Al Yamamah Steel Industries Company
(A Saudi Joint Stock Company)
Consolidated Financial Statements
For the year ended 30 September 2021
with
Independent Auditors' Report

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

Consolidated Financial Statements
As at 30 September 2021

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Independent Auditor's Report

To the shareholders of
Al Yamamah Steel Industries Company
(A Saudi Joint Stock Company)

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Al Yamamah Steel Industries Company - A Saudi Joint Stock Company ("the Company") and its subsidiary, hereinafter referred to as ("the Group") as of September 30, 2021, and the consolidated statements of profit and loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the group as at 30 September 2021, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia, Other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SCOPA).

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended 30 September 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matters, a description of how our audit addressed the matter is set out below:

Key audit matters	How the matter was addressed in our audit
Revenue recognition- Sales:	
The Group's revenues amounted to SR 1.62 billion for the year ended 30 September 2021. (2020: SR 1.87 billion). Revenue recognition has been identified as a key audit matter due to the following: • Significant volume of transactions; • The auditing professional standards presume that there is significant risk related to revenue recognition. The accounting policy for revenue is outlined in (note 3) and a breakdown of revenue is presented in (note 22)	The audit procedures we performed included, among other things, based on our judgement, the following: - Testing the design and implementation of the internal controls related to revenue recognition and their operating effectiveness. - Testing of IT general controls and major IT applications controls related to revenue recognition - Testing sales transactions and performing cut off procedures to ensure that revenues are recorded in the correct periods. - Performing substantive test of details and analytical procedures.

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Independent Auditor's Report "Continued"

To the shareholders of
Al Yamamah Steel Industries Company
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Report on the audit of the consolidated financial statements "continued"

Key Audit Matters "continued"

Key audit matters	How the matter was addressed in our audit
Inventories Valuation	
As on 30 September 2021, the net inventories balance amounted to 625 million Saudi riyals (2020: 529 million Saudi riyals). The existence and valuation of inventories is key to the audit because of the following: • The Group has a high level of inventories at the end of the year. • With reference to Note 3, inventories are valued at cost or net realizable value, whichever is lower, and cost is determined using the weighted average method. Determining whether inventories will be realized at less than cost requires management to exercise judgment and apply assumptions based on the most documented evidence at the time estimates are made. Management performs the following procedures to determine the required impairment: Use of average inventories aging reports along with historical trends to estimate the likely future ability to sell slow moving and obsolete inventories, For the useful lives of inventories, management establishes a provision for slow-moving and idle inventories on a percentage basis. These percentages are derived from historical levels of provision, - An analysis of inventories items is performed on the date of the financial statements to ensure that it is recorded at cost or net realizable value, whichever is lower, and a reduction in value is recognized if necessary. The accounting policy for inventories is clarified in note 3, and the details of inventories are presented in note 8.	• Our audit procedures to address the risks of material misstatement relating to the existence of inventories include the following: Attending the actual inventories count at the end of the year and assessing the adequacy of control over the presence of inventories. Reviewing the group's procedures to reflect the results of the actual inventories in the accounting records. • In connection with the determination of the cost of inventories, our audit procedures included: For purchases items from stock including raw materials and spare parts, review purchases and test supporting documents on sample basis. For production in progress and finished production, assessing the reasonableness of the costing methods used by the group through a combination of procedures for examining internal control systems and documentary examination. • In connection with the determination of the net realizable value of inventories, our audit procedures included: - Testing the aging report prepared by the management and verifying the validity of the obsolete items by matching a sample of the inventories to the obsolete stock and the date of recorded invoices, The net realizable value has been tested and compared with recent selling prices of inventories after deducting cost to sale on a sample basis. - Reviewing the accounting policy applied to the group and ensuring its conformity with the policy included in the consolidated financial statements. Slow moving and stagnant inventories has been recalculated.

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Independent Auditor's Report "Continued"

To the shareholders of
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Report on the audit of the financial statements "continued"

Key Audit Matters "continued"

Key audit matters	How the matter was addressed in our audit
Trade receivables:	
As at 30 September 2021, the balance of trade receivables amounted to SR 275 million (2020: SR 336 million). Trade receivables are recorded net of the expected impairment losses. The Group has adopted IFRS 9 - Financial Instruments and the 'Expected Credit Losses' model, which requires the use of significant judgements related to the impact of the changes in the economic factors on the expected credit losses models. Accordingly, we have considered this matter as a key audit matter.	The audit procedures we performed included, among other things, based on our judgement, the following: - Obtaining an understanding of the revenue recognition, trade receivables and the calculation of the expected credit losses processes considering the relevant accounting standards and assessing the appropriateness of the accounting policies used. - Testing the design and implementation of the internal controls related to trade receivables balances and the follow up on the collection of these balances. - Selecting a sample from the trade receivables, and requested sending balance confirmations to verify the correctness of the balances at year end, and for customers where no confirmations were received, we performed alternative audit procedures including vouching of the supporting documents and the follow up on subsequent collections for the selected samples. - Reviewing the expected credit losses study prepared by management and the adequacy of the provision formed. - Evaluating the basis used by management in determining the expected credit losses and their reasonableness. Involving our specialists to review the methods used by management compared to what is generally accepted. - Evaluating the assumptions, approach and judgements used by management in the expected credit losses model. - Assessing the adequacy of disclosures included by management in the consolidated financial statements.

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Independent Auditor's Report "Continued"

To the shareholders of
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Report on the audit of the financial statements "continued"

Key Audit Matters "continued"

Key audit matters	How the matter was addressed in our audit
PPE impairment	
As at 30 September 2021, the net book value of property, plant and equipment amounted to SR 447.34 million. (2020: SR 451.8 million). As on September 30, 2021, the management performed an impairment review of property, plant and operating equipment to assess whether there was any indication of possible impairment in value, and as a result of that review, there was no impairment of the Group's assets. As on September 30, 2021, management assessed property, plant and operating equipment for impairment, which resulted in impairment loss amounted to SR 4.7 million has been recognized in one of the Group's operating segments (note 5). Accordingly, this matter was considered a key audit matter, as the impairment assessment procedures included significant judgments and estimates.	- The audit procedures we performed included, among other things, based on our judgement, the following: - Obtaining an understanding of the procedures performed by management in relation to the impairment of non-financial assets in accordance with the requirements of the related accounting standards. - Obtaining the impairment study of the property, plant and equipment and the study of the expected net future cash flows from the usage of property, plant and equipment approved by the management of the Group. - Using our specialists to test the key assumptions used by management in calculating the value in use. - Evaluating the reasonableness of the assumptions and basis relied upon during the preparation of the future cash flows study approved by management. - Reviewing the board of directors' meeting minutes to ensure that there are no decisions taken to dispose any property, plant and equipment during the current year. - Assessing the adequacy of disclosures included by management in the consolidated financial statements.

Other matters
The consolidated financial statements for the fiscal year ending on 30 September 2020, were reviewed by another auditor, who expressed an unmodified opinion on these consolidated financial statements on Jumada 13 Al-Awwal 1442 AH corresponding to 28 December 2020.

Other Information included in the group's 2021 annual report
Management is responsible for the other information. The other information comprises the information included in the group`s annual report, other than the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

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Independent Auditor's Report "Continued"

To the shareholders of
Al Yamamah Steel Industries Company
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Report on the audit of the financial statements "continued"

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

Auditor's responsibilities for the audit of the consolidated financial statements
Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exist related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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<u>Independent Auditor’s Report "Continued"</u>

To the shareholders of
Al Yamamah Steel Industries Company
(A Saudi Joint Stock Company)

Report on the audit of the consolidated financial statements "continued"

Auditor’s responsibilities for the audit of the consolidated financial statements "continued"

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

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

Report on other legal and regulatory requirements

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

For Al Bassam & Co.

