
BENA STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023
AND INDEPENDENT AUDITOR'S REVIEW REPORT

BENA STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023
AND INDEPENDENT AUDITOR'S REVIEW REPORT

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**INDEPENDENT AUDITORS' REVIEW REPORT ON THE
CONDENSED INTERIM FINANCIAL STATEMENTS**

**To The Shareholders Of
Bena Steel Industries Company**
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Bena Steel Industries Company ("the Company") as at 30 June 2023, and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows for the six months period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard No. 34 – "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on the 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' that is 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 as endorsed in the Kingdom of Saudi Arabia.


Baker Tilly MKM & Co.
Certified Public Accountants
Al-Khobar, Kingdom of Saudi Arabia



Bader Hatim Al Tamimi
License No. 489
26 Muharram 1445H
13 August 2023




BENA STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
ASSETS			
Current assets			
Cash and cash equivalents	6	10,557,296	3,700,954
Trade receivables	7	106,682,908	83,031,633
Inventories	8	107,237,189	103,533,027
Prepayments and other assets		4,825,636	2,959,603
Total current assets		229,303,029	193,225,217
Non-current assets			
Property, plant and equipment	9	50,549,972	50,219,617
Right of use assets		1,551,709	1,866,304
Total non-current assets		52,101,681	52,085,921
TOTAL ASSETS		281,404,710	245,311,138
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		60,644,418	77,789,638
Short term borrowings	15	104,579,211	49,574,050
Current portion of term loan	16	8,515,385	8,515,385
Current portion of lease liabilities		512,900	550,046
Accruals and other liabilities		4,820,199	7,002,647
Dividends payable	14	-	304,699
Zakat payable	11	490,723	950,723
Total current liabilities		179,562,836	144,687,188
Non-current liabilities			
Non-current portion of term loan	16	17,030,769	21,288,462
Non-current portion of lease liabilities		1,436,288	1,427,780
Employee benefits obligations		8,527,545	8,263,592
Total non-current liabilities		26,994,602	30,979,834
Total liabilities		206,557,438	175,667,022
Equity			
Share capital	12	50,000,000	50,000,000
Additional contribution		216,832	216,832
Statutory reserve	13	2,946,776	2,946,776
Actuarial reserve		(683,864)	(683,864)
Retained earnings		22,367,528	17,164,372
Total equity		74,847,272	69,644,116
TOTAL LIABILITIES AND EQUITY		281,404,710	245,311,138


Khalid Mohammed Saad
Albawardi
Chairman


Fawaz Khalid Mohammed
Albawardi
Chief Executive Officer


Mahmoud Abbas Said
Alkurdi
Chief Financial Officer


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

BENA STEEL INDUSTRIES COMPANY


(A Saudi Joint Stock Company)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**


	Note	For the six months period ended	
		30 June 2023	30 June 2022
		(Unaudited)	(Unaudited)
		SR	SR
Revenue	10	216,435,735	182,067,924
Cost of revenue	10	(200,012,232)	(162,362,798)
Gross profit		16,423,503	19,705,126
Selling and marketing expenses		(3,505,674)	(2,861,531)
General and administrative expenses		(2,531,889)	(2,514,901)
Operating profit		10,385,940	14,328,694
Finance cost		(4,605,480)	(2,804,594)
Other (expense) income, net		(36,996)	218,498
Profit before zakat		5,743,464	11,742,598
Zakat	11	(540,308)	(789,737)
Profit for the period		5,203,156	10,952,861
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial gain on employee benefit obligations		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,203,156	10,952,861
Earnings per share - Basic and diluted:			
Earnings per share of profit for the period	20	1.04	2.19



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BENA STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

