

**NATIONAL METAL MANUFACTURING
AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT ON REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS FOR
THE THREE MONTHS AND NINE MONTHS PERIODS
ENDED SEPTEMBER 30, 2021**

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2021

INDEX	PAGE
Independent auditor's report on review of condensed interim financial statements	2
Condensed interim statement of financial position	3
Condensed interim statement of profit or loss and other comprehensive income	4
Condensed interim statement of changes in equity	5
Condensed interim statement of cash flows	6
Notes to the condensed interim financial statements	7 - 12

**INDEPENDENT AUDITOR'S REPORT
ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

To the shareholders
National Metal Manufacturing and Casting Company ("MAADANIYAH")
(A Saudi joint stock company)
Jubail Industrial City - Kingdom of Saudi Arabia.

Introduction

We have reviewed the accompanying condensed interim financial statements of National Metal Manufacturing and Casting Company ("MAADANIYAH") (a Saudi joint stock company) ("the Company") which comprises of condensed interim statement of financial position as of September 30, 2021, the related condensed interim statement of profit or loss and other comprehensive income for the three months and nine months periods ended September 30, 2021, the related condensed interim statements of changes in equity and cash flows for the nine months period then ended and summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 (IAS 34) - "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

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

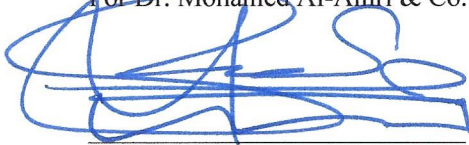
Conclusion

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

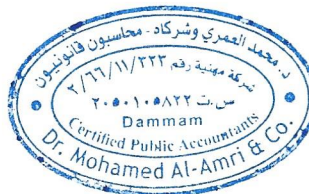
Other statutory and regulatory matter

As of September 30, 2021, the accumulated losses of the Company exceeded 20% of its share capital. In accordance with the instructions of the Capital Market Authority for companies listed on the Saudi Stock Exchange, the Company is required to announce this fact to the public along-with the amount of total accumulated losses, its percentage of the capital and the main reasons that caused the losses. As disclosed in note 1 to these condensed interim financial statements, the Company is in process of getting necessary approvals to set-off accumulated losses against share capital and an increase in share capital by way of right issue.

For Dr. Mohamed Al-Amri & Co.



Maher Taha Al-Khatieb
Certified Public Accountant
Registration No. 514
November 03, 2021 G
Rabi Al-Awwal 28 1443H



NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021
Expressed in Saudi Riyal

		September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS			
Non- current assets	Note		
Property, plant and equipment	6	168,237,203	178,134,761
Right-of-use assets		3,400,496	3,961,242
Intangible assets		1,520,061	2,930,944
Investment property		1,883,292	2,034,156
Equity instruments designated at fair value through other comprehensive income (FVOCI)		3,750,000	3,750,000
Total non- current assets		178,791,052	190,811,103
Current assets			
Inventories		114,254,558	105,574,774
Trade receivables		82,212,276	76,213,204
Prepayments and other receivables		7,637,904	5,364,602
Cash and cash equivalents	7	29,168,127	36,592,319
Total current assets		233,272,865	223,744,899
TOTAL ASSETS		412,063,917	414,556,002
EQUITY AND LIABILITIES			
Equity			
Share capital	1	281,120,890	281,120,890
Statutory reserve		27,173,232	27,173,232
Accumulated losses		(60,859,357)	(40,156,992)
Total equity		247,434,765	268,137,130
Non-current liabilities			
Lease liabilities		3,691,542	3,557,290
Long term loans	8	31,253,334	47,167,334
Employees benefit obligations		30,851,746	28,015,614
Total non-current liabilities		65,796,622	78,740,238
Current liabilities			
Trade and other payables		11,838,026	23,815,644
Lease liabilities - current portion		602,860	573,321
Long term loans - current portion	8	18,100,000	16,700,000
Short term loans		47,598,225	5,000,000
Accrued and other liabilities		17,026,970	16,409,669
Zakat provision		3,666,449	5,180,000
Total current liabilities		98,832,530	67,678,634
Total liabilities		164,629,152	146,418,872
TOTAL EQUITY AND LIABILITIES		412,063,917	414,556,002

The accompanying notes from 1 to 15 form an integral part of these condensed interim financial statements.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2021
Expressed in Saudi Riyal

	For the three months period ended September 30,		For the nine months period ended September 30,	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	52,187,188	41,329,941	165,510,143	158,698,840
Cost of sales	(48,615,428)	(37,517,814)	(153,390,951)	(149,185,355)
Gross profit	3,571,760	3,812,127	12,119,192	9,513,485
Selling and distribution expenses	(3,507,104)	(2,325,764)	(9,902,754)	(9,603,719)
General and administrative expenses	(4,336,528)	(5,532,044)	(13,386,128)	(14,013,704)
(Impairment) / reversal of impairment of trade receivables	(162,318)	145,322	(4,715,334)	(1,507,976)
Other income	117,058	87,171	737,639	518,891
Operating loss	(4,317,132)	(3,813,188)	(15,147,385)	(15,093,023)
Finance cost	(822,768)	(952,083)	(2,269,980)	(2,642,997)
Loss before zakat	(5,139,900)	(4,765,271)	(17,417,365)	(17,736,020)
Zakat	(1,095,000)	(1,094,146)	(3,285,000)	(3,294,146)
Loss for the period	(6,234,900)	(5,859,417)	(20,702,365)	(21,030,166)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(6,234,900)	(5,859,417)	(20,702,365)	(21,030,166)
Loss per share				
- Basic and diluted	(0.22)	(0.21)	(0.74)	(0.75)

The accompanying notes from 1 to 15 form an integral part of these condensed interim financial statements.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021
Expressed in Saudi Riyal

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Accumulated losses</u>	<u>Total equity</u>
Balance at January 01, 2020 - (Audited)	281,120,890	27,173,232	216,745	308,510,867
Loss for the period	-	-	(21,030,166)	(21,030,166)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(21,030,166)	(21,030,166)
Balance at September 30, 2020 - (Unaudited)	<u>281,120,890</u>	<u>27,173,232</u>	<u>(20,813,421)</u>	<u>287,480,701</u>
Balance at January 01, 2021 - (Audited)	281,120,890	27,173,232	(40,156,992)	268,137,130
Loss for the period	-	-	(20,702,365)	(20,702,365)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(20,702,365)	(20,702,365)
Balance at September 30, 2021 - (Unaudited)	<u>281,120,890</u>	<u>27,173,232</u>	<u>(60,859,357)</u>	<u>247,434,765</u>

The accompanying notes from 1 to 15 form an integral part of these condensed interim financial statements.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021
Expressed in Saudi Riyal

	Note	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before zakat		(17,417,365)	(17,736,020)
Adjustments for non-cash items to reconcile loss before zakat to net cash flows			
Depreciation of property, plant and equipment		11,273,843	11,860,891
Depreciation of right-of-use assets		560,746	560,746
Depreciation of investment property		150,864	150,864
Amortization of intangible assets		1,410,883	1,410,879
Gain from disposal of property, plant and equipment		(19,999)	(49,783)
Finance cost		2,269,980	2,642,997
Reversal of provision for slow moving inventory - net		(1,425,303)	-
Impairment of trade receivables		4,715,334	1,507,976
Provision for employees benefit obligations		3,506,886	2,628,945
		5,025,869	2,977,495
Working capital adjustments			
Inventories		(7,254,481)	(1,114,745)
Trade receivables		(10,714,406)	18,177,520
Prepayments and other receivables		(2,273,302)	(1,712,209)
Trade and other payables		(11,977,618)	612,888
Accrued and other liabilities		734,977	3,376,079
Cash generated from operations		(26,458,961)	22,317,028
Zakat paid		(4,798,551)	(5,664,146)
Employees benefits obligations paid		(670,754)	(1,609,538)
Net cash (used in) / generated from operating activities		(31,928,266)	15,043,344
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	6	(1,376,286)	(4,281,733)
Proceeds from disposal of property, plant and equipment		20,000	55,000
Net cash used in investing activities		(1,356,286)	(4,226,733)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of short term loans		(6,282,000)	(16,640,208)
Proceeds from short term loans		48,880,225	40,517,531
Repayments of long term loans		(14,514,000)	(9,000,000)
Proceeds from long term loans		-	7,445,125
Finance cost paid		(2,223,865)	(2,669,741)
Payment of lease liabilities		-	(286,500)
Net cash generated from financing activities		25,860,360	19,366,207
Net change in cash and cash equivalents		(7,424,192)	30,182,818
Cash and cash equivalents at beginning of the period		36,592,319	19,696,036
Cash and cash equivalents at end of the period	7	29,168,127	49,878,854

The accompanying notes from 1 to 15 form an integral part of these condensed interim financial statements.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021
Expressed in Saudi Riyal

1. ORGANIZATION AND ACTIVITIES

National Metal Manufacturing and Casting Company (MAADANIYAH) ("the Company") was incorporated pursuant to Council of Ministerial Resolution Number 253 dated 13 Rabi 'I, 1411-H corresponding to October 2, 1990G and registered as a Saudi Joint Stock Company under Commercial Registration Number 2055002251 dated 16 Jumada 'I, 1411-H corresponding to December 3, 1990 G issued in Al Jubail. The registered office of the Company is situated in Al-Jubail, Kingdom of Saudi Arabia. The Company's share capital is SR 281,120,890 divided into 28,112,089 shares of SR 10 each.

On February 28, 2021, the Board of directors has resolved to set off accumulated losses against share capital equivalent to an amount of 7.4% of share capital subject to regulatory approvals and the approval of shareholders. At the same meeting, the Board of directors has also resolved to increase the share capital of the Company by a way of a right issue amounted to SR 120 million subject to regulatory approvals and the approval of shareholders. On March 29, 2021, the Board of directors has amended the above resolution to increase the amount of accumulated losses to be set off up to 14.28% of the share capital subject to regulatory approvals and the approval of shareholders. On May 24, 2021, the Board of directors has amended the above resolution to increase the amount of accumulated losses to be set off up to 16.76 % of the share capital subject to regulatory approvals and the approval of shareholders. In accordance with the aforesaid Board resolution, the management had submitted relevant documents to the Capital Market Authority ("CMA") for approval. On September 14, 2021, CMA has announced its resolution approving the Company's request to reduce its capital from SR 281,120,890 to SR 234,000,000 by reducing the number of shares from 28,112,089 shares to 23,400,000 shares. In addition, CMA has also issued its resolution approving the Company's request of increase in its capital by way of right issue amounted to SR 120,000,000. However, all the aforesaid approvals are conditional on the Company's Extraordinary General Assembly's approval and completion of the necessary procedures in relation to the applicable regulations. As of September 30, 2021, the Company's accumulated losses exceeded 20% of its share capital.

The Board of Directors of the Company, in its meeting held on October 3, 2021, has approved the cancellation of MoU signed with Valco Group to establish a factory specialized in manufacturing valves used in Oil, Gas & Petrochemical, due to the lack of an agreement between the two parties. The said MoU was signed on May 01, 2016. Now the project will be 100% owned by the Company and is expected to be started in the fourth quarter of 2021.

The Company has the following branches:

Branch name	Commercial Registration Number	Date
Axles, Foundries and Spare Parts Factory	2050016156	29/5/1406-H
Wire Drawing and Related Products Factory (ASLAK)	2055013867	25/8/1432-H
Branch of National Metal Manufacturing and Casting Company (MAADANIYAH)	1010389002	25/11/1434-H
Gulf Baas Industries	2050116884	04/11/1439-H

The interim financial results of these branches are included in these condensed interim financial statements. The Company and its branches objectives are as follows:

- Manufacturing of drawn steel wire rod, pre-stressed concrete steel wire strand (PC strand), spring wire, mattress spring wire, strengthening wire strand for electrical power and high and low galvanized steel wire, fasteners, nails, bolts and welding wire.
- Manufacturing of metal castings of various types.
- Manufacturing of axles, various qualities of suspensions and spare parts for trucks, vehicles and equipment.
- Wholesale and retail trade in the Company's products, building materials, industrial materials, including the import and export.
- Ownership of land and property and constructing buildings thereon.
- Ownership of patents and benefiting from them to achieve industrial objectives inside and outside the Kingdom of Saudi Arabia.
- Commercial agencies and representation of local or foreign companies inside and outside the Kingdom of Saudi Arabia.
- Tenders and contracting business.
- Construction of industrial, service and commercial projects inside and outside the Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") as endorsed in Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants. The disclosures in these condensed interim financial statements do not include the information reported for full annual financial statements and should, therefore, be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020.

