 October 2021 (Audited)	508,000,000	89,198,060	166,133,090	763,331,150	141,366,248	904,697,398
<b>Comprehensive income for the period</b>						
Income for the period	--	--	69,724,638	69,724,638	12,410,174	82,134,812
Other comprehensive income	--	--	--	--	--	--
<b>Total comprehensive income for the period (Unaudited)</b>	--	--	69,724,638	69,724,638	12,410,174	82,134,812
Dividends (Note 14)	--	--	(88,900,000)	(88,900,000)	--	(88,900,000)
Transferred to statutory reserve	--	6,972,464	(6,972,464)	--	--	--
Dividends to non-controlling interests	--	--	--	--	(13,750,000)	(13,750,000)
<b>Balance at 30 June 2022 (Unaudited)</b>	<u>508,000,000</u>	<u>96,170,524</u>	<u>139,985,264</u>	<u>744,155,788</u>	<u>140,026,422</u>	<u>884,182,210</u>

Chief Financial Officer



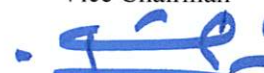
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Chief Executive Officer



Sahal Althobaiti

Vice Chairman



Raed Almudaiheem

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

**Al Yamamah Steel Industries Company**  
(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Statement of Cash Flows (Unaudited)**  
**For the Nine Months' Period Ended June 30, 2023**  
(Expressed in Saudi Arabian Riyals)

	Note	2023 (Unaudited)	2022 (Unaudited)
<b>Cash flows from operating activities</b>			
(loss) Profit for the period before zakat		(136,189,346)	94,622,177
<b>Adjustments:</b>			
Depreciation on property, plant and equipment		33,676,301	31,607,936
Amortization of intangible assets		702,256	686,757
Losses from disposal of property, plant and equipment		(131,549)	(106,230)
Slow moving Inventories items provision		447,954	838,055
Contract losses provision		(1,492,388)	--
Inventory impairment provision		13,775,654	--
Unrealized loss from Investments held at fair value through Profit or loss's statement		396,393	454,145
Right of use asset amortization	6	2,412,416	2,530,860
Finance costs		50,289,110	15,778,838
Employee benefits charged for the period		4,873,098	4,112,833
		(31,240,101)	150,525,371
<b>Changes in operating assets and liabilities</b>			
Trade receivables		(50,471,077)	8,107,194
Inventories		92,354,185	(275,485,553)
Prepayments and other receivables		(125,326,999)	(9,400,421)
Trade payables		82,495,674	22,516,607
Accrued expenses and other payables*		(10,836,505)	(4,370,111)
<b>Cash (used in) operations</b>		(43,024,823)	(108,106,913)
Paid Zakat*	10	(5,020,320)	(15,062,429)
Paid employee's benefits		(2,008,189)	(2,031,375)
<b>Net cash (used in) operating activities</b>		(50,053,332)	(125,200,717)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment*		(142,794,552)	(61,217,710)
Purchase of intangible assets		(154,019)	(7,500)
Purchase of financial assets at fair value through profit or loss		1,045,172	(1,886,799)
Proceeds from the disposal of property, plant and equipment		147,478	47,400
<b>Net cash (used in) investing activities</b>		(141,755,921)	(63,064,609)
<b>Cash flows from financing activities</b>			
Proceeds from loans and credit facilities		3,311,388,583	1,929,704,083
Paid for loans and credit facilities		(3,085,797,296)	(1,591,410,000)
Paid Finance cost*		(46,087,527)	(14,134,746)
Paid lease obligations*	6	(3,762,025)	(2,680,266)
Dividends paid		(996)	(102,652,127)
<b>Net cash generated from financing activities</b>		175,740,739	218,826,944
Net change in cash and cash equivalents balance		(16,068,514)	30,561,618
Cash and cash equivalents at the beginning of the period		68,331,971	181,361,839
<b>Cash and cash equivalents at the end of the period</b>		52,263,457	211,923,457

Chief Financial Officer



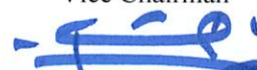
Mohammad Abu Farha

Chief Executive Officer



Sahal Althobaiti

Vice Chairman



Raed Almudaiheem

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

**Al Yamamah Steel Industries Company**  
(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Statement of Cash Flows (Unaudited)**  
**For the Nine Months' Period Ended June 30, 2023**  
(Expressed in Saudi Arabian Riyals)

	<u>Note</u>	<u>2023</u> <u>(Unaudited)</u>	<u>2022</u> <u>(Unaudited)</u>
<b>*Non-cash transactions</b>			
Purchase of property, plant and equipment		(874,750)	--
Dismantling and removing assets of a facility on leased land provision		874,750	174,568
Financial charges for dismantling of property, machinery and equipment provision		186,580	--
Accrued expenses and other payables		8,358,402	--
Finance cost for lease obligations		1,365,741	1,469,524
finance cost		(4,201,583)	(1,644,092)
Zakat Provision		(5,709,140)	--