	Share capital SR	Additional contribution SR	Statutory reserve SR	Actuarial reserve SR	Retained earnings SR	Total SR
<i>For the six months period ended 30 June 2023</i>						
As at 1 January 2023 (Audited)	50,000,000	216,832	2,946,776	(683,864)	17,164,372	69,644,116
Profit for the period	-	-	-	-	5,203,156	5,203,156
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	5,203,156	5,203,156
30 June 2023 (Unaudited)	50,000,000	216,832	2,946,776	(683,864)	22,367,528	74,847,272
<i>For the six months period ended 30 June 2022</i>						
As at 1 January 2022 (Audited)	50,000,000	216,832	2,176,849	(523,060)	16,018,023	67,888,644
Profit for the period	-	-	-	-	10,952,861	10,952,861
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	10,952,861	10,952,861
Transfer to statutory reserve (note 13)	-	-	1,095,286	-	(1,095,286)	-
Dividends (note 14)	-	-	-	-	(3,844,765)	(3,844,765)
30 June 2022 (Unaudited)	50,000,000	216,832	3,272,135	(523,060)	22,030,833	74,996,740



Khalid Mohammed Saad Albwardi
Chairman



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Chief Executive Officer




Mahmoud Abbas Said Alkurdi
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BENA STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023


	<i>For the six months period ended</i>	
	<u>30 June 2023</u>	<u>30 June 2022</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	SR	SR
OPERATING ACTIVITIES		
Profit before zakat	5,743,464	11,742,598
<i>Adjustments for non-cash flow items:</i>		
Depreciation	2,343,700	2,450,689
Employee benefits obligations	494,763	369,585
Finance costs	4,605,480	2,804,594
<i>Changes in working capital:</i>		
Trade receivables	(23,651,275)	(22,551,983)
Prepayments and other assets	(1,866,033)	(550,744)
Inventories	(3,704,162)	(41,277,360)
Trade payables	(17,145,220)	702,695
Accruals and other liabilities	(2,241,930)	(151,704)
Cash used in operations	(35,421,213)	(46,461,630)
Employee benefits obligations paid	(230,810)	(24,819)
Zakat paid	(1,000,308)	(731,372)
Finance costs paid	(4,505,718)	(2,519,819)
Net cash used in operating activities	(41,158,049)	(49,737,640)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(2,359,460)	(623,520)
Net cash used in investing activities	(2,359,460)	(623,520)
FINANCING ACTIVITIES		
Movement in short term borrowing, net	55,005,161	59,260,105
Repayment of term loan	(4,257,693)	-
Lease liabilities payments	(68,918)	(68,915)
Dividends paid	(304,699)	(3,592,685)
Net cash flows from financing activities	50,373,851	55,598,505
Net change in cash and cash equivalents	6,856,342	5,237,345
Cash and cash equivalents at the beginning of the period	3,700,954	4,355,262
CASH AND CASH EQUIVALENTS, AT THE END OF THE PERIOD	10,557,296	9,592,607



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BENA STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

1 GENERAL INFORMATION

Bena Steel Industries Company ("the Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration No. 2050023902 issued in Dammam on 31 August 1992 (corresponding to 2 Rabi al Awal 1413H). The registered address of the Company is P.O. Box 112 Dammam 11411, Kingdom of Saudi

During 2021, the Company commenced the process for Initial Public Offering ("IPO") and on 18 November 2021 (corresponding to 13 Rabi' II 1443H), the General Assembly approved the registration of the Company's shares in the Parallel Market (Nomu) and listing of 600,000 ordinary shares (12%) in Nomu. On 14 February 2022 (corresponding to 13 Rajab 1443H), the Company received the conditional approval on its application from Capital Markets Authority ("CMA").

On 2 November 2022 (corresponding to 8 Rabi' Al-Thani 1444H), the Capital Market Authority ("CMA") Board issued its resolution approving the Company's application for the offering of 600,000 shares representing 12% of Company's share capital. On 22 March 2023 (corresponding to 30 Sha'ban 1444H) the Company's shares were traded on the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia. The legal formalities of updating the Company's by-laws, articles of association and commercial registration from Saudi Closed Joint Stock Company to a Saudi Joint Stock Company were completed on 31 May 2023 (corresponding to 11 Dhu'l-Qi'dah 1444H).

