

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

**Interim condensed Consolidated Financial Statements** (Unaudited)  
For the three-month period ending December 31, 2023  
**With the Independent Auditor's Review Report**

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

**Interim condensed Consolidated Financial Statements (unaudited)**  
For the three-month period ending on December 31, 2023

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**PKF**Ibrahim Ahmed Al-Bassam  
& Co. Certified Public Accountants**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL  
STATEMENTS**

(1 /1)

**TO THE SHAREHOLDERS OF AL YAMAMAH STEEL INDUSTRIES COMPANY  
JOINT STOCK COMPANY  
Jeddah, KINGDOM OF SAUDI ARABIA****INTRODUCTION**

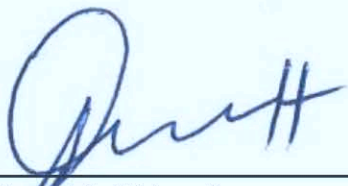
We have reviewed the accompanying interim Condensed Consolidated statement of financial position of **AL YAMAMAH STEEL INDUSTRIES** Company (the "Company") as at 31 December 2023 and the related interim Condensed Consolidated statements of comprehensive income for the three-month period then ended, and statements of changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim Condensed Consolidated financial statements based on our review.

**SCOPE OF REVIEW**

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

**CONCLUSION**

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

**For Al-Bassam & Co.**


Ahmed A. Mohandis  
Certified Public Accountant  
License No. 477  
Jeddah: 3 Sha'aban1445H  
Corresponding to: 13 February 2024

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

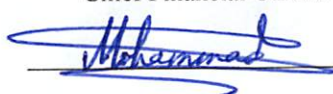
**Interim Condensed Consolidated Statement of Financial Position (Unaudited)**

As of 31 December 2023

(Expressed in Saudi Arabian Riyals)

	Note	31 December 2023 (Unaudited)	30 September 2023 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, Net	5	594,220,858	597,667,452
Intangible assets, Net		3,969,823	4,208,414
Right-of-use assets, Net	6	28,012,368	28,713,993
<b>Non-current assets</b>		<b>626,203,049</b>	<b>630,589,859</b>
<b>Current assets</b>			
Inventories, Net	7	759,534,396	780,814,766
Trade receivables, Net	8	353,716,758	326,862,117
Prepayments and other receivables		24,841,056	26,830,042
financial assets at fair value through profit or loss statement		627,200	1,997,328
Cash and cash equivalents		26,983,124	23,799,171
<b>Current Assets</b>		<b>1,165,702,534</b>	<b>1,160,303,424</b>
<b>Total Assets</b>		<b>1,791,905,583</b>	<b>1,790,893,283</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' Equity</b>			
Share capital	1	508,000,000	508,000,000
Statutory reserve		32,152,912	29,198,060
Retained earnings		7,542,831	(19,050,839)
<b>Total equity attributable to shareholders of the Company</b>		<b>547,695,743</b>	<b>518,147,221</b>
Non-controlling interests		103,886,585	102,214,714
<b>Total Shareholders' equity</b>		<b>651,582,328</b>	<b>620,361,935</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term loans- Non-current portion	9	94,899,958	80,219,591
Lease liabilities- Non-current portion	6	27,224,121	28,435,657
Employee benefits		41,758,436	40,375,596
Liability of dismantling and removing property, plant and equipment		13,156,490	13,057,910
<b>Non-current liabilities</b>		<b>177,039,005</b>	<b>162,088,754</b>
<b>Current liabilities</b>			
Short-term borrowings	9	757,617,502	822,930,223
Lease liabilities- current portion	6	3,748,908	2,280,795
Dividends payable		567,792	567,852
Trade payables		115,637,680	87,645,701
Accrued expenses and other payables		55,836,994	41,280,341
Advances from customers		13,863,550	28,343,296
Zakat Provision	10	16,011,824	25,394,386
<b>Current liabilities</b>		<b>963,284,250</b>	<b>1,008,442,594</b>
<b>Total Liabilities</b>		<b>1,140,323,255</b>	<b>1,170,531,348</b>
<b>Total Shareholders' equity and liabilities</b>		<b>1,791,905,583</b>	<b>1,790,893,283</b>

Chief Financial Officer



Mohammad Abu Farha

Chief Executive Officer



Sahel Althobaiti

Vice Chairman



Raed Almudaiheem

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

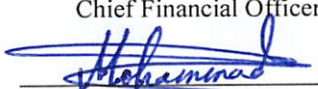


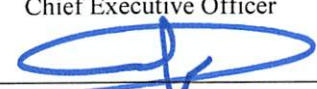
**AL YAMAMAH STEEL INDUSTRIES COMPANY**  
(A Saudi Joint Stock Company)

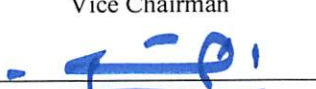
**Interim Condensed Consolidated Statement of Profit or Loss and other comprehensive income**  
(Unaudited)

For the three-month period ended on 31 December 2023  
(Expressed in Saudi Arabian Riyals)

