ZAMIL INDUSTRIAL INVESTMENT COMPANY (ZAMIL INDUSTRIAL) AND ITS SUBSIDIARIES (A Listed Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 AND INDEPENDENT AUDITORS’ REVIEW REPORT
For the six-month period ended 30 June 2020

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<th>Page</th>
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Independent auditor’s review report on the interim condensed consolidated financial statements to the shareholders of Zamil Industrial Investment Company (A Saudi Joint Stock Company)

Introduction:
We have reviewed the accompanying interim condensed consolidated statement of financial position of Zamil Industrial Investment Company, a Saudi Joint Stock Company (“the Company”) and its subsidiaries (collectively referred to as “the Group”) as at 30 June 2020 and the related interim condensed consolidated statements of income, comprehensive income for the three-month and six-month periods ended 30 June 2020, and related interim condensed consolidated statement of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. 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”) 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 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

Waleed G. Tawfiq
Certified Public Accountant
Registration No. 437

6 Thul-Hijjah 1441H
27 July 2020
Alkhobar
Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three-month and six-month periods ended 30 June 2020

<table>
<thead>
<tr>
<th>Notes</th>
<th>For the three-month period ended 30 June</th>
<th>For the six-month period ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR'000 (Unaudited)</td>
<td>SR'000 (Unaudited)</td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from contracts with customers</td>
<td>5 750,627</td>
<td>1,042,791</td>
</tr>
<tr>
<td>Finance lease income</td>
<td>3,532</td>
<td>3,774</td>
</tr>
<tr>
<td><strong>Total REVENUES</strong></td>
<td>754,159</td>
<td>1,046,565</td>
</tr>
<tr>
<td>DIRECT COSTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(536,663)</td>
<td>(674,440)</td>
</tr>
<tr>
<td>Contracts cost</td>
<td>(138,056)</td>
<td>(270,025)</td>
</tr>
<tr>
<td><strong>Total DIRECT COSTS</strong></td>
<td>(674,719)</td>
<td>(944,465)</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>79,440</td>
<td>102,100</td>
</tr>
<tr>
<td>EXPENSES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling and distribution</td>
<td>(36,026)</td>
<td>(49,147)</td>
</tr>
<tr>
<td>General and administration</td>
<td>(82,431)</td>
<td>(102,840)</td>
</tr>
<tr>
<td><strong>OPERATING LOSS</strong></td>
<td>(39,017)</td>
<td>(49,887)</td>
</tr>
<tr>
<td>Share in results of associaties and a joint venture</td>
<td>4,330</td>
<td>1,136</td>
</tr>
<tr>
<td>Other income, net</td>
<td>2,531</td>
<td>5,229</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(20,555)</td>
<td>(33,141)</td>
</tr>
<tr>
<td>Reversal of impairment on non-current assets, net</td>
<td>8 -</td>
<td>34,584</td>
</tr>
<tr>
<td><strong>LOSS BEFORE ZAKAT AND INCOME TAX</strong></td>
<td>(52,711)</td>
<td>(42,079)</td>
</tr>
<tr>
<td>Zakat and income tax</td>
<td>6 (6,565)</td>
<td>(4,823)</td>
</tr>
<tr>
<td><strong>NET LOSS FOR THE PERIOD</strong></td>
<td>(59,276)</td>
<td>(46,902)</td>
</tr>
<tr>
<td>ATTRIBUTABLE TO:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders of the parent company</td>
<td>(58,307)</td>
<td>(49,553)</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(969)</td>
<td>2,651</td>
</tr>
<tr>
<td><strong>NET LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY</strong></td>
<td>(59,276)</td>
<td>(46,902)</td>
</tr>
<tr>
<td>EARNINGS PER SHARE:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted, earnings per share attributable to the shareholders of the parent company</td>
<td>7 (0.97)</td>
<td>(0.83)</td>
</tr>
</tbody>
</table>

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.
Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month and six-month periods ended 30 June 2020

<table>
<thead>
<tr>
<th></th>
<th>For the three-month period ended 30 June</th>
<th>For the six-month period ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 SR'000 (Unaudited)</td>
<td>2019 SR'000 (Unaudited)</td>
</tr>
<tr>
<td>NET LOSS FOR THE PERIOD</td>
<td>(59,276)</td>
<td>(46,902)</td>
</tr>
<tr>
<td>OTHER COMPREHENSIVE INCOME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income to be reclassified to income in subsequent periods:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations</td>
<td>(1,123)</td>
<td>1,792</td>
</tr>
<tr>
<td>Net other comprehensive income to be reclassified to income in subsequent periods</td>
<td>(1,123)</td>
<td>1,792</td>
</tr>
<tr>
<td>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</td>
<td>(60,399)</td>
<td>(45,110)</td>
</tr>
<tr>
<td>ATTRIBUTABLE TO:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders of the parent company</td>
<td>(59,430)</td>
<td>(47,761)</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(969)</td>
<td>2,651</td>
</tr>
<tr>
<td>TOTAL ATTRIBUTABLE</td>
<td>(60,399)</td>
<td>(45,110)</td>
</tr>
</tbody>
</table>