Chief Financial Officer



Mohammad Abu Farha

Chief Executive Officer



Sahal Althobaiti

Vice Chairman



Raed Almudaiheem



**Notes to The Interim Condensed Consolidated Financial Statements**  
**For the Nine-Month Periods Ended June 30, 2023**  
(Expressed in Saudi Arabian Riyals)

**1. GENERAL**

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

The Company's activities are:

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

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

<b>Factory</b>	<b>City/Place</b>	<b>CR Number</b>	<b>Date of CR</b>
Al Yamamah Steel Industries Company	Jeddah	4030068043	28/4/1410H
Al Yamamah for Electric Poles	Jeddah	4030148938	9/3/1425H
Al Yamamah Steel Industries Company	Dammam	2050059045	7/3/1429H
Al Yamamah for Production of Electric Power Towers	Jeddah	4030180886	9/7/1429H
Al Yamamah Industrial Solar Energy Systems Factory	Jeddah	4030304080	9/9/1439H
Al Yamamah Wind Power Systems (under construction)	Jeddah	4030304267	13/9/1439H
Al-Yamamah Company for the treatment of industrial structures	Jeddah	4030460706	6/8/1443H

As on June 30, 2023 the company's authorized, subscribed and fully paid capital amounted to SR 508 million (September 30, 2022: SR 508 million), divided into 50.8 million shares (September 30, 2022: 50.8 million shares), each of which is SR 10. (September 30, 2022 AD: 10 Saudi riyals).

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

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

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

The registered address of the Company is as follows:

Al Yamamah Steel Industries Company  
Riyadh 11583  
P.O. Box 55303  
Kingdom of Saudi Arabia

**Notes to The Interim Condensed Consolidated Financial Statements**  
**For the Nine-Month Periods Ended June 30, 2023**  
(Expressed in Saudi Arabian Riyals)

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**2. Basis of Preparation**

**2/1 Statement of Compliance**

The consolidated financial statements for the three-month period ended March 31, 2023, have been prepared in accordance with International Accounting Standard 34 ('Interim Financial Reporting') as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants.

The interim consolidated financial statement not included the applicable information and notes needed to prepare year-end consolidated financial statement accordance with international financial reporting as endorsed in the Kingdom of Saudi Arabia, so must review with the year-end consolidated financial statement on September 30, 2022.

The accounting policies for this interim financial statement matching with accounting policies for the year end consolidated financial statement on September 30, 2022.

**2/2 Basis of measurement**

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

The preparation of interim condensed consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the amounts disclosed in the interim condensed financial statements. These important estimates and assumptions were disclosed in the annual financial statements for the year ended September 30, 2022.

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

**2/3 Use of judgments and estimates**

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

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

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

**Going Concern**

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

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

**Notes to The Interim Condensed Consolidated Financial Statements**  
**For the Nine-Month Periods Ended June 30, 2023**  
(Expressed in Saudi Arabian Riyals)

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**3. Significant Accounting Policies**

**3/1 the basis of consolidated financial statement**

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

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

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

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

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

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

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

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

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

**Elimination process:**

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

**Share of Non-Controlling interest:**

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

**Notes to The Interim Condensed Consolidated Financial Statements**  
**For the Nine-Month Periods Ended June 30, 2023**  
(Expressed in Saudi Arabian Riyals)

**3. Significant Accounting Policies (Continued)**

**3/2 New standards, amendments to standards, and interpretations**

There are no new standards that have been issued. However, there are some amendments to the standards effective as of January 1, 2023, which were clarified in the consolidated financial statements for the year ending on September 30, 2022, which do not have a material impact on the interim condensed consolidated financial statements of the Group.

**4. Segmental Information**

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

The economic characteristics are reviewed and the operating segments are aggregated on the basis of the organization made by the Chief Operating Decision Maker at least every quarter and reviewed by Group's senior management.

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

**The construction sector includes the following:**

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

**Electricity sector including:**

- a) Electric Power Towers Factory.
- b) Electric Poles Factory.
- c) Al Yamamah Industrial Solar Energy Systems Factory

**Others:**

Represent properties belong to the public administration.

30 June 2023 (Unaudited)	Segment reporting			
	Construction Segment	Electricity Segment	Others	Total
Revenue	647,309,343	466,821,689	--	1,114,131,032
Cost of sales	(728,085,880)	(424,723,885)	1,573,498	(1,151,236,267)
Segment's net (Loss) profit	(134,513,680)	(8,627,313)	1,690,751	(141,450,242)
Segment Asset	1,308,594,236	754,195,005	15,367,665	2,078,156,906
Segment liabilities	805,910,061	586,490,222	43,368,887	1,435,769,170
30 June 2022 (Unaudited)				
Revenue	813,720,764	336,080,565	--	1,149,801,329
Cost of sales	(673,600,910)	(318,924,077)	--	(992,524,987)
Segment's net (Loss) profit	94,797,163	(14,544,031)	1,881,680	82,134,812
Segment Asset	1,119,518,130	794,891,480	24,083,931	1,938,493,541
Segment liabilities	680,087,692	352,495,154	21,728,485	1,054,311,331



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**5. Property, Plant and Equipment, Net**

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

	<b>30 June 2023</b> <b>(Unaudited)</b>	30 September 2022 (Audited)
Total cost	<b>1,136,893,204</b>	995,006,562
Total Accumulated depreciation	<b>(515,428,752)</b>	(483,395,118)
Impairment losses	<b>(6,886,538)</b>	(7,010,602)
Net carrying amount	<b>614,577,914</b>	504,600,842

**5/2** The parent's company buildings, with a net book value of 122.8 million Saudi riyals as on June 30, 2023 (30 September 2022: 124.7 million Saudi riyals), are built on lands leased from the Industrial Cities and Technology Zones Authority "MODON" with an annual renewable lease for a similar period with the same or other conditions as It is agreed upon by the concerned parties, with the exception of the buildings of the columns and towers factories, as they are located on land owned by the parent company, with a net book value of 40.7 million Saudi riyals as on June 30, 2023 (September 30, 2022: 43.0 million Saudi riyals).

**5/3** The subsidiary's factory buildings with net book value amounting to SR 63.7 million as at June 30, 2023 (September 30, 2022: SR 67.1 million) are constructed on a piece of land leased from the Royal Commission for Yanbu for 35years, started on 5 Rabie Thani 1427H for a nominal annual lease. Rent is renewable for concessive periods with the same terms and other terms as agreed between relevant parties.

**5/3 Capital work in progress represents the following projects:**

	<b>30 June 2023</b> <b>(Unaudited)</b>	30 September 2022 (Audited)
Advanced to vendors	<b>83,889,516</b>	55,353,078
Al Yamamah Solar Power Systems Factory	<b>90,041,794</b>	15,583,258
Expansion of the Pipe Factory (Jeddah pipes)	<b>28,826,345</b>	<b>2,521,271</b>
Expansion of the fourth production line in the Dammam factory	--	762,308
Smelting Project - Rebar	<b>1,039,186</b>	826,860
Kiln Floor Lifting Cylinder - Rebar	--	79,035
Assembling and installing units from 17: 20 - Rebar	<b>221,671</b>	443,342
	<b>204,018,512</b>	75,569,152

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**6. Leases Contracts**

**6/1 The movement in the right-of-use-assets, net as follow:**

	<b>30 June 2023</b> <b>(Unaudited)</b>	<b>30 September</b> <b>2022(Audited)</b>
<b><u>Cost</u></b>		
Balance at beginning of period / Year	<b>41,026,441</b>	33,143,633
Additions for the period / year	--	8,863,213
Disposals during the period / year	--	(980,405)
Balance at ending of period / Year	<b>41,026,441</b>	41,026,441
<b><u>Accumulated Depreciation</u></b>		
Balance at beginning of period / Year	<b>9,160,850</b>	5,756,573
Depreciation during the period / year	<b>2,412,416</b>	3,404,277
Balance at ending of period / Year	<b>11,573,266</b>	9,160,850
<b>Net balance ending of period / Year</b>	<b>29,453,175</b>	31,865,591

**6/2 The movement in the lease liabilities is as follows:**

	<b>30 June 2023</b> <b>(Unaudited)</b>	<b>30 September</b> <b>2022 (Audited)</b>
Balance at beginning of the period / year	<b>33,849,454</b>	27,798,007
Additions for the period / year	--	8,863,213
Disposals during the period/ year	--	(980,156)
Finance cost during the period/ year	<b>1,365,741</b>	1,952,584
Paid during the period / year	<b>(3,762,025)</b>	(3,784,194)
Balance at end of period / year	<b>31,453,170</b>	33,849,454

**6/3 The lease obligations as classified in the interim statement of financial position as follows:**

	<b>30 June 2023</b> <b>(Unaudited)</b>	<b>30 September</b> <b>2022(Audited)</b>
Current liability	<b>2,581,009</b>	2,549,729
Non-current liability	<b>28,872,161</b>	31,299,725
	<b>31,453,170</b>	33,849,454

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**7. Inventories, Net**

**7/1 Inventories comprise the following:**

	<b>Note</b>	<b>30 June 2023 (Unaudited)</b>	<b>30 September 2022 (Audited)</b>
Raw materials		<b>733,026,450</b>	816,404,935
Finished goods		<b>114,519,952</b>	113,461,636
Work in progress		<b>22,599,574</b>	22,131,857
Spare parts		<b>51,285,506</b>	49,473,576
Goods in transit		<b>4,126</b>	12,317,790
		<b>921,435,608</b>	1,013,789,794
Less: Allowance for slow moving inventory items	7/2	<b>(18,527,398)</b>	(18,079,445)
Less : Provision for low inventory	7/3	<b>(69,703,494)</b>	(55,927,840)
		<b>833,204,716</b>	939,782,509

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

	<b>30 June 2023 (Unaudited)</b>	<b>30 September 2022 (Audited)</b>
Balance at beginning of the period / year	<b>18,079,445</b>	20,874,225
Provided during the period / year	<b>447,953</b>	2,665,754
used during the period / year	<b>--</b>	(5,460,534)
Balance at end of period / year	<b>18,527,398</b>	18,079,445

**7/3 Movement on inventory impairment during the period / year is as follows:**

	<b>30 June 2023 (Unaudited)</b>	<b>30 September 2022 (Audited)</b>
Balance at beginning of the period / year	<b>55,927,840</b>	--
Provided during the period / year	<b>69,703,494</b>	55,927,840
used during the period/year	<b>(55,927,840)</b>	--
Balance at end of period / year	<b>69,703,494</b>	55,927,840

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**8. Trade Receivables, Net**

**8/1 Trade receivables comprise the following:**

	<b>Note</b>	<b>30 June 2023 (Unaudited)</b>	<b>30 September 2022 (Audited)</b>
Trade receivables - related parties	13	<b>80,863,018</b>	90,646,528
Trade customers - other parties		<b>331,777,075</b>	271,522,487
		<b>412,640,092</b>	362,169,015
Less: Expected credit loss provision	8/2	<b>(9,926,480)</b>	(9,926,480)
		<b>402,713,612</b>	352,242,535

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

	<b>30 June 2023 (Unaudited)</b>	<b>30 September 2022 (Audited)</b>
Balance at 1 October	<b>9,926,480</b>	13,311,688
Provided during the period / year	--	2,200,000
Reverse of the provision during the period / year	--	(5,585,208)
<b>Balance at end of period / year</b>	<b>9,926,480</b>	9,926,480

**8/3** As at June 30, 2023, 65% of total sales for the period belongs to only main 8 customers with outstanding balances amounted to SR 325 million Saudi riyals (66% at 30 September 2022: SR 234 million Saudi riyals).

**8/4 aging of the trade receivables is as follows:**

	<b>30 June 2023 (Unaudited)</b>		<b>30 September 2022 (Audited)</b>	
	<b>Due Balances</b>	<b>Impairment In value</b>	<b>Due Balances</b>	<b>Impairment In value</b>
Not due	<b>260,371,678</b>	<b>2,489,492</b>	255,947,890	1,642,643
From 0 to 90 days	<b>127,707,730</b>	<b>50,796</b>	77,022,150	535,430
From 91 to 180 days	<b>14,668,533</b>	<b>56,131</b>	21,232,289	44,162
Over 181 Days	<b>9,892,150</b>	<b>7,330,061</b>	7,966,686	7,704,245
	<b>412,640,091</b>	<b>9,926,480</b>	362,169,015	9,926,480

\* Collections in the subsequent period from the Group's outstanding trade receivable balances on June 30, 2023: 65,59 million Saudi riyals (2022: 122.1 million Saudi riyals), and secured receivables amounted to 284.5 million Saudi riyals (2022: 206.5 million Saudi riyals), which were excluded from Trade receivables. When calculating the expected credit losses, the net balance of receivables subject to calculation becomes 62.5 million Saudi riyals (2022: 33.6 million Saudi riyals), classified according to their ages.



**Notes to The Interim Condensed Consolidated Financial Statements**  
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**9. Bank Facilities**

**Bank facilities from local banks**

As on June 30, 2023, the group has bank facilities totaling SR 1.74 billion (September 30, 2022: SR 2.19 billion) with some local banks, of which the used amounted to SR 1.41 billion (30 September 2022: SR 1.2 billion), represented in letters of guarantee, documentary credits and short-term bank facilities to cover the working capital requirements of the group. It also includes a long-term bank facility granted by the Arab National Bank to the parent company to contribute to the establishment of the Al-Yamamah Solar Energy Systems Factory and to finance 50% of the property, machinery, equipment and working capital eligible for financing.

**9/1 Saudi Industrial Development Fund loan**

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

As on March 2022, the company agreed with the SIDF to early repay the loan in the amount of SR 14,910,000 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 SR 2,625,000, during April 2022, the company payed the required amount, and the loan was closed during June 2022, and during July 2022, the mortgage of the buildings and facilities established or to be established on the factory land, along with the entire factory, its machinery, equipment, accessories, accessories, and everything that is obtained later, has been released, and the electronic promissory notes issued in favor of the Saudi Industrial Development Fund have been cancelled.

Al-Yamamah Steel Industries Company has also signed a long-term loan agreement with the Saudi Industrial Development Fund, which includes granting it a long-term loan in the amount of SR 170 million to contribute to financing the construction of the Al-Yamamah wind power systems factory in Yanbu, and to contribute to financing property, machinery, equipment and working capital that are eligible for financing. Provided that the amount is disbursed in installments, and an amount of SR 13,600,000 is deducted from these payments on a pro rata basis from the entire value of the loan. It represents prepaid financing expenses in addition to semi-annual financing expenses paid throughout the validity of the agreement. The maximum limit has been agreed upon, and the loan is paid in instalments. semi-annual, starting on Shawwal 15, 1448 H, corresponding to March 23, 2027, and ending on Rabi' al-Thani 15, 1454 H, corresponding to July 23, 2032. The factory land with the entire factory, its machines, equipment, ancillaries, accessories, and everything that is obtained later for the project. The agreement includes some conditions, including the retention of certain financial ratios.

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**9. Bank Facilities (Continued)**

**9/2 Banks loans**

	<b>30 June 2023</b> <b>(Unaudited)</b>	<b>30 September</b> <b>2022(Audited)</b>
Short term Loans (9/3)	<b>1,063,882,484</b>	883,761,202
Long Term Loans	<b>47,970,005</b>	2,500,000
	<b>1,111,852,489</b>	886,261,202

**9/3 Short-term loans**

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

**Short-term bank borrowings comprise the following:**

	<b>30 June 2023</b> <b>(Unaudited)</b>	<b>30 September 2022</b> <b>(Audited)</b>
Short bank loans	<b>1,058,882,484</b>	873,761,202
The current portion of long-term bank loans	<b>5,000,000</b>	10,000,000
	<b>1,063,882,484</b>	883,761,202

**9/4 Bank loans according to the financing entities:**

	<b>30 June 2023</b> <b>(Unaudited)</b>	<b>30 September 2022</b> <b>(Audited)</b>
Arab National Bank - the current part	<b>442,900,000</b>	640,500,000
Arab National Bank - Non-current part	--	2,500,000
Banque Saudi Fransi	<b>49,000,000</b>	215,000,000
Al Rajhi Bank	<b>78,906,970</b>	22,845,626
British Saudi Bank	<b>201,711,467</b>	5,415,576
Inma bank	<b>291,364,047</b>	--
Saudi Industrial Development Fund	<b>47,970,005</b>	--
	<b>1,111,852,489</b>	886,261,202

**9/5 Non-current portion of long-term loans are due as follows:**

<b>Year</b>	<b>30 June 2023</b> <b>(Unaudited)</b>	<b>30 September 2022</b> <b>(Audited)</b>
2024	--	2,500,000
2027	<b>2,587,897</b>	--
2028	<b>5,198,400</b>	--
2029	<b>6,283,487</b>	--
2030	<b>7,343,846</b>	--
2031	<b>8,937,143</b>	--
2032	<b>11,317,599</b>	--
2033	<b>6,301,633</b>	--
	<b>47,970,005</b>	2,500,000

**9/6 Movement on Loans as follow:**

	<b>30 June 2023</b> <b>(Unaudited)</b>	<b>30 September 2022</b> <b>(Audited)</b>
Balance, at beginning of period / year	<b>886,261,202</b>	492,000,000
Addition during the period / Year	<b>3,311,388,583</b>	2,599,454,481
Less: payments during the period / year	<b>(3,085,797,296)</b>	(2,205,193,279)
Balance at the end of the period / year	<b>1,111,852,489</b>	886,261,202

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**10. Zakat**

**10/1 Movement summary on Zakat provision is as follows:**

	<b>30 June 2023</b>	<b>30 September 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance beginning of period / year	<b>29,282,285</b>	30,977,961
Add: Charge for the period / year	<b>17,254,122</b>	10,796,560
Prior years differences	--	2,570,193
Less: payments during the period / year	<b>(17,013,546)</b>	(15,062,429)
Reclassification with Other credit balances	<b>(5,709,140)</b>	--
<b>Balance at the end of the period / year</b>	<b>23,813,721</b>	29,282,285

**10/2 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 zakat certificate valid until January 30, 2024, below are the details of the company's zakat position from the date of incorporation until March 31, 2023, 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:**  
Zakat differences for the years from 2008 to 2011 amounted to 9.9 SR, according to the claims of the Zakat, Tax and Customs Authority, the company objected to the differences amounting to 9.9 million SR for these years, an amount of 2.4 million SR was accepted for the year 2011 from the objection submitted to these differences, 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 commission 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.
- 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.

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**10. Zakat (Continued)**

**10/2 Zakat position (continued)**

**e) 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) Year 2021 and 2022:**

The company submitted its zakat returns for the years 2021 and 2022, and the company did not receive any zakat assessments on it.

**Al Yamamah Company for Reinforcing Steel Bars**

The company submitted its zakat declarations for the years from the beginning of the activity until the fiscal year ending on September 30, 2022, and it paid the zakat due in those declarations, with the exception of the zakat bill due for the fiscal year ending on September 30, 2022, which amounted to 8,563,708.68 riyals, as it was agreed with the Zakat and Tax Authority to pay in installments. Paying this invoice, as the unpaid amount of the invoice amounted to 5,709,140 Saudi riyals as on June 30, 2023, and the company obtained a zakat certificate that ends on 01/30/2024. The company has completed its zakat position with the Zakat and Tax Authority for the years from the date of the company's incorporation until the fiscal year ending on September 30, 2019.

**11. (LOSS) EARNINGS PER SHARE**

**11/1 (Loss) Basic Earnings per share**

The calculation of (Loss) basic earnings per share has been based on the (Loss) profit for the period on ordinary shares and the weighted average number of ordinary shares outstanding at the date of the financial statements amounting to 50.8 million shares.

	<b>For the three-month period ended 30 June</b>		<b>For the NINE-month period ended 30 June</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
(Loss) Earnings per share attributable to the company's shareholders	<b>(0.93)</b>	<b>0.01</b>	<b>(2.11)</b>	<b>1.37</b>

**11/2 Diluted (Loss) Earnings per share**

The calculation of diluted (loss) earnings per share has been based on the (Loss) profit for the period on ordinary shares and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any. During the period there are no diluted shares and therefore the diluted earnings per share is not different from the basic earnings per share.



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**12. Contingencies and Capital Commitments**

- a) As on 30 June, 2023, the value of the contingent liabilities against the unhedged portion of bank guarantee letters issued by local banks on behalf of the Group amounted to SR 135.9 million (September 30, 2022: SR 153.7 million).
- b) As on 30 June, 2023, the contingent liabilities against outstanding letters of credit amounted to SR 187.7 million (September 30, 2022: SR 165.1 million) which were issued in the ordinary course of the Group's business.
- c) As on 30 June, 2023, the capital commitments related to the projects under implementation amounted to SR 58.2 million (September 30, 2022: SR 148.8 million).

**Al Yamamah Steel Industries Company**  
(A Saudi Joint Stock Company)

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**13. Related Party Transactions and Balances**

**13/1** Transactions with related parties mainly represent purchases, goods, and services rendered in accordance with agreed terms, which approved by the management and approved by the General Assembly of shareholders, held on 28 Ragab 1444H, corresponding to 19 February 2023 with the following entities and parties. The following are the transactions with related parties during the NINE-month period ending on March 31, and the balances arising therefrom:

Transactions with related parties:	Nature of relationship	Nature of transaction	Transaction amount for the NINE-month period ended December 31		Balance as at	
			2023 (Unaudited)	2022 (Audited)	30 June 2023 (Unaudited)	30 September 2022 (Audited)
<b>Under accounts receivable (Note 8):</b>						
Abdulqader Almuhaidib & Sons Company *	Shareholder	Sales	134,672,742	254,550,140	25,406,933	41,388,487
Rashid Abdulrahman Al Rashid & Sons Company **	Shareholder	Sales	1,749,427	1,669,303	1,686,469	277,916
Al Mahana Trading Company	Shareholder	Sales	109,922,189	86,611,101	20,785,477	22,459,955
Al Mahanna Steel Group ***	Shareholder	Sales	74,862,341	98,564,406	24,970,743	22,994,522
Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary's shareholder	Sales	15,991,029	25,556,456	6,826,596	1,797,198
Al Mojel Trading Company	Shareholder	Sales	1,032,000	5,274,000	1,186,800	1,728,450
					80,863,018	90,646,528
<b>Under trade payables</b>						
Abdulqader Almuhaidib & Sons Company *	Shareholder	Purchases	172,712	173,353	14,552	19,516
Rashid Abdulrahman Al Rashid & Sons Company **	Shareholder	Purchases	--	1,975	--	--
Al Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Shareholder in subsidiary	Purchases	67,620		67,620	--
					82,172	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 the shareholder and BOD member Muhanna bin Abdullah Al Muhanna.

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**13. Related Party Transactions and Balances (Continued)**

**13/2** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise).

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

	Nature of transaction	For the three-month period ended 30 June		For the NINE-month period ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Key management personnel	Salaries, allowances and incentives	<u>1,734,267</u>	<u>1,484,165</u>	<u>5,202,801</u>	<u>4,452,494</u>

**14. Dividends**

**During the period ended June 30, 2023**

No cash dividends were distributed to shareholders during the period ending on June 30, 2023.

**During the period ended June 30, 2022**

On Jumada Al-Awwal 8, 1443 H, corresponding to December 12, 2021, the Board of Directors recommended the distribution of cash dividends to shareholders for the second half of the fiscal year ending on September 30, 2021, at a value of 50,800,000 SR, at 1SR per share, and the eligibility for cash dividends to shareholders who own shares on December 30, 2021 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 January 12, 2022 and were deposited in the investment accounts linked to the shareholders' investment portfolios, the recommendation was presented to the Ordinary General Assembly of Shareholders that was held on Rajab 13, 1443 H, corresponding to February 14, 2022, and it was approved.

**15. Financial Risk Management**

The Group's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value and cash flow, interest rate risks and price risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

**15/1 Financial risk management framework**

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

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

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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**15. Financial Risk Management (Continued)**

**15/1 Financial risk management framework (Continued)**

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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

**15/2 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.

**15/2/1 Interest rate risk**

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

	<b>Book value as at 30 June 2023 (Unaudited)</b>	<b>Book value as at 30 September 2022 (Audited)</b>
<b><u>Variable rate instruments</u></b>		
Borrowings	<b>1,111,852,489</b>	886,261,202
	<b>1,111,852,489</b>	886,261,202

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.

	<b>30 June 2023 (Unaudited)</b>	<b>30 September 2022 (Audited)</b>
Increase in basis points 100	(11,118,524)	(8,862,612)
Decrease in basis points 100	11,118,524	8,862,612

**15/2/2 Foreign currency risk**

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

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**15. Financial Risk Management (Continued)**

**15/3 Credit risk**

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

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

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

	<b>30 June 2023</b> <b>(Unaudited)</b>	<b>30 September 2022</b> <b>(Audited)</b>
<b><u>Financial assets</u></b>		
Trade receivables	<b>402,713,612</b>	352,242,535
Bank balances	<b>52,263,457</b>	68,331,971
	<b>454,977,069</b>	420,574,506
<b><u>Financial assets</u></b>		
Secured *	<b>336,752,056</b>	293,809,136
Unsecured **	<b>118,225,013</b>	126,765,370
	<b>454,977,069</b>	420,574,506

\*\* As of June 30, 2023, secured financial assets include bank balances SR 52.3 (September 30, 2022: SR 68.3 million) and trade receivables of SR 284.5 million secured by bank guarantees (September 30, 2022: SR 225.5 million).

\*\* As at June 30, 2023, secured/unsecured financial assets include trade receivables in the amount of SR 80.86 M due from related parties and whose maturity dates have not yet passed (September 30, 2022: SR 90.6 million).

**15/4 Liquidity risk**

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

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**15. Financial Risk Management (Continued)**

	Undiscounted contractual cash flows					Total Carrying value
	1 year or less	1 year to 3 years)	3 years or More	Interest accruals for future periods	Total contractual maturity	
<b>30 June (Unaudited)</b>						
<b><u>Non-derivative financial liabilities</u></b>						
Loans	1,063,882,484	--	47,970,005	13,291,847	1,125,144,336	1,111,852,489
Trade payables	131,662,145	--	--	--	131,662,145	131,662,145
Dividends Payable	567,885	--	--	--	567,885	567,885
Accrued expenses and other payables	48,912,439	--	--	--	48,912,439	48,912,439
Lease liabilities	2,581,009	5,533,333	24,111,822	18,603,986	50,830,150	32,226,164
	<b>1,247,605,962</b>	<b>5,533,333</b>	<b>72,081,827</b>	<b>31,895,833</b>	<b>1,357,116,955</b>	<b>1,325,221,122</b>
	1 year or less	1 year to 3 years)	3 years or More	Interest accruals for future periods	Total contractual maturity	Total Carrying value
<b>30 September 2022 (Audited)</b>						
<b><u>Non-derivative financial liabilities</u></b>						
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 Payable	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
	<b>979,331,372</b>	<b>8,060,401</b>	<b>25,739,324</b>	<b>17,738,923</b>	<b>1,030,870,020</b>	<b>1,013,131,097</b>

- It is expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts

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**15. Financial Risk Management (Continued)**

**15/5 Capital management**

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

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

	<b>31 December 2023</b> <b>(Unaudited)</b>	<b>30 September 2022</b> <b>(Audited)</b>
Total liabilities	<b>1,435,769,170</b>	1,135,592,305
Less: Cash and cash equivalents	<b>(52,263,457)</b>	(68,331,971)
<b>Net obligations</b>	<b>1,383,505,713</b>	1,067,260,334
<b>Total equity</b>	<b>642,387,736</b>	783,837,978
<b>Adjusted shareholders' equity</b>	<b>642,387,736</b>	783,837,978
<b>Net obligations to equity</b>	<b>2.15</b>	1.36

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

<b>30 June 2023 (Unaudited)</b>						
	<b>Carrying value</b>		<b>Fair value</b>			
	<b>Amortized cost</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>						
Trade receivables	<b>402,713,612</b>	<b>402,713,612</b>	--	--	--	--
Financial assets at fair value through profit or loss statement	--	--	<b>659,200</b>	--	--	<b>659,200</b>
Cash and cash equivalents	<b>52,263,457</b>	<b>52,263,457</b>	--	--	--	--
	<b>454,977,069</b>	<b>454,977,069</b>	<b>659,200</b>			<b>659,200</b>
<b>Financial liabilities</b>						
Loans and facilities	<b>1,111,852,489</b>	<b>1,111,852,489</b>	--	--	--	--
Leases contracts liabilities	<b>32,226,164</b>	<b>32,226,164</b>	--	--	--	--
Trade payables	<b>131,662,145</b>	<b>131,662,145</b>	--	--	--	--
Dividends payable	<b>567,885</b>	<b>567,885</b>	--	--	--	--
Accrued expenses and other payables	<b>48,912,439</b>	<b>48,912,439</b>	--	--	--	--
Zakat provision	<b>23,813,721</b>	<b>23,813,721</b>	--	--	--	--
	<b>1,349,034,843</b>	<b>1,349,034,843</b>	--	--	--	--

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**15. Financial Risk Management (Continued)**

**15/5 Capital management (continued)**

	30 September 2022(Audited)					
	Carrying value		Fair value			
	Amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>						
Trade receivables	352,242,535	352,242,535	--	--	--	--
Financial assets at fair value through profit or loss statement	--	--	2,100,765	--	--	2,100,765
Cash and cash equivalents	68,331,971	68,331,971	--	--	--	--
	420,574,506	420,574,506	2,100,765	--	--	2,100,765
<b>Financial liabilities</b>						
Loans and facilities	886,261,202	886,261,202	--	--	--	--
Leases contracts liabilities	33,849,454	33,849,454	--	--	--	--
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	--	--	--	--
	1,040,920,994	1,040,920,994	--	--	--	--

**16. Significant Events**

- The new Companies Law promulgated by Royal Decree M / 132 was issued on 1/12/1443 H (corresponding to June 30, 2022) (hereinafter referred to as the "Law") and entered into force on 6/26/1444 H (corresponding to January 19, 2023), for some provisions of the system, full compliance is expected within a maximum of two years, starting from 6/26/1444 H (corresponding to January 19, 2023), management is in the process of evaluating the changes in the new companies' system and amending its internal regulations to comply with the provisions of the new system, and then presenting the amended basic system to the shareholders in the extraordinary / annual general assembly meeting for approval.
- The Central Bank of Saudi Arabia decided, during the period from February to March 2023, to raise the rate of "RIBO" repurchase agreements by 75 point, from 5% to 5.75%. The Group's management is closely following these changes to determine the potential financial impact on its business results during the coming periods.

Except for the above, there were no material events during the period that would require disclosures or adjustments in these interim condensed financial statements.

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

The Group's management has also assessed its ability to continue as a going concern, and is convinced that the Group has sufficient resources to continue its business in the near future.



**Notes to The Interim Condensed Consolidated Financial Statements**  
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**17. Subsequent Events**

- The Central Bank of Saudi Arabia decided during the month of July 2023 to raise the rate of repurchase agreements “RIBO” by 25 basis points, to increase the rate of repurchase agreements from 5.75% to 6%, and the group’s management is closely following these changes to determine the potential financial impact on its business results during upcoming periods.

The management believes that there are no significant subsequent events since the end of the period that may affect the financial position of the group or the disclosures in the financial statements, except for what has been disclosed.

**18. Comparative Figures**

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

**19. Approval of The Financial Statements**

The consolidated financial statements were authorized for issue by the Board of Directors on 21 Muharram 1445H, corresponding to 8 August 2023.