

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

**Interim condensed Consolidated Financial Statements (Unaudited)**  
**For the Three-months and Six-months periods ending March 31, 2024**  
**With the Independent Auditor's Review Report**

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

**Interim condensed Consolidated Financial Statements (unaudited)**  
For the Three-months and Six-months periods ending March 31, 2024

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

### TO THE SHAREHOLDERS OF AL YAMAMAH STEEL INDUSTRIES COMPANY (JOINT STOCK COMPANY)

#### INTRODUCTION

We have reviewed the condensed consolidated interim statement of financial position of **Al Yamamah Steel Industries Company** ("the Company") and its subsidiary, collectively referred to as ("the Group") as at 31 March 2024 and the condensed consolidated interim statement of profit or loss and other comprehensive income for the Three-months and Six-months periods then ended, and the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the Six-month period then ended, and summary of the notes to the condensed consolidated interim financial statements. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 (IAS 34), 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

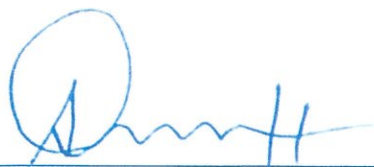
#### SCOPE OF REVIEW

We conducted our review in accordance with 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)  
Riyadh: 13 Dhual-Qa'dah1445H  
Corresponding to: 21 May 2024



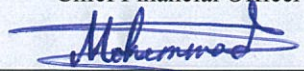


**AL YAMAMAH STEEL INDUSTRIES COMPANY**  
(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Statement of Financial Position (Unaudited)**  
**As of 31 March 2024**  
(Expressed in Saudi Arabian Riyals)


	<u>Note</u>	<u>31 March 2024</u> <u>(Unaudited)</u>	<u>30 September 2023</u> <u>(Audited)</u>
<b><u>Assets</u></b>			
<b>Non-current assets</b>			
Property, plant and equipment, Net	5	594,174,208	597,667,452
Intangible assets, Net		3,733,824	4,208,414
Right-of-use assets, Net	6	27,274,010	28,713,993
<b>Non-current assets</b>		<b>625,182,042</b>	<b>630,589,859</b>
<b>Current assets</b>			
Inventories, Net	7	733,786,768	780,814,766
Trade receivables, Net	8	448,084,267	326,862,117
Prepayments and other receivables		43,406,739	26,830,042
financial assets at fair value through profit or loss statement		663,200	1,997,328
Cash and cash equivalents		100,754,953	23,799,171
<b>Current Assets</b>		<b>1,326,695,927</b>	<b>1,160,303,424</b>
<b>Total Assets</b>		<b>1,951,877,969</b>	<b>1,790,893,283</b>
<b><u>Shareholders' equity and liabilities</u></b>			
<b>Shareholders' Equity</b>			
Share capital	1	508,000,000	508,000,000
Statutory reserve		29,198,060	29,198,060
Retained earnings		41,040,070	(19,050,839)
<b>Total equity attributable to shareholders of the Company</b>		<b>578,238,130</b>	<b>518,147,221</b>
Non-controlling interests		103,096,649	102,214,714
<b>Total Shareholders' equity</b>		<b>681,334,779</b>	<b>620,361,935</b>
<b><u>Liabilities</u></b>			
<b>Non-current liabilities</b>			
Long term loans- Non-current portion	9	95,181,550	80,219,591
Lease liabilities- Non-current portion	6	26,842,131	28,435,657
Employee benefits		43,115,096	40,375,596
Liability of dismantling and removing property, plant and equipment		13,255,018	13,057,910
<b>Non-current liabilities</b>		<b>178,393,795</b>	<b>162,088,754</b>
<b>Current liabilities</b>			
Short-term borrowings	9	869,741,475	822,930,223
Lease liabilities— current portion	6	2,309,405	2,280,795
Dividends payable		567,645	567,852
Trade payables		139,270,356	87,645,701
Accrued expenses and other payables		49,780,185	41,280,341
Advances from customers		12,551,729	28,343,296
Zakat Provision	10	17,928,600	25,394,386
<b>Current liabilities</b>		<b>1,092,149,395</b>	<b>1,008,442,594</b>
<b>Total Liabilities</b>		<b>1,270,543,190</b>	<b>1,170,531,348</b>
<b>Total Shareholders' equity and liabilities</b>		<b>1,951,877,969</b>	<b>1,790,893,283</b>