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

3
Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

<table>
<thead>
<tr>
<th></th>
<th>30 June 2020</th>
<th>31 December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(SR000)</td>
<td>(SR000)</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td>(Unaudited)</td>
<td>(audited)</td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>915,821</td>
<td>960,708</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>104,077</td>
<td>119,186</td>
</tr>
<tr>
<td>Investments in associates and a joint venture</td>
<td>87,132</td>
<td>79,872</td>
</tr>
<tr>
<td>Equity instrument at fair value through other comprehensive income</td>
<td>39,140</td>
<td>39,140</td>
</tr>
<tr>
<td>Net investments in finance lease</td>
<td>304,936</td>
<td>317,104</td>
</tr>
<tr>
<td>Goodwill</td>
<td>21,126</td>
<td>21,126</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>6,004</td>
<td>6,024</td>
</tr>
<tr>
<td><strong>TOTAL NON-CURRENT ASSETS</strong></td>
<td>1,478,236</td>
<td>1,543,160</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>1,324,083</td>
<td>1,239,391</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,928,508</td>
<td>1,895,662</td>
</tr>
<tr>
<td>Contract assets</td>
<td>480,099</td>
<td>494,756</td>
</tr>
<tr>
<td>Advances, other receivables and prepayments</td>
<td>278,496</td>
<td>249,599</td>
</tr>
<tr>
<td>Current portion of net investment in finance lease</td>
<td>24,083</td>
<td>23,578</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>320,000</td>
<td>-</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>295,649</td>
<td>197,252</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>4,650,918</td>
<td>4,100,238</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>6,129,154</td>
<td>5,643,398</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>600,000</td>
<td>600,000</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>180,000</td>
<td>180,000</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>446,070</td>
<td>533,202</td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td>(32,537)</td>
<td>(26,989)</td>
</tr>
<tr>
<td>Fair value reserve</td>
<td>(7,446)</td>
<td>(7,446)</td>
</tr>
<tr>
<td><strong>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY</strong></td>
<td>1,186,087</td>
<td>1,278,767</td>
</tr>
<tr>
<td><strong>NON-CONTROLLING INTERESTS</strong></td>
<td>204,955</td>
<td>201,068</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td>1,391,042</td>
<td>1,479,835</td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term loans</td>
<td>137,004</td>
<td>144,986</td>
</tr>
<tr>
<td>Employees' defined benefit liabilities</td>
<td>235,464</td>
<td>234,332</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>75,752</td>
<td>80,634</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>7,388</td>
<td>7,388</td>
</tr>
<tr>
<td><strong>TOTAL NON-CURRENT LIABILITIES</strong></td>
<td>455,608</td>
<td>467,340</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>441,420</td>
<td>392,219</td>
</tr>
<tr>
<td>Accruals and provisions</td>
<td>484,164</td>
<td>413,053</td>
</tr>
<tr>
<td>Short term loans</td>
<td>2,811,836</td>
<td>2,481,828</td>
</tr>
<tr>
<td>Current portion of term loans</td>
<td>56,702</td>
<td>47,400</td>
</tr>
<tr>
<td>Current portion of lease liabilities</td>
<td>20,312</td>
<td>22,886</td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>414,175</td>
<td>294,028</td>
</tr>
<tr>
<td>Zakat and income tax provision</td>
<td>53,895</td>
<td>44,809</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>4,282,504</td>
<td>3,696,223</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>4,738,112</td>
<td>4,163,563</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td>6,129,154</td>
<td>5,643,398</td>
</tr>
</tbody>
</table>

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.
Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six-month period ended 30 June 2020

<table>
<thead>
<tr>
<th>Share capital</th>
<th>Statutory reserve</th>
<th>Retained earnings</th>
<th>Foreign currency translation reserve</th>
<th>Fair value reserve</th>
<th>Total</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>SR ‘000</td>
<td>SR ‘000</td>
<td>SR ‘000</td>
<td>SR ‘000</td>
<td>SR ‘000</td>
<td>SR ‘000</td>
<td>SR ‘000</td>
<td>SR ‘000</td>
</tr>
<tr>
<td>Balance at 1 January 2020 (Audited)</td>
<td>600,000</td>
<td>180,000</td>
<td>533,202</td>
<td>(26,989)</td>
<td>(7,446)</td>
<td>1,278,767</td>
<td>201,068</td>
</tr>
<tr>
<td>Net (loss) income for the period</td>
<td>-</td>
<td>-</td>
<td>(87,132)</td>
<td>-</td>
<td>-</td>
<td>(87,132)</td>
<td>3,887</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(5,548)</td>
<td>-</td>
<td>(5,548)</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>-</td>
<td>(87,132)</td>
<td>(5,548)</td>
<td>-</td>
<td>(92,680)</td>
<td>3,887</td>
</tr>
<tr>
<td>Balance at 30 June 2020 (Unaudited)</td>
<td>600,000</td>
<td>180,000</td>
<td>446,070</td>
<td>(32,537)</td>
<td>(7,446)</td>
<td>1,186,887</td>
<td>204,955</td>
</tr>
</tbody>
</table>