	<u>Note</u>	For the three-month period ended 31 December	
		2023 (Unaudited)	2022 (Unaudited)
Revenue		630,715,148	461,846,450
Cost of sales		(557,783,086)	(479,797,361)
<b>Gross profit (loss)</b>		<b>72,932,062</b>	<b>(17,950,911)</b>
Selling and distributing expenses		(8,669,717)	(5,799,608)
Administrative expenses		(15,143,359)	(12,161,807)
<b>Profit (Loss) from operation</b>		<b>49,118,987</b>	<b>(35,912,326)</b>
Financial charges		(16,471,293)	(13,764,030)
Realized gains on financial assets at fair value through profit or loss		1,277,495	1,224,702
Unrealized gain on financial assets at fair value through profit or loss		(40,000)	(425,193)
Other revenue		(34,716)	45,555
<b>Net profit (Loss) before Zakat</b>		<b>33,850,473</b>	<b>(48,831,292)</b>
Zakat	10	(2,630,080)	(2,264,761)
<b>Net Profit (Loss)</b>		<b>31,220,393</b>	<b>(51,096,053)</b>
<b>Total other comprehensive income (loss)</b>		<b>31,220,393</b>	<b>(51,096,053)</b>
<b>Total comprehensive Profit (Loss) attributable to:</b>			
- Shareholders of the Company		29,548,522	(41,900,078)
- Non-controlling interests		1,671,871	(9,195,975)
		<b>31,220,393</b>	<b>(51,096,053)</b>
<b>Total comprehensive income (loss) attributable to:</b>			
- Shareholders of the Company		29,548,522	(41,900,078)
- Non-controlling interests		1,671,871	(9,195,975)
		<b>31,220,393</b>	<b>(51,096,053)</b>
<b>Earnings (Loss) per share to net income for the Period:</b>			
- Basic	11	0.58	(0.82)
- Diluted		0.58	(0.82)

Chief Financial Officer  
  
Mohammad Abu Farha

Chief Executive Officer  
  
Sahl Althobaiti

Vice Chairman  
  
Raed Almudaiheem

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

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

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

For the three-month period ended December 31, 2023

(Expressed in Saudi Arabian Riyals)

	Share capital	Statutory reserve	(Accumulated losses) Retained earnings	Total	Non-controlling interests	Total equity
<b>For the three-month period ended 31 December 2023</b>						
Balance as of 1 October 2023 (Unaudited)	508,000,000	29,198,060	(19,050,839)	518,147,221	102,214,714	620,361,935
comprehensive loss for the period						
Loss for the period	--	--	29,548,522	29,548,522	1,671,871	31,220,393
Other comprehensive income	--	--	--	--	--	--
<b>Total comprehensive loss for the period (Unaudited)</b>	--	--	29,548,522	29,548,522	1,671,871	31,220,393
Transferred to statutory reserve	--	2,954,852	(2,954,852)	--	--	--
<b>Balance as of 31 December 2023 (Unaudited)</b>	<u>508,000,000</u>	<u>32,152,912</u>	<u>7,542,831</u>	<u>547,695,743</u>	<u>103,886,585</u>	<u>651,582,328</u>
<b>For the three-month period ended 31 December 2022</b>						
Balance as of 1 October 2022 (Unaudited)	508,000,000	89,198,060	49,344,016	646,542,076	137,295,902	783,837,978
Comprehensive income for the period						
Income for the period	--	--	(41,900,078)	(41,900,078)	(9,195,975)	(51,096,053)
Other comprehensive income	--	--	--	--	--	--
<b>Total comprehensive income for the period (Unaudited)</b>	--	--	(41,900,078)	(41,900,078)	(9,195,975)	(51,096,053)
<b>Balance as of 31 December 2022 (Unaudited)</b>	<u>508,000,000</u>	<u>89,198,060</u>	<u>7,443,938</u>	<u>604,641,998</u>	<u>128,099,927</u>	<u>732,741,925</u>

Chief Financial Officer



Mohammad Abu Farha

Chief Executive Officer



Sahl Althobaiti

Vice Chairman



Raed Almudaiheem

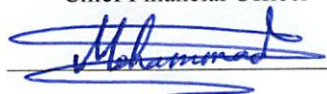
The accompanying notes form an integral part of these interim condensed consolidated financial statements.

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

**Interim Condensed Consolidated Statement of Cash Flows (Unaudited)**  
For the three-month period ended December 31, 2023  
(Expressed in Saudi Arabian Riyals)