Chief Financial Officer



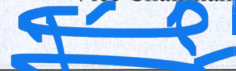
Mohammad Abu Farha

Chief Executive Officer



Sahal Althobaiti

Vice Chairman



Raed Almudaiheem

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



**AL YAMAMAH STEEL INDUSTRIES COMPANY**

(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Statement of Profit or Loss and other comprehensive income (Unaudited)**  
**For the Three-months and Six-months periods ending March 31, 2024**  
(Expressed in Saudi Arabian Riyals)

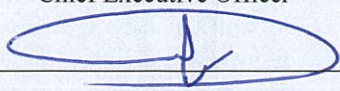
	Note	For the Three-month period ended 31 March		For the Six-month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Revenue		496,944,072	387,033,789	1,127,659,220	848,880,242
Cost of sales		(428,621,100)	(379,971,039)	(986,343,225)	(859,768,400)
<b>Gross profit (loss)</b>		<b>68,322,972</b>	<b>7,062,750</b>	<b>141,315,995</b>	<b>(10,888,158)</b>
Selling and distributing expenses		(7,672,991)	(4,491,995)	(16,342,708)	(10,291,605)
Administrative expenses		(12,880,890)	(11,829,508)	(28,085,206)	(23,991,318)
<b>Profit (Loss) from operation</b>		<b>47,769,091</b>	<b>(9,258,753)</b>	<b>96,888,081</b>	<b>(45,171,081)</b>
Financial charges		(16,578,082)	(17,755,346)	(33,049,374)	(31,519,377)
Realized gains on financial assets at fair value through profit or loss		487,620	458,876	1,765,115	1,683,578
Unrealized gain on financial assets at fair value through profit or loss		36,000	143,200	(4,000)	(281,993)
Other revenue		(45,407)	477,008	(80,122)	522,567
<b>Net profit (Loss) before Zakat</b>		<b>31,669,222</b>	<b>(25,935,015)</b>	<b>65,519,700</b>	<b>(74,766,306)</b>
Zakat	10	(1,916,776)	(1,327,323)	(4,546,856)	(3,592,084)
<b>Net Profit (Loss)</b>		<b>29,752,446</b>	<b>(27,262,338)</b>	<b>60,972,844</b>	<b>(78,358,390)</b>
<b>Total other comprehensive income (loss)</b>		<b>29,752,446</b>	<b>(27,262,338)</b>	<b>60,972,844</b>	<b>(78,358,390)</b>
<b>Total comprehensive Profit (Loss) attributable to:</b>					
- Shareholders of the Company		30,542,382	(17,894,335)	60,090,909	(59,794,415)
- Non-controlling interests		(789,936)	(9,368,003)	881,935	(18,563,975)
		<b>29,752,446</b>	<b>(27,262,338)</b>	<b>60,972,844</b>	<b>(78,358,390)</b>
<b>Total comprehensive income (loss) attributable to:</b>					
- Shareholders of the Company		30,542,382	(17,894,335)	60,090,909	(59,794,415)
- Non-controlling interests		(789,936)	(9,368,003)	881,935	(18,563,975)
		<b>29,752,446</b>	<b>(27,262,338)</b>	<b>60,972,844</b>	<b>(78,358,390)</b>
<b>Earnings (Loss) per share to net income for the Period:</b>	11				
- Basic		0.60	(0.35)	1.18	(1.18)
- Diluted		0.60	(0.35)	1.18	(1.18)

Chief Financial Officer



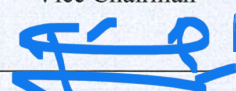
Mohammad Abu Farha

Chief Executive Officer



Sahal Althobaiti

Vice Chairman



Raed Almudaiheem

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



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

**Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Unaudited)**  
**For the Six-month period ended March 31, 2024**  
(Expressed in Saudi Arabian Riyals)

	Share capital	Statutory reserve	(Accumulated losses) Retained earnings	Total	Non-controlling interests	Total equity
<b>For the Six-month period ended 31 March 2024</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						
Profit for the period	--	--	60,090,909	60,090,909	881,935	60,972,844
Other comprehensive income	--	--	--	--	--	--
<b>Total comprehensive loss for the period (Unaudited)</b>	--	--	60,090,909	60,090,909	881,935	60,972,844
Transferred to statutory reserve	--	--	--	--	--	--
<b>Balance as of 31 March 2024 (Unaudited)</b>	<u>508,000,000</u>	<u>29,198,060</u>	<u>41,040,070</u>	<u>578,238,130</u>	<u>103,096,649</u>	<u>681,334,779</u>
<b>For the Six -month period ended 31 March 2023</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	--	--	(59,794,415)	(59,794,415)	(18,563,975)	(78,358,390)
Other comprehensive income	--	--	--	--	--	--
<b>Total comprehensive income for the period (Unaudited)</b>	--	--	(59,794,415)	(59,794,415)	(18,563,975)	(78,358,390)
<b>Balance as of 31 March 2023 (Unaudited)</b>	<u>508,000,000</u>	<u>89,198,060</u>	<u>(10,450,399)</u>	<u>586,747,661</u>	<u>118,731,927</u>	<u>705,479,588</u>