The principal activities of the Company are production of galvanized metal sheets, ribbed and non-ribbed, metal structures and metal sheets, ribbed and non-ribbed aluminum sheets and chromed metal sheets, electro plated steel, silicon steel, as well as aluminum. Pre-painted Corrugated Steel Sheets. Manufacture of ERW pipes & tubes and producing Wheelbarrow. The Company is licensed by Ministry of Industry and Mineral Resources under industrial license number 421102108609 dated 29 November 2020 (corresponding to 14 Rabi al Akhar 1442H).

The Company has the following branches, which are registered under separate commercial registration numbers:

Commercial registration number	Date of issue	Place of issue
2050056369	4 September 2007	Dammam
2050142163	4 February 2021	Dammam

The results, assets and liabilities of these branches are included in these condensed interim financial statements.

2 BASIS OF PREPARATION

These condensed interim financial statements of the Company for the six months period ended 30 June 2023 have been prepared in accordance with International Accounting Standard ("IAS 34"), "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2022. In addition, results for the six months period ended June 30, 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

These condensed interim financial statements have been prepared on historical cost basis, except as otherwise stated and are presented in Saudi Riyal (SR) which is also the functional currency of the Company.

BENA STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

4 APPLICATION OF NEW AND REVISED IFRS

4.1 New standards and amendments to standards

There is no new standards issued, however, there are number of amendments to the standards which are effective from 1 January 2023 and have been explained in the Company's annual financial statements, but they do not have a significant effect on these condensed interim financial statements for the six months period ended 30 June 2023.

4.2 Standards issued but not yet effective

The Company has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

Amendments to standard	Description	annual years beginning on or after	Summary of the amendment
IFRS 16	Lease liability in sale and lease back	January 1, 2024	The amendments require seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.
IAS 1	Amendments regarding the classification of debt with covenants, as current or non-current	January 1, 2024	The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances.
IAS 1	Classification of liabilities, as current or non-current	January 1, 2024	The amendments has clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and non-current liabilities with covenants.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the condensed interim financial statements of the Company in the period of initial application.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were consistent with those described in the last annual financial statements.

BENA STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

6 CASH AND CASH EQUIVALENTS

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Cash at banks	<u>10,557,296</u>	<u>3,700,954</u>

As at 30 June 2023, certain bank accounts were in the name of the major shareholder with balances of SR 633,253 (31 December 2022: SR 992,407). The shareholder assigned these bank accounts to the Company.

7 TRADE RECEIVABLES

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Trade receivables - third parties	102,209,531	74,708,559
Trade receivables - related parties (note 10)	<u>6,393,560</u>	<u>10,243,257</u>
	108,603,091	84,951,816
Less: allowance for expected credit losses	<u>(1,920,183)</u>	<u>(1,920,183)</u>
	<u>106,682,908</u>	<u>83,031,633</u>

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

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Opening balance	1,920,183	1,920,183
Closing balance	<u>1,920,183</u>	<u>1,920,183</u>

Trade receivable are unsecured and non-interest bearing. Trade receivable are generally on terms of 30 to 90 days.

An aged analysis of trade receivable as follows:

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Not past due	30,372,653	45,138,599
Past due - 1 - 120 days	55,027,822	34,375,339
Past due - 120 - 365 days	21,575,328	3,291,950
Past due - Above 365 days	<u>1,627,288</u>	<u>2,145,928</u>
	108,603,091	84,951,816
Less: allowance for expected credit losses	<u>(1,920,183)</u>	<u>(1,920,183)</u>
	<u>106,682,908</u>	<u>83,031,633</u>

The Company records an allowance for expected credit losses considering various factors including age of the receivable balances and financial condition of the customers.

8 INVENTORIES

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Raw materials	79,139,584	87,471,591
Work in progress	8,533,278	4,179,399
Finished goods	5,164,522	5,422,817
Spare parts	2,937,419	2,814,643
Goods in transit	<u>11,462,386</u>	<u>3,644,577</u>
	<u>107,237,189</u>	<u>103,533,027</u>