	Note	2023 (Unaudited)	2022 (Unaudited)
<b>Cash flows from operating activities</b>			
(Loss) Profit for the period before zakat		33,850,473	(48,831,292)
<b>Adjustments:</b>			
Depreciation on property, plant and equipment		11,174,657	11,532,551
Amortization of intangible assets		238,591	231,482
(Gains) / losses on disposal of property, plant and equipment		158,994	4,592
Slow moving Inventories items provision		114,804	103,533
Inventories impairment provision		(2,838,163)	(24,948,077)
Realized gain from Investments held at fair value through or loss's statement		(1,277,495)	(1,224,702)
Unrealized loss from Investments held at fair value through or loss's statement		40,000	425,193
Right of use asset depreciation	6	701,625	822,933
Finance costs		16,471,293	13,764,030
Provision for contract losses		--	(1,099,089)
Provision for employee benefits charged for the period		1,699,331	1,624,368
		<u>60,334,110</u>	<u>(47,594,478)</u>
<b>Changes in operating assets and liabilities</b>			
Trade receivables		(26,854,641)	(43,550,217)
Inventories		24,003,729	108,950,128
Prepayments and other receivables		1,988,986	(45,986,777)
Trade payables		27,991,979	267,727
Advances from customers		(14,479,746)	--
Accrued expenses and other payables		8,744,663	(35,496,456)
<b>Cash (used in) generated from operations</b>		<u>81,729,080</u>	<u>(63,410,073)</u>
Paid Zakat	10	(12,012,642)	--
Paid employee's benefits		(316,491)	(1,063,643)
<b>Net cash (used in) generated from operating activities</b>		<u>69,399,947</u>	<u>(64,473,716)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(7,887,057)	(32,322,834)
Purchase of intangible assets		--	(154,019)
Purchase of financial assets at fair value through profit or loss		(3,220,704)	(13,860,801)
Sold financial assets at fair value through profit or loss		5,828,327	12,763,210
Proceeds from the disposal of property, plant and equipment		--	7,485
<b>Net cash (used in) investing activities</b>		<u>(5,279,434)</u>	<u>(33,566,959)</u>
<b>Cash flows from financing activities</b>			
Proceeds from loans and credit facilities		849,551,326	1,235,357,158
Payments from loans and credit facilities		(900,183,680)	(1,178,761,202)
Paid Finance cost		(10,120,156)	(11,065,805)
Payment of lease obligations	6	(183,990)	(2,363,091)
Dividends paid		(60)	(835)
<b>Net cash generated from financing activities</b>		<u>(60,936,560)</u>	<u>43,166,225</u>
Net change in cash and cash equivalents balance		3,183,953	(54,874,450)
Cash and cash equivalents at the beginning of the period		23,799,171	68,331,971
<b>Cash and cash equivalents at the end of the period</b>		<u>26,983,124</u>	<u>13,457,521</u>

Chief Financial Officer



Mohammad Abu Farha

Chief Executive Officer



Sahel Althobaiti

Vice Chairman



Raed Almudaiheem

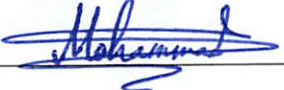
The accompanying notes form an integral part of these interim condensed consolidated financial statements.




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

**Interim Condensed Consolidated Statement of Cash Flows (Unaudited) (Continued)**  
For the three-month period ended December 31, 2023  
(Expressed in Saudi Arabian Riyals)

	Note	2023 (Unaudited)	2022 (Unaudited)
<b>*Non-cash transactions</b>			
Finance cost for Liability of dismantling and removing property, plant and equipment		98,580	937,318
Accrued expenses and other payables		5,811,990	1,209,305
Finance cost for lease obligations		440,567	551,602
Finance cost	6	<u>(6,351,137)</u>	<u>(2,698,225)</u>

Chief Financial Officer  
  
Mohammad Abu Farha

Chief Executive Officer  
  
Sahel Althobaiti

Vice Chairman  
  
Raed Almudaiheem

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



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

**Notes to the Interim Condensed Consolidated Financial Statements**

For the three-month period ended December 31, 2023

(Expressed in Saudi Arabian Riyals)

**1. GENERAL**

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

The Company's activities are:

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

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

<b>Factory</b>	<b>City/Place</b>	<b>CR Number</b>	<b>Date of CR</b>
Al Yamamah Steel Industries Company	Jeddah	4030068043	28/4/1410H
Al Yamamah for Electric Poles	Jeddah	4030148938	9/3/1425H
Al Yamamah Steel Industries Company	Dammam	2050059045	7/3/1429H
Al Yamamah for Production of Electric Power Towers	Jeddah	4030180886	9/7/1429H
Al Yamamah Industrial Solar Energy Systems Factory	Jeddah	4030304080	9/9/1439H
Al Yamamah Wind Power Systems (under construction)	Yanbu	4700114058	1/12/1442H
Al-Yamamah Company for the treatment of industrial structures	Jeddah	4030460706	6/8/1443H

As on December 31, 2023 the company's authorized, subscribed and fully paid capital amounted to SR 508 million (September 30, 2023: SR 508 million), divided into 50.8 million shares (September 30, 2023: 50.8 million shares), each of which is SR 10. (September 30, 2023 : 10 Saudi riyals).

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

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

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

The registered address of the Company is as follows:

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

**Notes to the Interim Condensed Consolidated Financial Statements**

For the three-month period ended December 31, 2023

(Expressed in Saudi Arabian Riyals)

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**2. BASIS OF PREPERATION**

**2/1 Statement of Compliance**

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

The interim consolidated financial statement not included the applicable information and notes needed to prepare year-end consolidated financial statement accordance with international financial reporting as endorsed in the Kingdom of Saudi Arabia, so must review with the year-end consolidated financial statement on September 30, 2023.

The accounting policies for this interim financial statement matching with accounting policies for the year end consolidated financial statement on September 30, 2023.

**2/2 Basis of measurement**

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

The preparation of interim condensed consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the amounts disclosed in the interim condensed financial statements. These important estimates and assumptions were disclosed in the annual financial statements for the year ended September 30, 2023.