Chief Financial Officer



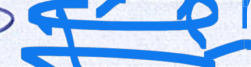
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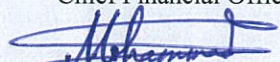


**AL YAMAMAH STEEL INDUSTRIES COMPANY**  
(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Statement of Cash Flows (Unaudited)**  
**For the Six-month period ended March 31, 2024**  
(Expressed in Saudi Arabian Riyals)

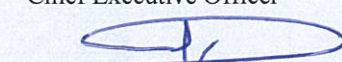
	Note	2024 (Unaudited)	2023 (Unaudited)
<b>Cash flows from operating activities</b>			
(Loss) Profit for the period before zakat		65,519,700	(74,766,306)
<b>Adjustments:</b>			
Depreciation on property, plant and equipment		22,227,048	22,724,080
Amortization of intangible assets		474,590	465,611
Right of use asset depreciation	6	1,439,983	1,625,256
(Gains) / losses on disposal of property, plant and equipment		160,663	7,604
Slow moving Inventories items provision		(4,232,017)	266,095
Inventories impairment provision		(2,838,163)	(24,059,420)
Provision for contract losses		--	(1,430,091)
Realized gain from Investments held at fair value through or loss's statement		(1,765,115)	(1,683,578)
Unrealized loss from Investments held at fair value through or loss's statement		4,000	281,993
Finance costs		33,049,374	31,519,377
Provision for employee benefits charged for the period		3,398,662	3,248,732
		<b>117,438,725</b>	<b>(41,800,647)</b>
<b>Changes in operating assets and liabilities</b>			
Trade receivables		(121,222,150)	(13,452,730)
Inventories		54,098,178	39,261,745
Prepayments and other receivables		(16,576,697)	(21,702,174)
Trade payables		51,624,655	17,063,404
Accrued expenses and other payables		6,491,194	511,012
Advances from customers		(15,791,567)	(34,803,045)
<b>Cash generated from (used in) operations</b>		<b>76,062,338</b>	<b>(54,922,435)</b>
Paid Zakat	10	(12,012,642)	(2,165,751)
Paid employee's benefits		(659,162)	(1,684,208)
<b>Net cash generated from (used in) operating activities</b>		<b>63,390,534</b>	<b>(58,772,394)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(18,968,858)	(58,486,783)
Purchase of intangible assets		-	(154,019)
Purchase of financial assets at fair value through profit or loss		(4,019,226)	(15,218,575)
Sold financial assets at fair value through profit or loss		7,114,469	16,902,153
Proceeds from the disposal of property, plant and equipment		74,391	7,485
<b>Net cash (used in) investing activities</b>		<b>(15,799,224)</b>	<b>(56,949,739)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and credit facilities		1,621,109,324	2,388,431,969
Payments from loans and credit facilities		(1,559,336,113)	(2,289,086,654)
Paid Finance cost		(29,968,800)	(30,585,390)
Payment of lease obligations	6	(2,439,732)	(2,825,481)
Dividends paid		(207)	(954)
<b>Net cash generated from financing activities</b>		<b>29,364,472</b>	<b>65,933,490</b>
Net change in cash and cash equivalents balance		<b>76,955,782</b>	<b>(48,743,471)</b>
Cash and cash equivalents at the beginning of the period		<b>23,799,171</b>	<b>68,331,971</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>100,754,953</b>	<b>19,588,500</b>

Chief Financial Officer



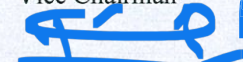
Mohammad Abu Farha

Chief Executive Officer



Sahal Althobaiti

Vice Chairman



Raed Almudaiheem

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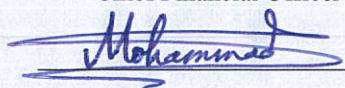