BENA STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

9 PROPERTY, PLANT AND EQUIPMENT

	Land		Buildings and leasehold improvements		Machinery and equipment		Vehicles		Furniture, fixtures and office equipment		Capital work in progress		Total	
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Cost:														
At 1 January 2022 (Audited)	17,152,056	34,542,951	59,481,091	1,727,247	4,364,112	622,823	117,890,280							
Addition	-	214,206	154,875	-	115,858	547,038	1,031,977							
Transfer	-	1,169,861	-	-	-	(1,169,861)	-							
At 31 December 2022 (Audited)	17,152,056	35,927,018	59,635,966	1,727,247	4,479,970	-	118,922,257							
Addition	-	-	30,719	393,809	52,432	1,882,500	2,359,460							
At 30 June 2023 (Unaudited)	17,152,056	35,927,018	59,666,685	2,121,056	4,532,402	1,882,500	121,281,717							
Accumulated depreciation:														
At 1 January 2022 (Audited)	-	14,333,733	44,799,636	1,312,251	4,163,833	-	64,609,453							
Charge for the year	-	1,223,621	2,657,083	142,715	69,768	-	4,093,187							
At 31 December 2022 (Audited)	-	15,557,354	47,456,719	1,454,966	4,233,601	-	68,702,640							
Charge for the period	-	631,001	1,263,027	95,971	39,106	-	2,029,105							
At 30 June 2023 (Unaudited)	-	16,188,355	48,719,746	1,550,937	4,272,707	-	70,731,745							
Carrying amount:														
At 30 June 2023 (Unaudited)	17,152,056	19,738,663	10,946,939	570,119	259,695	1,882,500	50,549,972							
At 31 December 2022 (Audited)	17,152,056	20,369,664	12,179,247	272,281	246,369	-	50,219,617							

- Capital work in progress mainly represents the costs incurred for the expansion of hangers in factory building and as at 31 December 2022 the project is completed and capitalised in building and leasehold improvements. The remaining amount of CWIP is related to advance paid during the period ended 30 June 2023 to vendor against the purchase of machine which is expected to be received subsequent to the period ended 30 June 2023. The total unpaid capital commitment as of 30 June 2023 amounted to SR 2.8 million (Note 17).

- Buildings are constructed on leased land from Modon for periods ranging from 5 to 20 years.

- Land is mortgaged against a medium term loan from a local commercial bank (Note 16).

- As of 30 June 2023, included within the property, plant and equipment fully depreciated assets with total cost amounting to SR 52.2 million (31 December 2022: SR 50.7 million).

BENA STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

10 RELATED PARTIES TRANSACTIONS AND BALANCES

The Company entered into transactions with related parties based on terms and conditions approved by management. The significant transactions and the related approximate amounts are as follows:

a) Sales to related parties:

	<i>Relationship</i>	<i>For the six months period ended</i>	
		<i>30 June 2023</i>	<i>30 June 2022</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>SR</i>	<i>SR</i>
Albawardi Building Materials Company	Affiliate	70,323,862	26,164,497
Albawardi Tools and Hardware Company	Affiliate	229,125	483,368
Albawardi Woodwork Industries	Affiliate	-	27,093

b) Purchases from related parties:

	<i>Relationship</i>	<i>For the six months period ended</i>	
		<i>30 June 2023</i>	<i>30 June 2022</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>SR</i>	<i>SR</i>
Albawardi Building Materials Company	Affiliate	68,434,607	36,568,218
Albawardi Tools and Hardware Company	Affiliate	68,762	46,873

c) Trade receivables from related parties comprised of the following:

	<i>Relationship</i>	<i>30 June 2023</i>	<i>31 December 2022</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>SR</i>	<i>SR</i>
Albawardi Building Materials Company	Affiliate	4,850,326	8,890,179
Albawardi Tools and Hardware Company	Affiliate	1,543,234	1,353,078
		<u>6,393,560</u>	<u>10,243,257</u>

As of 30 June 2023 and 31 December 2022, the Company believes that due from related parties' balances are receivable upon request. As a result, these balances are classified as current assets. These balances bear no interest and there is no repayment schedule. All related parties with debit balances have strong financial position and sufficient funds to repay the balance upon request.

d) Compensation of key management personnel of the Company:

Key management includes the Board of Directors (executive and non-executive) and all members of Company's top management. The Compensation paid or payable to key management for employee services is shown below:

	<i>For the six months period ended</i>	
	<i>30 June 2023</i>	<i>30 June 2022</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>
Salary and allowances	517,500	517,500
Bonus and commission	133,740	359,715
Employee benefits obligations	119,759	30,966
	<u>770,999</u>	<u>908,181</u>

11 ZAKAT

Basis for Zakat:

The Company is subject to zakat. Zakat is payable at 2.5% of the greater of the approximate zakat base and adjusted profit. The significant components of the zakat base under zakat regulation principally comprise shareholders' equity, provisions at the beginning of year, long-term borrowings and adjusted net income, less a deduction for the net book value of long-term assets.