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

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

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

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

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

**Going Concern**

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

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

**Notes to the Interim Condensed Consolidated Financial Statements**

For the three-month period ended December 31, 2023

(Expressed in Saudi Arabian Riyals)

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**3. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

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

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

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

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

**Elimination process:**

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

**Share of Non-Controlling interest:**

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

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

**Notes to the Interim Condensed Consolidated Financial Statements**

For the three-month period ended December 31, 2023

(Expressed in Saudi Arabian Riyals)

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

**4. SEGMENTAL INFORMATION**

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

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

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

<b>Construction Segment</b>	<b>Electricity Segment</b>	<b>Renewable energy Segment</b>	<b>Others</b>
Al Yamamah Steel Industries factory (Pipes and Tubes)	Electrical power towers factory	Solar power plant	General management
Al Yamamah Rebar factory	Electric poles factory		
Al Yamamah Space Frame factory			

The following are the business results of these segments for the period:

<b>31 December 2023 (Unaudited)</b>	<b>Segment reporting</b>				<b>Total</b>
	<b>Construction Segment</b>	<b>Electricity Segment</b>	<b>Renewable energy Segment</b>	<b>Others</b>	
Revenue	286,091,661	153,833,781	190,789,706	--	630,715,148
Sale cost	(248,915,838)	(123,719,812)	(185,147,436)	--	(557,783,086)
Segment's net profit	16,618,137	12,086,876	1,277,886	1,237,494	31,220,393
Segment Assets	1,098,074,274	557,112,159	112,110,513	24,608,637	1,791,905,583
Segment liabilities	625,568,896	340,663,214	155,015,107	19,076,038	1,140,323,255
<b>31 December 2022 (Unaudited)</b>					
Revenue	302,111,876	137,481,729	22,252,845	--	461,846,450
Sale cost	(330,401,092)	(128,608,019)	(20,788,250)	--	(479,797,361)
Segment's net profit	(46,474,978)	(6,157,994)	737,409	799,510	(51,096,053)
Segment Asset	1,206,151,245	575,083,439	83,873,741	26,653,730	1,891,762,155
Segment liabilities	802,719,625	206,107,376	126,485,361	23,707,865	1,159,020,227



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**5. PROPERTY, PLANT AND EQUIPMENT, Net**

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

	<b>31 December 2023(unaudited)</b>	<b>30 September 2022 (Audited)</b>
Total cost	<b>932,436,748</b>	933,281,374
working in progress	<b>204,325,828</b>	197,330,308
Accumulated depreciation	<b>(535,655,183)</b>	(526,057,695)
Impairment losses	<b>(6,886,535)</b>	(6,886,535)
Net carrying amount	<b>594,220,858</b>	597,667,452

- a) The company's buildings, with a net book value of 113.34 million Saudi riyals as of December 31, 2023 (September 30, 2023: 116.19 million Saudi riyals), are built on lands leased from the Industrial Estates and Technology Zones Authority with an annual rent that is renewable for a similar period with the same conditions or terms. Others as agreed upon by the concerned parties, with the exception of the column and tower factory buildings, as they are located on land owned by the parent company and whose net book value amounts to 38.52 million Saudi riyals as of December 31, 2023 (September 30, 2023: 39.59 million Saudi riyals).
- b) The subsidiary's factory buildings, with a net book value of 61.63 million Saudi riyals as of December 31, 2023 (September 30, 2023: 62.66 million Saudi riyals), are located on a plot of land leased from the General Administration of the Royal Commission in Yanbu for a period of 35 years, starting from Rabi' al-Thani 5, 1427H. For annual rent. The lease is renewable for a similar period on the same terms and other conditions as agreed upon by the parties concerned.

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

	<b>31 December 2023 (Unaudited)</b>	<b>30 September 2023 (Audited)</b>
Advanced payments to vendors	<b>15,277,486</b>	15,601,668
Al Yamamah Solar Power Systems Factory	<b>155,430,132</b>	151,657,742
Pipe forming and perforating machine (Jeddah pipes)	<b>32,357,353</b>	28,810,041
Smelting Project - Rebar	<b>1,039,186</b>	1,039,186
Assembling and installing units from 19, 20 - Rebar	<b>221,671</b>	221,671
	<b>204,325,828</b>	197,330,308

\* 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.

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**6. LEASES CONTRACTS**

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

	<b>31 December 2023 (Unaudited)</b>	<b>30 September 2023 (Audited)</b>
<b><u>Cost</u></b>		
Balance at beginning of period / Year	<b>41,026,441</b>	41,026,441
Balance at ending of period / Year	<b>41,026,441</b>	41,026,441
<b><u>Accumulated Depreciation</u></b>		
Balance at beginning of period / Year	<b>12,312,448</b>	9,160,850
Depreciation during the period / year	<b>701,625</b>	3,151,598
Balance at ending of period / Year	<b>13,014,073</b>	12,312,448
<b>Net balance ending of period / Year</b>	<b>28,012,368</b>	28,713,993

- The movement in the lease liabilities is as follows:

	<b>31 December 2023 (Unaudited)</b>	<b>30 September 2023 (Audited)</b>
Balance at beginning of the period / year	<b>30,716,453</b>	33,849,454
Depreciation during the period / year	<b>440,567</b>	1,837,192
Paid during the period / year	<b>(183,991)</b>	(4,970,194)
Balance at end of period / year	<b>30,973,029</b>	30,716,452