| Balance at 1 January 2019 (Audited) | 600,000 | 180,000 | 668,577 | (28,583) | (6,048) | 1,415,946 | 208,169 | 1,624,115 |
| Net (loss) income for the period | - | - | (96,705) | - | - | (96,705) | 9,205 | (87,500) |
| Other comprehensive income | - | - | - | 1,929 | - | 1,929 | - | 1,929 |
| Total comprehensive income | - | - | (96,705) | 1,929 | - | (94,776) | 9,205 | (85,571) |
| Adjustments to non-controlling interests | - | - | - | - | - | - | (1,325) | (1,325) |
| Balance at 30 June 2019 (Unaudited) | 600,000 | 180,000 | 571,872 | (24,654) | (6,048) | 1,321,170 | 216,049 | 1,537,219 |

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.
Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2020

<table>
<thead>
<tr>
<th>For the six-month period ended 30 June</th>
<th>2020 (Unaudited)</th>
<th>2019 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss before zakat and income tax</td>
<td>(74,143)</td>
<td>(76,815)</td>
</tr>
<tr>
<td>Adjustments to reconcile loss before zakat and income tax to net cash flows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>56,267</td>
<td>60,680</td>
</tr>
<tr>
<td>Depreciation of right-of-use assets</td>
<td>11,019</td>
<td>11,447</td>
</tr>
<tr>
<td>Employees’ defined benefit liabilities</td>
<td>(1,657)</td>
<td>(10,025)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>44,009</td>
<td>65,444</td>
</tr>
<tr>
<td>Share in results of associates and a joint venture</td>
<td>(12,260)</td>
<td>(1,856)</td>
</tr>
<tr>
<td>Gain on disposal of property, plant and equipment</td>
<td>(92)</td>
<td>(3,751)</td>
</tr>
<tr>
<td>Reversal of impairment loss on non-current assets, net</td>
<td>-</td>
<td>(34,584)</td>
</tr>
<tr>
<td>Loss on liquidation of subsidiaries</td>
<td></td>
<td>111</td>
</tr>
<tr>
<td><strong>Working capital adjustments:</strong></td>
<td>23,143</td>
<td>10,651</td>
</tr>
<tr>
<td>Inventories</td>
<td>(84,692)</td>
<td>(67,528)</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(32,846)</td>
<td>90,712</td>
</tr>
<tr>
<td>Contract assets</td>
<td>14,657</td>
<td>(27,611)</td>
</tr>
<tr>
<td>Advances, other receivables and prepayments</td>
<td>(28,897)</td>
<td>(78,561)</td>
</tr>
<tr>
<td>Net investment in finance lease</td>
<td>11,663</td>
<td>(11,181)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>49,201</td>
<td>(4,518)</td>
</tr>
<tr>
<td>Accruals and provisions</td>
<td>71,111</td>
<td>148,952</td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>120,147</td>
<td>29,247</td>
</tr>
<tr>
<td><strong>Cash from operations</strong></td>
<td>143,487</td>
<td>112,525</td>
</tr>
<tr>
<td>Financial charges paid</td>
<td>(35,631)</td>
<td>(60,685)</td>
</tr>
<tr>
<td>Zakat and income tax paid</td>
<td></td>
<td>(19,531)</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td><strong>107,856</strong></td>
<td><strong>32,309</strong></td>
</tr>
</tbody>
</table>

| **INVESTING ACTIVITIES**             |                 |                 |
| Purchase of property, plant and equipment | (13,671)      | (17,820)        |
| Short-term investments                | (320,000)       | -               |
| Proceeds from disposal of property, plant and equipment | 71             | 6,553           |
| Proceeds from an associate            | 5,000           | -               |
| **Net cash used in investing activities** | **(328,600)** | **(11,267)**    |

| **FINANCING ACTIVITIES**             |                 |                 |
| Net movement in short term loans     | 328,370         | 30,353          |
| Net movement in term loans           | -               | (7,491)         |
| Payments against lease liabilities   | (6,146)         | (8,635)         |
| **Net cash from financing activities** | **322,224**   | **14,227**      |

| **INCREASE IN CASH AND CASH EQUIVALENTS** |                 |                 |
| Cash and cash equivalents at the beginning of the period | 197,252        | 152,457         |
| Movement in foreign currency translation reserve, net | (3,083)        | 108             |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | **295,649**   | **187,834**     |