BENA STEEL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

11 ZAKAT (Continued)

The movement in the zakat payable is as follows:

	<u>30 June 2023</u> <i>(Unaudited)</i>	<u>31 December 2022</u> <i>(Audited)</i>
	SR	SR
1 January	950,723	1,000,000
Charge for the period / year	540,308	682,095
Payment	<u>(1,000,308)</u>	<u>(731,372)</u>
31 December	<u>490,723</u>	<u>950,723</u>

Zakat charged to profit or loss is as follows:

	<u>30 June 2023</u> <i>(Unaudited)</i>	<u>31 December 2022</u> <i>(Audited)</i>
	SR	SR
Zakat for the period / year	490,723	950,723
Under/(excess) provision from prior year	<u>49,585</u>	<u>(268,628)</u>
	<u>540,308</u>	<u>682,095</u>

Status of certificates and assessments

The Company has submitted its zakat returns up to the year ended December 31, 2022. There is no open assessment as of 30 June 2023.

12 SHARE CAPITAL

As of 30 June 2023 authorized, issued and paid-up capital comprise of 5,000,000 shares of Saudi Riyal 10 each (31 December 2022: 5,000,000 shares of Saudi Riyal 10 each).

13 STATUTORY RESERVE

Prior to the change in Company's regulation, the Company was required to transfer 10% of its net income to a statutory reserve until such reserve equals minimum of 30% of share capital. Subsequent to the change in the Company's regulation, the Company has updated its Bylaws whereby it is the discretion of the general assembly to allocate an amount to the statutory reserve.

14 DIVIDENDS

No dividend has been declared during the period ended 30 June 2023. During the six months period ended 30 June 2022, the Board of Directors declared interim dividends amounted to SR 3.84 million.

15 SHORT TERM BORROWINGS

	<u>30 June 2023</u> <i>(Unaudited)</i>	<u>31 December 2022</u> <i>(Audited)</i>
	SR	SR
Short-term loans	<u>104,579,211</u>	<u>49,574,050</u>

These represent borrowing facilities in the form of short-term loans, letters of credits and guarantees obtained from a local commercial bank to finance the working capital requirements and bear financial charges on commercial rates prevailing in the market. These loans are guaranteed by signed promissory notes, and corporate guarantees.

16 TERM LOAN

	<u>30 June 2023</u> <i>(Unaudited)</i>	<u>31 December 2022</u> <i>(Audited)</i>
	SR	SR
Current portion of term loan	8,515,385	8,515,385
Non-current portion of term loan	<u>17,030,769</u>	<u>21,288,462</u>
	<u>25,546,154</u>	<u>29,803,847</u>

BENA STEEL INDUSTRIES COMPANY
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16 TERM LOAN (Continued)

During 2022, the Company entered into a SR 36.9 million medium term loan facility with a local commercial bank. The facility is repayable in 52 monthly installments commenced from March 2022. The facility carries an interest rate of SIBOR plus a fixed margin. This loan is secured against land mortgage (Note 9) and signed promissory note.

Following is the repayment schedule of the loan:

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
2023	4,257,692	8,515,385
2024	8,515,385	8,515,385
2025	8,515,385	8,515,385
2026	4,257,692	4,257,692
	<u>25,546,154</u>	<u>29,803,847</u>

17 CONTINGENCIES AND COMMITMENTS

Guarantees:

As of 30 June 2023, the Company's bankers have issued payment guarantees, on behalf of the Company, amounting to SR 51.15 million (31 December 2022: SR 48.96 million).