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

	<b>31 December 2023 (Unaudited)</b>	<b>30 September 2023 (Audited)</b>
Current liability	<b>3,748,908</b>	2,280,795
Non-current liability	<b>27,224,121</b>	28,435,657
	<b>30,973,029</b>	30,716,452

**7. INVENTORIES, Net**

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

	<b>Note</b>	<b>31 December 2023 (Unaudited)</b>	<b>30 September 2023 (Audited)</b>
Raw materials		<b>482,889,615</b>	519,478,754
Finished goods		<b>127,250,552</b>	132,910,469
Work in progress		<b>21,468,213</b>	24,179,061
Spare parts		<b>50,151,081</b>	49,456,866
Goods in transit		<b>96,487,282</b>	76,225,322
		<b>778,246,743</b>	802,250,472
Less: Allowance for slow moving inventory items	7/2	<b>(18,712,347)</b>	(18,597,543)
Less: Provision for low inventory	7/3	<b>--</b>	(2,838,163)
		<b>759,534,396</b>	780,814,766

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**7. INVENTORIES, Net (CONTINUED)**

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

	<b>31 December 2023 (Unaudited)</b>	<b>30 September 2023 (Audited)</b>
Balance at beginning of the period / year	<b>18,597,543</b>	18,079,445
Provided during the period / year	<b>114,804</b>	518,098
Balance at end of period / year	<b>18,712,347</b>	18,597,543

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

	<b>31 December 2023 (Unaudited)</b>	<b>30 September 2023 (Audited)</b>
Balance at beginning of the period / year	<b>2,838,163</b>	55,927,840
Provided during the period / year	--	48,234,590
utilized during the period/year	<b>(2,838,163)</b>	(45,396,427)
No longer required provision	--	(55,927,840)
Balance at end of period / year	<b>--</b>	2,838,163

**8. TRADE RECEIVABLES, Net**

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

	<b>Note</b>	<b>31 December 2023 (Unaudited)</b>	<b>30 September 2023 (Audited)</b>
Trade receivables - related parties	13	<b>93,153,129</b>	85,797,677
Trade customers - other parties		<b>270,490,109</b>	250,990,920
		<b>363,643,238</b>	336,788,597
Less: Expected credit loss provision	8/2	<b>(9,926,480)</b>	(9,926,480)
		<b>353,716,758</b>	326,862,117

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

	<b>31 December 2023 (Unaudited)</b>	<b>30 September 2023 (Audited)</b>
Balance, at beginning of the period / year	<b>9,926,480</b>	9,926,480
<b>Balance at end of period / year</b>	<b>9,926,480</b>	9,926,480

8/3 Total sales for the period ending December 31, 2023 to major customers (8 customers) amounted to 444.7 million Saudi riyals, representing 70.5% of sales for the period (318.67 million Saudi riyals, representing 69% of sales for the period ending December 31, 2022), as of December 31, 2023, the outstanding balance of major customers in trade receivables amounted to 172.72 million Saudi riyals (September 30, 2023: 243.80 million Saudi riyals).

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

	<b>31 December 2023 (Unaudited)</b>		<b>30 September 2023 (Audited)</b>	
<u>Duration</u>	<b>Due Balances</b>	<b>Impairment In value</b>	<b>Due Balances</b>	<b>Impairment In value</b>
<b>Not due</b>	<b>297,819,380</b>	<b>2,463,988</b>	250,055,402	1,641,517
<b>From 0 to 90 days</b>	<b>56,375,410</b>	<b>391,902</b>	66,512,065	462,368
<b>From 91 to 180 days</b>	<b>1,305,998</b>	<b>2,716</b>	12,424,377	25,842
<b>Over 181 Days</b>	<b>8,142,450</b>	<b>7,067,874</b>	7,796,753	7,796,753
	<b>363,643,238</b>	<b>9,926,480</b>	336,788,597	9,926,480

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**8. TRADE RECEIVABLES, Net (CONTINUED)**

Subsequent period collections from the Group's outstanding trade receivables balances as of December 31, 2023 amounted to 128.87 million Saudi riyals (2023: 68.2 million Saudi riyals), and guaranteed receivables amounted to 182.03 million Saudi riyals (2023: 198.9 million Saudi riyals). Which were excluded from trade receivables when calculating expected credit losses, so that the balance of net receivables subject to calculation becomes 52.51 million Saudi riyals (2023: 69.6 million Saudi riyals), classified according to their age.

**9. BANK FACILITIES**

**Bank facilities from local trading banks**

As on June 31, 2022, the group has bank facilities totaling SR 1.84 billion (September 30, 2022: SR 2.19 billion) with some local banks, of which the user amounted to SR 1.21 billion (30 September 2022: SR 1.2 billion). It consists of letters of guarantee, documentary credits, and short-term bank facilities to cover the group's working capital requirements. It also includes a long-term bank facility granted by the Arab National Bank to the parent company to contribute to the establishment of the Al Yamamah Solar Energy Systems Company factory and to finance 50% of the eligible property, machinery, equipment, and group's working capital. For financing, bank facility interest rates are in line with average market rates at 6% to 8%.