"Continued"
Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six-month period ended 30 June 2020

<table>
<thead>
<tr>
<th>NON-CASH TRANSACTIONS:</th>
<th>2020 (Unaudited)</th>
<th>2019 (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognition of right-of-use assets on first time adoption of IFRS 16</td>
<td>-</td>
<td>131,319</td>
</tr>
<tr>
<td>Recognition of lease liabilities on first time adoption of IFRS 16</td>
<td>-</td>
<td>119,513</td>
</tr>
<tr>
<td>Derecognition of prepayments on first time adoption of IFRS 16</td>
<td>-</td>
<td>11,806</td>
</tr>
<tr>
<td>Financial charges on lease liabilities against right-of-use assets</td>
<td>2,631</td>
<td>3,002</td>
</tr>
<tr>
<td>Exchange differences on property, plant and equipment</td>
<td>2,312</td>
<td>1,430</td>
</tr>
<tr>
<td>Exchange differences on income and deferred taxes</td>
<td>(4)</td>
<td>391</td>
</tr>
<tr>
<td>Exchange differences on right-of-use assets</td>
<td>149</td>
<td>-</td>
</tr>
<tr>
<td>Derecognition of accounts receivable on liquidation of subsidiaries</td>
<td>-</td>
<td>1,423</td>
</tr>
<tr>
<td>Derecognition of other receivable on liquidation of subsidiaries</td>
<td>-</td>
<td>1,326</td>
</tr>
<tr>
<td>Derecognition of accounts payable on liquidation of subsidiaries</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Derecognition of non-controlling interests on liquidation of subsidiaries</td>
<td>-</td>
<td>1,325</td>
</tr>
<tr>
<td>Adjustment of cash held for liquidated subsidiaries against accounts payable</td>
<td>-</td>
<td>1,213</td>
</tr>
</tbody>
</table>

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.
Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 2020

1 CORPORATE INFORMATION

Zamil Industrial Investment Company ("the Company") was converted to a Saudi Joint Stock Company in accordance with the Ministerial Resolution number 407 dated 14 Rabi' I 1419 H (corresponding to 9 July 1998). Prior to that the Company was operating as a limited liability company under the name of Zamil Steel Buildings Company Limited. The Company is registered in the Kingdom of Saudi Arabia under Commercial Registration number 2050004215 dated 19 Ramadan 1396 H (corresponding to 14 September 1976) with the following branch in the Kingdom of Saudi Arabia:

<table>
<thead>
<tr>
<th>Commercial registration number</th>
<th>Date Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>2050099363</td>
<td>8 Jumada’ II 1435H Dammam</td>
</tr>
</tbody>
</table>

The Company has investment in the following subsidiaries:

<table>
<thead>
<tr>
<th>Subsidiary Name</th>
<th>Effective ownership percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zamil Steel Holding Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Zamil Steel Pre-Engineered Buildings Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Zamil Structural Steel Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Zamil Towers &amp; Galvanizing Company - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Zamil Process Equipment Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Building Component Solutions Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Zamil Steel Construction Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Zamil Inspection &amp; Maintenance of Industrial Projects Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Metallic Construction and Contracting Company Limited - Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>Zamil Air Conditioners Holding Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Zamil Air Conditioners &amp; Home Appliances Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Zamil Central Air Conditioners Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Zamil Air Conditioning &amp; Refrigeration Services Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Ikhtebar Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Eastern District Cooling Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Zamil Energy Services Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Zamil Air Conditioning and Refrigeration Services Company W.L.L - Bahrain</td>
<td>100%</td>
</tr>
<tr>
<td>Arabian Stonewool Insulation Company - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Second Insulation Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>- Gulf Insulation Group - Saudi Arabia</td>
<td>51%</td>
</tr>
<tr>
<td>- Saudi Preinsulated Pipes Industries - Saudi Arabia</td>
<td>51%</td>
</tr>
<tr>
<td>Zamil Steel Building Company - Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>Zamil Steel Buildings (Shanghai) Company Limited - China</td>
<td>100%</td>
</tr>
<tr>
<td>Zamil Steel Buildings India Private Limited - India</td>
<td>100%</td>
</tr>
<tr>
<td>Zamil Steel Engineering India Private Limited - India</td>
<td>100%</td>
</tr>
<tr>
<td>Zamil Industrial Investment Company - UAE</td>
<td>100%</td>
</tr>
<tr>
<td>Zamil Steel Industries Abu Dhabi (LLC) - UAE</td>
<td>100%</td>
</tr>
<tr>
<td>Zamil Structural Steel Company - Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>Zamil Construction India Private Limited - India</td>
<td>100%</td>
</tr>
<tr>
<td>Zamil Information Technology Global Private Limited - India</td>
<td>100%</td>
</tr>
<tr>
<td>Zamil Higher Institute for Industrial Training - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>Zamil Air Conditioners India Private Limited - India</td>
<td>100%</td>
</tr>
<tr>
<td>Saudi Central Energy Company Limited - Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>Zamil Industrial Investment Company Asia Pte. Limited - Singapore</td>
<td>100%</td>
</tr>
<tr>
<td>Zamil Steel Buildings Vietnam Company Limited - Vietnam</td>
<td>92.27%</td>
</tr>
</tbody>
</table>
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2020