Capital Commitments:

The Company has the following commitments:

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Capital commitments for machinery and equipment	<u>2,820,000</u>	<u>-</u>

18 SEGMENTAL REPORTING

The Company operates solely in the Kingdom of Saudi Arabia. For Management purposes, the Company is organized into a single business unit based on its single stream of revenue, i.e. sale of steel.

19 FINANCIAL INSTRUMENTS

19.1 Fair value measurements of financial instruments

The carrying amount of financial assets and financial liabilities is a reasonable approximation of fair value because of their short-term nature. As at the reporting date, the Company does not have any financial assets or financial liabilities measured at fair value.

19.2 Risk management of financial instruments

The Company's activities expose it to a variety of financial risks, credit risk, liquidity risk, market risk, currency risk and interest rate risk.

Credit risk:

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on its cash and cash equivalents and trade receivables as follows:

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR</i>	<i>SR</i>
Cash at banks	10,557,296	3,700,954
Trade receivables	106,682,908	83,031,633
	<u>117,240,204</u>	<u>86,732,587</u>

BENA STEEL INDUSTRIES COMPANY
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19 FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued):

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on receivables, due from related parties and bank balances is limited by:

- Cash balances are held with banks with sound credit ratings.
- Trade receivable are shown net of allowance for expected credit losses.

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. The receivable balances are monitored with the result that the Company's exposure to bad debts is not significant.

The Company records an allowance for expected credit losses considering various factors including age of the receivable balances, financial condition of the customers, etc.

The Company has determined that balances with related parties are collectible and fully recoverable and that the financial position of the related entities is good.

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 the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities:

	30 June 2023 (Unaudited)			
	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
	SR	SR	SR	SR
Financial liabilities:				
Trade payable	60,644,418	60,644,418	-	-
Short term borrowings	104,579,211	104,579,211	-	-
Term loan	25,546,154	8,515,385	17,030,769	-
Accruals and other liabilities	4,301,513	4,301,513	-	-
Lease liabilities	1,949,188	512,900	1,436,288	-
	197,020,484	178,553,427	18,467,057	-
	31 December 2022 (Audited)			
	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
	SR	SR	SR	SR
Financial liabilities:				
Trade payable	77,789,638	77,789,638	-	-
Short term borrowings	49,574,050	49,574,050	-	-
Term loan	29,803,847	8,515,385	21,288,462	-
Accruals and other liabilities	5,673,091	5,673,091	-	-
Dividend payable	304,699	304,699	-	-
Lease liabilities	1,977,826	550,046	1,427,780	-
	165,123,151	142,406,909	22,716,242	-

Liquidity risk is managed by monitoring on a regular basis that sufficient funds from operations and banking and other credit facilities are available to meet the Company's future commitments.

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19 FINANCIAL INSTRUMENTS (Continued)

Market Risk:

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency Risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that's not the Company's currency. The Company exposure to foreign currency risk is primarily limited to transactions in United State Dollars ("USD"). The Company's management believes that their exposure to currency risk associated with USD is limited as the Company's currency is pegged to USD. The fluctuation in exchange rates against other currencies is monitored on a continuous basis.

Interest Rate Risk

Interest rate risk is the exposure associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. Variable rate financial liabilities as at period ended 30 June 2023 amounted to SR 132.07 million (2022 : SR 81.35 million).

An increase of 100 basis points in the interest rate would have increased finance cost for the period ended 30 June 2023 amounted to SR 1.32 million (31 December 2022: SR 0.81 million).

Management monitors the changes in interest rates and manages its impact on the financial statements accordingly.

20 EARNINGS PER SHARE

	<i>For the six months period ended</i>	
	<i>30 June 2023</i>	<i>30 June 2022</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>
Earnings per share attributable to ordinary shareholders	1.04	2.19
Profit for the period	5,203,156	10,952,861
Weighted average number of shares	5,000,000	5,000,000

21 SUBSEQUENT EVENTS

There have been no significant subsequent events since the period end that would have a material impact on the financial position of the Company as reflected in these condensed interim financial statements.

22 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Company's Board of Directors on 13 August 2023 (corresponding to 26 Muharram 1445H).