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

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

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

	<b>31 December 2023 (Unaudited)</b>	30 September 2023(Audited)
Short term Loans (9/3)	<b>757,617,502</b>	822,930,223
Long Term Loans	<b>94,899,958</b>	80,219,591
	<b>852,517,460</b>	903,149,814

**9/3 Short-term loans**

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

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

	<b>31 December 2023 (Unaudited)</b>	30 September 2023 (Audited)
Short bank loans	<b>757,617,502</b>	822,930,223
	<b>757,617,502</b>	822,930,223



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**9. BANK FACILITIES (CONTINUED)**

**9/4 Non-current portion of long-term loans are due as follows**

<b>Year</b>	<b>31 December 2023 (Unaudited)</b>	<b>30 September 2023 (Audited)</b>
2027	5,083,543	8,431,815
2028	11,061,445	9,583,898
2029	13,629,490	11,370,294
2030	16,226,464	13,114,531
2031	21,286,861	16,670,380
2032	27,612,155	21,048,673
	<b>94,899,958</b>	<b>80,219,591</b>

**9/5 Bank loans according to the financing entities:**

	<b>31 December 2023 (Unaudited)</b>	<b>30 September 2023 (Audited)</b>
Arab National Bank	505,600,000	492,000,000
Saudi Industrial Development Fund "SIDF" (9/5)	94,899,958	80,219,591
Saudi Investment Bank	--	16,581,298
Banque Saudi Fransi	50,000,000	--
Alinma Bank	--	215,928,675
Al Rajhi Bank	62,118,106	46,821,961
Al-Awwal Saudi Bank	139,899,396	51,598,289
	<b>852,517,460</b>	<b>903,149,814</b>

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

	<b>31 December 2023 (Unaudited)</b>	<b>30 September 2023 (Audited)</b>
Balance, at beginning of period / year	903,149,814	886,261,201
Addition during the period / Year	849,551,326	4,255,553,437
Less: payments during the period / year	(900,183,681)	(4,238,664,824)
Balance at the end of the period / year	<b>852,517,460</b>	<b>903,149,814</b>

\* The movement on loans during the period includes an amount of 385 million Saudi riyals in revolving loans during the period.

**10. ZAKAT**

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

	<b>31 December 2023 (Unaudited)</b>	<b>30 September 2023 (Audited)</b>
Balance beginning of period / year	25,394,386	29,282,285
Add: Charge for the period / year	2,630,080	5,837,054
Reverse of zakat provision	-	(1,212,052)
Prior years differences	-	(67,100)
Less: payments during the period / year	(12,012,642)	(8,445,801)
<b>Balance at the end of the period / year</b>	<b>16,011,824</b>	<b>25,394,386</b>

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**10. ZAKAT (CONTINUED)**

**b) 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, 2023, according to which the company paid the due zakat and obtained a zakat certificate valid until January 30, 2025. Below are the details of the company's zakat position from the date of incorporation until September 30 2022, which shows the value of the zakat differences resulting from the Authority's assessments of the aforementioned years and as a result of the company's objection to those differences, as well as the amounts paid by the company in exchange for the assessments differences of those years:

- a) For the period from the date of incorporation from June 26, 2006 to September 30, 2007:  
The company received final zakat certificate and final zakat assessment from Zakat, Tax and Customs Authority.
- b) The years from 2008 to 2011:  
The zakat differences for the years from 2008 to 2011 amounted to 9.9 million Saudi riyals, according to the claims of the Zakat, Tax and Customs Authority. The company objected to the differences amounting to 9.9 million Saudi riyals for these years. An amount of 2.4 million Saudi riyals was accepted for the year 2011 from the objection submitted to those differences. The company issued a letter of guarantee in the amount of 7.5 million Saudi riyals representing all differences that were not accepted by the Authority for the years 2008-2010, so that the net disputed differences due for those years amounted to 7.5 million Saudi riyals.
- c) The years from 2012 to 2014:  
The company did not receive any assessments for those years.
- d) The years from 2015 to 2019:  
The zakat differences for the years from 2015 to 2019 amounted to 4.7 million SR according to the claims of the Zakat, Tax and Customs Authority. The company paid 1.4 million SR representing the zakat differences for the years 2016 and 2018. It objected to an amount of 3.3 million SR for the years 2015, 2017, and 2019 an amount of 1.5 million SR was accepted from the objection submitted to these differences, and the company paid an amount of 1.8 million SR, representing the total differences that were not accepted by the Authority, and thus there are no zakat differences due for those years.
- e) Financial year 2020:  
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 12,589 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 bank guarantee in favor of The Authority amounted 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 requested 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 Saudi riyals. The company paid the amount and the petition to the concerned authorities during the month of December 2023. The First Appeals Chamber for income tax violations and disputes, emanating from the General Secretariat of Tax Committees, held its session on 01/17/2024, after reviewing Al Yamamah Steel Industries Company's petition regarding the zakat differences for the fiscal year 2020, the memorandums submitted, and the papers contained in the case file. And documents, the appeal was rejected.

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**10. ZAKAT (CONTINUED)**

**b) Zakat position (Continued)**

f) Financial years from 2021 till 2023:

The company did not receive a zakat assessment for those years.

**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, 2023, and paid the zakat due in those returns, with the exception of the zakat bill due for the fiscal year ending on September 30, 2023, and a zakat certificate valid until January 30, 2024 was obtained.