1 CORPORATE INFORMATION (continued)

The Company and its subsidiaries listed above (collectively referred to as the "Group") are engaged in design and engineering, manufacturing and fabrication of construction materials, pre-engineering steel buildings, steel structures, air conditions and climate control systems for commercial, industrial and residential applications, telecom and broadcasting towers, process equipment, fiberglass, rockwool and engineering plastic foam insulation, and solar power projects.

During the Extraordinary General Assembly meeting held on 14 Ramadan 1441H (corresponding to 7 May 2020), the shareholders approved the intention of the Company to purchase its own shares with a maximum of 3 million shares that do not exceed 5% of the total outstanding shares and with a total value not exceeding SR 50 million. These shares will be retained as treasury shares.

The interim condensed consolidated financial statements of the Group as of 30 June 2020 were authorised for issuance in accordance with the Board of Directors resolution on 27 July 2020 (corresponding to 6 Thul-Hijjah 1441H).

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as endorsed in Kingdom of Saudi Arabia (KSA). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2019. In addition the results of the operations for the period ended 30 June 2020 do not necessarily represent an indicator for the results of the operations for the year ending 31 December 2020.

These interim condensed consolidated financial statements are prepared using historical cost convention except for the remeasurement of equity instruments at fair value through other comprehensive income, using the accrual basis of accounting. For employees and other post-employment benefits, actuarial present value calculation is used.

These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR") which is also the functional currency of the Group. All values are rounded to the nearest thousands ("SR ‘000"), except when otherwise indicated.

2.2 New standards, interpretation and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for amendments that have to be mandatory applied as per 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 3: Definition of a Business:

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IAS 1 and IAS 8: Definition of Material:

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial statements of, nor is there expected to be any future impact to the Group.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 30 June 2020

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Group’s interim condensed consolidated 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 Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

4 SIGNIFICANT MATTERS DURING THE PERIOD

The outbreak of novel coronavirus (“COVID-19”) since early 2020, its spread across mainland China and then globally caused disruptions to businesses and economic activity globally including the Kingdom of Saudi Arabia and the declaration of this pandemic by the World Health Organization necessitated the Company’s management to revisit its significant judgments in applying the Company’s accounting policies and the methods of computation and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2019.

Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Group’s management carried out an impact assessment on the overall Group’s operations and business aspects including factors like supply chain, travel restrictions, oil prices, product demand, etc. and as of the issuance date of these interim condensed consolidated financial statements, no significant changes are required to the judgements and key estimates. However, in the view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group’s revenue from contracts with customers:

<table>
<thead>
<tr>
<th></th>
<th>Six-month period ended 30 June (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td></td>
<td>SR '000</td>
</tr>
<tr>
<td>Sale of goods</td>
<td>1,127,675</td>
</tr>
<tr>
<td>Rendering of services</td>
<td>142,376</td>
</tr>
<tr>
<td>Revenue from long-term contracts</td>
<td>399,477</td>
</tr>
<tr>
<td><strong>Total revenue from contracts with customers</strong></td>
<td><strong>1,669,528</strong></td>
</tr>
</tbody>
</table>

Reconciliation of the Group's disaggregate revenue for its reportable segments and timing of revenue recognition is disclosed in note 13.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 30 June 2020

6 ZAKAT AND INCOME TAX

a) Zakat

The provision for the period is based on zakat base of the Company and its wholly owned Saudi subsidiaries as a whole and individual zakat base of other Saudi subsidiaries (2019: same).

The zakat assessments of the Company and its wholly owned Saudi subsidiaries as a whole have been agreed with the General Authority of Zakat and Tax (“the GAZT”) up to 2013. The zakat declarations for the years 2014 to 2018 have been filed with the GAZT. However, the assessments have not yet been raised by the GAZT. The Zakat regulations in Saudi Arabia are subject to different interpretations and the assessments to be raised by the GAZT could be different from the declarations filed by the Company.

b) Income tax

Income tax provision is provided for in accordance with authorities in which the Group’s subsidiaries operate outside the Kingdom of Saudi Arabia. Income tax has been computed based on the managements’ understanding of the income tax regulations enforced in their respective countries. The income tax regulations are subject to different interpretations, and the assessments to be raised by the tax authorities could be different from the income tax returns filed by the respective company.

c) Deferred tax

During the period, the Group has booked a net deferred tax benefit of SR 87 thousands (30 June 2019: net deferred tax benefit of SR 445 thousands).