**AL YAMAMAH STEEL INDUSTRIES COMPANY**  
(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Statement of Cash Flows (Unaudited) (Continued)**  
**For the Six-month period ended March 31, 2024**  
(Expressed in Saudi Arabian Riyals)

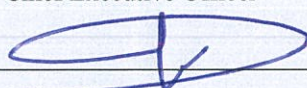
	<b>Note</b>	<b>2024 (Unaudited)</b>	<b>2023 (Unaudited)</b>
<b>*Non-cash transactions</b>			
Purchase of property, plant and equipment		--	(874,749)
Liability of dismantling and removing property, plant and equipment		--	874,749
Finance cost for dismantling liabilities		197,108	124,080
Accrued expenses and other payables		2,008,650	(99,852)
Finance cost for lease obligations		874,816	909,759
Finance cost		<u>(3,080,574)</u>	<u>(933,987)</u>

Chief Financial Officer



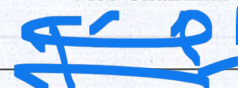
Mohammad Abu Farha

Chief Executive Officer



Sahal Althobaiti

Vice Chairman



Raed Almudaiheem

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



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

**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)**  
**For the Six-month period ended March 31, 2024**  
(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 March 31, 2024 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



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

**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)**  
**For the Six-month period ended March 31, 2024**  
(Expressed in Saudi Arabian Riyals)

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**2. BASIS OF PREPERATION**

**2/1 Statement of Compliance**

The consolidated financial statements for the Six-month period ended March 31, 2024, 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.



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

**Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)**  
**For the Six-month period ended March 31, 2024**  
(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.

**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.



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**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 March 2024 (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	509,058,306	288,641,276	329,959,638	-	1,127,659,220
Sale cost	(438,464,183)	(228,569,459)	(319,309,584)	-	(986,343,226)
Segment's net profit	32,336,055	24,308,551	2,723,820	1,604,418	60,972,844
Segment Assets	954,077,486	784,164,744	183,704,129	29,931,610	1,951,877,969
Segment liabilities	683,008,875	381,821,267	180,975,947	24,737,101	1,270,543,190
<b>31 March 2023 (Unaudited)</b>					
Revenue	537,636,219	276,168,687	35,075,336	--	848,880,242
Sale cost	(574,739,415)	(251,411,686)	(33,617,299)	--	(859,768,400)
Segment's net profit	(73,003,474)	(6,801,628)	45,128	1,401,584	(78,358,390)
Segment Asset	1,237,036,296	582,550,270	90,763,378	13,381,702	1,923,731,646
Segment liabilities	695,665,461	369,685,058	134,067,279	18,834,260	1,218,252,058



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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 March 2024</b> <b>(Unaudited)</b>	<b>30 September 2023</b> <b>(Audited)</b>
Total cost	<b>932,923,688</b>	<b>933,281,374</b>
working in progress	<b>214,758,528</b>	<b>197,330,308</b>
Accumulated depreciation	<b>(546,621,473)</b>	<b>(526,057,695)</b>
Impairment losses	<b>(6,886,535)</b>	<b>(6,886,535)</b>
Net carrying amount	<b>594,174,208</b>	<b>597,667,452</b>

- a) The company's buildings, with a net book value of 110 million Saudi riyals as of March 31, 2024 (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 33.7 million Saudi riyals as of March 31, 2024 (September 30, 2023: 39.59 million Saudi riyals).
- b) The subsidiary's factory buildings, with a net book value of 60.6 million Saudi riyals as of March 31, 2024 (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 March 2024</b> <b>(Unaudited)</b>	<b>30 September 2023</b> <b>(Audited)</b>
Advanced payments to vendors	<b>13,803,683</b>	<b>15,601,668</b>
Al Yamamah Wind Power Systems Factory	<b>165,321,256</b>	<b>151,657,742</b>
Pipe forming and perforating machine (Jeddah pipes)	<b>34,294,130</b>	<b>28,810,041</b>
Smelting Project - Rebar	<b>1,039,186</b>	<b>1,039,186</b>
Assembling and installing units from 19, 20 - Rebar	<b>300,273</b>	<b>221,671</b>
	<b>214,758,528</b>	<b>197,330,308</b>

\* 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:

	31 March 2024 (Unaudited)	30 September 2023(Audited)
<b><u>Cost</u></b>		
Balance at beginning of period / Year	41,026,441	41,026,441
Balance at ending of period / Year	41,026,441	41,026,441
<b><u>Accumulated Depreciation</u></b>		
Balance at beginning of period / Year	12,312,448	9,160,850
Depreciation during the period / year	1,439,983	3,151,598
Balance at ending of period / Year	13,752,431	12,312,448
Net balance ending of period / Year	27,274,011	28,713,993

The movement in the lease liabilities is as follows:

	31 March 2024 (Unaudited)	30 September 2023 (Audited)
Balance at beginning of the period / year	30,716,452	33,849,454
Depreciation during the period / year	874,816	1,837,192
Paid during the period / year	(2,439,732)	(4,970,194)
Balance at end of period / year	29,151,536	30,716,452

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

	31 March 2024 (Unaudited)	30 September 2023(Audited)
Current liability	2,309,405	2,280,795
Non-current liability	26,842,131	28,435,657
	29,151,536	30,716,452

**7. INVENTORIES, NET**

7/1 Inventories comprise the following:

	Note	31 March 2024 (Unaudited)	30 September 2023 (Audited)
Raw materials		407,400,361	519,478,754
Finished goods		111,852,883	119,834,742
Work in progress		23,523,200	24,179,061
Spare parts		50,525,975	49,456,866
Scrap		23,093,874	13,075,727
Wiring Materials		693,761	--
Goods in transit		131,062,240	76,225,322
		748,152,294	802,250,472
Less: Allowance for slow moving inventory items	7/2	(14,365,526)	(18,597,543)
Less: Provision for low inventory	7/3	--	(2,838,163)
		733,786,768	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 March 2024</b> <b>(Unaudited)</b>	<b>30 September 2023</b> <b>(Audited)</b>
Balance at beginning of the period / year	18,597,543	18,079,445
Provided during the period / year	--	518,098
No longer required provision	(4,232,017)	--
Balance at end of period / year	14,365,526	18,597,543

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

	<b>31 March 2024</b> <b>(Unaudited)</b>	<b>30 September 2023</b> <b>(Audited)</b>
Balance at beginning of the period / year	2,838,163	55,927,840
Provided during the period / year	--	48,234,590
utilized during the period/year	(2,838,163)	(45,396,427)
No longer required provision	--	(55,927,840)
Balance at end of period / year	--	2,838,163

**8. TRADE RECEIVABLES, NET**

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

	<b>Note</b>	<b>31 March 2024</b> <b>(Unaudited)</b>	<b>30 September 2023</b> <b>(Audited)</b>
Trade receivables - related parties	13	94,492,751	85,797,677
Trade customers - other parties		363,517,996	250,990,920
		458,010,747	336,788,597
Less: Expected credit loss provision	8/2	(9,926,480)	(9,926,480)
		448,084,267	326,862,117

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

	<b>31 March 2024</b> <b>(Unaudited)</b>	<b>30 September 2023</b> <b>(Audited)</b>
Balance, at beginning of the period / year	9,926,480	9,926,480
Balance at end of period / year	9,926,480	9,926,480

8/3 Total sales for the period ending March 31, 2024 to major customers (8 customers) amounted to 812 million Saudi riyals, representing 72% of sales for the period (569.7 million Saudi riyals, representing 67% of sales for the period ending March 31, 2023), as of March 31, 2024, the outstanding balance of major customers in trade receivables amounted to 332 million Saudi riyals (September 30, 2023: 243.80 million Saudi riyals).

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

	<b>31 March 2024 (Unaudited)</b>		<b>30 September 2023 (Audited)</b>	
<u>Duration</u>	<u>Due Balances</u>	<u>Impairment In value</u>	<u>Due Balances</u>	<u>Impairment In value</u>
Not due	298,014,221	878,743	250,055,402	1,641,517
From 0 to 90 days	145,729,573	990,659	66,512,065	462,368
From 91 to 180 days	5,176,075	108,118	12,424,377	25,842
Over 181 Days	9,090,878	7,948,960	7,796,753	7,796,753
	458,010,747	9,926,480	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 March 31, 2024 amounted to 100.87 million Saudi riyals (2023: 68.2 million Saudi riyals), and guaranteed receivables amounted to 305.3 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 51.8 million Saudi riyals (2023: 69.6 million Saudi riyals), classified according to their age.