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

Ibrahim A. Al Bassam
License No. 337

12 December 2021G
8 Jumada Al-Awwal 1443H
Jeddah, Kingdom of Saudi Arabia

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

Consolidated Statement of Financial Position
As at 30 September 2021
(Expressed in Saudi Arabian Riyals)

	Note	2021	2020
Assets			
Non-current assets			
Property, plant and equipment, Net	5	**447,338,602**	451,812,960
Intangible assets, Net	6	**5,906,636**	6,824,515
Right-of-use assets	7	**27,387,060**	28,641,040
Non-current assets		**480,632,298**	487,278,515
Current assets			
Inventories, Net	8	**624,734,835**	528,592,609
Trade receivables, Net	9	**275,064,805**	335,645,431
Prepayments and other receivables, Net	10	**33,414,480**	26,918,257
Financial assets at fair value through Profit or loss	11	**1,212,124**	--
Cash and cash equivalents	12	**181,361,839**	18,456,920
Current Assets		**1,115,788,083**	909,613,217
Total Assets		**1,596,420,381**	1,396,891,732
Shareholders' equity and liabilities			
Shareholders' Equity			
Share capital	13	**508,000,000**	508,000,000
Statutory reserve	14	**89,198,060**	68,414,889
Retained earnings		**166,133,090**	66,105,408
Total equity attributable to shareholders of the Company		**763,331,150**	642,520,297
Non-controlling interests	15	**141,366,248**	138,899,226
Total equity		**904,697,398**	781,419,523
Liabilities			
Non-current liabilities			
Long term loans – Non-current portion	16	**12,500,000**	22,500,000
Lease liabilities – Non-current portion	7	**25,210,625**	26,146,855
Employee benefits	17	**33,624,375**	34,323,448
Liability of dismantling of property, plant and equipment	18	**11,699,095**	11,469,701
Non-current liabilities		**83,034,095**	94,440,004
Current liabilities			
Short-term loans	16	**469,500,000**	397,253,401
Long-term loans – current portion	16	**10,000,000**	10,000,000
Lease liabilities – current portion	7	**2,587,382**	2,330,504
Provision for contract losses	19	**5,807,780**	--
Dividends payable		**571,439**	487,014
Trade payables		**50,374,525**	44,244,767
Accrued expenses and other payables	20	**38,869,801**	45,391,366
Provision for Zakat	21	**30,977,961**	21,325,153
Current liabilities		**608,688,888**	521,032,205
Total Liabilities		**691,722,983**	615,472,209
Total equity and liabilities		**1,596,420,381**	1,396,891,732

The accompanying notes through 1 to 37 form an integral part of these consolidated financial statements.

Chief Financial Officer	**Chief Executive Officer**	**Vice Chairman**
Mohammed Abu Farha	**Yousef Bazid**	**Raed Al-Mudaiheem**

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 September 2021
(Expressed in Saudi Arabian Riyals)

	Note	2021	2020
Revenue	22	**1,619,027,590**	1,867,420,987
Cost of sales	23	**(1,254,854,073)**	(1,665,749,713)
Gross profit		**364,173,517**	201,671,274
Expected credit loss provision	9	**(2,795,715)**	(2,322,050)
Provision for contract losses	19	**(5,807,780)**	--
Selling and Distribution expenses	24	**(25,310,997)**	(41,205,004)
Administrative expenses	25	**(49,959,097)**	(46,776,970)
Other revenues	26	**1,552,280**	463,800
Profit from operation		**281,852,208**	111,831,050
Finance charges	27	**(13,310,210)**	(21,782,230)
Realized revenues from Financial assets at fair value through Profit or loss	11	**113,868**	--
Unrealized revenues from Financial assets at fair value through Profit or loss	11	**279,246**	--
Profit before Zakat		**268,935,112**	90,048,820
Zakat	21	**(24,392,120)**	(14,102,826)
Net Profit		**244,542,992**	75,945,994
Other comprehensive income:			
Items that will not be reclassified under profit or loss:			
Re-measurement of employee benefit liabilities	17	**2,009,883**	(385,263)
Total other comprehensive income / (loss)		**2,009,883**	(385,263)
Total comprehensive income		**246,552,875**	75,560,731
Profit attributable to:			
- Shareholders of the Company		**207,831,707**	50,656,454
- Non-controlling interests		**36,711,285**	25,289,540
		244,542,992	75,945,994
Total comprehensive Profit/(loss) attributable to:			
- Shareholders of the Company		**1,879,146**	(390,640)
- Non-controlling interests		**130,737**	5,377
		2,009,883	(385,263)
Total comprehensive income / (loss) attributable to:			
- Shareholders of the Company		**209,710,853**	50,265,814
- Non-controlling interests		**36,842,022**	25,294,917
		246,552,875	75,560,731
Earnings / (loss) per share to net income / (loss) for the year:	28		
- Basic		**4.09**	0.997
- Diluted		**4.09**	0.997

The accompanying notes through 1 to 37 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Vice Chairman
Mohammed Abu Farha	Yousef Bazid	Raed Al-Mudaiheem

Al Yamamah Steel Industries Company
(A Saudi Joint Stock Company)
Consolidated Statement of Changes in Equity
For the year ended 30 September 2021
(Expressed in Saudi Arabian Riyals)

	Note	Equity attributable to equity holders of the Company				Non-controlling interests	Total equity
		Share capital	Statutory reserve	Retained earnings	Total		
For the year ended 30 September 2020							
Balance at 1 October 2019		508,000,000	63,349,244	20,905,239	**592,254,483**	127,354,309	**719,608,792**
Comprehensive income for the year							
Income for the year		--	--	50,656,454	**50,656,454**	25,289,540	**75,945,994**
Other comprehensive loss		--	--	(390,640)	**(390,640)**	5,377	**(385,263)**
Total comprehensive income for the year		--	--	50,265,814	**50,265,814**	25,294,917	**75,560,731**
Transactions with shareholders of the Company							
Transferred to statutory reserve	14	--	5,065,645	(5,065,645)	--	--	--
Total transactions with shareholders of the Company		--	5,065,645	(5,065,645)	--	--	--
Other transactions							
Dividends to non-controlling interests	30	--	--	--	--	(13,750,000)	**(13,750,000)**
Balance at 30 September 2020		508,000,000	68,414,889	66,105,408	**642,520,297**	138,899,226	**781,419,523**
For the year ended 30 September 2021							
Balance at 1 October 2020		508,000,000	68,414,889	66,105,408	**642,520,297**	138,899,226	**781,419,523**
Comprehensive income for the year							
Income for the year		--	--	207,831,707	**207,831,707**	36,711,285	**244,542,992**
Other comprehensive income		--	--	1,879,146	**1,879,146**	130,737	**2,009,883**
Total comprehensive income for the year		--	--	**209,710,853**	**209,710,853**	**36,842,022**	**246,552,875**
Transactions with shareholders of the Company							
Transferred to statutory reserve	14	--	20,783,171	(20,783,171)	--	--	--
Total transactions with shareholders of the Company		--	**20,783,171**	**(20,783,171)**	--	--	--
Equity dividends		--	--	(88,900,000)	**(88,900,000)**	--	**(88,900,000)**
Dividends to non-controlling interests	30	--	--	--	--	(34,375,000)	**(34,375,000)**
Balance at 30 September 2021		**508,000,000**	**89,198,060**	**166,133,090**	**763,331,150**	**141,366,248**	**904,697,398**

The accompanying notes through 1 to 37 form an integral part of these consolidated financial statements.

Chief Financial Officer	**Chief Executive Officer**	**Vice Chairman**
Mohammed Abu Farha	**Yousef Bazid**	**Raed Al-Mudaiheem**

Al Yamamah Steel Industries Company
(A Saudi Joint Stock Company)
Consolidated Statement of Cash Flows
For the year ended 30 September 2021
(Expressed in Saudi Arabian Riyals)