7 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net income for the period attributable to the shareholders of the parent company by the weighted average number of outstanding shares during the period as follows:

<table>
<thead>
<tr>
<th>Three-month period ended 30 June (Unaudited)</th>
<th>Six-month period ended 30 June (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Net loss for the period attributable to the shareholders of the parent company (SR ‘000)</td>
<td>(58,307)</td>
</tr>
<tr>
<td>Weighted average number of outstanding shares during the period (share ‘000)</td>
<td>60,000</td>
</tr>
<tr>
<td>Basic and diluted earnings per share attributable to the shareholders of the parent company</td>
<td>(0.97)</td>
</tr>
</tbody>
</table>

8 PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2020, the Group has acquired assets with a cost of SR 13.7 million (six-month period ended 30 June 2019: SR 17.8 million) and charged depreciation to the interim condensed consolidated statement of income of SR 56.3 million (six-month period ended 30 June 2019: SR 60.7 million).

At 1 January 2016, the Group determined that the recoverable amount of its property, plant and equipment in a subsidiary, Zamil Steel Buildings India Private Limited, which is considered a CGU, was less than its carrying amount and accordingly an impairment loss of SR 59.6 million was recognised.

During the six-month period ended 30 June 2019, as a result of increase in sale volumes and resumption of activities of the subsidiary to normal operational level, the Group determined that the recoverable amount of its CGU, has exceeded its carrying amount. Accordingly, an impairment loss of SR 40.2 million was reversed. The recoverable amount as at 30 June 2019 was based on value in use and was determined at the level of the CGU. In determining value in use for the CGU, the cash flows were discounted at a rate of 18.82% on a pre-tax basis.
Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 30 June 2020

8 PROPERTY, PLANT AND EQUIPMENT (continued)

During the six-month period ended 30 June 2019, the Group determined that the recoverable amount of property, plant and equipment of a subsidiary, Building Component Solutions Limited, which is considered a cash generating unit (CGU), was less than its carrying amount. The recoverable amount was based on the CGU’s value in use using a pre-tax discount rate of 13.65%. This resulted in an impairment loss of SR 5.6 million. The amount has been recognised in the interim condensed consolidated statement of income.

9 SHORT-TERM INVESTMENTS

Short-term investments represent non-conventional time deposits with a bank with original maturities of more than three months and less than twelve months and carry commission rates in line with the prevailing market rates.

10 SHARE CAPITAL

The authorised, issued and fully paid share capital of the Company is divided into 60 million shares (31 December 2019: same) of SR 10 each.

11 CONTINGENT LIABILITIES

The Group's bankers have issued performance and payments guarantees, on behalf of the Group, amounting to SR 1,103 million (31 December 2019: SR 1,080 million).

12 RELATED PARTY TRANSACTIONS’ AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. The ultimate parent company of the Group is Zamil Group Holding Company (a Saudi Closed Joint Stock Company) registered in Dammam, Kingdom of Saudi Arabia.

The Group in the normal course of business carries out transactions with various related parties. Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

<table>
<thead>
<tr>
<th>Relationship and name of related party</th>
<th>Nature of transactions</th>
<th>Six-month period ended 30 June (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2020 SR '000</td>
</tr>
<tr>
<td>Ultimate parent company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zamil Group Holding Company</td>
<td>Sales</td>
<td>1,276</td>
</tr>
<tr>
<td></td>
<td>Purchases</td>
<td>215</td>
</tr>
<tr>
<td>Joint venture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle East Air Conditioners Company Limited</td>
<td>Sales</td>
<td>6,642</td>
</tr>
<tr>
<td>Other related parties</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sales</td>
<td>4,635</td>
</tr>
<tr>
<td></td>
<td>Purchases</td>
<td>10,568</td>
</tr>
</tbody>
</table>

The compensation to the key management personnel during the period amounted to SR 2,569 thousands (30 June 2019: SR 3,527 thousands).

Pricing policies and terms of payments of transactions with related parties are approved by the Board of Directors. Outstanding balances at the period-end are unsecured, interest free and settled in cash.

Amounts due from related parties at 30 June 2020 amounting to SR 116,427 thousands (31 December 2019: SR 102,706 thousands) have been included in the accounts receivable in interim condensed consolidated statement of financial position. Amounts due to related parties at 30 June 2020 amounting to SR 10,589 thousands (31 December 2019: SR 25,643 thousands) have been included in the accounts payable in interim condensed consolidated statement of financial position.


**13 SEGMENTAL INFORMATION**

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:

- The air conditioners industry, which is engaged in production of window, split and central air conditioners, electrical and gas ovens, automatic dryers, microwave ovens, air-conditioning ducts/channels, household refrigerators, automatic washing machines and installation, maintenance, operation and leasing of air conditioning and refrigeration systems.