**9. BANK FACILITIES**

**Bank facilities from local trading banks**

The group has banking facilities compatible with Sharia controls totaling 2.17 billion Saudi riyals (September 30, 2023: 2.21 billion Saudi riyals) with some local banks and the Saudi Industrial Development Fund, of which the user amounted to 1.33 billion Saudi riyals (September 30, 2023: 1.24 billion Saudi riyals). Local banks' facilities include letters of guarantee, documentary credits, and short-term bank facilities to cover the group's working capital requirements. All banking facilities are charged with bank commissions according to the prevailing market rates and are guaranteed by promissory notes issued by the parent company and the subsidiary of local banks. Average interest rates range from 6% to 8%.

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

Al Yamamah Steel Industries Company has signed a long-term loan agreement with the Saudi Industrial Development Fund, which includes granting it a long-term loan in the amount of 170 million Saudi riyals to contribute to financing the construction of Al Yamamah Company's factory for wind energy systems in the city of Yanbu, and to contribute to financing property, machinery, equipment, and working capital eligible for financing on The amount will be disbursed in installments, 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 that will be paid throughout the validity of the agreement. The maximum limit has been agreed upon, and the loan will be paid in semi-annual installments. Annually, beginning on Shawwal 15, 1448, corresponding to March 23, 2027, and ending on Rabi' al-Thani 15, 1454, 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 that have been built or will be built will be mortgaged. On the factory floor with the entire factory, its machines, equipment, accessories, accessories, and everything that is acquired later for the project. Also, the Saudi Industrial Development Fund is the first beneficiary of the insurance proceeds of the Al Yamamah Wind Energy Systems Company factory, and all claims will be paid to the Fund. The agreement includes some Conditions, including maintaining certain financial ratios.

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

	31 March 2024 (Unaudited)	30 September 2023 (Audited)
Short term Loans (9/3)	869,741,475	822,930,223
Long Term Loans	95,181,550	80,219,591
	<u>964,923,025</u>	<u>903,149,814</u>

**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:**

	31 March 2024 (Unaudited)	30 September 2023 (Audited)
Short bank loans	869,741,475	822,930,223
	<u>869,741,475</u>	<u>822,930,223</u>



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**9. BANK FACILITIES (CONTINUED)**

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

<u>Year</u>	<u>31 March 2024</u> <u>(Unaudited)</u>	<u>30 September 2023</u> <u>(Audited)</u>
2027	8,958,264	8,431,815
2028	11,197,829	9,583,898
2029	13,437,395	11,370,294
2030	15,676,961	13,114,531
2031	20,156,093	16,670,380
2032	25,755,008	21,048,673
	<u>95,181,550</u>	<u>80,219,591</u>

9/5 Bank loans according to the financing entities:

	<u>31 March 2024</u> <u>(Unaudited)</u>	<u>30 September 2023</u> <u>(Audited)</u>
Arab National Bank	398,900,000	492,000,000
Saudi Industrial Development Fund "SIDF" (9/5)	95,181,550	80,219,591
Saudi Investment Bank	--	16,581,298
Banque Saudi Fransi	109,500,000	--
Alinma Bank	70,000,000	215,928,675
Al Rajhi Bank	148,263,460	46,821,961
Al-Awwal Saudi Bank	143,078,015	51,598,289
	<u>964,923,025</u>	<u>903,149,814</u>

9/6 Movement on Loans as follow:

	<u>31 March 2024</u> <u>(Unaudited)</u>	<u>30 September 2023</u> <u>(Audited)</u>
Balance, at beginning of period / year	903,149,814	886,261,201
Addition during the period / Year	1,621,109,324	4,255,553,437
Less: payments during the period / year	(1,559,336,113)	(4,238,664,824)
Balance at the end of the period / year	<u>964,923,025</u>	<u>903,149,814</u>

\* The movement on loans during the period includes an amount of 818.4 million Saudi riyals in revolving loans during the period (2023: 2.5 Billion Saudi riyals).

**10. ZAKAT**

a) Movement summary on Zakat provision is as follows:

	<u>31 March 2024</u> <u>(Unaudited)</u>	<u>30 September 2023</u> <u>(Audited)</u>
Balance beginning of period / year	25,394,386	29,282,285
Add: Charge for the period / year	4,487,990	5,837,054
Reverse of zakat provision	--	(1,212,052)
Prior years differences	58,866	(67,100)
Less: payments during the period / year	(12,012,642)	(8,445,801)
Balance at the end of the period / year	<u>17,928,600</u>	<u>25,394,386</u>

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**10. ZAKAT (CONTINUED)**

**b) Zakat position**

**Al Yamamah Steel Industries Company**

The company submitted zakat returns for the years from the beginning of its establishment on June 26, 2006 AD until the year ending on September 30, 2023, according to which the company paid the due zakat and obtained a valid zakat certificate until January 30, 2025. Below are the details of the company's zakat status from the date of establishment until September 30, 2022. Which shows the value of the zakat differences resulting from the Authority's examination of the years referred to and the result of the company's objection to those differences, as well as the amounts paid by the company in exchange for the differences in examination 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. The General Secretariat of Tax Committees took part in the appeal session held in March 19, 2024, confirming the end of the dispute between Al-Yamamah Steel Industries Company (distinctive number 3000656924) with the Zakat, Tax and Customs Authority, related to the main item in the objection, which is the non-deduction of the company's contribution to the Al-Melissa land development project from the zakat base for the years 2008 until 2010, with the Authority's acceptance of the company's requests. In this regard, it requires deducting the balance of the melissa land from the zakat base for these years, in addition to accepting the objection to the Authority adding one of the items to the zakat base, and thus accepting about 91% of the value of the objection and rejecting the other items, which represent about 9% of the value of the objection. During April 2024, the company submitted a petition to the General Secretariat of Tax Committees regarding the items that were rejected in the appeal session held on March 19, 2024.

**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 Saudi riyals. According to the claims of the Zakat, Tax and Customs Authority, the company paid 1.4 million Saudi riyals, representing the zakat differences for the years 2016 and 2018. It objected to the amount of 3.3 million Saudi riyals for the years 2015, 2017, and 2019. The amount of 1.5 Saudi riyals was accepted from the objection submitted regarding these differences, and the company paid the amount of 1.8 million Saudi riyals, representing the total differences that were not accepted by the Authority, and thus there were no remaining zakat differences due for those years.



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**10. ZAKAT (CONTINUED)**

**b) Zakat position (Continued)**

**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 12,589 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 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 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. According to documents, the appeal was rejected. During the year 2024, the company submitted another request to the concerned authorities regarding the zakat differences for the fiscal year 2020.

**f) Financial years from 2021 till 2022:**

During April 2024, Al Yamamah Steel Industries Company received the approval of the Zakat, Tax and Customs Authority for its zakat declaration for the year ending on September 30, 2021. It also received a zakat assessment for the year ending on September 30, 2022, which included zakat differences amounting to 1.53 million Saudi riyals, and the company has objected to it.

**g) Financial year 2023:**

The company did not receive a zakat assessment for that year.

**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, and obtained a zakat certificate valid until January 30, 2025. 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.

**11. EARNINGS PER SHARE**

**11/1 Basic Earnings per share**

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

	for a period of three months ending March 31		for a period of Six months ending March 31	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(loss)/earnings per share attributable to the shareholders of the company	0.60	(0.35)	1.18	(1.18)

**11/2 Diluted Earnings per share**

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

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

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**12. CONTINGENCIES AND CAPITAL COMMITMENTS**

- a) As on **31 March, 2024**, 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 153.71 (September 30, 2023: SR 150.43 million).
- b) As on **31 March, 2024**, the contingent liabilities against outstanding letters of credit amounted to SR 200.98 million (September 30, 2023: SR 165.11 million) which were issued in the ordinary course of the Group's business.
- c) As on **31 March, 2024**, the capital commitments resulted from agreed contracts related to the projects under implementation (Note 5) amounted to SR 22.97 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 28 Rajab 1444H corresponding to February 19, 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	
			2024 (Unaudited)	2023 (Unaudited)	31 March 2024 (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	128,976,115	110,554,729	42,519,916	37,190,007
Rashid Abdulrahman Al Rashid & Sons Company **	Shareholder	Sales	166,899	359,293	94,832	44,147
Al Mahana Trading Company	Shareholder	Sales	79,393,147	87,275,007	22,814,745	21,612,625
Al Mahanna Steel Group ***	Shareholder	Sales	31,129,731	55,776,316	24,943,275	24,996,604
Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary's shareholder	Sales	5,225,026	11,261,325	4,119,983	1,954,294
					94,492,751	85,797,677
<b><u>Under trade payables</u></b>						
Abdulqader Almuhaidib & Sons Company *	Shareholder	Purchases	411,073	103,840	55,344	4,678
Al Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Shareholder in subsidiary	Purchases	186,620	--	--	--
Al Mahanna Steel Group ***	Shareholder	Purchases	36,488		--	--
					55,344	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:

	Nature of transaction	For the Three-month period ended 31 March		For the Six month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Board of Directors members	Bonus	2,990,000	1,065,000	3,140,000	1,215,000
Key management personnel	Salaries, allowances and incentives	1,565,328	1,748,135	3,130,655	3,496,270

**14. DIVIDENDS**

**During the period ended March 31, 2024**

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

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

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

**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 (CONTINUED)**

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

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

**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 March 2024 (Unaudited)</b>	<b>Book value as at 30 September 2023 (Audited)</b>
<b><u>Variable rate instruments</u></b>		
Borrowings	<b>964,923,025</b>	<b>903,149,814</b>
	<b>964,923,025</b>	<b>903,149,814</b>

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 March 2024</b>	<b>At 30 September 2023 (Audited)</b>
<b><u>Interest Rates</u></b>		
Increase in basis 100 points - (Loss)	<b>(9,649,230)</b>	<b>(9,031,498)</b>
Decrease in basis 100 points - Profit	<b>9,649,230</b>	<b>9,031,498</b>

**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 March 2024</b>	<b>30 September 2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b><u>Financial assets</u></b>		
Trade receivables	448,084,267	326,862,117
Bank balances	100,754,953	23,799,171
	<b>548,839,220</b>	<b>350,661,288</b>
<b><u>Financial assets</u></b>		
Secured *	406,070,412	222,742,345
Unsecured **	142,768,808	127,918,943
	<b>548,839,220</b>	<b>350,661,288</b>

\*\* As of March 31, 2024, secured financial assets include bank balances amounting to 100.7 million Saudi riyals (September 30, 2023: 23.8 million Saudi riyals) and trade receivables amounting to 305 million Saudi riyals secured through bank guarantees (September 30, 2023: 198.9 million Saudi riyals).

\*\* As at March 31, 2024, unsecured financial assets include trade receivables amounting to SAR 94.5 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				
	1 year or less	1 year to 3 years)	3 years or More	Interest accruals for future periods	Total contractual maturity
<b>31 March 2024 (Unaudited)</b>					
<u>Non-derivative financial liabilities</u>					
Loans	869,741,475	1,369,414	93,812,135	16,518,764	981,441,788
Trade payables	139,270,356	--	--	--	139,270,356
Dividends payables	567,645	--	--	--	567,645
Accrued expenses and other payables	49,780,185	--	--	--	49,780,185
Lease liabilities	2,309,405	4,812,349	22,159,961	16,822,931	46,104,646
	<u>1,061,669,066</u>	<u>6,181,763</u>	<u>115,972,096</u>	<u>33,341,695</u>	<u>1,217,164,620</u>
					<u>1,183,822,926</u>
<b>30 September 2023 (Audited)</b>					
<u>Non-derivative financial liabilities</u>					
Loans	822,930,223	--	80,219,591	24,797,802	927,947,616
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
Lease liabilities	2,280,795	5,766,193	22,669,464	17,940,011	48,656,463
	<u>954,704,912</u>	<u>5,766,193</u>	<u>102,889,055</u>	<u>42,737,813</u>	<u>1,106,097,973</u>
					<u>1,063,360,160</u>

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

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

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

	31 March 2024 (Unaudited)	30 September 2023 (Audited)
Total liabilities	1,270,543,190	1,170,531,348
Less: Cash and cash equivalents	(100,754,953)	(23,799,171)
Net obligations	1,169,788,237	1,146,732,177
Total equity	681,334,779	620,361,935
Adjusted shareholders' equity	681,334,779	620,361,935
Net obligations to equity	1.72	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.

	31 March 2024 (Unaudited)					
	Carrying value		Fair value			
	Amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>						
Trade receivables	448,084,267	448,084,267	--	--	--	--
Financial assets at fair value through profit or loss statement	--	--	663,200	--	--	663,200
Cash and cash equivalents	100,754,953	100,754,953	--	--	--	--
	548,839,220	548,839,220	663,200	--	--	663,200
<b>Financial liabilities</b>						
Loans and facilities	964,923,025	964,923,025	--	--	--	--
Trade payables	134,723,638	134,723,638	--	--	--	--
Dividends payable	567,645	567,645	--	--	--	--
Zakat provision	17,928,600	17,928,600	--	--	--	--
Accrued expenses and other payables	58,568,595	58,568,595	--	--	--	--
	1,176,711,503	1,176,711,503	--	--	--	--

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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 7 Dhual-Qa'dah1445H, corresponding to 15 May 2024.