	Note	2021	2020
Cash flows from operating activities			
Profit for the year before zakat		**268,935,112**	90,048,820
Adjustments:			
Depreciation	5	**41,834,504**	41,819,453
Amortization of intangibles	6	**917,879**	908,400
Right of use asset depreciation	7	**2,943,813**	2,812,760
(Gains) on disposal of property, plant and equipment	26	**(175,786)**	(39,339)
Profits on revaluation of financial assets at fair value	11	**(279,246)**	--
Provision for impairment loss on property, plant and equipment	5	--	4,737,878
Inventories provision	8	**9,894,440**	1,807,403
Provision for expected credit losses	9	**2,795,715**	2,322,050
Provision for employee benefits charged for the year	17	**5,351,172**	5,999,043
Provisions for contract losses		**5,807,780**	--
Finance costs	27	**13,310,210**	21,782,230
Changes in operating assets and liabilities		**351,335,593**	172,198,698
Inventories		**(109,877,708)**	278,642,499
Trade receivables		**57,784,911**	(127,870,208)
Prepayments and other receivables		**(6,496,223)**	(1,839,043)
Trade payables		**6,129,758**	12,869,870
Accrued expenses and other payables		**(7,089,560)**	8,007,177
Cash generated from operations		**291,786,771**	342,008,993
Paid Zakat	19	**(14,739,312)**	(7,978,761)
Paid employee's benefits	16	**(4,040,362)**	(6,070,806)
Net cash from operating activities		**273,007,097**	327,959,426
Cash flows from investing activities			
Purchase of property, plant and equipment	5	**(33,606,672)**	(28,209,842)
Additions to intangibles assets	7	--	(142,576)
Financial assets at fair value through profit or loss		**(932,878)**	--
Proceeds from the disposal of property, plant and equipment		**263,354**	41,971
Net cash (used in) investing activities		**(34,276,196)**	(28,310,447)
Cash flows from financing activities			
Proceeds from loans and credit facilities		**62,246,599**	(271,188,926)
Finance costs paid		**(11,415,380)**	(21,884,161)
Payment of lease obligations	6	**(3,953,641)**	(3,473,663)
Dividends paid to non-controlling interests		**(122,703,560)**	(13,750,000)
Net cash (used in) / generated from financing activities		**(75,825,982)**	(310,296,750)
Net change in cash and cash equivalents balance		**162,904,919**	(10,647,771)
Cash and cash equivalents at the beginning of the year		**18,456,920**	29,104,691
Cash and cash equivalents at the end of the year		**181,361,839**	18,456,920
Other non-cash transactions			
Transfers from inventories to property, plant and equipment		**3,841,042**	--
Finance charges for lease liabilities	27	**1,791,306**	1,278,573
Impact of adoption of IFRS (16)	7	--	1,046,781
Eligible financing charges		**80,982**	--
Capitalizing the present values of future cash flow for dismantling provision	18	**229,394**	225,507
Remeasurement of employee benefit obligations		**2,009,883**	--

The accompanying notes through 1 to 37 form an integral part of these consolidated financial statements.

Chief Financial Officer	Chief Executive Officer	Vice Chairman
Mohammed Abu Farha	Yousef Bazid	Raed Al-Mudaiheem

1. General

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

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

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

Factory	City/Place	CR Number	Date of CR
Al Yamamah Steel Industries Company	Jeddah	4030068043	28/4/1410H
Al Yamamah for Electric Poles	Jeddah	4030148938	9/3/1425H
Al Yamamah Steel Industries Company	Dammam	2050059045	7/3/1429H
Al Yamamah for Production of Electric Power Towers	Jeddah	4030180886	9/7/1429H
Al Yamamah Industrial Solar Energy Systems Factory	Jeddah	4030304080	9/9/1439H
Al Yamamah Wind Power Systems (under construction)	Jeddah	4030304267	16/01/1412H

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

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

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

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

2. Basis of Preparation

2/1 Statement of Compliance

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

2. Basis of Preparation (Continued)

2/1 Statement of Compliance (Continued)

As required by the Capital Market Authority “CMA” through its circular issued on October 16, 2016, the group must apply the cost model to measure property, plant and equipment, real estate investments and intangible assets when adopting IFRS for a period of three years starting from the date of applying IFRS, this was later extended until December 31, 2021.

2/2 Basis of measurement

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

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the amounts disclosed in the financial statements. These significant estimates and assumptions are disclosed in Note 4.

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

2/3 Use of judgements and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.
Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.
Significant judgments made by the management upon the adopting the Group’s accounting policies correspond to the disclosed policies in last year’s financial statements.

2/4 Going Concern

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

3. Significant accounting policies

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

3/1 Basis of consolidation of financial statements

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

3. Significant accounting policies (Continued)

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

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

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

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

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

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

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

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

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

3. Significant accounting policies (Continued)

3/2 International Financial Reporting Standards that the Company has not adopted for application

The following are the standards and amendments that were issued but not effective until the date of issuance of the Group's consolidated financial statements. The Group does not expect to have a material impact on the consolidated financial statements if the standards and amendments below are applied.

Valid for annual periods beginning on or after the date of	New standards and amendments
January 1, 2021	IFRS 17 Insurance Contracts.
January 1, 2022	Classification of obligations (amendments to IFRS 1 Presentation of Financial Statements).
Available for optional application / Effective date postponed indefinitely	Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

3/3 Foreign Currencies translation

<u>Translation of foreign currency transactions</u>

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

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

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

<u>Foreign exchange translation differences for subsidiaries</u>

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

3. Significant accounting policies (Continued)

3/3 Foreign Currencies translation (Continued)
Assets and liabilities included in the consolidated financial statements of foreign companies that are issued in their functional currency are presented in Saudi Riyals, which is the functional and presentation currency of the Group using the exchange rates prevailing at the end of the year. Revenues and expenses in Saudi Riyals are translated according to the weighted average exchange rates during the year or according to the exchange rates prevailing at the date of the transaction for significant transactions.

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

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

3/4 Property, plant and equipment
Property, plant and equipment except lands owned by the company and properties work in progress are stated at cost less accumulated depreciation and impairment in value, if any. lands owned by the company and properties work in progress is valued at cost.

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

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

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

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

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

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

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

3. Significant accounting policies (Continued)

3/4 Property, plant and equipment (Continued)

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

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

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

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

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

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

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

3. Significant accounting policies (Continued)

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

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

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

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

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

Inventories cost determined as follow:

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

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

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

3. Significant accounting policies (Continued)

3/7 Inventories "Continued"

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

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

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

3/8 Financial instruments

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

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

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

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

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

3. Significant accounting policies (Continued)

3/8 Financial instruments (Continued)

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

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

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

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

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

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

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

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

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

3. Significant accounting policies (Continued)

3/8 Financial instruments (Continued)

Financial assets- subsequent measurement - profits or losses:

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

Reclassification

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

Offsetting of financial instruments

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

Share capital

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

Impairment

Impairment of financial assets

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

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

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

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

3. Significant accounting policies (Continued)

3/8 Financial instruments (Continued)

Lifetime ECL measurement applies if the credit risk of a credit asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Group can assume that credit risks on a financial instrument didn't significantly increase since the initial recognition; if the financial instrument is previously determined as low credit risk instrument at the date of report. However, lifetime expected credit loss measurement is always applied on trade receivables and assets of the contracts without the presence of a significant finance item, in which the Group can adopt this policy to trade receivables with a non-significant finance item.

The Group elected to evaluate trade receivables impairment using 12-month expected credit loss model.

The carrying amount of financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write - off is later recovered, it is recognized in profit or loss in the period of recovery.

Impairment of non-financial assets

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

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

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

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

3. Significant accounting policies (Continued)

3/8 Financial instruments (Continued)

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

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

3/9 Loans and receivables

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

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

3/10 Cash and cash equivalents

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

3/11 Trade payables and accruals

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

3/12 Finance income and finance costs

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

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

3/13 Provisions

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

3. Significant accounting policies (Continued)

3/14 Employee's benefits

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

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

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

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

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

3. Significant accounting policies (Continued)

3/15 Revenue recognition

Revenues from contracts with customers

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

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

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

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

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

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

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

Sales of goods

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

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

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

3. Significant accounting policies (Continued)

3/16 Zakat & Tax

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

Withholding tax expense

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

Value added tax

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

3/17 Expenses

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

3/18 Current versus non-current classification

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

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

All other assets are classified as non-current assets.

A liability is classified as current when:

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

The Group classifies all other liabilities as non-current.

3/19 Dividends

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

3. Significant accounting policies (Continued)

3/20 Segmental information

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

3/21 Statutory reserve

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

4. Use of judgements and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.
Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.
Significant judgments made by the management upon the adopting the Group's accounting policies correspond to the disclosed policies in last year's financial statements. Except for the new significant judgments and major resources of estimates related to the adoption of IFRS 16 with the Customers which have been disclosed in note 3.
Information about significant estimates and uncertainties and significant judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described in the following notes:

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

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

4. Use of judgements and estimates (Continued)

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

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

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

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

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

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

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

4. Use of judgements and estimates (Continued)

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. The Group has no assets or liabilities under this level as at 30 September 2020 and 30 September 2019.

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

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

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

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at 30 September 2021 and 30 September 2020, there are no transfers between levels.

5. Property, Plant and Equipment, Net

a) Movement in property, plant and equipment during the year ended 30 September 2021 is as follows:

	Note	**Lands**	**Buildings**	**Plant and equipment**	**Vehicles and transportation**	**Furniture and office equipment**	**Computers and electric equipment**	**Tools and instruments**	**Projects in progress**	**Total**
Cost										
Balance at 30 September 2019		13,264,725	327,639,708	460,100,797	5,419,267	4,403,380	10,511,596	5,817,356	4,182,329	831,339,158
Additions		--	--	5,698,119	--	171,682	427,349	153,685	21,759,007	**28,209,842**
Disposals					(196,650)	(17,211)	(123,817)	(10,396)	--	**(348,074)**
Transferred from CWIP		--	17,415,113	1,332,858	--	89,433	80,405	--	(18,917,809)	**--**
Balance at 30 September 2020		13,264,725	345,054,821	467,131,774	5,222,617	4,647,284	10,895,533	5,960,645	7,023,527	**859,200,926**
Additions		--	122,373	8,516,455	656,935	94,043	301,524	502,046	27,254,338	**37,447,714**
Disposals		--	--	(87,551)	(664,000)	(9,220)	(5,201)	(12,027)	--	**(777,999)**
Transferred from CWIP		--	184,050	2,849,836	--	31,277	5,856	32,000	(3,103,019)	**--**
Balance at 30 September 2021		**13,264,725**	**345,361,244**	**478,410,514**	**5,215,552**	**4,763,384**	**11,197,712**	**6,482,664**	**31,174,846**	**895,870,641**
Accumulated depreciation:										
Balance at 1 October 2019		--	124,560,200	214,101,088	4,820,539	3,736,442	7,673,956	4,010,334	--	358,902,559
Charges during the year	5.b	--	14,349,569	25,253,701	247,488	269,918	1,060,362	638,415		**41,819,453**
Disposals		--	--	--	(196,639)	(17,211)	(120,402)	(10,396)	--	**(344,648)**
Balance at 1 October 2020		--	138,909,769	239,354,789	4,871,388	3,989,149	8,613,916	4,638,353	--	**400,377,364**
Charges during the year	5.b	--	15,239,552	24,692,868	238,870	200,044	832,134	631,036	--	**41,834,504**
Disposals		--			(663,983)	(9,220)	(5,201)	(12,027)		**(690,431)**
Balance at 30 September 2021		**--**	154,149,321	264,047,657	**4,446,275**	4,179,973	9,440,849	5,257,362	--	**441,521,437**
Impairment losses	5.f	**--**	**3,713,260**	**3,297,342**	**--**	**--**	**--**	**--**	**--**	**7,010,602**
Net book value As at 30 September 2021		**13,264,725**	**187,498,663**	**211,065,515**	**769,277**	**583,411**	**1,756,863**	**1,225,302**	**31,174,846**	**447,338,602**
Net book value As at 30 September 2020		**13,264,725**	**202,431,792**	**224,479,643**	**351,229**	**658,135**	**2,281,617**	**1,322,292**	**7,023,527**	**451,812,960**

5. Property, Plant and Equipment, Net (Continued)

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

	Note	**2021**	2020
Cost of Sales	23	**39,329,540**	39,065,301
Selling and Distribution expenses	24	**61,657**	69,094
Administrative expenses	25	**2,443,307**	2,685,058
		41,834,504	41,819,453

c) Property, plant and equipment include property and equipment mortgaged to the Saudi Industrial Development Fund (SIDF) related to the Company's branch, Al Yamamah Factory for Electric Poles and Accessories, with a net book value as at 30 September 2021 amounting to SR 42.32 million (30 September 2020: SR 49.82 million) (Note 15). The Company paid all due installments to the Saudi Industrial Development Fund on 4 June 2020, management released the aforementioned mortgage during 2021.

d) The buildings of the Company include buildings with net book value amounting to SR 117.63 million as at 30 September 2021 (30 September 2020: SR 129.22 million) that are constructed on lands leased from the Saudi Authority for Industrial Cities and Technical Areas (MODON) for 20 years, started on 29 Shawal 1429H, and the lease is renewable for a similar period with similar or with other terms as agreed upon between the concerned parties, except for the poles and towers factories, as they are constructed on a land owned by the Company.

e) The buildings of the subsidiary's factory with net book value amounting to SR 72 million as at 30 September 2021 (30 September 2020: SR 76.9 million) are constructed on a piece of land leased from the Royal Commission for Yanbu for 35 years, started on 5 Rabie Thani 1427H for a nominal annual lease. Rent is renewable for concessive periods with the same terms and other terms as agreed between relevant parties.

f) The Company has studied the impairment of its property, plant and equipment and the recoverable amount is accounted for as at 30 September 2021, based on the value-in-use for cash generating unit determined by the Group, which comprise of net operating assets of the sectors. When determining the value in use of the cash generating unit, the cash flows that were determined using the weighted average cost of capital for a five-year period were discounted at 7.26% rate before the calculation of Zakat until 2025, according to the estimated useful lives of the related plant and equipment. This study resulted in a decrease in the assets of two factories within the construction and electricity sectors (the vacuum structures factory and the electric power towers factory) with an amount of SR 7.01 million (30 September 2020: SR 7.01 million) and the decrease in the value was allocated to machinery, equipment and buildings. Value-in-use calculation is impacted and is considered highly sensitive in case of change in the following key assumptions:

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

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

	2021	2020
Balance at 1 October	**7,010,602**	2,272,724
Additions during the year	**--**	4,737,878
Balance at 30 September 2021	**7,010,602**	7,010,602

5. Property, Plant and Equipment, Net (Continued)

g) Capital work in progress represents the following projects:

	2021	2020
Advanced to vendors	**15,290,508**	1,198,582
Al Yamamah Solar Power Systems Factory	**5,890,147**	5,199,086
Pipe forming and perforating machine (Jeddah pipes)	**5,196,056**	--
Project of adding laser cutting machines - Al-Abraj Factory	**3,813,559**	--
Wind Power Energy Systems Project	**412,603**	277,141
Renovation and development project of the galvanizing basin - columns	**347,696**	--
Expansion works of Jeddah pipe factory	**104,592**	--
Smelting Project - Rebar	**90,463**	--
Kiln Floor Lifting Cylinder - Rebar	**16,350**	--
Upgrading of pole cutting lines	--	348,718
Expansion of the fourth production line in the Dammam factory	**12,872**	--
	31,174,846	7,023,527

6. Intangible Assets, Net

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

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

	Note	2021	2020
Cost			
Balance at beginning of year		**16,064,016**	15,921,440
Additions for the year		--	142,576
Balance at end of year		**16,064,016**	16,064,016
Accumulated Amortization			
Balance at beginning of year		**9,239,501**	8,331,101
Amortization charged on the year	6.b	**917,879**	908,400
Balance at end of year		**10,157,380**	9,239,501
Carrying value as at the end of the year		**5,906,636**	6,824,515

b. Amortization charged for the year is as follows:

	Note	2021	2020
Cost of sales	23	**82,655**	73,177
Selling and Distribution expenses	24	**28,941**	28,940
Administrative expenses	25	**806,283**	806,283
		917,879	908,400

7. Leases

On 1 October 2020, the Group implemented IFRS 16 "Leases" The movement in the right-of-use-assets

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

	2021	2020
Balance at 1 October 2020	**31,453,800**	28,815,742
Additions for the year	**1,689,833**	2,672,158
Disposals during the year	**--**	(34,100)
Balance at 30 September 2021	**33,143,633**	31,453,800

Accumulated Depreciation

	2021	2020
Balance on 1 October	2,812,760	--
Depreciation during the year	2,943,813	2,812,760
Balance on 30 September	5,756.573	2,812,760
Net Balance at 30 September 2021	**27,387,060**	28,641,040

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

	Note	**2021**	**2020**
Cost of sales	23	**2,054,197**	1,813,451
Selling and Distribution expenses	24	**--**	197,809
Administrative expenses	25	**889,616**	801,500
		2,943,813	2,812,760

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

	Note	**2021**	2020
Balance at 1 October 2020		**28,477,359**	27,768,959
Additions for the year		**1,689,833**	2,672,158
Disposals during the year		**--**	(34,892)
Interest expenses for the year	27	**1,584,456**	1,544,797
Payments during the year		**(3,953,641)**	(3,473,663)
Balance at 30 September 2021		**27,798,007**	28,477,359

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

	2021	2020
Current liability	**2,587,382**	2,330,504
Non-current liability	**25,210,625**	26,146,855
	27,798,007	28,477,359

8. Inventories, Net

Inventories at 30 September comprise the following:

	Note	**2021**	2020
Raw materials		**397,579,164**	370,198,266
Finished goods		**111,953,818**	77,190,179
Spares not for sale		**18,320,936**	52,145,554
Work in progress		**47,781,053**	29,512,444
Goods in transit		**69,974,089**	10,525,951
		645,609,060	539,572,394
Less: Allowance for slow moving inventories items	8-a	**(20,874,225)**	(10,979,785)
		624,734,835	528,592,609

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

	Note	**2021**	2020
Balance, at beginning of the year		**10,979,785**	**9,172,382**
Provided during the year	23	**9,894,440**	**1,807,403**
Balance at end of year		**20,874,225**	**10,979,785**

9. Trade Receivables, Net

A) Trade receivables comprise the following:

	Note	**2021**	2020
Trade receivables - related parties	31	**115,541,953**	219,075,961
Trade customers - other parties		**172,834,540**	127,085,443
		288,376,493	346,161,404
Less: Expected credit loss provision	B	**(13,311,688)**	(10,515,973)
		275,064,805	335,645,431

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

	2021	2020
Balance, at beginning of the year	**10,515,973**	**8,193,923**
Provided during the year	**2,795,715**	**2,322,050**
Balance at end of year	**13,311,688**	**10,515,973**

C) 67% of the total sales for the year belongs to only eight customers and their outstanding balance as at 30 September 2021 amounted to SR 195,585,467 (59% at 30 September 2020: SR 268,617,334)

9. Trade Receivables, Net (Continued)

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

	2021		2020	
Duration	**Balance**	**Impairment In value**	Balance	Impairment In value
Not due	**225,247,642**	**1,419,533**	302,341,157	137,747
From 0 to 90 days	**8,827,982**	**675,313**	12,737,978	331,990
From 91 to 180 days	**45,147,344**	**5,915,088**	22,036,441	1,000,408
Over 181 Days	**9,153,525**	**5,301,754**	9,045,828	9,045,828
	288,376,493	**13,311,688**	346,161,404	10,515,973

Additional information related to the Group's exposure to credit and market risk is disclosed in (Note 33).

10. Prepayments and Other Receivables, Net

Prepayments and other receivables comprise of the following:

	2021	2020
Payments to suppliers	**26,914,708**	17,463,584
Prepaid expenses	**4,050,811**	7,142,871
Employee’s receivables	**1,472,436**	1,635,552
Other debit balances	**1,097,893**	797,618
	33,535,848	27,039,625
Less: Provisions for doubtful debts	**(121,368)**	(121,368)
	33,414,480	26,918,257

11. Financial Assets at Fair Value Through Profit or Loss

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

	2021	2020
Balance on October 1,	**--**	--
Add-ons	**1,145,871**	--
Eliminations	**(326,861)**	--
Realized Profits	**113,868**	--
Revaluation Gain (Unrealized)	**279,246**	--
Balance on September 30,	**1,212,124**	--

12. Cash and Cash Equivalents

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

	2021	2020
Cash at banks - current accounts	**71,361,839**	18,456,920
Short-term deposits	**110,000,000**	--
	181,361,839	18,456,920

13. Share Capital

As at 30 September 2021 and 30 September 2020, the Company's authorized, subscribed and fully paid share capital amounted to SR 508 million divided into 50.8 million ordinary shares of SR 10 each.

Major shareholders as at 30 September are as follows:

	2021 No. of shares	**Ratio**	2020 No. of shares	Ratio
Rashed Abdulrahman Al Rashed & Sons Company	**4,900,000**	**9.65**	8,600,440	16.93
Abdulqader Almuhaidib & Sons Company	**4,083,461**	**8.04**	8,600,440	16.93
Al Mojel Trading and Contracting Company	**5,074,141**	**9.99**	5,633,720	11.09
Al Mahana Trading Company	**3,440,384**	**6.77**	3,439,160	6.77
Abdul Karim Hamed Abdul Karim Al Mojel	**2,962,556**	**5.83**	2,961,640	5.83

14. Statutory Reserve

In accordance with the Saudi Arabian Companies Law and the Company's By-Laws, 10% of the annual net income is required to make a statutory reserve until this reserve equals 30% of the capital. This statutory reserve is not available for distribution to the shareholders. The Company transferred 20,783,171 SR (the year ended 30 September 2020: 5,056,645 SR) to the statutory reserve.

15. Non-Controlling Interests

a) Non-controlling interests comprise the following:

	2021	2020
Subsidiary's net assets	**514,059,083**	505,088,097
Net assets attributable to NCI (27.5%)	**141,366,248**	138,899,226

b) Movement on non-controlling interests:

	2021	2020
Balance at beginning of year	**138,899,226**	127,354,309
Share of total comprehensive income	**36,842,022**	25,294,917
Dividends to non-controlling interests	**(34,375,000)**	(13,750,000)
Balance at end of year	**141,366,248**	138,899,226

- During the year ending 30 September 2021, the subsidiary has distributed dividends to shareholders amounting to SR 125 million, in respect of non-controlling equity including an amount of SR 34,375,000.

15. Non-Controlling Interests (Continued)

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

	2021	2020
Non-current assets	**191,341,346**	200,199,192
Current assets	**375,028,820**	385,230,750
Non-current liabilities	**(31,984,257)**	(31,250,207)
Current liabilities	**(20,326,826)**	(49,091,638)
Net assets (100%)	**514,059,083**	505.088.097
Carrying amount of NCI	**141,366,248**	138,899,226
Income for the year	**133,495,579**	91,961,963
Other comprehensive income / (loss)	**475,408**	19,553
Total comprehensive income (100%)	**133,970,987**	91,981,516
Profit allocated to NCI	**36,711,285**	25,289,540
Other Comprehensive income / (loss) allocated to NCI	**130,737**	5,377
Total Other Comprehensive income to NCI (27.5%)	**36,842,022**	25,294,917

16. Credit Facilities

Bank facilities from local banks

The Group has bank facilities with total amount of SR 1.83 billion (30 September 2020: SR 1.83 million) with some local banks of which SR 924,90 were used (30 September 2020: SR 898.6 million), represent letters of guarantee, letters of credit, and short-term bank facilities to cover the Group's working capital requirements, as well as a long-term bank facility granted by the Arab National Bank to the Parent Company to contribute to the establishment of Al Yamamah for Solar Energy Systems Factory and Al Yamamah Company for Wind Energy Systems Factory and financing of working capital, in addition to the Saudi Industrial Development Fund's long-term loan to finance the expansion of Al Yamamah Factory for Electric Poles and Accessories, the last installments of which were paid during June 2020. All the bank facilities bear bank commissions at the commercial rates prevailing in the market, and these facilities are guaranteed by a promissory notes issued by the Parent Company and the subsidiary to the local banks.

a) SIDF loan

On October 31, 2013, the Company received a loan from the Saudi Industrial Development Fund for the expansion of Al Yamamah Factory for Electric Poles and Accessories up to a maximum of SR 16.9 million. The loan is repayable in semi-annual installments commencing on 15 Shawwal 1436H, corresponding to 31 July 2015 and ending on 15 Rabea Al-Thani 1442H, corresponding to 30 November 2020. The loan is secured by the mortgage of the buildings and facilities constructed or that will be constructed on the land of the factory along with the factory's entire machinery, equipment, accessories, and all that is subsequently obtained for the project. The agreement includes certain conditions, including maintaining certain financial ratios. The Company has paid all due installments and loan front-end fees to the Saudi Industrial Development Fund on 4 June 2020, the group released the aforementioned mortgage.

16. Credit Facilities (continued)

b) 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:

	2021	2020
Arab National Bank	**333,500,000**	307,753,401
Banque Saudi Fransi	**136,000,000**	89,500,000
	469,500,000	397,253,401

c) Long term loans

Long term loans comprise the following:

	2021	2020
Arab National Bank	**22,500,000**	32,500,000
	22,500,000	32,500,000

Long-term borrowings are presented in the consolidated balance sheet as following:

	2021	2020
Current portion under current assets	**10,000,000**	10,000,000
Non-current portion shown under non-current liabilities	**12,500,000**	22,500,000
	22,500,00	32,500,000

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

Year	**2021**	2020
2022	**--**	10,000,000
2023	**10,000,000**	10,000,000
2024	**2,500,000**	2,500,000
Total	**12,500,000**	22,500,000

d) Movement in loans

The movement in loans consists of the following:

	2021	**2020**
Balance at beginning of year	**429,753,401**	700,942,327
Additions for the year	**1,670,000,000**	2,203,307,234
Payments during the year	**(1,607,753,401)**	(2,474,496,160)
Balance at end of year	**492,000,000**	429,753,401

17. Employee's Benefits

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

	2021	2020
Present value of the obligation as at the beginning of the year	**34,323,448**	34,009,948
Total expense charged to statement of profit or loss*	**5,351,172**	5,999,043
Re-measurement of employee benefit liability	**(2,009,883)**	385,263
Actual benefits paid during the year	**(4,040,362)**	(6,070,806)
The present value of the obligation at the end of the year	**33,624,375**	34,323,448

17/2 Expense charged to statement of profit or loss

	Note	2021	2020
Current services cost		**4,918,383**	3,850,257
Interest cost	27	**432,789**	2,148,786
		5,351,172	5,999,043

17/3 The valuation was prepared by an independent external actuary using the following key assumptions:

	2021	2020
Discount rate %		
Parent company	**2.65**	1.11
Subsidiary company	**2.98**	1.42
Salaries increase rate %		
Parent company	**3.50**	1.11
Subsidiary company	**3.80**	2.92

17/4 Total analysis of the employee's payments during year is as follow:

	Note	2021	2020
Salaries and wages		**120,265,705**	128,183,090
Remuneration		**8,206,324**	2,090,778
Defined benefit expenses	17 - 2	**5,351,172**	5,999,043
		133,823,201	136,272,911

17/5 Defined benefit liability sensitivity's changes impact, as follow:

		2021	2020
	Base	**33,624,375**	**34,323,448**
Discount rate	Increase by 1%	**31,459,757**	**32,173,689**
	Decrease by 1%	**36,007,071**	**36,754,387**
Salaries rate	Base	**33,624,375**	**34,323,448**
	Increase by 1%	**36,147,858**	**36,881,597**
	Decrease by 1%	**31,400,707**	**32,018,317**
Assumption of a statistical study of employees			
Number of employees		1.192	**1,284**
Average age of employees (years)		57.6	**37.26**
Average years of past service		8.8	**5.19**

18. Liability of Dismantling and Decommissioning of Property, Plant and Equipment

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

During the year ending on 30 September 2019, the Group has capitalized the present value of the potential future cash flows for decommissioning and dismantling of assets established on leased land for the Al Yamamah Industrial Solar System Factory at an amount of SR 2.8 million.

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

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

	Note	**2021**	2020
Balance, beginning of the year		**11,469,701**	11,244,194
Charged financial charges	27	**229,394**	225,507
Balance at end of year		**11,699,095**	11,469,701

19. Provision for Contract Losses

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

	2021	2020
Balance at 1 October	--	--
Components during the year	5,807,780	--
	5,807,780	--

20. Accrued Expenses and Other Payables

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

	2021	2020
Accrued expenses	**14,411,558**	18,160,630
Value added tax (VAT)	**2,759,223**	11,152,973
Prepayments from customers	**6,898,405**	5,728,461
Directors' remuneration and allowances	**4,405,696**	2,887,654
Accrued employee’s bonus	**8,205,939**	5,420,017
Accrued financing expenses	**1,480,314**	1,271,401
Other Payables	**708,666**	770,230
	38,869,801	45,391,366

21. Zakat

a) Zakat base

Al Yamamah Steel Industries Company

	2021	2020
Additions		
Share capital	**508,000,000**	508,000,000
Loans and other finance resources	**28,746,575**	32,500,000
Provisions	**63,039,714**	51,928,584
Retained Earnings	**--**	20,905,239
Reserves	**68,414,889**	63,349,244
Lease liabilities	**9,006,662**	10,183,930
Total additions	**677,207,840**	686,866,997
Discounts		
Property, plant and equipment (net)	**279,989,789**	276,525,699
Spare parts stock	**17,594,295**	16,830,173
Investments	**275,563,870**	299,516,447
Right-to-use assets	**9,301,163**	10,553,624
Total deductions	**582,449,117**	603,425,943
Zakat base	**94,758,723**	83,441,054
Adjusted Zakat base (365 days)	**97,703,203**	86,033,855
Amended net loss	**145,182,028**	(2,213,624)
Total base	**242,885,231**	83,820,231
Zakat charge (Zakat base @ 2.5%)	**6,072,131**	2,095,506

Al Yamamah Company for Reinforcing Steel Bars Company

	2021	2020
Additions		
Share capital	**300,000,000**	300,000,000
Retained Earnings	**24,240,799**	66,455,479
Reserves	**55,847,297**	46,651,101
Carryover provisions	**12,998,698**	11,874,916
Lease liabilities	**18,791,345**	18,293,429
Other additions to base	**168,596**	86,917
	412,046,735	443,361,842
Discounts		
Property, plant and equipment (net)	**172,624,045**	181,331,782
Intangible assets, net	**631,404**	779,994
Right of use assets	**18,085,897**	18,087,416
Spare Parts	**29,393,334**	34,551,672
Total deductions	**220,734,680**	234,750,864
Zakat base	**191,312,055**	208,610,978
Adjusted Zakat base (365 days)	**197,256,779**	215,093,241
Amended net loss	**150,976,754**	107,030,859
Total base	**348,233,533**	322,124,100
Due Zakat 2.5% (from net zakat base)	**8,705,839**	8,067,835

21. Zakat (Continued)

b) Charge for the year

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

Zakat has been calculated for the Parent Company based on the separate financial statements as at and for the year ended 30 September 2021, and Zakat is calculated for the subsidiary (Al Yamamah Company for Reinforcing Steel Bars) based on the statutory financial statements as at and for the year ended 30 September 2021.

c) Movement of Zakat provision during the year

	2021	2020
Balance, at beginning of the year	**21,325,153**	15,201,088
Add: Charge for the Year	**14,777,970**	9,985,124
Prior years differences	**9,614,150**	4,117,702
Less: payments during the year	**(14,739,312)**	(7,978,761)
Balance at the end of the year	**30,977,961**	21,325,153

The management believes that the Zakat provision meets future zakat liabilities the year ended 30 September 2020 as well as the contingent liability for additional Zakat differences in the event of the decision of the Tax Appeal Committee to recognize Zakat differences amounting to of SAR 17.2 million as explained in note (29-c).

d) Zakat status

Al Yamamah Steel Industries Company

The Company has submitted Zakat declarations for the years from the beginning of the establishment until the year ended 30 September 2019. Accordingly, the Company paid the due Zakat and obtained a valid Zakat certificate up to 30 January 2021.

The Company has received Zakat assessments for the years from 2008 through 2011, in which the GAZT raised additional Zakat differences amounting to SR 9.9 million. The Company objected against the said assessments. The Company's objection was filed with the Primary Zakat and Tax Committee, according to which the Company submitted a letter of guarantee to GAZT with the claimed amount. A decision was issued by the committee to accept the objection for the fiscal year 2011.

The Tax Appeal Committee issued its decision No. (1875) dated 26/6/1439H, corresponding to 14/3/2018, that is approved by the Minister of Finance under the letter No. (4989) dated 13/6/1439H, corresponding to 1/3/2018, where the Company's appeal was formally accepted before the Primary Committee for the fiscal years ended 30/9/2008 until 30/9/2010. The resolution No. (1875) endorsed the Appeal Committee's decision to approve the deduction of the Company's contribution to the land of Melissa for the fiscal year ended 30/9/2011, which represents the main item in the controversial differences of fiscal years ended 30/9/2008 until 30/9/ 2010.The Company approved the majority of the objectionable items for the fiscal year ended 30/9/2011. Therefore, the final zakat assessment for the fiscal year 2011 has not been issued to date, noting that the total differences from the fiscal years from 2008 to 2010 amounted to SR 7.5 million.

21. Zakat (continued)

d) Zakat status (continued)

Al Yamamah Steel Industries Company (continued)

The General Secretariat of the Tax Committees in Jeddah has requested during the month of June 2020 from the Company to set a date for the session for the lawsuit filed by the Company against the General Authority for Zakat and Tax for the fiscal years ending from 30 September 2008 till 30 September 2010, and the Company did so and received the date from the General Secretariat for Tax Committees during August 2020, which is 13 October 2020. The session was held online on that date, and the judicial authority issued a decision not to accept the lawsuit for lack of the territorial jurisdiction, and the Company will raise a new lawsuit to the General Secretariat for Tax Committees in Riyadh for these years.

On 23 March 2020, the General Authority of Zakat and Tax has requested some detailed and analytical documents and data for the years from 30 September 2015 to 30 September 2019, and the Company has provided them to GAZT during May 2020. During the month of September 2020, GAZT has provided the Company with the initial zakat assessments for the fiscal years 2015 through 2019, and GAZT has requested the Company to provide them - if desired - with documents that could reduce the zakat differences for these years, and the Company has provided GAZT with them during the same month. GAZT has issued the revised zakat assessments for these fiscal years during the month of October 2020, which showed zakat differences amounting to about SR 4.7 million, and the Company will object against the zakat differences during December 2020.

Al Yamamah Steel Industries Company received the final Zakat Assessment for the Year Ended September 30, 2021 in October 2021 from GAZTA, which raised Zakat differences amounted SAR 9.742 Million, the company settled SAR 12,589 and appealed against the remaining SAR 9.730 Million to GZTCA and issued a bank guarantee to GZTCA for half of the appealed amount.

No assessment has been received for the years from 2012 to 2014.

Al Yamamah Company for Reinforcing Steel Bars

The company submitted its zakat returns for the years from the beginning of the activity until the fiscal year ending on September 30, 2020, and paid the zakat due in those returns, and a final zakat certificate was obtained, valid until January 30, 2022 AD. The company ended its zakat position with the Authority for the years from the date of the company's establishment until the fiscal year ending on September 30, 2019.

22. Revenues, Net

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

	2021	2020
Construction segment	**1,232,986,088**	1,525,818,472
Electric	**386,041,502**	341,602,515
	1,619,027,590	1,867,420,987

The majority of the sale takes place at a specific point in time upon delivery of the products. As for the revenues that occurred over a period of time, they were insignificant during the year ending on 30 September 2021 and amounted to SR 4.96 million (2020: SR 17.7 million).

23. Cost of Sales

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

	Note	2021	2020
Raw materials utilized		**1,084,641,591**	1,476,630,852
Direct Salaries, wages and equivalents		**91,615,718**	94,417,479
depreciation	5	**39,329,540**	39,065,301
Slow moving inventories' items provision		**9,894,440**	1,807,403
Right of use asset depreciation	7	**2,054,197**	1,813,451
Amortization of intangibles	6	**82,655**	73,177
Other overheads		**27,235,932**	51,942,050
		1,254,854,073	1,665,749,713

24. Selling and Distribution Expenses

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

	Note	2021	2020
Transportation Charges		**17,291,844**	31,344,933
Salaries, wages and equivalents		**7,532,941**	7,515,438
Allocated expenses for sales discounts		**15,270**	1,713,000
Right of use asset depreciation	6	**--**	197,809
Depreciation	5	**61,657**	69,094
Advertising and promotion		**30,876**	36,022
Amortization of intangibles	7	**28,941**	28,940
Others		**349,468**	299,768
		25,310,997	41,205,004

25. Administrative Expenses

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

	Note	2021	2020
Salaries, wages and equivalents		**34,674,542**	32,179,994
Directors' remuneration and allowances		**4,406,500**	2,160,000
Depreciation	5	**2,443,307**	2,685,058
Professional and consultation fees		**1,539,764**	2,072,941
Computers support and subscription expenses		**1,340,250**	1,861,530
Electricity, telephones and courier		**1,117,215**	1,249,894
Amortization of intangibles	7	**806,283**	806,283
Right of use asset depreciation	6	**889,616**	801,500
Repair and maintenance expense		**220,800**	648,167
Traveling and transportation		**125,108**	346,007
Insurance		**264,417**	195,395
Stationery and printings		**127,331**	167,948
Rent and rates		**--**	16,416
Others		**2,003,964**	1,585,837
		49,959,097	46,776,970

26. Other Revenues

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

	2021	2020
Gains / (losses) on disposal of property, plant and equipment	**175,786**	39,339
Foreign currencies exchange rates differences	**147,902**	292,777
Human Resources Fund Support	**424,101**	--
insurance benefits	**286,114**	--
Interest on bank deposits	**126,968**	--
Others	**391,409**	131,684
	1,552,280	463,800

27. Finance Costs

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

	Note	**2021**	2020
Charged finance cost related to the loans	15	**11,496,360**	20,011,926
Interest expense charged on long-term lease liabilities	17	**1,584,456**	1,544,797
Undiscounted finance charges for the provision for dismantling and decommissioning of property, plant and equipment	7	**229,394**	225,507
Finance costs as included in the statement of profit or loss and other comprehensive income		**13,310,210**	21,782,230
Add			
Finance cost charged on the statement of profit or loss under employee's benefits obligations	16	**432,789**	2,148,786
Total finance costs		**13,742,999**	23,931,016

28. Earnings (Loss) Per Share

28/1 Basic earnings / (loss) per share

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

	2021	2020
Gain / (loss) attributable to shareholders of Company	**207,831,707**	50,656,454
Earnings / (loss) per share attributable to Company's shareholders	4.09	0.997

28/2 Diluted earnings / (loss) per share

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

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

29. Contingencies and Capital Commitments

a) At 30 September 2021, the contingent liabilities against the uncovered portion of bank guarantee letters issued by local banks on behalf of the Group amounted to SR 122 million (30 September 2020: 107.4 million).

b) At 30 September 2021, the contingent liabilities against letters of guarantees amounted to SR 310.47 million (30 September 2020: SR 361.4 million) issued in the normal course of the Group's business.

c) At 30 September 2021, the capital contingencies related to under project in progress amounted to SR 110.93 million (30 September 2020: SR 0.55 million.

30. Dividends

During the year ended 30 September 2021

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

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

- The ordinary general assembly of the shareholders of the company, which was held on 3 Rajab 1442 H corresponding to February 15, 2021, approved the recommendation of the Board of Directors on 7 Jumada Al-Awwal 1442 H corresponding to December 22, 2020 to distribute cash dividends to the company's shareholders for the fiscal year ended September 30, 2020 amounting to 50,800,000 Saudi Riyals at the rate of 1 Saudi Riyal per share, for the company's shareholders owning its shares on the day of the meeting and who are registered in the company's shareholders' register at the Depository Center at the end of the second trading day following the day of the company's ordinary general assembly. On February 25, 2021, the cash dividends were transferred to the eligible shareholders.

During the year ended 30 September 2020

No dividends were declared during the year ended 30 September 2020.

31. Transactions and Balances with Related Parties

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

Transactions with related parties mainly represent purchases and goods and services rendered in accordance with agreed terms which are approved by the management and approved by the General Assembly of shareholders held on 23 Rajab 1441H, corresponding to 18 March 2020 with the following entities and parties:

31. Related Party Transactions and Balances (Continued)

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

Transactions with related parties:	Nature of relationship	Nature of transaction	Amount of transaction		Balance as at	
			2021	2020	**2021**	2020
Under accounts receivable (Note 9):						
Abdulqader Almuhaidib & Sons Company *	Shareholder	Sales	**465,570,528**	576,200,368	**62,900,204**	144,430,814
Rashid Abdulrahman Al Rashid & Sons Company **	Shareholder	Sales	**10,085,488**	45,206,087	**696,875**	19,693,512
Al Mahana Trading Company	Shareholder	Sales	**143,965,318**	94,640,157	**24,515,406**	16,671,589
Al Mahanna Steel Group ***	Shareholder	Sales	**90,716,188**	66,186,399	**24,023,146**	24,934,963
Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary shareholder	Sales	**11,550,981**	64,407,849	**2,028,047**	12,475,683
Al Mojel Trading Company	a shareholder	Sales	**5,738,100**	10,804,500	**1,378,275**	869,400
					115,541,953	219,075,961
Under trade payables						
Abdulqader Almuhaidib & Sons Company *	a shareholder	Purchases	**1,058,310**	1,736,792	**--**	7,976
Rashid Abdulrahman Al Rashid & Sons Company **	a shareholder	Purchases	**1,975**	141,960	**--**	--
Al Mahanna Steel Group ***	a shareholder	Purchases	**--**	13,860	**--**	--
Al Madar for Building Materials Company (Previously Al Fozan Building Materials Company)	Subsidiary shareholder	Purchases	**170,287**	78,384	**--**	--
					--	7,976

* Transaction with Abdul Kader Al Muhaideb and Sons Company include Masdar for Building Materials Company and Thabat Contracting Company.
** Transaction with Rashed Abdul Rahman and Sons Company include Saudi Services for Electro Mechanical Works Company.
*** Al Muhanna Steel Group belongs to the shareholder and BOD member Muhanna bin Abdullah Al Muhanna.