**2) EARNINGS PER SHARE**

**11/1 Basic Earnings per share**

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

	<b>for a period of three months ending December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
(Loss) Earnings per share attributable to the shareholders of the company	<b>29,548,522</b>	(41,900,078)
Weighted average number of shares	<b>50,800,000</b>	50,800,000
(loss)/earnings per share attributable to the shareholders of the company	<b>0.58</b>	(0.82)

**11/2 Diluted Earnings per share**

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

During the period there are no diluted shares and therefore the diluted earnings per share is not different from the basic earnings per share.

**3) CONTINGENCIES AND CAPITAL COMMITMENTS**

- a) As on **31 December, 2023**, the value of the contingent liabilities against the unhedged portion of bank guarantee letters issued by local banks on behalf of the Group amounted to SR million 162.7 (September 30, 2023: SR 150.43 million).
- b) As on **31 December 2023** the contingent liabilities against outstanding letters of credit amounted to SR 214.64 million (September 30, 2023: SR 165.11 million) which were issued in the ordinary course of the Group's business.
- c) As on **31 December 2023**, the capital commitments resulted from agreed contracts related to the projects under implementation (Note 5) amounted to SR 31.81 million (September 30, 2023: SR 148.76 million).

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**13. RELATED PARTY TRANSACTIONS AND BALANCES**

Transactions with related parties mainly represent purchases, goods, and services rendered in accordance with agreed terms, which approved by the management and approved by the General Assembly of shareholders, held on 18 Dhul-Qi'dah 1444H corresponding to June 7, 2023, with the following entities and parties. The following are the transactions with related parties during the nine-month period ending on June 30, and the balances arising therefrom:

	Nature of relationship	Nature of transaction	Transaction amount for the three-month period ended December 31		Balance as at	
			2023 (Unaudited)	2022 (Unaudited)	31 December 2023 (Unaudited)	30 September 2023 (Audited)
<b>Transactions with related parties:</b>						
<b><u>Under accounts receivable (Note 8):</u></b>						
Abdulqader Almuhaidib & Sons Company *	Shareholder	Sales	71,567,216	73,646,977	49,170,106	37,190,007
Rashid Abdulrahman Al Rashid & Sons Company **	Shareholder	Sales	100,678	128,091	58,348	44,147
Al Mahana Trading Company	Shareholder	Sales	35,172,519	37,293,259	17,911,022	21,612,625
Al Mahanna Steel Group ***	Shareholder	Sales	19,547,131	31,723,830	24,876,927	24,996,604
Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary’s shareholder	Sales	1,642,682	3,778,979	1,136,726	1,954,294
					93,153,129	85,797,677
<b><u>Under trade payables</u></b>						
Abdulqader Almuhaidib & Sons Company *	Shareholder	Purchases	36,488	23,536	--	4,678
Al Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Shareholder in subsidiary	Purchases	473,604	--	--	--
					--	4,678

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

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

\*\*\* Al Muhanna Steel Group belongs the shareholder and BOD member Muhanna bin Abdullah Al Muhanna.



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**13. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

- a) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise), The salaries, wages and related costs benefits during the year amounted as follows:

		<b>For the three-month period ended 31 December</b>	
		<b>2023</b>	<b>2022</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<u><b>Nature of transaction</b></u>		
Key management personnel	Salaries, allowances and incentives	<u><b>508,362</b></u>	<u><b>1,782,484</b></u>

**14. DIVIDENDS**

**During the period ended December 31, 2023**

No dividends were distributed during the period ending December 31, 2023.

**During the period ended December 31, 2022**

The Board of Directors recommended at its meeting on December 22, 2022, corresponding to Jumada Al-Awwal 28, 1444H, not to distribute cash dividends to shareholders for the second half of the financial year ending on September 30, 2022. This is to contribute to financing the company's future projects, and the recommendation will be presented to the General Assembly, which will be held on February 19, 2023, corresponding to Rajab 28, 1444H.

**15. FINANCIAL RISK MANAGEMENT**

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

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

**Financial risk management framework**

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

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

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

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**15. FINANCIAL RISK MANAGEMENT**

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

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

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: Interest rate risk, currency risk and other price risk.

**Interest rate risk**

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

	<b>Book value as at 31 December 2023 (Unaudited)</b>	Book value as at 30 September 2023 (Audited)
<b><u>Variable rate instruments</u></b>		
Borrowings	<b>852,517,460</b>	903,149,814
	<b>852,517,460</b>	903,149,814

The table below reflects the possible change of 100 basis points in interest rates at the reporting date on profit or loss assuming all other variables are remaining constant.