- The steel industry, which is engaged in construction, managing and operating industrial projects, constructing, managing and operating airports and warehouses, constructing and providing fire protection services for building and structures, building, repairing and maintaining the communication towers, business of steel sheets works, heavy equipment and its spare parts, storage tanks, installation containers and pumps and implementation of electric works.

- The insulation industry, which is engaged in production of complete line of insulation products including fiberglass for using in thermal insulation of central air conditioners, pre-insulated pipes, glass wool, rock wool and engineering plastic foam insulations.

- Corporate and others, which are engaged in providing corporate and shared services, training and investment activities.

No operating segments have been aggregated to form the above reportable operating segments. The Board of directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently in the interim condensed consolidated financial statements.

### Business segments

<table>
<thead>
<tr>
<th></th>
<th>For the six-month period ended 30 June 2020 (SR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Air conditioner industry</td>
</tr>
<tr>
<td>Revenue from contracts with customers:</td>
<td></td>
</tr>
<tr>
<td>External customer</td>
<td>703,367</td>
</tr>
<tr>
<td>Inter-segment</td>
<td>2,589</td>
</tr>
<tr>
<td>Finance lease income</td>
<td>7,125</td>
</tr>
<tr>
<td>Total revenue</td>
<td>713,081</td>
</tr>
</tbody>
</table>

**Timing of revenue recognition:**

- At a point in time:  505,043 | 672,264 | 100,751 | 2,212 | 1,280,270 | (10,219) | 1,270,051
- Over time:          200,913 | 198,564 | -      | -     | 399,477   | -        | 399,477

| Gross income (loss)  | 71,920 | 99,160 | 28,840 | (826) | 199,094 | 1,553 | 200,647 |
| Operating income (loss) | 31,760 | (15,909) | 7,618 | (9,935) | 49,986 | 1,553 | (48,433) |

**Unallocated income (expenses):**

- Share in results of associates and a joint venture: 12,260
- Other income, net: 6,039
- Finance costs: (44,009)
- Loss before zakat and income tax: (74,143)
- Zakat and income tax: (9,102)
- Net loss for the period: (83,245)

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Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2020
### 13 SEGMENTAL INFORMATION (continued)

For the six-month period ended 30 June 2019 (SR '000)

<table>
<thead>
<tr>
<th></th>
<th>Air conditioner industry</th>
<th>Steel industry</th>
<th>Insulation industry</th>
<th>Corporate and others</th>
<th>Total segments</th>
<th>Adjustments and eliminations</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue from contracts with customers:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External customer</td>
<td>757,669</td>
<td>1,146,055</td>
<td>152,233</td>
<td>3,977</td>
<td>2,059,934</td>
<td>-</td>
<td>2,059,934</td>
</tr>
<tr>
<td>Inter-segment</td>
<td>-</td>
<td>-</td>
<td>7.295</td>
<td>1.241</td>
<td>8,536</td>
<td>(8,536)</td>
<td>-</td>
</tr>
<tr>
<td>Finance lease income</td>
<td>7,608</td>
<td>-</td>
<td>-</td>
<td>5,218</td>
<td>20,684,470</td>
<td>(8,536)</td>
<td>2,059,934</td>
</tr>
<tr>
<td>Total revenue</td>
<td>765,277</td>
<td>1,146,055</td>
<td>159,528</td>
<td>5,218</td>
<td>20,676,078</td>
<td>(8,536)</td>
<td>2,067,542</td>
</tr>
</tbody>
</table>

**Timing of revenue recognition:**

- At a point in time: 447,648, 900,608, 159,528, 5,218, 1,513,002, (8,536), 1,504,466
- Over time: 310,021, 245,447, - , - , 555,468, - , 555,468

**Gross income:**

- Air conditioner industry: 35,949
- Steel industry: 141,916
- Insulation industry: 49,959
- Corporate and others: 1,317
- Total: 229,141, 714

**Operating income (loss):**

- Air conditioner industry: (73,482)
- Steel industry: 3,248
- Insulation industry: 20,969
- Corporate and others: (7,338)
- Total: (56,603), 714

**Unallocated income (expenses):**

- Share in results of associates and a joint venture: 1,856
- Other income, net: 8,078
- Finance costs: (65,444)
- Reversal of impairment on non-current assets, net: 34,584
- Loss before zakat and income tax: (76,815)
- Zakat and income tax: (10,685)
- Net loss for the period: (87,500)

---

For the six-month period ended 30 June 2020 (SR '000)