31. Related Party Transactions and Balances (continued)

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

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

	Nature of transaction	**2021**	2020
Key management personnel	Salaries, allowances and incentives	**8,308,457**	6,498,735
BOD members	Board of directors numerations	**4,406,500**	2,770,000

32. Segmental Information

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

The economic characteristics are reviewed and the operating segments are aggregated on the basis of the organization made by the Chief Operating Decision Maker at least every quarter and reviewed by Group's senior management.
The Group is operating its activities in the Kingdom of Saudi Arabia through the following main business sectors:

The construction sector includes the following:

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

Electricity sector including:

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

Others:

Represent properties belong to the public administration.

	Segment Reporting			
As at and for the year ended	**Construction segment**	**Electricity segment**	**Others**	**Total**
At 30 September 2021				
Revenue	1,237,952,781	381,074,810	--	1,619,027,591
Cost of sales	911,860,189	342,955,397	--	1,254,854,073
Net segment loss	253,827,391	(9,563,647)	279,247	244,542,992
Segment assets	1,025,498,264	552,564,208	18,357,909	1,596,420,381
Segment liabilities	544,108,947	131,144,830	16,469,206	691,722,983

32. Segmental Information (continued)

	Segment Reporting			
As at and for the year ended	Construction segment	**Electricity segment**	Others	Total
At 30 September 2020				
Revenue	1,525,818,472	341,602,515	--	1,867,420,987
Cost of sales	(1,332,075,106)	(333,674,607)	--	(1,665,749,713)
Net segment loss	112,100,234	(36,154,240)	--	75,945,994
Segment assets	932,252,244	445,916,218	18,723,270	1,396,891,732
Segment liabilities	485,545,295	111,788,457	18,138,457	615,472,209

33. Financial Risk Management

The Group's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value and cash flow, interest rate risks and price risk), credit risk and liquidity risk.
The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Financial risk management framework

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

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

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

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

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

Market risk

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

Interest rate risk

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

	Book value as at 30 September 2021	Book value as at 30 September 2020
Variable rate instruments		
Borrowings	492,000,000	429,753,401

33. Financial Risk Management (Continued)

Interest rate risk (Continued)

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

	Gain / (loss) 2021		Profit / (loss) 2020	
	Increase in basis points of related to commission rates **100 bps**	Decrease in basis points of related commission rates **100 bps**	Increase in basis points of related to commission rates **100 bps**	Decrease in basis points of related commission rates **100 bps**
Borrowings	**(4,920,000)**	**4,920,000**	(4,297,534)	4,297,534

Foreign currency risk

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

Credit risk

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

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

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

	2021	2020
Financial assets		
Trade receivables	275,064,805	335,645,431
Bank balances	181,361,839	18,456,920
	456,426,644	354,102,351
Secured *	229,768,792	70,114,959
Unsecured **	226,657,852	283,987,392
	456,426,644	354,102,351

** As at 30 September 2021, secured financial assets include bank balances and trade receivables amounting to SR 48.41 million secured by bank guarantees (30 September 2020: SR 51.65 million).

** As at 30 September 2021, secured and non-secured financial assets include trade receivables amounting to SR 115,541,953 due from related parties (30 September 2020: SR 219,075,961).

33. Financial Risk Management (Continued)

Liquidity risk

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

	Undiscounted contractual cash flows					
Non-derivative financial liabilities 30 September 2021	**1 year or less**	1 year to 3 years)	3 years or More	Interest accruals for future periods	Total contractual maturity	Total Carrying value
Loans	**479,500,000**	**12,500,000**	**--**	**2,893,127**	**494,893,127**	**492,000,000**
Trade payables	**50,374,525**	**--**	**--**	**--**	**50,374,525**	**50,374,525**
Contracts' losses provision	**5,807,780**	**--**	**--**	**--**	**5,807,780**	**5,807,780**
Dividends payables	**571,439**	**--**	**--**	**--**	**571,439**	**571,439**
Accrued expenses and other payables	**38,869,801**	**--**	**--**	**--**	**38,869,801**	**38,869,801**
Lease liabilities	**2,587,382**	**4,190,308**	**21,020,317**	**13,111,703**	**40,909,710**	**27,798,007**
	577,710,927	**16,690,308**	**21,020,317**	**16,004,830**	**631,426,382**	**615,421,552**
Non-derivative financial liabilities 30 September 2020						
Loans	407,253,401	22,500,000	--	2,882,148	432,635,549	429,753,401
Trade payables	44,244,767	--	--	--	44,244,767	44,244,767
Dividends payables	487,014				487,014	487,014
Accrued expenses and other payables	45,391,366	--	--	--	45,391,366	45,391,366
Lease liabilities	2,330,504	3,932,764	22,214,092	14,334,968	42,812,328	28,477,360
	499,707,052	26,432,764	22,214,092	17,217,116	565,571,024	548,353,908

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

Capital management

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

	2021	2020
Total obligations	**691,722,983**	615,472,209
Less: Cash and cash equivalents	**(181,361,839)**	(18,456,920)
Net obligations	**510,361,144**	597,015,289
Total equity	**904,697,398**	781,419,523
Adjusted shareholders' equity	**904,697,398**	781,419,523
Net obligations to equity	**0,56**	0.76

33. Financial Risk Management (Continued)

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

	30 September 2021					
	Carrying value		**Fair value**			
Financial Assets	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Trade receivables	**275,064,805**	**275,064,805**	--	--	--	--
Cash and cash equivalents	**181,361,839**	**181,361,839**	--	--	--	--
	456,426,644	**456,426,644**	--	--	--	--
Financial liabilities						
Loans and facilities	**492,000,000**	**492,000,000**	--	--	--	--
Trade payables	**50,374,525**	**50,374,525**	--	--	--	--
Dividends payables	**571,439**	**571,439**				
Accrued expenses and other payables	**38,869,801**	**38,869,801**				
Zakat provision	**30,977,961**	**30,977,961**				
	612,793,726	**612,793,726**	--	--	--	--

	30 September 2020					
	Carrying value		Fair value			
Financial Assets	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Trade receivables	335,645,431	335,645,431	--	--	--	--
Cash and cash equivalents	18,456,920	18,456,920	--	--	--	--
	354,102,351	354,102,351	--	--	--	--
Financial liabilities						
Loans and facilities	429,753,401	429,753,401	--	--	--	--
Trade payables	44,244,767	44,244,767				
Dividends payable	487,014	487,014				
Accrued expenses and other payables	45,391,366	45,391,366				
Zakat Provisions	21,325,153	21,325,153	--	--	--	--
	541,201,701	541,201,701	--	--	--	--

34. Subsequent Events

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

35. Significant Events

The coronavirus (“COVID-19”) pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The financial and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications. The Group has formed a work team to assess the expected impacts on the Group's business inside and outside the Kingdom (if any), and to conduct a preliminary study for the purpose of reviewing and evaluating potential risks related to the raw materials supply chain, human resources, current stock levels, and ensuring the continued operation of production facilities for the Group’s companies without interruption.

36. Significant Events

The uncertainties caused by COVID-19, have required to update the inputs and assumptions used for the determination of expected credit losses as at 30 September 2020. ECLs were estimated based on a range of forecast economic conditions as at that date and considering that the situation is fast evolving, the Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

In addition, the Group has taken special considerations regarding the impact of (Covid-19) on the qualitative and quantitative factors when determining whether there are indicators of impairment in the value of non-financial assets, the results of which were reflected in the decline in the value of non-financial assets as at that date.

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

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Group continues to prepare the financial statements on the going concern basis.

37. Comparative figures

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

38. Approval of The Financial Statements

The consolidated financial statements were authorized for issue by the Board of Directors on 8 Jumada Al-Awwal 1443 AH (corresponding to - December 12, 2021 AD).