	<b>At 31 December 2023</b>	At 30 September 2023 (Audited)
<b><u>Interest Rates</u></b>		
Increase in basis 100 points - (Loss)	<b>(8,525,174)</b>	(9,031,498)
Decrease in basis 100 points - Profit	<b>(8,525,174)</b>	9,031,498

**Foreign currency risk**

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

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**15. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Credit risk**

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

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

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

	<b>31 December 2023</b> <b>(Unaudited)</b>	<b>30 September 2023</b> <b>(Audited)</b>
<b><u>Financial assets</u></b>		
Trade receivables	<b>353,716,758</b>	326,862,117
Bank balances	<b>26,983,124</b>	23,799,171
	<b>380,699,882</b>	350,661,288
<b><u>Financial assets</u></b>		
Secured *	<b>209,018,020</b>	222,742,345
Unsecured **	<b>171,681,862</b>	127,918,943
	<b>380,699,882</b>	350,661,288

\*\* As of December 31, 2023, secured financial assets include bank balances amounting to 26.98 million Saudi riyals (September 30, 2023: 23.8 million Saudi riyals) and trade receivables amounting to 182.03 million Saudi riyals secured through bank guarantees (September 30, 2022: 198.9 million Saudi riyals).

\*\* As at December 31, 2023, unsecured financial assets include trade receivables amounting to SAR 93.15 million due from related parties that have not yet passed their due dates (September 30, 2023: SAR 85.8 million).

**Liquidity risk**

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

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**15. FINANCIAL RISK MANAGEMENT (CONTINUED)**

	Undiscounted contractual cash flows					Total Carrying value
	1 year or less	1 year to 3 years)	3 years or More	Interest accruals for future periods	Total contractual maturity	
<b>31 December 2023 (Unaudited)</b>						
<b><u>Non-derivative financial liabilities</u></b>						
Loans	757,617,502	5,083,543	89,816,415	17,920,966	870,438,426	852,517,460
Trade payables	115,637,680	--	--	--	115,637,680	115,637,680
Dividends payables	567,792	--	--	--	567,792	567,792
Accrued expenses and other payables	55,836,994	--	--	--	55,836,994	55,836,994
Lease liabilities	3,748,908	4,407,061	22,817,060	17,251,661	48,224,689	30,973,029
	<b>933,408,876</b>	<b>9,490,604</b>	<b>112,633,475</b>	<b>35,172,627</b>	<b>1,090,705,582</b>	<b>1,055,532,955</b>
 <b>30 September 2023 (Audited)</b>						
<b><u>Non-derivative financial liabilities</u></b>						
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
	<b>954,704,912</b>	<b>5,766,193</b>	<b>102,889,055</b>	<b>42,737,813</b>	<b>1,106,097,973</b>	<b>1,063,360,160</b>

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

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**15. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Capital management**

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

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

	<b>31 December 2023</b> <b>(Unaudited)</b>	<b>30 September 2023</b> <b>(Audited)</b>
Total liabilities	<b>1,140,323,255</b>	1,170,531,348
Less: Cash and cash equivalents	<b>(26,983,124)</b>	(23,799,171)
<b>Net obligations</b>	<b>1,113,340,131</b>	1,146,732,177
<b>Total equity</b>	<b>651,582,328</b>	620,361,935
<b>Adjusted shareholders' equity</b>	<b>651,582,328</b>	620,361,935
<b>Net obligations to equity</b>	<b>1.71</b>	1.85

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

	<b>31 December 2023 (Unaudited)</b>					
	<b>Carrying value</b>		<b>Fair value</b>			
	<b>Amortized cost</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>						
Trade receivables	<b>353,716,758</b>	<b>353,716,758</b>	--	--	--	--
Financial assets at fair value through profit or loss statement	--	--	<b>627,200</b>	--	--	<b>627,200</b>
Cash and cash equivalents	<b>26,983,124</b>	<b>26,983,124</b>	--	--	--	--
	<b>380,474,091</b>	<b>380,474,091</b>	<b>627,200</b>	--	--	<b>627,200</b>
<b>Financial liabilities</b>						
Loans and facilities	<b>852,517,460</b>	<b>852,517,460</b>	--	--	--	--
Trade payables	<b>115,637,680</b>	<b>115,637,680</b>	--	--	--	--
Dividends payable	<b>567,792</b>	<b>567,792</b>	--	--	--	--
Zakat provision	<b>16,011,824</b>	<b>16,011,824</b>	--	--	--	--
Accrued expenses and other payables	<b>55,836,994</b>	<b>55,836,994</b>	--	--	--	--
	<b>1,040,571,750</b>	<b>1,040,571,750</b>	--	--	--	--



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**15. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Capital management (continued)**

	30 September 2023(Audited)					
	Carrying value		Fair value			
	Amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>						
Trade receivables	326,862,117	326,862,117	--	--	--	--
Financial assets at fair value through profit or loss statement	--	--	1,997,328	--	--	1,997,328
Cash and cash equivalents	23,799,171	23,799,171	--	--	--	--
	<u>350,661,288</u>	<u>350,661,288</u>	<u>1,997,328</u>	<u>--</u>	<u>--</u>	<u>1,997,328</u>
<b>Financial liabilities</b>						
Loans and facilities	903,149,814	903,149,814	--	--	--	--
Trade payables	87,645,701	87,645,701	--	--	--	--
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	--	--	--	--
	<u>1,058,038,094</u>	<u>1,058,038,094</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>

**16. SUBSEQUENT EVENTS**

Management believes that there are no significant subsequent events since the end of the period that may affect the group's financial position or the disclosures in the financial statements.

**17. COMPARATIVE FIGURES**

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

**18. APPROVAL OF THE FINANCIAL STATEMENTS**

The consolidated financial statements were authorized for issue by the Board of Directors on 26 Rajab 1445H, corresponding to 7 February 2024.