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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023
WITH INDEPENDENT AUDITOR'S REPORT

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

CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2023

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 2023 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 2023;
- 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 2023. 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 1.56 billion for the year ended 30 September 2023. (2022: SR 1.46 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 23)	The audit procedures we performed included, among other things, based on our judgement, the following: - Testing the design and implementation of the internal controls related to Sales recognition and their operating effectiveness. - Testing of IT general controls and major IT applications controls related to Sales 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><th colspan="2">INVENTORIES VALUATION</th></tr>
<tr><td>
As on 30 September 2023, the net inventories balance amounted to 781 million Saudi riyals (2022: 940 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.

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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 2023, the net balance of trade receivables amounted to SR 327 million (2022: SR 352 million). Trade receivables are recorded net of the expected credit 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 (Note 9).	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
Property, Plant and Equipment IMPAIRMENT	
As at 30 September 2023, the net book value of property, plant and equipment amounted to SR 598 million. (2021: SR 505 million). As on September 30, 2023, the management obtained fair value study performed through licensed local valuation firm (Note 5) to test impairment of property, plant and operating equipment to assess whether there was any indication of possible impairment in value, and as a result of that study, 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 fair value study procedures obtained by management in relation to the impairment of non-financial assets in accordance with the requirements of the related accounting standards. - Obtaining a fair value study to evaluate the decline in the value of real estate, machinery and equipment prepared by a local evaluator accredited by the Saudi Evaluators Authority and ensuring his independence, the scope of his work, and the extent of the evaluator's competence and previous experience. - Using our specialists to test the key assumptions used by management in calculating the value in use. - 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 2023 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.

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 Group 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 khair 18, 1445H
Corresponding to: December 31, 2023

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023
(Expressed in Saudi Arabian Riyals)

	Note	2023	2022
Assets			
Non-current assets			
Property, plant and equipment, Net	5	**597,667,452**	504,600,842
Intangible assets, Net	6	**4,208,414**	4,995,898
Right-of-use assets, Net	7	**28,713,993**	31,865,591
Non-current assets		**630,589,859**	541,462,331
Current assets			
Inventories, Net	8	**780,814,766**	939,782,509
Trade receivables, Net	9	**326,862,117**	352,242,535
Prepayments and other receivables, Net	10	**26,830,042**	15,510,172
Financial assets at fair value through Profit or loss	11	**1,997,328**	2,100,765
Cash and cash equivalents	12	**23,799,171**	68,331,971
Current Assets		**1,160,303,424**	1,377,967,952
Total Assets		**1,790,893,283**	1,919,430,283
Shareholders' equity and liabilities			
Shareholders' Equity			
Share capital	13	**508,000,000**	508,000,000
Statutory reserve	14	**29,198,060**	89,198,060
(Accumulated losses) Retained earnings		**(19,050,839)**	49,344,016
Total equity attributable to shareholders of the Company		**518,147,221**	646,542,076
Non-controlling interests	15	**102,214,715**	137,295,902
Total equity		**620,361,936**	783,837,978
Liabilities			
Non-current liabilities			
Long term loans – Non-current portion	16	**80,219,591**	2,500,000
Lease liabilities – Non-current portion	7	**28,435,657**	31,299,725
Employee benefits	17	**40,375,596**	38,119,601
Liability of dismantling of property, plant and equipment	18	**13,057,910**	11,933,078
Non-current liabilities		**162,088,754**	83,852,404
Current liabilities			
Short-term loans	16	**822,930,223**	873,761,202
Long-term loans – current portion	16	-	10,000,000
Lease liabilities – current portion	7	**2,280,795**	2,549,729
Provision for contract losses	19	-	1,492,388
Dividends payable		**567,852**	568,881
Trade payables	20	**87,645,701**	49,166,471
Advances from customers		**28,343,296**	43,126,244
Accrued expenses and other payables	21	**41,280,341**	41,792,701
Provision for Zakat	22	**25,394,386**	29,282,285
Current liabilities		**1,008,442,594**	1,051,739,901
Total Liabilities		**1,170,531,348**	1,135,592,305
Total equity and liabilities		**1,790,893,283**	1,919,430,283

Chief Financial Officer	Chief Executive Officer	Vice Chairman
Mohammed Abu Farha	Sahal Althobaiti	Raed Almudaiheem

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 2023
(Expressed in Saudi Arabian Riyals)

	Note	2023	2022
Revenues, Net	23	**1,559,533,721**	1,464,976,007
Cost of sales	24	**(1,587,828,432)**	(1,386,818,845)
Gross (Loss) profit		**(28,294,711)**	78,157,162
Selling and Distribution expenses	25	**(20,657,731)**	(18,067,961)
Administrative expenses	26	**(46,356,103)**	(47,579,941)
(Loss) Profit from operation		**(95,308,545)**	12,509,260
Expected credit losses Provision	9	**-**	1,441,335
Provision for contract losses	19	**1,492,388**	4,315,392
Finance Charge	28	**(68,955,249)**	(26,075,992)
Realized revenues from financial assets at fair value through Profit or loss	11	**1,862,201**	3,198,431
Unrealized revenues from financial assets at fair value through Profit or loss	11	**36,800**	(423,359)
Other revenues	27	**285,944**	1,388,613
(Loss) before Zakat		**(160,586,461)**	(3,646,320)
Zakat	21	**(4,557,902)**	(13,366,753)
Net (Loss) after zakat		**(165,144,363)**	(17,013,073)
Other comprehensive income:			
Items that will not be reclassified under profit or loss:			
Re-measurement of employee benefit liabilities	17	**1,668,320**	(1,196,347)
Total other comprehensive income / (loss)		**1,668,320**	(1,196,347)
Total comprehensive (Loss)		**(163,476,043)**	(18,209,420)
(Loss) Profit attributable to:			
Shareholders of the Company		**(130,142,311)**	(26,655,991)
Non-controlling interests		**(35,002,052)**	9,642,918
		(165,144,363)	(17,013,073)
Total comprehensive (Loss) Profit attributable to:			
Shareholders of the Company		**1,747,456**	(1,233,083)
Non-controlling interests		**(79,136)**	36,736
		1,668,320	(1,196,347)
Total comprehensive (loss) income attributable to:			
Shareholders of the Company		**(128,394,855)**	(27,889,074)
Non-controlling interests		**(35,081,188)**	9,679,654
		(163,476,043)	(18,209,420)
(loss) per share from net (loss) for the year:	28		
Basic		**(2.56)**	(0.52)
Diluted		**(2.56)**	(0.52)

Chief Financial Officer	Chief Executive Officer	Vice Chairman
Mohammad Abu Farha	Sahl Althobaiti	Raed Almudaiheem

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 2023
(Expressed in Saudi Arabian Riyals)

		Equity attributable to equity holders of the Company					
	Note	**Share capital**	**Statutory reserve**	**Accumulated losses) / Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
For the year ended 30 September 2022							
Balance at 1 October 2022		508,000,000	89,198,060	166,133,090	763,331,150	141,366,248	904,697,398
Comprehensive income for the year							
(Loss) / Income for the year		--	--	(26,655,991)	(26,655,991)	9,642,918	(17,013,073)
Other comprehensive loss		--	--	(1,233,083)	(1,233,083)	36,736	(1,196,347)
Total comprehensive (Loss) 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
For the year ended 30 September 2023							
Balance at 1 October 2022		508,000,000	89,198,060	49,344,016	646,542,076	137,295,902	783,837,978
Comprehensive income for the year							
(loss) for the year		--	--	**(130,142,311)**	**(130,142,311)**	**(35,002,052)**	**(165,144,363)**
Other comprehensive (loss) / profit income		--	--	**1,747,456**	**1,747,456**	**(79,136)**	**1,668,320**
Total comprehensive income for the year		--	--	**(128,394,855)**	**(128,394,855)**	**(35,081,188)**	**(163,476,043)**
Transferred from statutory reserve		--	**(60,000,000)**	**60,000,000**	--	--	--
Balance at 30 September 2023		**508,000,000**	**29,198,060**	**(19,050,839)**	**518,147,221**	**102,214,714**	**620,361,935**

Chief Financial Officer	Chief Executive Officer	Vice Chairman
Mohammed Abu Farha	Sahal Althobaiti	Raed Almudaiheem

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 2023
(Expressed in Saudi Arabian Riyals)

	Note	**2023**	2022
Cash flows from operating activities			
(Loss) for the year before zakat		**(160,586,461)**	(3,646,320)
Adjustments:			
Depreciation	5	**44,886,632**	42,702,791
Amortization of intangibles	6	**941,503**	918,239
Right of use asset amortization	7	**3,151,598**	3,404,277
(Loss)\ profit on disposal of property, plant and equipment	26	**(185,636)**	12,384
PPE impairment provision reverse		**(124,067)**	--
Inventories provision	8	**518,099**	(2,794,780)
Provision for inventory impairment	8	**(53,089,677)**	55,927,840
Provisions for contract losses		**(1,492,388)**	(4,315,392)
Provision for expected credit losses	9	**--**	(1,441,335)
Realized revenues from financial assets at fair value through Profit or loss		**(1,862,201)**	(3,198,431)
Un-Realized revenues from financial assets at fair value through Profit or loss	11	**(36,800)**	423,359
Provision for employee benefits charged for the year	17	**6,745,988**	5,716,468
Finance costs*	28	**68,955,249**	26,075,992
		(92,178,161)	119,795,092
Changes in operating assets and liabilities			
Inventories*		**211,539,321**	(368,180,734)
Trade receivables		**25,380,418**	(75,736,395)
Prepayments and other receivables		**(11,319,870)**	17,904,308
Trade payables*		**38,479,230**	(1,745,230)
Advances from customers		**(14,782,948)**	36,227,839
Accrued expenses and other payables*		**(6,992,739)**	2,548,089
Cash generated from (Used in) operations		**150,125,251**	(269,197,031)
Paid Zakat	22	**(8,445,801)**	(15,062,429)
Paid employee's benefits	17	**(2,821,672)**	(2,417,589)
Net cash generated from (Used in) operating activities		**138,857,778**	(286,677,049)
Cash flows from investing activities			
Purchase of property, plant and equipment*		**(137,423,616)**	(99,484,568)
Proceeds from the disposal of property, plant and equipment		**654,827**	44,330
Additions to intangibles assets		**(154,019)**	(7,500)
Purchases of financial assets		**(18,694,547)**	(20,247,511)
Proceeds from the disposal of financial assets		**20,696,985**	22,133,942
Net cash (Used in) investing activities		**(134,920,370)**	(97,561,307)
Cash flows from financing activities			
Proceeds from loans and credit facilities		**4,255,553,437**	2,599,454,481
loans and credit facilities' Payments		**(4,238,664,825)**	(2,205,193,279)
Dividends paid to non-controlling interests		**(1,029)**	(102,652,558)
Paid Finance costs*		**(60,387,597)**	(16,616,211)
Payment of lease liabilities*	7	**(4,970,194)**	(3,783,945)
Net cash (used in) financing activities		**(48,470,208)**	271,208,488

Chief Financial Officer	Chief Executive Officer	Vice Chairman
Mohammed Abu Farha	Sahal Althobaiti	[illegible]

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 2023
(Expressed in Saudi Arabian Riyals)

	Note	**2023**	2022
Net change in cash and cash equivalents balance		**(44,532,800)**	(113,029,868)
Cash and cash equivalents at the beginning of the year		**68,331,971**	181,361,839
Cash and cash equivalents at the end of the year		**23,799,171**	68,331,971
Other non-cash transactions			
Purchase of property, plant and equipment		**(874,750)**	537,175
Trade payables		--	(537,175)
Dismantling provision		**1,124,832**	233,983
Accrued expenses and other current receivables		**6,480,379**	7,273,214
Right of use assets		-	(7,882,808)
Finance costs		**(8,567,653)**	(9,459,781)
lease liabilities		**1,837,192**	9,835,392

Chief Financial Officer	Chief Executive Officer	Vice Chairman
Mohammed Abu Farha	Sahal Althobaiti	Raed Almudaheem

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

1. BRIEF ABOUT THE COMPANY, SUBSIDIARIES AND ACTIVITIES

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

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

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

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

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, 2023 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.

2/2 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.

2/3 Functional and presentation currency
The Group financial statements are measured using the currency of the primary economic environment in which the Group operates (“the functional currency”). The financial statements are presented in Saudi riyals, which is the functional and presentation currency.

2/4 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 (Note 4) upon the adopting the Group’s accounting policies correspond to the disclosed policies in last year’s financial statements.

2/5 Going Concern
The Group's management has assessed 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:

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 Group that occur after the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/2 New and amended IFRS standards issued and effective in the year 2023

The following amendments to standards relevant to the Group are effective for the annual periods beginning on or after January 1, 2023 (unless otherwise stated). The Group adopted these standards and / or amendments, however, there is no significant impact of these on the financial statements:

Amendments to standards	Description	Effective from accounting period beginning on or after	Summary of amendment
IFRS 9 (Amendments to IFRS 4)	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	January 1, 2023	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
IFRS 17	Insurance Contracts and its amendments	January 1, 2023	This is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements.
IAS 8	Amendment to the definition of accounting estimate	January 1, 2023	These amendments regarding the definition of accounting estimates help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences
IAS 12	International tax reform (pillar two model rules)	January 1, 2023	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/2 New and amended IFRS standards issued and effective in the year 2023 (continued)

New and amended IFRS Standards issued but not yet effective
The Group has not applied the following new and revised IFRS Standards and amendments to IFRS that have been issued but are not yet effective:

Amendments to standards	Description	Effective from accounting period beginning on or after	Summary of amendment
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	January 1, 2024	IFRS S1 is new standard requiring an entity to prepare and report sustainability-related financial disclosures in accordance with IFRS Sustainability Disclosure Standards. An entity may apply IFRS Sustainability Disclosure Standards irrespective of whether the entity's related general-purpose financial statements are prepared in accordance with IFRS Accounting Standards.
IFRS S2	Climate-related Disclosures	January 1, 2024	The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. These are climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.
IAS 1	Classification of liabilities as current or non-current	January 1, 2024	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
IFRS 16	Leases on sale and leaseback	January 1, 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/2 New and amended IFRS standards issued and effective in the year 2023 (continued)

New and amended IFRS Standards issued but not yet effective (continued)

Amendments to standards	Description	Effective from accounting period beginning on or after	Summary of amendment
IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28	Deferred indefinite	The amendments to IFRS 10 and IAS 28 deal with situations where there are a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses result from the loss of control of a subsidiary.
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Group in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/3 Foreign Currencies translation

Translation of foreign currency transactions
Transactions in currencies other than the Group'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 Group and properties work in progress are stated at cost less accumulated depreciation and impairment in value, if any. lands owned by the Group 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 on leased or owned lands	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

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 Group 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:

- 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 Group 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/4 Property, plant and equipment (Continued)

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 Group 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.

3/5 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 from 5 to 15.5 years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, considering 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
Work in progress	The cost of the production unit for the period based on the percentage of completion in the relevant stage.
Finished Goods	The unit cost of production is determined by dividing the total production cost for the period by the salable output for the period. The unit cost includes the following: The cost of the raw materials used - Labor cost, depreciation of real estate and equipment, and amortization of the right to use assets (used in production). Fixed and variable overhead costs.
Damage and associated products	Net realizable value (estimated selling price in the ordinary course of business using the same percentage of completion at the relevant stage and estimated recoverable contents less any selling expenses)
Goods in transit	The cost of the purchase or the value of the supplier's invoice, in addition to some 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 are 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 Group 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 Group derecognizes financial asset when contractual cash flows of these assets are expired, or when the Group 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 Group 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/8 Financial instruments (Continued)
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

Classification of financial 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/8 Financial instruments (Continued)

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 Group are classified as equity (shareholders' equity) only to the extent that the definition of the asset or liability does not apply. The Group '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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/8 Financial instruments (Continued)

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 considered. 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.

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 Advances and loans
After initial recognition, interest bearing borrowings and borrowings (including trade and other payables) are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement on disposal of liabilities as well as through the amortization process.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/11 Cash and cash equivalents

Cash and cash equivalents include 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.

Restricted cash and cash equivalents that are not available for use (if any) by the Group are excluded from cash and cash equivalents for the purpose of preparing the statement of cash flows.

3/13 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.

3/13 Borrowing Cost

Capitalizing borrowing costs that are directly attributable to the purchase, construction or production of an asset, which takes Created or prepared over a long period of time so that the asset is ready for the purpose for which it was created, or for It is sold as part of the cost of that asset. All other borrowing costs are recognized as an expense during the period in which they are incurred. Borrowing costs consist of financial interest and other costs that an entity incurs on Loans are obtained using the effective interest method.

3/14 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-Zakat 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 recognized as interest expenses.

3/15 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 17 "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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/15 Employee's benefits (continued)

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.

3/16 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/16 Revenue recognition (continued)

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

3/17 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 Thani 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.

3/18 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/19 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 realized 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.

3/20 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.

3/21 Segmental information

An operating segment is a Group 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.

3/22 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.

3/23 Transactions with related parties

The Group has transactions and relationships with related parties consisting of related companies, associate companies, directors, key management personnel and entities over which directors and senior management personnel exercise significant influence. In the normal course of business, the Group enters into transactions with various related parties. On the date of each financial position, those related parties and the nature and volume of transactions with them during the relevant period/year are disclosed in addition to the balances due from/to those related parties in the notes to the financial statements.

3/24 Right of use assets and lease liabilities

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognizes the right-of-use asset and the corresponding lease obligation in respect of all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. The Group recognizes payments for these leases as an operating expense on a straight-line basis over the lease term unless there is another systematic basis that is more representative of the time pattern in which the economic benefits from the leased asset are exhausted.

3/24 Right to use assets and lease liabilities (continued)

A) Right of use assets
Right-of-use assets include the initial measurement of the corresponding lease liability, lease payments made on or before the commencement date and any initial direct costs. They are subsequently remeasured at cost less accumulated depreciation and impairment losses.

A provision is recognized and measured under International Accounting Standard No. (37), when the Group incurs an obligation for the costs of dismantling and removing a leased asset, rehabilitating the site on which it is located, or restoring the underlying asset to the condition required under the terms and conditions of the lease contract. Costs are included in the related right-of-use asset, unless these costs are incurred to produce the inventory.

The right to use assets is depreciated over the lease period or the useful life of the underlying asset, whichever is shorter. The right-of-use asset in question is depreciated over the useful life of the underlying asset, if the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise the purchase option. Depreciation begins on the lease start date.

Right to use assets are presented as a separate item in the statement of financial position. The Group applies International Accounting Standard No. (36) - Impairment of Assets to determine whether the right-to-use asset is impaired and to account for any impairment loss.

Variable rents that depend on an index or rate are included in measuring the lease obligation and the right to use the asset. The related payments are recognized as an expense in the period in which the event or condition giving rise to those payments is incurred and are included in “other expenses” in the statement of profit or loss.

b) Lease liabilities
The lease liability is initially measured at the present value of the lease payments not made at the commencement date, discounted using the rate implicit in the lease. The Group uses an incremental borrowing rate if the rate is not readily identifiable. Lease payments included in measuring the lease liability consist of:
- Fixed lease payments (including fixed implicit payments), less any leasing incentives,
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the start date,
- The amount expected to be payable by the lessee under the residual value guarantees,
- The exercise price of the purchase options, if the lessee is reasonably certain to exercise the options, and
- Penalty payments in the event of termination of the lease, if the terms of the lease reflect the exercise of the option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position. The lease liability is subsequently measured by increasing the book value to reflect the interest on the lease liability (using the effective interest rate method) and by reducing the book value to reflect what has been paid for the lease.

The Group remeasures the lease liability (and makes the corresponding adjustment to the right-of-use asset) whenever:
- The contract term is changed or there is a change in the valuation of exercising the purchase option, in which case the lease obligation is remeasured by discounting the modified lease payments using the modified discount rate,
- The lease payments change because of a change in the index or rate or a change in the expected payment under the guaranteed residual value. In these cases, the lease liability is remeasured by discounting the modified lease payments using the initial discount rate (unless the lease payments change because of the change in the interest rate Float, in this case the adjusted discount rate is used).
The lease is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the modified lease payments using a modified discount rate.

C) Short-term leases and leases with low value assets
Short-term leases are contracts with a lease term of 12 months or less. Impaired assets are items that do not meet the Group's capitalization limits and are considered immaterial to the Group's consolidated statement of financial position as a whole. Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis in the statement of profit or loss.

4. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the consolidated 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 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

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:

Measuring employee benefits Liabilities
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 Group 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.

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 (Note 5).

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 (Note 9 - 10).

4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

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 consider 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 (Note 8).

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 (Note 5).

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. 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 (Note 6).

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.
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).

4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Fair value of assets and liabilities (continued)

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.

Liability of dismantling of property, plant and equipment

Typically arising from obligations to close, remove, site rehabilitate and dismantle a plant (together referred to as "demolition, site rehabilitation and decommissioning obligations"). Removal and site repair may include:

- stop the operation of the facility and dismantle the structures including the factory and buildings,

disposal or treatment of waste,

- Rehabilitation of sites and land,

Restoration, repair and renewal of the affected areas.

The amount of work required and the associated costs depend on the requirements of current laws and regulations.

The liability generally arises when the asset is installed. All estimated future costs are discounted to their present value and capitalized as part of the 'cost of the asset'. Depreciation is an expense over the estimated life of the asset using the straight-line method (Note 18).

Significant judgment in determining the lease term for contracts that include a renewal option

The Group determines the lease term as the irrevocable term of the lease, plus any periods covered by an option to extend the lease if it is certain to be exercised, or any periods covered by an option to terminate the lease, if it is Certain not to be practiced.

The Group has the option, under some lease agreements, to lease the assets for an additional period of up to 5 years. The Group applies judgment in assessing whether it is reasonable to exercise the renewal option. That is, they consider all relevant factors that create an economic incentive to exercise the renewal option. After the start date, the Group reassesses the lease term if there is a material event or change in circumstances within its control that affects its ability to exercise (or not exercise) the renewal option.

Contingent liabilities

Contingent liabilities, depending on their nature, will be settled on the occurrence or non-occurrence of one or more future events. Estimating these inherent liabilities involves the exercise of significant judgment and making estimates as to the outcome of future events.

Provisions

Provisions, by their nature, rely on estimates and evaluations to confirm whether recognition criteria are met, including an estimate of the likelihood of cash outflows. Management's estimates of provisions for environmental matters are based on an estimate of costs, after considering legal advice and other information currently available. It also includes provisions for end-of-service benefits and exit costs, if any, in addition to management's expression of judgment in estimating the expected cash outflows for end-of-service payments, site closure, or other exit costs. Provisions for contracts whose costs are greater than their benefits or uncertain liabilities involve management's best estimate of whether the cash outflows are probable.

4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Expected credit losses

The allowance for expected credit losses is determined by referring to a group of factors to ensure that the balances of receivables are not exaggerated as a result of the possibility that they will not be collected, based on the age from the date of initial recognition of the receivables. To measure expected credit losses, the receivables are grouped based on the characteristics of common credit risks and the number of Gone days. Expected loss rates have been derived from the Group's historical information and have been adjusted to reflect the expected future outcome, which includes any forward-looking information on macroeconomic factors such as inflation and GDP growth rate. The main assumptions are disclosed in Note No. (9).

Provisions for contract losses

Management estimates the decline in the value of contracts whose implementation costs are greater than their benefits. In the event of such contracts, the group’s ability to cancel the contract is evaluated based on the potential loss amount and the value of the contract’s penalty clause. If management is unable to determine the value of the penalty clause in the event If the contract is not fulfilled, the estimated loss may be considered less than the value of the penalty clause that can be incurred. The loss is recorded in the statement of profit or loss.

5. PROPERTY, PLANT AND EQUIPMENT, NET

	Lands on leased and owned lands	Buildings	Plant and equipment & Strategic spare parts	Vehicles and transportation	Furniture and office equipment	Computers and electric equipment	Tools and instruments	Projects in progress	Total
Cost									
Balance at 30 September 2021	13,264,725	345,361,244	478,410,514	5,215,552	4,763,387	11,197,712	6,482,664	31,174,844	895,870,642
Additions	--	--	4,888,810	208,000	238,751	640,117	186,157	93,859,908	100,021,743
Disposals	--	--	(69,052)	(164,650)	(17,923)	(587,294)	(46,904)	--	(885,823)
Transferred from CWIP	--	19,774,211	27,995,057	1,560,500	66,512	23,420	45,900	(49,465,600)	--
Balance at 30 September 2022	13,264,725	365,135,455	511,225,329	6,819,402	5,050,727	11,273,955	6,667,817	75,569,152	995,006,562
Additions	--	1,268,783	2,228,733	318,536	35,092	866,468	255,032	133,325,722	138,298,366
Disposals	--	--	(960,030)	(1,274,335)	(93,114)	(229,134)	(136,633)	--	(2,693,246)
Transferred from CWIP	--	1,694,980	9,854,406	--	9,975	3,825	1,380	(11,564,566)	--
Reclassifications	--	(190,500)	(10,231,711)	10,228,967	(68,812)	263,856	(1,800)	--	--
Balance at 30 September 2023	13,264,725	367,908,718	512,116,727	16,092,570	4,933,868	12,178,970	6,785,796	197,330,308	1,130,611,682
Accumulated depreciation:									
Balance at 30 September 2021	--	154,149,321	264,047,656	4,446,274	4,179,973	9,440,849	5,257.363	--	441,521,436
Charges during the year 5.b	--	15,422,458	25,574,143	349,812	175,526	816,562	364,290	--	42,702,791
Disposals	--	--	(21,944)	(164,650)	(17,923)	(578,325)	(46,267)	--	(829,109)
Balance at 30 September 2022	--	169,571,779	289,599,855	4,631,436	4,337,576	9,679,086	5,575,386	--	483,395,118
Charges during the year 5.b	--	15,762,602	26,783,621	995,093	199,168	809,628	336,520	--	44,886,632
Disposals	--	--	(741,188)	(1,049,147)	(91,248)	(217,911)	(124,561)	--	(2,224,055)
Reclassifications	--	(1,617)	(8,141,177)	8,138,438	(68,812)	74,735	(1,567)	--	--
Balance at 30 September 2023	--	185,332,764	307,501,111	12,715,820	4,376,684	10,345,538	5,785,778	--	526,057,695
Impairment 5.f									
Balance at 30 September 2022	--	3,713,260	3,297,342	--	--	--	--	--	7,010,602
Movement during the year	--	--	(319,465)	195,398	--	--	--	--	(124,067)
Balance at 30 September 2023	--	3,713,260	2,977,877	195,398	--	--	--	--	6,886,535
Net book value as at 30 September 2023	13,264,725	178,862,694	201,637,739	3,181,352	557,184	1,833,432	1,000,018	197,330,308	597,667,452
Net book value as at 30 September 2022	13,264,725	191,850,416	218,328,132	2,187,966	713,151	1,594,869	1,092,431	75,569,152	504,600,842

•The group obtained a long-term loan from the Saudi Industrial Development Fund with a total amount of 170,000,000 Saudi riyals to finance the project to establish a wind energy factory at a total cost of 240,266,000 Saudi riyals, in exchange for mortgaging all fixed assets of the project (Note 16).

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

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

	Note	2023	2022
Cost of Sales	24	**42,557,461**	40,236,477
Selling and Distribution expenses	25	**20,590**	32,466
Administrative expenses	26	**2,308,581**	2,433,848
		44,886,632	42,702,791

b) The buildings of the Group include buildings with net book value amounting to SR 116.19 million as at 30 September 2023 (30 September 2022: SR 124.7 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 Group with net book value amounting to SR 39,59 million as at 30 September 2023 (30 September 2022: SR 43,03 million).

c) The buildings of the subsidiary's factory with net book value amounting to SR 62,66 million as at 30 September 2023 (30 September 2022: SR 67 million) are constructed on a piece of land leased from the Royal Commission for Yanbu for 35 years, started on 5 Rabie Thani 1427H for a nominal annual lease. Rent is renewable for concessive periods with the same terms and other terms as agreed between relevant parties.

d) As a result of the fundamental changes in buying and selling prices to which the group is exposed, in addition to the business results for the current year as well as the comparison year, which led management to determine that there are indicators of impairment, the management conducted an impairment test for real estate, machinery and equipment, and as part of this Valuation: The management appointed a local valuation expert accredited by the Authority of Certified Saudi Valuers "Taqeem", which is the Value Platform Company and its partners for the evaluation of economic establishments (Value hub) with license No. 3912000013, to determine the fair value less the cost of selling the relevant cash-generating units with which its properties correspond, and took Management took into account this fair value and the value in use to estimate the recoverable amounts, which were compared with the relevant book values, and this study did not result in any impairment in the value of real estate, property and equipment.

The most important principles and assumptions used by the evaluator were as follows:
1. Valuation method: Income method with exit / market method based on spot value
2. Interest rate: 6.24%
3. Weighted average cost of capital "WACC": from 13.99% to 14.55%
4. Cash flow growth rate: 2%

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.

Impairment in the value of property, machinery and equipment:

	2023	2022
Balance at beginning of year	**7,010,602**	7,010,602
Impairment reversal	**(124,067)**	--
Balance at end of year	**6,886,535**	7,010,602

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

e) Capital work in progress represents the following projects:

	2023	2022
Advanced to vendors	**15,601,668**	55,353,078
Wind Power Energy Systems Project	**151,657,742**	15,583,258
Expansion works of Jeddah pipe factory	**28,810,041**	2,521,271
Expansion of the fourth production line in the Dammam factory	**-**	762,308
Smelting Project - REBAR	**1,039,186**	826,860
Kiln Floor Lifting Cylinder - REBAR	**-**	79,035
Assembly and installation of panels 20-19 (2022: 20-19-18-17) Complete unit - REBAR	**221,671**	443,342
	197,330,308	75,569,152

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	2023	2022
Cost			
Balance at 1 October		**16,071,516**	16,064,016
Additions for the year		**154,019**	7,500
Balance at 30 September		**16,225,535**	16,071,516
Accumulated Amortization			
Balance at 1 October		**11,075,618**	10,157,379
Amortization charged on the year	6.b	**941,503**	918,239
Balance at 30 September		**12,017,121**	11,075,618
Carrying value as at 30 September		**4,208,414**	4,995,898

b. Amortization charged for the year is as follows:

	Note	2023	2022
Cost of sales	24	**82,003**	82,655
Selling and Distribution expenses	25	**28,940**	28,940
Administrative expenses	26	**830,560**	806,644
Total		**941,503**	918,239

7. LEASES

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

	Note	2023	2022
Right of use assets			
Balance at 1 October		**41,026,441**	33,143,633
Additions for the year		**-**	8,863,213
Disposals during the year		**-**	(980,405)
Balance at 30 September		**41,026,441**	41,026,441
Accumulated Amortization			
Balance on 1 October		**9,160,850**	5,756,573
Amortization during the year	**7/2**	**3,151,598**	3,404,277
Balance on 30 September		**12,312,448**	9,160,850
Net Balance at 30 September		**28,713,993**	31,865,591

7. LEASES (CONTINUED)

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

	Note	2023	2022
Cost of sales	24	**2,067,398**	2,056,945
Administrative expenses	26	**1,084,200**	1,347,332
		3,151,598	3,404,277

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

	Note	2023	2022
Balance at 1 October		**33,849,454**	27,798,007
Additions for the year		**--**	8,863,213
Disposals during the year		**--**	(980,156)
Interest expenses for the year	28	**1,837,192**	1,952,584
Payments during the year		**(4,970,194)**	(3,784,194)
Balance at 30 September		**30,716,452**	33,849,454

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

	2023	2022
Current liability	**2,280,795**	2,549,729
Non-current liability	**28,435,657**	31,299,725
	30,716,452	33,849,454

The discount rates used in calculating the right to use assets and lease liabilities range from 4.50% to 6%. Most of the Group's lease contracts are long-term industrial land leases from Modon. The rental fee is fixed for most of these contracts and is paid annually.

8. INVENTORIES, NET

Inventories at 30 September comprise the following:

	Note	2023	2022
Raw materials		**519,478,754**	816,404,935
Finished goods		**132,910,469**	113,461,636
Work in progress		**24,179,061**	22,131,857
Spares Parts		**49,456,866**	49,473,576
Goods in transit		**76,225,322**	12,317,790
		802,250,472	1,013,789,794
Less: Allowance for slow moving inventories items	8.a	**(18,597,543)**	(18,079,445)
Less: Provision for inventory decrease	8-b	**(2,838,163)**	(55,927,840)
		780,814,766	939,782,509

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

	Note	2023	2022
Balance, at 1 October		**18,079,445**	20,874,225
Provided during the year	24	**518,098**	2,665,754
Utilized during the year		**-**	(5,460,534)
Balance at 30 September		**18,597,543**	18,079,445

8. INVENTORIES, NET (CONTINUED)

8-b Movement in provision for inventories' impairment during the year as follows:

	Note	2023	2022
Balance, at 1 October		**55,927,840**	-
Provided during the year*	24	**48,234,590**	55,927,840
Utilized during the year*	24	**(45,396,427)**	
No longer required		**(55,927,840)**	-
Balance at end of year		**2,838,163**	55,927,840

* The management of the parent company (Al-Yamamah Steel Industries) studied the decrease in the net realizable value of the inventory as of September 30, 2023. The study resulted in no decrease in the net realizable value of the inventory, and accordingly, the previously formed provision of 55.9 million Saudi riyals was reversed.
* The management of the subsidiary company (Al-Yamamah Reinforcing Steel) studied the decrease in the net selling value of the inventory as of September 30, 2023. The losses from studying the decrease in the net selling value amounted to 48,234,590 Saudi riyals, the amount of 2,838,163 Saudi riyals related to the decrease in the inventory of finished products, which was charged as a total loss in the list. The profit or loss for the year is included in the provision for impairment of inventory, and the amount of 45,396,427 Saudi riyals relates to the decrease in the value of raw materials inventory, which was charged directly to the raw materials inventory.

9. TRADE RECEIVABLES, NET

A) Trade receivables comprise the following:

	Note	2023	2022
Trade receivables - related parties	32	**85,797,677**	90,646,528
Trade customers - other parties		**250,990,920**	271,522,487
		336,788,597	362,169,015
Less: Expected credit loss provision	B	**(9,926,480)**	(9,926,480)
		326,862,117	352,242,535

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

	2023	2022
Balance, at beginning of the year	**9,926,480**	13,311,688
Provided during the year	**--**	2,200,000
Utilized during the year	**--**	(3,641,335)
Allocation served its purpose	**--**	(1,943,873)
Balance at end of year	**9,926,480**	9,926,480

C) 66% of the total sales for the year belongs to only eight customers and their outstanding balance as at 30 September 2023 amounted to SR 235,03 million (65% at 30 September 2022: SR 179,2 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.

9. TRADE RECEIVABLES, NET (CONTINUED)

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

	2023		2022	
Duration	**Balance**	**Impairment In value**	Balance	Impairment In value
Not due	**250,055,402**	**1,641,517**	255,947,890	1,380,202
From 0 to 90 days	**66,512,065**	**462,368**	77,022,150	535,430
From 91 to 180 days	**12,424,377**	**25,842**	21,232,289	44,162
Over 181 Days	**7,796,753**	**7,796,753**	7,966,686	7,966,686
	336,788,597	**9,926,480**	362,169,015	9,926,480

Collections in the subsequent period from the group's outstanding trade receivable balances on September 30, 2023: 68.2 million SR, and secured receivables amounted to 198.9 million SR (2022: 206.5 million SR), which were excluded from receivables balances when calculating the expected credit losses, the net balance of receivables subject to calculation becomes 69.6 million Saudi riyals (2022: 33.6 million SR), classified according to their ages.

Additional information relating to the Group's exposure to credit and market risks is disclosed in Note No. (33).

10. PREPAYMENTS AND OTHER RECEIVABLES, NET

Prepayments and other receivables comprise of the following:

	2023	2022
Advances to suppliers	**20,240,766**	9,194,522
Prepaid expenses	**5,971,798**	5,760,219
Employee's receivables	**692,350**	617,843
Other debit balances	**46,496**	58,956
	26,951,410	15,631,540
Less: Provisions for doubtful debts	**(121,368)**	(121,368)
	26,830,042	15,510,172

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:

	2023	2022
Balance on October 1,	**2,100,765**	1,212,124
Additions	**18,694,547**	20,247,511
Disposals	**(20,696,985)**	(22,133,942)
Revaluation Gain (Unrealized gains)	**36,800**	(423,359)
Realized gains	**1,862,201**	3,198,431
Balance on September 30,	**1,997,328**	2,100,765

12. CASH AND CASH EQUIVALENTS

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

	2023	2022
Cash at banks - current accounts	**23,233,674**	68,151,971
Cash at investment portfolio	**565,497**	--
Checks under collection	--	180,000
	23,799,171	68,331,971

*All bank balances are estimated to be of low credit risk as they are deposited with well-known banking institutions with a high credit rating, and there were no indications / history of defaulting on any bank balances of the company, so the possibility of defaulting on payment is based on future factors or any cases Failure caused by little or no losses.

13. SHARE CAPITAL

As at 30 September 2023 the Group'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:

	2023		2022	
	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.
In accordance with the decision of the Extraordinary General Assembly dated June 7, 2023, an amount of 60 million Saudi riyals was transferred from the statutory reserve to retained earnings.

15. NON-CONTROLLING INTERESTS

a) Non-controlling interests comprise the following:

	2023	2022
Subsidiary's net assets	**371,689,866**	499,257,832
Net assets attributable to NCI (27.5%)	**102,214,714**	137,295,902

b) Movement on non-controlling interests:

	2023	2022
Balance at October 1	**137,295,902**	141,366,248
Share of total comprehensive income	**(35,081,188)**	9,679,654
Dividends to non-controlling interests	-	(13,750,000)
Balance at September 30	**102,214,714**	137,295,902

- During the year ending September 30, 2023, no dividends were distributed to shareholders.
- 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.

15. NON-CONTROLLING INTERESTS

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

	2023	2022
Non-current assets	**168,528,613**	181,943,527
Current assets	**340,764,050**	429,534,899
Non-current liabilities	**(34,112,694)**	(32,930,874)
Current liabilities	**(103,490,103)**	(79,289,720)
Net assets (100%)	**371,689,866**	499,257,832
Carrying amount of NCI (27.5%)	**102,214,714**	137,295,902
(Loss) Profit for the year	**(127,280,197)**	35,065,165
Other comprehensive income / (loss)	**(287,769)**	133,584
Total comprehensive income (100%)	**(127,567,966)**	35,198,749
Profit allocated to NCI	**(35,002,052)**	9,642,918
Other Comprehensive income / (loss) allocated to NCI	**(79,136)**	36,736
Total Other Comprehensive income to NCI (27.5%)	**(35,081,188)**	9,679,654

16. LOANS AND CREDIT FACILITIES

Bank facilities from trading banks

The Group has bank facilities with total amount of SR 2.21 billion (30 September 2022: SR 2.19 billion) with some local banks of which SR 1.24 billion were used (30 September 2022: SR 1.20 billion), 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 financing of working capital, the last installments of which were paid during 2023. All the bank facilities bear bank commissions at the commercial rates prevailing in the market, and these facilities are guaranteed by a promissory note issued by the Parent Company and the subsidiary to the local banks, Average interest rates ranged from 4% to 8%.

a) Saudi Industrial Development Fund "SIDF" loan (Outstanding)

During August 2022, the Group obtained approval of Saudi Industrial Development Fund to grant a loan to the Al Yamamah Wind Energy Systems Company factory in the amount of 170,000,000 Saudi riyals, to contribute to financing property, machinery, equipment and working capital eligible for financing, provided that the amount is disbursed in installments until Shawwal 29, 1446H corresponding to April 27, 2025, and an amount of 13,600,000 riyals will be 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 paid throughout the validity of the agreement. The maximum limit has been agreed upon, and the company has met the loan requirements during the year. For the fiscal year ending on September 30, the amount of 86,815,930 Saudi riyals was received, representing 51% of the value of the loan, of which 51% of the fees were deducted (6,945,274 Saudi riyals). The loan is to be repaid in semi-annual installments beginning on Shawwal 15, 1448H, corresponding to March 23, 2028, and ending on Rabi' al-Thani 15. 1454H, corresponding to July 23, 2032. This loan is guaranteed by promissory notes issued by Al Yamamah Steel Industries Company in favor of the Saudi Industrial Development Fund covering the full amount and payments. The buildings and facilities built or to be built on the factory grounds will be mortgaged along with the entire factory, its machinery, equipment, appurtenances, accessories, and everything acquired. Later for the project, the agreement includes some conditions, including maintaining certain financial ratios.

16. LOANS AND CREDIT FACILITIES (CONTINUES)

b) Saudi Industrial Development Fund "SIDF" loan (Settled)

During the august 2021, the Group 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 Group 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.

In March 2022, the Group 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 Group from the remaining fees amounting to 2,625,000 Saudi riyals. in April 2022, the Group 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, Group cancelled the electronic promise note which was issued for SIDF.

c) loans according to the financing entities:

	2023	2022
Arab National Bank	**492,000,000**	643,000,000
Saudi Industrial Development Fund "SIDF"	**80,219,591**	-
Saudi Investment Bank	**16,581,298**	-
Banque Saudi Fransi	-	215,000,000
Alinma Bank	**215,928,675**	-
Al Rajhi Bank	**46,821,961**	22,845,626
British Saudi Bank	**51,598,289**	5,415,576
	903,149,814	886,261,202

d) Loans and bank facilities

	2023	2022
Current portion (16/e)	**822,930,223**	883,761,202
No Current Portion (16/f)	**80,219,591**	2,500,000
	903,149,814	886,261,202

e) 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:

	2023	2022
Short-term loans	**822,930,223**	873,761,202
The current part of long-term loans	-	10,000,000
	822,930,223	883,761,202

16. LOANS AND CREDIT FACILITIES (CONTINUED)

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

Year	2023	2022
2023	--	2,500,000
2027	**8,431,815**	--
2028	**9,583,898**	--
2029	**11,370,294**	--
2030	**13,114,531**	--
2031	**16,670,380**	--
2032	**21,048,673**	--
	80,219,591	2,500,000

g) Movement in loans

The movement in loans consists of the following:

	2023	2022
Balance at October 1	**886,261,201**	492,000,000
Additions for the year	**4,255,553,437**	2,599,454,481
Payments during the year	**(4,238,664,824)**	(2,205,193,279)
Balance at Sept 30	**903,149,814**	886,261,202

*Total financing cost charged to the statement of profit or loss during the year amounted to 66.9 million Saudi riyals (2022: 23.9 million Saudi riyals)

* Movement in loans during the year includes an amount of 2.5 billion Saudi riyals in revolving loans during the year.

17. EMPLOYEE'S BENEFITS

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

	2023	2022
Present value of the obligation as at the beginning of the year	**38,119,601**	33,624,375
current service cost	**5,277,554**	4,819,687
interest cost	**1,468,434**	896,781
Total expense charged to statement of profit or loss*	**6,745,988**	5,716,468
Re-measurement of employee benefit liability	**(1,668,320)**	1,196,347
Actual benefits paid during the year	**(2,821,673)**	(2,417,589)
The present value of the obligation at the end of the year	**40,375,596**	38,119,601

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

	2023	2022
Discount rate %		
Parent company	**4.60**	4.00
Subsidiary company	**4.65**	4.00
Salaries increase rate %		
Parent company	**4.60**	4.00
Subsidiary company	**4.65**	4.00

17. EMPLOYEE'S BENEFITS (CONTINUED)

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

	Note	2023	2022
Salaries and wages		**120,261,665**	121,445,017
Remuneration		**1,128,514**	3,359,669
Defined benefit expenses	17 - 2	**6,745,988**	5,716,468
		128,136,167	130,521,154

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

	2023	2022
Discount rate		
Base	**40,375,596**	38,119,601
Increase by 1%	**37,684,458**	35,663,274
Decrease by 1%	**43,414,896**	40,907,992
Salaries rate		
Base	**40,375,596**	38,119,601
Increase by 1%	**43,597,111**	40,742,935
Decrease by 1%	**37,474,286**	35,723,865
Assumption of a statistical study of employees		
Number of employees	**1,192**	1.241
Average age of employees (years)	**38,40**	37.75
Average years of past service	**6.2**	5.69

The above sensitivity analysis is based on a change in a hypothesis with all other hypotheses remaining constant. In practice, this is unlikely to happen and changes in some hypotheses may be correlated. The same method was used in calculating the end-of-service employee end-of-service liability recognized in the statement of financial position when calculating the sensitivity of the end-of-service employee end-of-service obligation to significant actuarial assumptions (the present value of the end-of-service employee end-of-service obligation calculated using the projected unit credit method as at the end of the reporting period).

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 reflects the liability terms.

The Group expects the timings of the cash outflows to be the same as the contractual terms,

	Note	2023	2022
Balance on 1 October		**11,933,078**	11,699,095
dismantling obligations added during the year		**874,750**	-
Charged financial charges	28	**250,082**	233,983
Balance on 30 September		**13,057,910**	11,933,078

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:

	2023	2022
Balance on 1 October	**1,492,388**	5,807,780
Utilized during the year	**(1,492,388)**	(4,315,392)
Balance on 30 September	**-**	1,492,388

20. Trade payables

Trade payables as at 30 September comprise the following:

	2023	2022
Local suppliers	**55,425,238**	45,423,215
External suppliers	**32,215,785**	3,723,740
Related Parties (Note 32)	**4,678**	19,516
	87,645,701	49,166,471

21. ACCRUED EXPENSES AND OTHER PAYABLES

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

	2023	2022
Accrued expenses	**18,906,139**	13,745,751
Value added tax (VAT)	**12,691,380**	11,850,832
Directors' remuneration and allowances	**1,300,696**	3,849,696
Accrued employee’s bonus	**1,482,707**	4,254,450
Accrued financing expenses	**6,080,661**	7,273,214
Other Payables	**818,758**	818,758
	41,280,341	41,792,701

22. ZAKAT

a) Zakat base

Al Yamamah Steel Industries Company

	2023	2022
Additions		
Share capital	**508,000,000**	508,000,000
Reserves	**29,198,060**	89,198,060
Retained Earnings	**109,344,016**	77,233,090
Loans and other finance resources	**80,219,591**	12,500,000
Accruals and other credit balances	**1,799,210**	8,412,598
Provisions	**82,189,945**	77,114,023
Accrued dividends	**567,852**	568,881
Lease liabilities	**13,375,249**	15,512,568
Advances from customers	**26,578,539**	-
Total additions	**851,272,462**	788,539,220
Discounts		
Property, plant and equipment (net)	**(444,396,119)**	(339,318,097)
Spare parts stock	**(19,089,434)**	(18,966,194)
Investments	**(269,475,151)**	(336,442,836)
Intangible assets	**(3,874,189)**	(4,513,083)
Right-to-use assets	**(13,790,938)**	(15,687,624)
Total deductions	**(750,625,831)**	(714,927,834)
Zakat base	**100,646,631**	73,611,386
Adjusted Zakat base (365 days)	**103,774,069**	75,898,745
Adjusted net profit	**(122,276,007)**	10,731,292
Total base	**(18,501,938)**	86,630,037
Zakat charge (Zakat base @ 2.5%)	**--**	2,165,751

Al Yamamah Company for Reinforcing Steel Bars Company

	2023	2022
Additions		
Share capital	**300,000,000**	300,000,000
Retained Earnings	**126,554,460**	94,862,228
Reserves	**72,703,372**	69,196,855
Carryover provisions	**18,540,614**	18,746,964
Lease liabilities	**17,341,203**	18,336,887
Other additions to base	**157,453**	152,325
	535,297,102	501,295,259
Discounts		
Property, plant and equipment (net)	**153,271,333**	165,282,752
Right of use assets	**14,923,055**	16,177,967
Intangible assets, net	**334,225**	482,815
Spare Parts	**29,472,946**	29,576,542
Total deductions	**198,001,559**	211,520,076
Zakat base	**337,295,543**	289,775,183
Adjusted Zakat base (365 days)	**347,776,478**	298,779,497
Amended net loss	**(114,294,322)**	46,452,836
Total base	**233,482,156**	345,232,333
Due Zakat 2.5% (from net zakat base)	**5,837,054**	8,630,808

22.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.

c) Movement of Zakat provision during the year

	2023	2022
Balance, at beginning of the year	**29,282,285**	30,977,961
Add: Charge for the Year	**5,837,054**	10,796,560
Reverse of zakat provision	**(1,212,052)**	-
Prior years differences	**(67,100)**	2,570,193
Less: payments during the year	**(8,445,801)**	(15,062,429)
Balance at the end of the year	**25,394,386**	29,282,285

The management believes that the Zakat provision meets future zakat liabilities the year ended 30 September 2023 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 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:

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.

22.ZAKAT (CONTINUED)

d) Zakat position (continued)

Al Yamamah Steel Industries Company

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:
The Zakat differences for the year 2020 amounted to 9.74 million Saudi riyals. According to the zakat assessment and the claims of the Zakat, Tax and Customs Authority, the company paid the amount of 12.59 Saudi riyals, and objected to the amount of 9.73 million Saudi riyals. The objection submitted to the Authority regarding these differences was rejected, and the company issued a guarantee. A bank transfer to the Authority amounting to 4.87 million Saudi riyals. The General Secretariat of Tax Committees rejected the company’s objection to the Zakat assessment with the Authority, so the company filed an appeal against the decision of the General Secretariat of Tax Committees. The appeal was rejected during the session held in October 2023 and the company was required to pay an amount of 9.73 million. SR. The company paid the amount and the petition to the concerned authorities during the month of December 2023.

f) Financial year 2021-2022
The company did not receive a zakat assessment for the two years 2021- 2022

Al Yamamah Company for Reinforcing Steel Bars
The company submitted its zakat returns for the years from the beginning of activity until the fiscal year ending on September 30, 2022, and paid the zakat due in those returns, with the exception of the zakat bill due for the financial year ending on September 30, 2022, amounting to 8,563,708.68 riyals, as it was agreed with the Zakat and Tax Authority to pay in installments. Payment of this invoice, as the unpaid portion of the invoice amounted to 2,283,658.94 Saudi riyals as of September 30, 2023, and the company obtained a zakat certificate that expires on 01/30/2024. The company has terminated its zakat position with the Zakat and Tax Authority for the years from the date of the company’s founding until the fiscal year ending on September 30, 2019.

23. SALES REVENUES, NET

	2023	2022
Construction segment	**921,937,085**	995,002,011
Electric	**637,596,636**	469,973,996
	1,559,533,721	1,464,976,007

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 2023 and amounted to SR 2.0 million (2022: SR 0,89 million).

24. COST OF SALES

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

	Note	2023	2022
Consumed Raw materials		**1,417,764,043**	1,168,284,439
Direct Salaries, wages and equivalents		**87,561,720**	90,572,031
depreciation	5	**42,557,461**	40,236,477
Slow moving inventories’ items provision	8	**518,099**	(2,794,780)
Right of use asset depreciation	7	**2,067,398**	2,056,945
Amortization of intangibles	6	**82,003**	82,655
Inventory impairment	8	**2,838,163**	55,927,840
Other overheads		**34,439,545**	32,453,238
		1,587,828,432	1,386,818,845

25. SELLING AND DISTRIBUTION EXPENSES

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

	Note	2023	2022
Transportation Charges		**14,121,307**	11,391,177
Salaries, wages and equivalents		**5,922,204**	6,176,098
Depreciation	5	**20,590**	32,466
Advertisements		**49,300**	55,750
Amortization of intangibles	6	**28,940**	28,940
Others		**515,390**	383,530
		20,657,731	18,067,961

26. ADMINISTRATIVE EXPENSES

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

	Note	2023	2022
Salaries, wages and equivalents		**34,649,243**	33,351,806
Directors' remuneration and allowances		**20,000**	2,660,000
Depreciation	5	**2,308,581**	2,433,848
Professional and consultation fees		**1,539,107**	1,836,333
Computers support and subscription expenses		**2,270,625**	2,367,290
Amortization of intangibles	6	**830,560**	806,644
Amortization of Right of use asset	7	**1,084,200**	1,347,332
Others		**3,653,787**	2,776,688
		46,356,103	47,579,941

27. OTHER REVENUES

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

	2023	2022
Interest on bank deposits	**-**	1,168,185
Gains / (losses) on disposal of property, plant and equipment	**185,636**	(12,384)
Others	**100,308**	232,812
	285,944	1,388,613

28. FINANCE COSTS

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

	Note	2023	2022
Charged finance cost related to the loans	16	**66,867,975**	23,889,425
Interest expense charged on long-term lease liabilities	7	**1,837,192**	1,952,584
Undiscounted finance charges for the provision for dismantling and decommissioning of property, plant and equipment	18	**250,082**	233,983
Finance costs as included in the statement of profit or loss and other comprehensive income		**68,955,249**	26,075,992
Add			
Finance cost charged on the statement of profit or loss under employee's benefits obligations	17	**1,468,434**	896,781
Total finance costs		**70,423,683**	26,972,773

29. EARNINGS LOSSES PER SHARE

29/1 Basic loss per share

The calculation of basic loss per share was calculated based on the net loss for the year attributable to the company's shareholders, distributable to shareholders in common shares, and the weighted average number of common shares outstanding at the date of the consolidated financial statements, which amounted to 50.8 million shares.

	2023	2022
(Loss) / gain attributable to shareholders of Company	(130,142,309)	(26,655,991)
(Loss) / earnings per share attributable to Company's shareholders	(2.56)	(0.52)

28/2 Diluted loss per share

The calculation of diluted loss per share has been based on the net loss for the year attributable to the company's 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 loss per share.

30. CONTINGENCIES AND CAPITAL COMMITMENTS

a) At 30 September 2023, the contingent liabilities against the uncovered portion of bank guarantee letters issued by local banks on behalf of the Group amounted to SR 143,57 million (30 September 2022: 161,87 million).

b) At 30 September 2023, the contingent liabilities against letters of guarantees amounted to SR 276,97 million (30 September 2022: SR 153,46 million) issued in the normal course of the Group's business.

c) At 30 September 2023, the capital contingencies related to under project in progress amounted to SR 40,54 million (30 September 2022: SR 115,99 million.

31. DIVIDENDS

During the year ended 30 September 2023
No dividends were distributed during the financial year ending on September 30, 2023.

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, 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.

32. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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 18 Dhul-Qi'dah 1444H, corresponding to 7 June 2023 with the following entities and parties:

a) 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 2023	Amount of transaction 2022	Balance as at 2023	Balance as at 2022
Under accounts receivable (Note 9):						
Abdulqader Almuhaidib & Sons Company *	Shareholder	Sales	**166,577,930**	286,901,197	**37,190,007**	41,388,487
Rashid Abdulrahman Al Rashid & Sons Company **	Shareholder	Sales	**1,776,547**	2,332,087	**44,147**	277,916
Al Mahana Trading Company	Shareholder	Sales	**146,771,883**	124,725,694	**21,612,625**	22,459,955
Al Mahanna Steel Group ***	Shareholder	Sales	**94,782,081**	131,355,086	**24,996,604**	22,994,522
Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary shareholder	Sales	**19,171,766**	27,126,453	**1,954,294**	1,797,198
Al-Mojil Trading and Contracting Company	a shareholder	Sales	**1,354,500**	5,580,000	**--**	1,728,450
					85,797,677	90,646,528
Under trade payables						
Abdulqader Almuhaidib & Sons Company *	a shareholder	Purchases	**286,870**	202,027	**4,678**	19,516
Al Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary shareholder	Purchases	**164,266**	--	--	--
					4,678	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.

32. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

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

	Nature of transaction	2023	2022
Key management personnel	Salaries, allowances and incentives	**6,527,376**	8,122,198
BOD members	Board of directors' numerations	**20,000**	2,660,000

* According to the results of the Nominations and Remuneration Committee meeting on December 4, 2023, the committee recommended not disbursing rewards and allowances to members of the Board of Directors, the Executive Committee, or the Nominations Committee for the year ending September 30, 2023.

33. 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			
2023	**Construction segment**	**Electricity segment**	**Others**	**Total**
Revenue	**921,937,085**	**637,596,636**	**--**	**1,559,533,721**
Cost of sales	**(1,001,545,437)**	**(586,282,995)**	**--**	**(1,587,828,432)**
Net segment loss / Profit	**(150,427,227)**	**(16,307,105)**	**1,589,969**	**(165,144,363)**
Segment assets	**1,042,049,373**	**731,153,024**	**17,690,886**	**1,790,893,283**
Segment liabilities	**582,745,352**	**568,497,611**	**19,288,384**	**1,170,531,347**

33. SEGMENTAL INFORMATION (CONTINUED)

	Segment Reporting			
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 / Profit	(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

34. 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, Financial assets at fair value through Profit or loss, loans, trade payables and accrued expenses 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.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

changes in buying and selling prices risk

These are the risks associated with changes in the prices of some commodities, which the Group is exposed to, which may have an undesirable impact on the Group's costs and cash flows. These commodity price risks arise from anticipated purchases of certain goods from raw materials used by the Group.

Interest rate risk

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

	2023	2022
Variable rate instruments		
Borrowings	903,149,814	886,261,202
	903,149,814	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.

	2023	2022
Interest Rates		
Increase in basis 100 points - (Loss)	**(9,031,498)**	(8,862,612)
Decrease in basis 100 points - Profit	**9,031,498**	8,862,612

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.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	2023	2022
Financial assets		
Trade receivables	**326,862,117**	352,242,535
Bank balances	**23,799,171**	68,331,971
	350,661,288	420,574,506
Secured *	**222,742,345**	293,809,136
Un-secured **	**127,918,943**	126,765,370
	350.661,288	420,574,506

* As at 30 September 2023, secured financial assets include bank balances amounting SR 23.8 million (2022: 68.3 M SR) and trade receivables amounting to SR 198.9 million secured by bank guarantees (30 September 2022: SR 206.5 million).

** As at 30 September 2023, secured and un-secured financial assets include trade receivables amounting to SR 85.8 million due from related parties which have not yet passed their due dates (30 September 2022: SR 90.6 million).

34. 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 2023	**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	**822,930,223**	**--**	**80,219,591**	**24,797,802**	**927,947,616**	**903,149,814**
Trade payables	**87,645,701**	**--**	**--**	**--**	**87,645,701**	**87,645,701**
Dividends payables	**567,852**	**--**	**--**	**--**	**567,852**	**567,852**
Accrued expenses and other payables	**41,280,341**	**--**	**--**	**--**	**41,280,341**	**41,280,341**
Lease liabilities	**2,280,795**	**5,766,193**	**22,669,464**	**17,940,011**	**48,656,463**	**30,716,452**
	954,704,912	**5,766,193**	**102,889,055**	**42,737,813**	**1,106,097,973**	**1,063,360,160**

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
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
	977,838,984	8,060,401	25,739,324	17,738,923	1,029,377,632	1,011,638,709

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

34. 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:

	2023	2022
Total obligations	**1,170,531,348**	1,135,592,305
Less: Cash and cash equivalents	**(23,799,171)**	(68,331,971)
Net obligations	**1,146,732,177**	1,067,260,334
Total equity	**620,361,935**	783,837,978
Adjusted shareholders' equity	**620,361,935**	783,837,978
Net obligations to equity	**1.85**	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.

	30 September 2023					
	Carrying value		**Fair value**			
Financial Assets	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Trade receivables	**326,862,117**	**326,862,117**	--	--	--	--
Cash and cash equivalents	**23,799,171**	**23,799,171**	--	--	--	--
Financial assets at fair value through profit or loss	--	--	**1,997,328**	--	--	**1,997,328**
	350,661,288	**350,661,288**	**1,997,328**			**1,997,328**
Financial liabilities						
Loans and facilities	**903,149,814**	**903,149,814**	--	--	--	--
Trade payables	**82,557,689**	**82,557,689**	--	--	--	--
Dividends payables	**567,852**	**567,852**	--	--	--	--
Accrued expenses and other payables	**41,280,341**	**41,280,341**	--	--	--	--
Zakat provision	**25,394,386**	**25,394,386**	--	--	--	--
	1,052,950,082	**1,052,950,082**	--	--	--	--

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

	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
	420,574,506	420,574,506	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 payable	568,881	568,881	--	--	--	--
Accrued expenses and other payables	41,792,701	41,792,701	--	--	--	--
Zakat Provisions	29,282,285	29,282,285	--	--	--	--
	1,007,071,540	1,007,071,540	--	--	--	--

35. 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 current year to raise the rate of repurchase agreements, “REPO”, by a total increase amounting to 2.25%, from 3.75 to 6.00%. The Group's management is closely following these changes to determine the potential financial impact on its business results during the coming periods.

36. SUBSEQUENT EVENTS

Management announced that a recommendation was raised during the Board of Directors meeting on December 27, 2023, corresponding to Jumada al-Akhirah 14, 1445H, to the subsequent ordinary general assembly of shareholders, not to distribute cash dividends to shareholders for the financial year ending on September 30, 2023, in order to support the group’s financial position and contribute to financing its projects and factories, including the Al-Yamamah Wind Energy Systems Factory, in addition to not achieving profits during the financial year ending on September 30, 2023.

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.

37. COMPARATIVE FIGURES

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

38. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the Board of Directors on Jumada Al khair 18, 1445H (corresponding to - December 31, 2023).