<table>
<thead>
<tr>
<th></th>
<th>Air conditioner industry</th>
<th>Steel industry</th>
<th>Insulation industry</th>
<th>Corporate and others</th>
<th>Total segments</th>
<th>Adjustments and eliminations</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>2,682,126</td>
<td>2,295,341</td>
<td>504,812</td>
<td>879,739</td>
<td>6,362,018</td>
<td>(232,864)</td>
<td>6,129,154</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,977,252</td>
<td>1,473,418</td>
<td>196,235</td>
<td>1,355,728</td>
<td>5,002,633</td>
<td>(264,521)</td>
<td>4,738,112</td>
</tr>
</tbody>
</table>

**Others:**

- Investment in associates and a joint venture: 11,641, 75,491, 87,132, - , 87,132
- Capital expenditure: 2,548, 6,101, 2,679, 2,343, 13,671, - , 13,671
13 SEGMENTAL INFORMATION (continued)

At 31 December 2019 (SR '000)

<table>
<thead>
<tr>
<th></th>
<th>Air conditioner industry</th>
<th>Steel industry</th>
<th>Insulation industry</th>
<th>Corporate and others</th>
<th>Total segments</th>
<th>Adjustments and eliminations</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>2,516,615</td>
<td>2,332,759</td>
<td>504,801</td>
<td>563,371</td>
<td>5,917,546</td>
<td>(274,148)</td>
<td>5,643,398</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,759,422</td>
<td>1,476,866</td>
<td>201,812</td>
<td>1,031,271</td>
<td>4,469,371</td>
<td>(305,808)</td>
<td>4,163,563</td>
</tr>
</tbody>
</table>

Others:
Investment in associates
and a joint venture 11,079 - - 68,793 79,872 - 79,872
Capital expenditure 7,212 12,362 8,807 295 28,676 - 28,676

Geographic information

<table>
<thead>
<tr>
<th></th>
<th>For the six-month ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Revenue from external customers:</td>
<td></td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>1,312,133</td>
</tr>
<tr>
<td>Other Asian countries</td>
<td>236,727</td>
</tr>
<tr>
<td>Africa</td>
<td>127,793</td>
</tr>
<tr>
<td></td>
<td>1,676,653</td>
</tr>
</tbody>
</table>

30 June 31 December

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current operating assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>755,762</td>
<td>802,770</td>
</tr>
<tr>
<td>Other Asian countries</td>
<td>192,643</td>
<td>203,518</td>
</tr>
<tr>
<td>Africa</td>
<td>71,493</td>
<td>73,606</td>
</tr>
<tr>
<td></td>
<td>1,019,898</td>
<td>1,079,894</td>
</tr>
</tbody>
</table>

Non-current operating assets for this purpose consist of property, plant and equipment and right-of-use assets.
Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2020

14 FAIR VALUES OF FINANCIAL INSTRUMENTS

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

As of reporting date, there were no Level 1, 2 or 3 assets or liabilities except for equity instruments at fair value through other comprehensive income representing unquoted shares and these have been valued using Level 3 valuation technique.

Financial assets consist of cash and cash equivalents, equity instruments at fair value through other comprehensive income, accounts receivable, net investment in finance lease and some other current assets. Financial liabilities consist of term loans, short term loan, accounts payable and some other current liabilities. The fair values of financial assets and financial liabilities approximate their carrying amounts.

Set out below is a comparison, of the carrying amounts and fair values of the Group’s equity instruments at fair value through other comprehensive income:

<table>
<thead>
<tr>
<th>Carrying value</th>
<th>Fair value</th>
<th>Fair value measurement using</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR '000</td>
<td>SR '000</td>
</tr>
<tr>
<td>30 June 2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity instrument at fair value through other comprehensive income</td>
<td>39,140</td>
<td>39,140</td>
</tr>
<tr>
<td>At fair value</td>
<td>39,140</td>
<td>39,140</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Carrying value</th>
<th>Fair value</th>
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<tbody>
<tr>
<td></td>
<td>SR '000</td>
<td>SR '000</td>
</tr>
<tr>
<td>31 December 2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity instrument at fair value through other comprehensive income</td>
<td>39,140</td>
<td>39,140</td>
</tr>
<tr>
<td>At fair value</td>
<td>39,140</td>
<td>39,140</td>
</tr>
</tbody>
</table>

The fair value of the Group’s investment in unquoted equity shares at 30 June 2020 and 31 December 2019 was measured using Level 3 (significant unobservable inputs). The Group estimated the fair value of the investment using adjusted net asset method. The adjusted net asset method involves deriving the fair value of an investee’s equity instruments by reference to the fair value of its assets and liabilities. The management believes that there have been no significant changes in the value of investment from 31 December 2019.

15 COMPARATIVE FIGURES

Certain of the prior period figures have been reclassified to conform with the presentation in the current period.

16 SUBSEQUENT EVENTS

In the opinion of management, there have been no further significant subsequent events since the period ended 30 June 2020 that would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements.