

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements
For the three-month and nine-month periods ended 30 September 2022
Together with the independent Auditor's Review Report

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Interim Condensed Consolidated Financial Statements**For the three-month and nine-month periods Ended 30 September 2022**

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

(1 / 1)

TO THE SHAREHOLDERS OF AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

INTRODUCTION

We have reviewed the accompanying interim consolidated statement of financial position of Al-babtain Power and Telecommunications Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2022 and the related interim consolidated statement of profit or loss and interim consolidated statement of comprehensive income for the three-month and nine-month periods then ended, and interim consolidated statements of changes in equity and cash flows for the nine-month period then ended and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

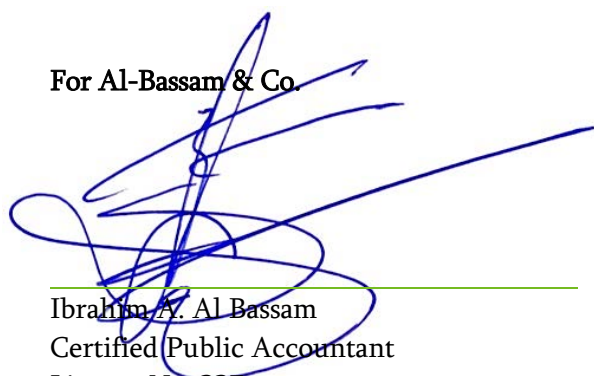
SCOPE OF REVIEW

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

CONCLUSION

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

For Al-Bassam & Co.



Ibrahim A. Al Bassam
Certified Public Accountant
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Riyadh: 22 Rabi al Thani 1444 H
Corresponding to: 16 November 2022



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AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Interim Consolidated Statement of Financial Position**As at 30 September 2022**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	30 September 2022 (unaudited)	31 December 2021 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		399,607,304	396,136,751
Intangible assets		26,126,795	27,573,686
Investment properties		48,396,240	29,077,079
Financial assets at fair value through other comprehensive income	6	91,926,004	85,614,196
Investment in a non-consolidated subsidiary	7	205,000	205,000
Investment in joint venture		7,975,072	9,335,550
Investment in associate	8	6,338,450	25,000
Right-of-use assets		25,105,074	27,918,093
Total Non-current assets		605,679,939	575,885,355
Current assets			
Inventory	9	978,915,721	674,920,349
Trade receivables	10	804,548,433	648,491,964
Due from related parties	11-b	52,309,241	53,788,354
Prepaid expenses and other receivables	12	89,090,974	88,835,035
Contract assets		212,139,338	208,153,276
Investment at fair value through profit or loss		160,920	379,800
Cash and cash equivalents		164,084,616	210,709,260
Total current assets		2,301,249,243	1,885,278,038
Total assets		2,906,929,182	2,461,163,393
Equity and liabilities			
Equity			
Share capital	13	426,313,120	426,313,120
Statutory reserve		127,893,936	127,893,936
Foreign currency translation reserve		(77,854,700)	(60,265,098)
Reserve of investment at fair value through FVTOCI		(28,944,864)	(35,256,672)
Actuarial losses		(1,288,761)	(1,288,761)
Retained earnings		394,997,165	377,767,089
Total equity attributable to the company's shareholders		841,115,896	835,163,614
Non-controlling interest		14,948,193	15,427,262
Total Equity		856,064,089	850,590,876
Non-current liabilities			
Long term loans – non-current portion	15-1	421,379,044	465,766,896
Lease obligation – non-current portion		21,929,670	21,803,224
Employees' post-employment benefits		79,753,073	78,218,261
Total Non-current liabilities		523,061,787	565,788,381
Current liabilities			
Short term loans	15-2	959,856,702	572,609,037
Long term loans	15-1	212,145,998	228,583,341
Lease obligation		2,794,568	4,795,360
Trade payables		93,434,999	117,638,987
Due to related parties	11-c	16,533,401	16,131,833
Accrued expenses and other payables	16	232,260,834	92,826,855
Provision for Zakat and income tax	17-1	10,776,804	12,198,723
Total current liabilities		1,527,803,306	1,044,784,136
Total liabilities		2,050,865,093	1,610,572,517
Total Shareholder's equity and liabilities		2,906,929,182	2,461,163,393
Contingencies and commitments	21		

The accompanying notes 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Interim Consolidated Statement of Profit or Loss**For the three-month and nine-month periods Ended 30 September 2022**

(All amounts in Saudi Riyals unless otherwise stated)