2.2 Basis of measurement

These condensed interim financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for certain employees' benefits and equity instrument at fair value through other comprehensive income (FVOCI) which are measured at present value using Projected Unit Credit Method and fair value, respectively.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Saudi Riyals (SR) which is also the functional currency of the Company.

3. USE OF ESTIMATES AND JUDGMENTS

In preparing these condensed interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements of the Company for the year ended December 31, 2020.

4. SIGNIFICANT ACCOUNTING POLICES

The significant accounting policies, risk management policies and methods of computation adopted for the preparation of these condensed interim financial statements are same as those applied in the annual financial statements of the Company for the year ended December 31, 2020.

5. NEW INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

There are no new standards issued, however, there are number of amendments to standards which are effective from January 01, 2021 and onwards and has been explained in the Company's annual financial statements for the year ended December 31, 2020, but these do not have a material effect on the Company's condensed interim financial statements for the period ended September 30, 2021. The Company did not early adopt any such amendments.

6. PROPERTY, PLANT AND EQUIPMENT

During the three months and nine months periods ended September 30, 2021, additions to property, plant and equipment were amounted to SR 471,521 and SR 1,376,286, respectively (three months and nine months periods ended September 30, 2020: SR 3,363,755 and SR 4,281,733, respectively) and disposals of property, plant and equipment for the three months and nine months periods ended September 30, 2021 amounted to SR 77,900 and SR 77,900 respectively (three months and nine months periods ended September 30, 2020 were amounted to SR 907,150 and SR 1,007,435 respectively).

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021
Expressed in Saudi Riyal

7. CASH AND CASH EQUIVALENTS

	September 30, 2021 (Unaudited)	December 31,2020 (Audited)
Cash in hand	62,500	14,210
Cash at banks	21,508,345	21,958,187
Term / call deposits	7,597,282	14,619,922
	29,168,127	36,592,319

Term deposits with the local banks carry profits at prevailing commercial rates and have original maturities of less than three months.

8. LONG TERM LOANS

	September 30,2021 (Unaudited)	December 31,2020 (Audited)
Saudi Industrial Development Fund (SIDF)	23,700,000	25,150,000
Less : deferred financial charges	(746,666)	(1,082,666)
Less: current portion	(3,700,000)	(3,300,000)
	19,253,334	20,767,334
Other loans from local banks	26,400,000	39,800,000
Less: current portion	(14,400,000)	(13,400,000)
	12,000,000	26,400,000
Total loans –non current portion	31,253,334	47,167,334
Total loans –current portion	18,100,000	16,700,000

a) Loan from SIDF

In 2018, the Company obtained a loan from SIDF to finance a portion of the expansion project of the Company. The loan is repayable in unequal half yearly installments from December 2019 and is secured by promissory notes and a mortgaged on certain property, plant and equipment of the Company. The loan is repayable in full by April 2025. It contains certain covenants which requires, among other things, certain financial ratios to be maintained.

b) Loans from local banks

These loans have been obtained from two banks i.e. “Saudi British Bank” (SABB) and “The Saudi National Bank” (SNB) (formerly known as the National Commercial Bank) to finance the expansion project cost of the Company.

In 2018, the Company obtained a new loan facility from SNB with limit of SR 12 million out of which SR 8.4 million is outstanding as of September 30, 2021 (December 31, 2020: SR 10.8 million). This loan is subject to mark-up at SIBOR plus margin and is secured by promissory notes. It contains certain covenants which requires, among other things, certain financial ratios to be maintained.

SABB’s loan has been provided under murabaha terms with limit of SR 50 million out of which SR 18 million is outstanding as of September 30, 2021 (December 31, 2020: SR 29 million). This loan is repayable in semi-annual installments over five years starting from 2018. It is subject to mark-up at SIBOR plus margin and is secured by promissory notes.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021
Expressed in Saudi Riyal

9. CONTINGENCIES AND COMMITMENTS

(a) The Company's outstanding contingencies and commitments were as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Letter of credits	16,269,099	21,842,853
Letter of guarantees	55,750	55,750

(b) As of September 30, 2021, the Company has outstanding capital commitments amounted to SR 1.3 million (December 31, 2020: SR 1.4 million) related to expansion projects and development of production lines.

10. TRANSACTIONS WITH RELATED PARTIES

The related parties consist of major shareholders, parties controlled and influenced by them, Board of Directors and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company. The transactions are dealt with on mutually agreed terms and the terms and conditions on these transactions are approved by the Company's management. The Company did not transact with any of its related parties except transactions with key management personnel.

Transactions with key management personnel (Unaudited):

	For the three months period ended September 30, 2021	For the three months period ended September 30, 2020	For the nine months period ended September 30, 2021	For the nine months period ended September 30, 2020
Key management executives	1,049,599	1,024,542	3,506,975	3,233,867
Directors' allowances and expenses	10,000	1,388,000	1,418,000	1,446,520

11. SEGMENT INFORMATION

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities. The Company's sales, gross profit, assets and liabilities, by business segment, are as follows:

	Transformation industries	Engineering and metal forming industries	Total
For the three months period ended September 30, 2021 (Unaudited)			
Revenue	37,488,129	14,699,059	52,187,188
Gross profit	2,732,279	839,481	3,571,760
For the nine months period ended September 30, 2021 (Unaudited)			
Revenue	117,666,407	47,843,736	165,510,143
Gross profit	8,837,508	3,281,684	12,119,192
As of September 30, 2021 (Unaudited)			
Total assets	282,689,246	129,374,671	412,063,917
Total liabilities	119,701,359	44,927,793	164,629,152

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021
Expressed in Saudi Riyal

11. SEGMENT INFORMATION (continued)

	Transformation industries	Engineering and metal forming industries	Total
For the three months period ended September 30, 2020 (Unaudited)			
Revenue	24,963,448	16,366,493	41,329,941
Gross profit	1,644,543	2,167,584	3,812,127
For the nine months period ended September 30, 2020 (Unaudited)			
Revenue	103,690,610	55,008,230	158,698,840
Gross profit	2,883,712	6,629,773	9,513,485
As of December 31, 2020 (Audited)			
Total assets	282,835,787	131,720,215	414,556,002
Total liabilities	101,455,966	44,962,906	146,418,872

The sales within the Kingdom for the three months and nine months periods ended September 30, 2021 amounted to SR 31.5 million and SR 91.6 million respectively (three months and nine months periods ended September 30, 2020: SR 29.5 million and SR 89.8 million respectively). Export sales for the three months and nine months periods ended September 30, 2021 amounted to SR 20.7 million and SR 73.9 million respectively (three months and nine months periods ended September 30, 2020: SR 11.8 million and SR 68.8 million respectively).

All of the Company's operations are located in the Kingdom of Saudi Arabia.

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of September 30, 2021 and December 31, 2020, the carrying values of the financial assets and financial liabilities of the Company approximate to their fair values. Regarding equity investment at FVOCI, the management believes that cost is the best estimates of its fair value as the investee company is in formation stages as of September 30, 2021. The management also believes that the fair value of investment property is not materially different with that disclosed in annual financial statements of the Company for the year ended December 31, 2020.

13. COVID-19 UPDATES

The impacts of Covid 19 has been disclosed in detail in the annual financial statements of the Company for the year ended December 31, 2020. In the nine months period ended September 30, 2021, the Company's management did not observe any significant impact on the operations of the Company as the operations were coming back to normal from the third quarter of 2020. However, the Company continues to monitor the Covid-19 situation closely although at this time, management is not aware of any factors that are expected to change the impact of the pandemic on the Company's operations during 2021 or beyond.

14. COMPARATIVE FIGURES

Certain comparative figures in the condensed interim statement of profit or loss and other comprehensive income have been reclassified to conform the current period presentation.

15. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements have been approved and authorized for issue by the Company's Board of Directors on 3 November, 2021 G.