		For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Note					
	Revenue	740,165,061	341,768,171	1,510,284,962	1,049,575,572
	Cost of Revenue	(679,775,420)	(302,094,432)	(1,366,351,564)	(919,477,887)
	Gross profit	60,389,641	39,673,739	143,933,398	130,097,685
	Selling and Marketing expenses	(11,154,080)	(5,380,168)	(24,860,868)	(16,525,181)
	General and Administrative expenses	(21,283,715)	(19,562,860)	(64,842,720)	(57,918,578)
	Other income	18 19,649,476	6,136,921	44,027,617	22,470,506
	Operating Profit	47,601,322	20,867,632	98,257,427	78,124,432
	Finance cost	19 (18,413,086)	(8,240,466)	(46,481,067)	(22,196,411)
	Foreign currency revaluation differences	(166,803)	(342,271)	(4,862,066)	(342,271)
	Investment losses in a joint venture	(813,784)	(914,772)	(1,360,478)	-
	Share of result from investments in an associate	919,025	-	6,313,450	(1,046,105)
	Dividends received	204,341	809,760	1,368,834	809,760
	Net profit before Zakat and income tax	29,331,015	12,179,883	53,236,100	55,349,405
	Zakat and income tax	17-1 (10,384,620)	(605,581)	(15,169,437)	(13,142,611)
	Net profit for the period	18,946,395	11,574,302	38,066,663	42,206,794
	Profit for the period attributable to:				
	Shareholders of the parent company	18,389,486	12,652,874	38,545,732	43,651,201
	Non-controlling interest	556,909	(1,078,572)	(479,069)	(1,444,407)
		18,946,395	11,574,302	38,066,663	42,206,794
Earnings per share:					
Earnings per share Basic and diluted earnings per share as per profit for the period attributable to the shareholders of the Company					
	20	0.43	0.30	0.90	1.02

The accompanying notes 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer**Chief Executive Officer****Chairman of Board of Directors**

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Interim Consolidated Statement of Comprehensive Income**For the three-month and nine-month periods Ended 30 September 2022**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Net profit of the period		18,946,395	11,574,302	38,066,663	42,206,794
Items that not reclassified to profit or loss					
Revaluation gain of financial assets carried at fair value through other comprehensive income	6	-	-	6,311,808	-
Actuarial gains from remeasurement of end benefits service to employee		-	-	-	160,861
Items that can be reclassified to profit or loss					
Reserve foreign currency translation		(12,428,832)	7,619,627	(17,589,602)	(4,843,764)
Total comprehensive (loss) / income for the period		(12,428,832)	7,619,627	(11,277,794)	(4,682,903)
Total comprehensive income for the period after zakat and tax		6,517,563	19,193,929	26,788,869	37,523,891
Comprehensive income for the period attributable to					
Shareholders of the parent company		5,960,654	20,272,501	27,267,938	38,968,298
Non-controlling interest		556,909	(1,078,572)	(479,069)	(1,444,407)
		6,517,563	19,193,929	26,788,869	37,523,891

The accompanying notes 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer**Chief Executive Officer****Chairman of Board of Directors**

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

Interim Consolidated Statement of Changes in Equity**For the nine-month period Ended 30 September 2022**

(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Foreign currency translation reserve	Reserve of investment at fair value through FVTOCI	Actuarial losses	Retained earnings	Total equity attributable to the main shareholders of company	Non-controlling interest	Total equity
<u>For the nine-month period ending on 30 September, 2021</u>									
Balance at January 1, 2021 (audited)	426,313,120	127,893,936	(82,394,050)	(65,897,134)	(4,033,740)	374,596,224	776,478,356	15,239,798	791,718,154
Adjustment	-	-	-	-	-	-	-	(1,121,170)	(1,121,170)
Net profit for the period	-	-	-	-	-	43,651,201	43,651,201	(1,444,407)	42,206,794
Other comprehensive income items	-	-	(4,843,764)	-	160,861	-	(4,682,903)	-	(4,682,903)
Net comprehensive income for the period	-	-	(4,843,764)	-	160,861	43,651,201	38,968,298	(1,444,407)	37,523,891
Dividends declared (note 14)	-	-	-	-	-	(42,631,312)	(42,631,312)	-	(42,631,312)
Balance as at 30 September 2021 (unaudited)	426,313,120	127,893,936	(87,237,814)	(65,897,134)	(3,872,879)	375,616,113	772,815,342	12,674,221	785,489,563

For the nine-month period ending on 30 September, 2022

Balance at January 1, 2022 (audited)	426,313,120	127,893,936	(60,265,098)	(35,256,672)	(1,288,761)	377,767,089	835,163,614	15,427,262	850,590,876
Net profit for the period	-	-	-	-	-	38,545,732	38,545,732	(479,069)	38,066,663
Other comprehensive income items	-	-	(17,589,602)	6,311,808	-	-	(11,277,794)	-	(11,277,794)
Net comprehensive income for the period	-	-	(17,589,602)	6,311,808	-	38,545,732	27,267,938	(479,069)	26,788,869
Dividends declared (note 14)	-	-	-	-	-	(21,315,656)	(21,315,656)	-	(21,315,656)
Balance as at 30 September 2022 (unaudited)	426,313,120	127,893,936	(77,854,700)	(28,944,864)	(1,288,761)	394,997,165	841,115,896	14,948,193	856,064,089

The accompanying notes 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)


Interim Consolidated Statement of Cash Flows**For the nine-month period Ended 30 September 2022**

(All amounts in Saudi Riyals unless otherwise stated)

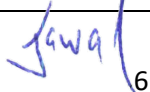
	Notes	30 September 2022 (unaudited)	30 September 2021 (audited)
Cash flows from operating activities			
Net profit for the period before Zakat and Tax		53,236,100	55,349,405
Adjustments for:			
Depreciation and amortization		22,478,827	22,378,738
Gain on disposal of property and equipment		(16,433)	(67,383)
Depreciation on right-of-use assets		3,257,421	2,764,634
Interest on obligations against right of use assets		1,431,134	2,120,459
Foreign currency translation differences		(17,589,602)	(4,843,764)
Provision for employee's benefits		9,797,516	5,185,339
provision for expected credit losses	10	5,058,896	-
Provision of slow-moving inventory	9	2,290,628	-
Investment losses in a joint venture	8	(1,360,478)	-
Share of result from investments in an associate		(6,313,450)	1,046,105
Share of non-controlling interest in the results of subsidiaries		-	(1,444,407)
		<u>72,270,559</u>	<u>82,489,126</u>
Changes in operating assets and liabilities			
Trade receivables		(161,115,365)	(142,659,269)
Inventory		(283,330,467)	(189,514,945)
Prepayment and other receivables		3,932,886	(1,986,114)
Trade payables		(24,203,988)	155,553,824
Accrued expenses and other payables		115,010,577	548,163
Related parties		1,880,681	5,886,543
Contract assets		(3,986,062)	(39,581,905)
Employees' benefits – paid		(8,262,704)	(5,596,135)
Zakat and income tax paid	17-1	(16,591,356)	(19,911,017)
Net cash used in operation activities		<u>(304,395,239)</u>	<u>(154,771,729)</u>
Cash flows from investing activities			
Proceeds from the sale of financial assets at fair value through profit or loss		379,800	-
Additions of financial assets at fair value through profit and loss		(160,920)	-
Additions of property, equipment, tangible assets and real estate investments		(43,978,586)	(26,419,246)
Additions of intangible assets		(4,285)	-
Proceeds from disposal of property, plant and equipment		177,655	120,561
Net cash used in investing activities		<u>(43,586,336)</u>	<u>(26,298,685)</u>
Cash flows from financing activities			
Net movement in short term loans		387,247,664	9,625,194
Net movement in long term loans		(60,825,195)	235,887,438
Lease liabilities paid		(3,749,882)	(4,143,704)
Dividends declared	14	(21,315,656)	(42,631,312)
Net cash generated from financing activities		<u>301,356,931</u>	<u>198,737,616</u>
Net change in cash and cash equivalents		<u>(46,624,644)</u>	<u>17,667,202</u>
Cash and cash equivalents at beginning of the period		<u>210,709,260</u>	<u>143,358,837</u>
Cash and cash equivalents at the ending of the period		<u>164,084,616</u>	<u>161,026,039</u>
Non-Cash transaction	23		

The accompanying notes 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors



AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month periods Ended 30 September 2022

(All amounts in Saudi Riyals unless otherwise stated)

1- Legal Status and Activity

Al-Babtain Power and Telecommunications Company - a Saudi joint stock Company (hereinafter referred to as "the Company") was established under Commercial Registration No. 1010063868 issued at Riyadh on 19/2/1407 H corresponding to 23/10/1986. The Company practice its activity pursuant to the resolution of Ministry of Trade and Industry No.1304 dated 27 Jumada Al-Awal 1424 H corresponding to 27 July 2003.

The Company's activity represents in establishing and repairing of stations and towers of wired and wireless communication and radars.

On September 30, 2022, the Company owns, directly or indirectly, majority interests that enable it to control subsidiaries referred as the "Group." The Company's business and its subsidiaries, set forth below, is focused on the production of lighting poles, power transmission and accessories, power transmission towers and accessories, telecommunication towers, as well as operation and maintenance of communication software and systems, and the following are the subsidiaries along with the shareholding percentages:

<u>Company Name</u>	<u>Headquarter</u>	<u>Percentage of shareholding</u>	
		<u>30 September 2022</u>	<u>31 December 2021</u>
<u>First: directly owned companies</u>			
Al-Babtain Power and Telecommunication Company	Egypt	100%	100%
Al Babtain LeBlanc Telecommunication Systems Ltd.	KSA	100%	100%
Al-Babtain Operation and Maintenance Co. Ltd	KSA	100%	100%
Integrated Lighting Co., Ltd.	KSA	100%	100%
Al Babtain Contracting Company*	Qatar	100%	100%
International Wind Energy Company	KSA	100%	100%
Al-Babtain Metalgalva Co. Ltd.	KSA	60%	60%
<u>Second: indirectly owned companies</u>			
Al-Babtain Leblanc Egypt Telecommunication Engineering Co.	Egypt	85%	85%
Al Babtain LeBlanc Emirates Telecommunication Systems LLC	UAE	100%	100%
Al-Babtain Middle East for the Installation of Communications Systems	UAE	70%	70%

*The financial statements have not been consolidated because the Company is under restructuring (Note7).

2- BASIS OF PREPARATION

2-1 Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's annual financial statements for year ended 31 December 2021. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual statements to prepare a complete set of financial statements; however, the accounting policies and explanatory notes are mentioned to explain events and the important transaction to understand the changes in the Group's financial position and its performance since the last annual financial statement of the Group, if any.

The results for the period nine-month ended 30 September 2022 are not necessarily indicative of the results that can be expected for the financial year ended 31 December 2022.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month periods Ended 30 September 2022

(All amounts in Saudi Riyals unless otherwise stated)

2- BASIS OF PREPARATION (continued)

2-2 Basis of consolidation

The interim condensed consolidated financial statements include the financial statements of Al-Babtain Power and Telecommunications Company and its subsidiaries as disclosed within note (1).

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee only when the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group maintains less than the majority of voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the over voting holders of the investee
- Rights arising from other contractual arrangements
- The Groups voting rights and potential rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses its control the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date that the Group gains until the date the Group ceases to control over subsidiary.

Profit or loss and each component of consolidated comprehensive income are attributed to shareholders of the parent Company of the Group and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group accounting policies. All intra-Group asset and liabilities, equity, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full upon consolidation.

A change in the ownership interest of subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in consolidated statement of profit or loss
- Reclassifies the parent Company share of components previously recognized in the comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month periods Ended 30 September 2022

(All amounts in Saudi Riyals unless otherwise stated)

2- BASIS OF PREPARATION (continued)

2-3-Basis of measurement

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost principle, except for:

- a- Investments measured at fair value.
- b- Employees' end of service benefits is recognized at the present value of future obligations using the expected unit credit method.

2-4- Functional Presentation Currency

These interim condensed consolidated financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

3- New standards, amendments to standards and interpretations

No new standards have been issued, but there are amendments to the standards, and these amendments are effective as of January 1, 2022 that have been disclosed in the Group consolidated financial statements but don't have material effect the interim condensed consolidated financial statements the Group did not have to change its accounting policies or make retrospective adjustments as a result of adoption these amended standards.

4- Significant accounting estimates and judgments

The preparation of these interim condensed consolidated financial statements required management to make judgments, estimates and assumptions that affect the application of policies and reported amounts, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. A revision of accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period, or in the revision period and future periods if the revision affects both current and future periods.

The significant estimates made by management when applying the Group accounting policies and the significant sources of estimation uncertainties were the same as those shown in the last annual financial statements.

5- Significant accounting policies

The accounting policies used in preparing the interim condensed consolidated financial statements are in line with the policies followed in preparing the annual consolidated financial statements of the Company for the year ended 31 December 2021.

AL-BABTAIN POWER AND TELECOMMUNICATIONS COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the nine-month periods Ended 30 September 2022**

(All amounts in Saudi Riyals unless otherwise stated)

6- Financial assets at fair value through other comprehensive income

	Ownership percentage		September 30, 2022 (unaudited)	December 31, 2021 (audited)
	2022	2021		
Qatar Engineering and Minerals Company	77.78 %	77.78 %	14,150,889	15,601,741
Mina Juice Limited – Turkey	9.60 %	9.60 %	72,450,000	64,773,675
Pasta World Limited - Turkey	6.023 %	6.023 %	5,325,115	5,238,780
			91,926,004	85,614,196

The investments represent unlisted securities. This portfolio is managed by Venture Capital Bank and the fair value for the period ended on September 30, 2022, indicates no impairment in value.

The following is a summary of the movement of financial assets at fair value through other comprehensive income:

	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Balance as at January 1, 2022	85,614,196	54,973,734
Gains on revaluation of assets at fair value through other comprehensive income	6,311,808	30,640,462
	91,926,004	85,614,196

7- Investment in a non-consolidated subsidiary

	Ownership percentage		September 30, 2022 (Unaudited)	December 31, 2021 (audited)
	2022	2021		
Al-Babtain Contracting – Qatar	100%	100%	205,000	205,000
			205,000	205,000

7.1 With reference to the decision of the Board of Directors dated November 2, 2017, it was approved to restructure. accordingly, the number of employees were reduced to the minimum for the implementation of the restructuring process. Consequently, the subsidiary is disclosed according to IFRS 12" Disclosure of interests in other entities, and the following is the list of financial position as follows:

	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Non-current assets	759	602
Current assets	791,240	723,593
Current liabilities	(124,905)	(124,001)
Owner Equity	(667,094)	(600,194)

8- Investment in associate

	Ownership percentage		September 30, 2022 (Unaudited)	December 31, 2021 (audited)
	2022	2021		
Masheed Arabia Company	3.57%	3.57%	6,338,450	25,000
			6,338,450	25,000

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8- Investment in associate (continued)

	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Balance as at January 1	25,000	25,000,000
Share of result from investments in an associate	6,313,450	-
capital reduction	-	(24,975,000)
	6,338,450	25,000

9- Inventory

	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Raw material	643,975,544	373,547,193
Finished goods	171,788,996	59,599,822
Spare parts and other supplies	12,787,570	13,293,430
Working in progress	81,852,919	83,196,958
Goods in transit	75,034,993	152,491,807
Others	5,186,414	2,211,226
	990,626,436	684,340,436
Less: provision for slow -moving inventory	(11,710,715)	(9,420,087)
	978,915,721	674,920,349

The following transaction for the provision

	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Balance at the beginning of the period / year	9,420,087	11,921,648
Charge during the period / year	2,290,628	1,204,471
Used during the period / year	-	(3,706,032)
	11,710,715	9,420,087

10- Trade receivables

	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Trade receivables	821,628,405	653,918,398
Checks under collection and notes receivable	9,888,769	16,483,411
	831,517,174	670,401,809
Less: provision for expected credit losses	(26,968,741)	(21,909,845)
	804,548,433	648,491,964

The movement in the provision for expected credit losses is as follows:

	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Balance at the beginning of the period / year	21,909,845	29,181,064
Charge during the period / year	5,058,896	1,578,915
Used during the period / year	-	(3,878,032)
Reverse of the provision during the period / year	-	(4,972,102)
	26,968,741	21,909,845

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11- Related party transactions and balances

Transactions with related parties consist in selling some tools and materials from these companies in addition to selling final products to them and providing financing, salaries, bonuses, compensation and allowances for board members, senior executives and senior management that took place between the Group and related parties, and between the Group and, members of the board of directors, senior executives and management. These transactions are carried out in the course of the Group's usual activity and according to the same principles of dealing with third parties. The most important transactions with related parties and the balances resulting from them are as follows:

11-a) Significant transactions with related parties

	Nature of Transactions	September 30, 2022 (unaudited)	September 30, 2021 (unaudited)
Al Babbain Contracting Company	Sales	1,531,538	2,916,253
Al Babbain Contracting Company	Financing	2,026,334	
Al Babbain Engineering Industries Company	Purchases	57,733	47,495
Al-Babbain Trading Company	Purchases	63,983	108,463
Al Babbain Engineering Industries Company	Financing	-	150,758
Al-Babbain France SES Company	Financing	14,576	39,171

11-b) Due from related parties

	Nature of relationship	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Al-Babbain Company France SIS	Joint Venture Company	47,486,828	47,472,252
Al Babbain Contracting Company	Affiliate Company	4,540,195	6,033,884
Al-Babbain Engineering Industries Company	Affiliate Company	282,218	282,218
		52,309,241	53,788,354

11-c) Due to related parties

	Nature of relationship	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Metalgalva Air Mouse Silvia IE – Portugal	Affiliate Company	16,212,845	15,649,811
Al Babbain Trading Company	Affiliate Company	73,500	145,003
Al-Babbain Contracting Company – Qatar	Affiliate Company	247,056	337,019
		16,533,401	16,131,833

12- Prepaid expenses and other receivables

	Note	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Prepaid expenses		32,884,662	22,187,106
Advance payments to suppliers		28,543,890	12,893,852
Purchase of land for the International Wind Energy Company project	12.1	8,564,756	8,564,755
Advanced to employees		5,800,544	3,182,020
Receivables Mashed Arabia Company receivable		-	14,745,987
Accrued revenue from government loan		2,790,228	2,790,228
Receivables Metalgalva Company – Portugal receivable	12.2	1,451,617	5,451,242
Dividend payable		484,975	1,062,201
Other		8,570,302	17,957,644
		89,090,974	88,835,035

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12-Prepaid expenses and other receivables (continued)

12.1 Represent of the amounts paid to Emaar the Economic City under the account of the purchase of the Industrial Valley land in King Abdullah City for the International Wind Energy Company project.

12.2 Receivable Metalogalva - Portugal is represented by the purchase of 49% of the shares of Al-Babtain France, based on the decision of the Board of Directors held during the year 2019.

13- Share capital

The authorized and paid-up capital of the Group is 426,313,120 SAR as on September 30, 2022 (December 31, 2021: 426,313,120 million SAR) divided into 42,631,312 shares (December 31, 2021: 42,631,312 shares) with a value of 10 SAR each.

14- Dividends declared

The Company, during the year 2022, and in accordance with the recommendation of the Board of Directors, distributed dividends amounting to 21,315,656 Saudi riyals at 0.5 Saudi riyals per share (2021: 42,631,312). The Ordinary General Assembly approved the proposed dividends in its meeting held on shawwal10, 1443 H corresponding to May 11, 2022.

15- Loans

15-1 Long Term Loans

	Note	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Saudi Industrial Development Fund Loan	15.1.1	64,749,137	35,947,459
Long Term Tawarruq Loans - Local Commercial Banks	15.1.2	568,775,905	658,402,778
		633,525,042	694,350,237

15.1.1 The Company entered into a loan agreement with the Saudi Industrial Development Fund (SIDF) amounting to SAR 29.8 Million on May 30, 2018, for the purpose of producing power transmission and communication towers. The loan is repaid in twelve semi-annual installments, and is guaranteed against the issuance of promissory notes. One of its subsidiaries, Integrated Lighting Company Ltd, entered into a loan agreement with SIDF amounting to SAR 14.3 Million on February 24, 2019, for the purpose of producing decorative steel poles and LED lighting lamps. During the current period, another subsidiary named Al-Babtain Metallugalfa Co., Ltd, entered into a loan agreement with SIDF amounting to SAR 40.9 Million for the purpose of producing solar energy products. However, SAR 30.24 Million has been received as at the period ended September 30, 2022.

15.1.2 The Company obtained long-term bank finances from local banks for the purpose of restructuring the financial position, these long-term loans are subject to commission at the prevailing market rates.

15.1.3 The loan agreements include covenants which among other things, require the Company to maintain certain financial ratios. As of 30 September 2022, the Company was in compliance with all covenants of the loan agreement.

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15- Loans (continued)**15-1 Long Term Loans(continued)****Guarantees**

The long and medium-term bank finances from local banks are guaranteed against the promissory notes and assignment of proceeds of certain contracts and other guarantees in accordance with the bank facility contracts.

	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Current portion	212,145,998	228,583,341
Non-current portion	421,379,044	465,766,896

15-2 Short Term Loans

The company obtained banking facilities from local and international commercial banks in the form of overdrafts, tawarruq loans and Notes payable to finance working capital requirements, as well as documentary credits and letters of guarantee. The total credit limit of these loans amounted to SAR 3,654.6 Million, however as at the period ended September 30, 2022 SAR 2,308.8 Million has been utilized. These facilities are subject to commission at the prevailing market rates.

	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Short-term tawarruq bank loans	671,521,113	285,891,207
Notes payables	238,655,354	180,755,514
Banks overdraft	49,680,235	30,024,816
Transferred from long-term loans for non-compliance with bank covenants	-	75,937,500
	959,856,702	572,609,037

Guarantees

The tawarruq loans from the above-mentioned commercial banks are guaranteed against promissory notes and the company's assignment of proceeds of certain contracts and which use these facilities to finance its operational work and other guarantees in accordance with the bank facility contracts.

16- Accrued expenses and other payables

	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Advance payments from customers	125,970,732	42,666,048
Accrued expenses	69,700,958	27,137,393
Taxes	10,732,499	7,509,658
Provision	16,840,742	3,425,999
Dividend payable	2,950,263	8,379,488
Social and health insurance	1,069,201	455,190
Other	4,996,439	3,253,079
	232,260,834	92,826,855

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17- Zakat and income tax provision**17-1-Zakat movement**

The movement in the provision for zakat is as follows:

	September 30, 2022	December 31, 2021
	(unaudited)	(audited)
Balance at the beginning of the period /year	12,198,723	13,236,134
charge during the period /year	15,169,437	19,374,477
Paid during the period /year	(16,591,356)	(20,411,888)
Balance at the end of the period /year	10,776,804	12,198,723

17-2 Zakat assessment

The Group submitted its Zakat return to ZATCA until the year ended 31 December 2021 and obtained certificate valid until 10 Ramadan 1444H corresponding to April 30, 2023. The Group has submitted its zakat return for all years up to 2021 with ZATCA.

The Zakat status was last finalized with ZATCA until the year ended December 31, 2013. An assessment was issued for the year 2014 resulted in a difference amounting to SAR 1.1 Million against which an appeal was filed by the Group with the General Secretariat of the Tax Committees, and it was ruled in favor of the Group and the objection to the full amount was accepted. During the previous years, zakat assessments have been raised by the ZATCA for the years 2015 - 2018 assessing additional zakat liability of SR 32 million against which the Group has filed an appeal which is still in process as at September 30, 2022.

18- Other income

	September 30, 2022	September 30, 2021
	(unaudited)	(unaudited)
Scrap revenue	35,790,993	20,874,303
Gain on disposal of property and equipment	16,433	67,384
Others	8,220,191	1,528,819
	44,027,617	22,470,506

19- Finance costs

	Note	September 30, 2022	September 30, 2021
		(unaudited)	(unaudited)
Finance interest	15	45,179,055	20,075,952
Interest of right of use assets		1,302,012	2,120,459
		46,481,067	22,196,411

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20- Basic and diluted profit share

Basic earnings per share is calculated by dividing the income for the year attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are the same as basic earnings per share as the Group does not have any dilutive instruments.

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Income for the period	18,389,486	12,652,874	38,545,732	43,651,201
Weighted average number of shares issued	42,631,312	42,631,312	42,631,312	42,631,312
Basic and diluted earnings per share (SR)	0.43	0.30	0.90	1.02

21- Contingencies and commitments

Contingent liabilities are letters of credit and letters of guarantee issued by commercial banks for the purpose of the Group's purposes and are as follows:

	September 30, 2022	December 31, 2021
	(unaudited)	(audited)
Letter of credit	179,660,935	339,736,781
Letter of guarantee	517,853,168	396,556,210
	697,514,103	736,292,991

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22- Segment information

A- Information related to the Group's operational and geographic segments, as shown below, is regularly submitted to the Group's operational decision makers and stated as follows:

- Towers and metal structures sector: It includes the production of power transmission towers, galvanized communication towers and their tests, and galvanized steel structures.
- Poles and lighting: It include the production and galvanization of electricity and lighting poles, masts and their accessories, in addition to the production of street lighting lanterns, stadiums and gardens, and the production of electricity distribution panels.
- Design, supply and installation sector: It includes the work of supplying, installing and maintaining communication systems.
- Solar energy sector: It includes the production of mobile metal components for solar photovoltaic energy tracking systems.
- Headquarters: It supervises the company's various sectors in addition to the investment activities in the subsidiaries.

b - The following is a summary of the information for the period ended September 30, according to the operating segments as follows:

Operational information

	Towers and metal structures sector	Poles and lighting sector	Design, supply and installation sector	Solar energy sector	Headquarter	Total
<u>September 30, 2022 (unaudited)</u>						
Net revenue	474,824,891	750,390,533	250,340,828	34,728,710	-	1,510,284,962
Net profit before Zakat and income tax	(21,817,849)	46,071,265	18,708,240	(1,228,959)	11,503,403	53,236,100
Finance cost	20,412,156	18,513,626	2,496,904	5,058,381	-	46,481,067
Property, plant and equipment	144,916,763	99,822,960	21,533,009	71,421,211	61,913,361	399,607,304
<u>September 30, 2021 (audited)</u>						
Net revenue	347,898,457	440,551,817	199,242,033	61,883,265	-	1,049,575,572
Net profit before Zakat and income tax	(2,280,070)	46,432,571	11,624,167	(3,110,937)	2,683,674	55,349,405
Finance cost	8,783,922	9,340,143	1,850,658	2,221,688	-	22,196,411
Property, plant and equipment	154,076,736	65,882,234	23,281,397	71,975,435	88,552,659	403,768,461

- Due to the nature of the Group's activities and its management structure, it is not practically possible to allocate the items of assets and liabilities to the different operational and geographical sectors.

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22- Segment information (continued)**Geographical information**

The following is a summary of geographical information for the period ended September 30, as follows:

	Kingdom of Saudi Arabia	United Arab Emirates	Egyptian Arabic Republic	Total
<u>September 30, 2022 (unaudited)</u>				
Net revenue	1,213,214,194	97,175,859	199,894,909	1,510,284,962
Net profit before Zakat and income tax	32,902,199	9,175,029	11,158,872	53,236,100
Finance cost	41,871,359	630,061	3,979,647	46,481,067
Property, plant and equipment	371,684,287	292,049	27,630,968	399,607,304
<u>September 30, 2021 (unaudited)</u>				
Net revenue	830,322,895	116,017,469	103,235,208	1,049,575,572
Net profit before Zakat and income tax	46,876,997	10,236,637	(1,764,229)	55,349,405
Finance cost	20,182,299	259,989	1,754,123	22,196,411
Property, plant and equipment	370,356,403	565,985	32,846,073	403,768,461

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23- Non-cash transaction

	September 30, 2022 (unaudited)	September 30, 2021 (audited)
Capital work in progress has been transferred to property, plant and equipment	(529,518)	-
Differences in the translation of property, plant and equipment - net	(455,195)	-
Differences in the translation of intangible assets - net	(19,494)	-
Additions right of use assets	(529,518)	-

24- Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, in a transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will take place either:

- Through the principal market for the asset or liability, or
- By the most advantageous market for the asset or liability in the absence of the principal market.

The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market parties use when pricing the asset or liability, assuming that market parties act in their best economic interests.

The fair value measurement of a non-financial asset takes into account the ability of market parties to provide economic benefits by using the asset for the best benefit from it, or by selling it to another party in the market to use it for the best benefit from it.

The Group uses valuation techniques that are appropriate to the circumstances and conditions and have sufficient data to measure fair value, maximize the use of relevant observable data, and minimize the use of unobservable data.

All assets and liabilities whose fair values are measured or whose fair values are disclosed in the consolidated financial statements are categorized within the fair value hierarchy set out below based on the lowest level inputs that are significant to the fair value measurement as a whole:

- First level: prices quoted in active markets for the same assets or liabilities.
- Level two: other valuation techniques in which the minimum amount of material data is directly or indirectly observable to the fair value measurement.
- Level 3: Other valuation techniques in which minimal inputs are material to the fair value measurement

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have taken place between levels in the above hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Consolidated financial statements.

The carrying amount of a financial asset that cannot be measured at fair value is the approximate value of its fair value. The financial liabilities are measured at amortized cost, which is a reasonable approximation of their fair value.

All financial assets and financial liabilities are measured at amortized cost except for investments carried at fair value through profit or loss. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate their fair values.

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24- Fair value (Continued)

			Fair value Level	
As of September 30, 2022	1	2	3	Total
Investments at fair value through other comprehensive income	-	-	91,926,004	91,926,004
Investments at fair value through profit or loss	160,920	-	-	160,920

			Fair value Level	
As of December 31, 2021	1	2	3	Total
Financial assets at fair value through other comprehensive income	-	-	85,614,196	85,614,196
Investments at fair value through profit or loss	379,800	-	-	379,800

25- Reclassification of comparative figures

Certain comparative figures have been reclassified to conform to the current period presentation

	Balance before Reclass December 31, 2021	Reclassification	Balance after Reclass December 31, 2021
Accrued expenses and other payables	117,250,257	(24,423,402)	92,826,855
Inventory	697,875,882	(22,955,533)	674,920,349
Prepaid expenses and other receivables	90,302,904	(1,467,869)	88,835,035

26- Subsequent events

On 24 October 2022, the shareholder of the Company decided to increase the Share Capital of one of its subsidiaries named Al Babbain Metalogalva with 60% shareholding from SAR 18 Million to SAR 21.3 Million. The increase will be adjusted from the current account of shareholders in proportion to their shareholding in the Subsidiary.

27- Date of approval of the financial statements

These interim condensed consolidated financial statements have been approved and issued on 22 Rabi al Thani 1444 H (corresponding to 16 November 2022) by the company's board of directors.