

**UNITED WIRE FACTORIES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**UNITED WIRE FACTORIES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE THREE AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**

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## Independent Auditor's Review Report on the Interim Condensed Financial Statements

### To the Shareholders

#### United Wire Factories Company (A Saudi Joint Stock Company)

#### Introduction

We have reviewed the accompanying interim condensed statement of financial position of United Wire Factories Company ("the Company") as of September 30, 2021 and the related interim condensed statement of profit or loss and other comprehensive income, for the three month and nine month period then ended, and the interim condensed 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. Management is responsible for the preparation and presentation of these interim condensed financial information in accordance with International Accounting Standards 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 financial information 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' 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 interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

**BAKER TILLY MKM & CO.**  
Certified Public Accountants

  
Ayad Obeyan Alseraihi  
License No. 405

Riyadh on Rabi' al Awwal, 22, 1443H  
Corresponding to October 28, 2021G



(A SAUDI JOINT STOCK COMPANY)  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2021**  
**(EXPRESSED IN SAUDI RIYALS)**

	Notes	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	6	102,917,503	109,201,038
Right of use	7	3,487,904	3,751,883
<b>Total non-current assets</b>		<b>106,405,407</b>	<b>112,952,921</b>
<b>Current assets</b>			
Inventories, net	8	232,887,359	111,273,044
Trade receivables, net	16, 9	73,194,286	76,513,842
Prepaid expenses and other debit balances	10	24,025,381	49,289,301
Cash and cash at banks		118,738,120	162,661,160
<b>Total current assets</b>		<b>448,845,146</b>	<b>399,737,347</b>
<b>TOTAL ASSETS</b>		<b>555,250,553</b>	<b>512,690,268</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1	351,000,000	351,000,000
Statutory reserve		69,665,362	69,665,362
Retained earnings		12,654,539	35,795,045
Other reserve		1,160,544	1,160,544
<b>Total equity</b>		<b>434,480,445</b>	<b>457,620,951</b>
<b>Non-current liabilities</b>			
Employees defined benefits obligation		8,408,965	7,880,506
Lease liabilities – Noncurrent portion	7	3,054,399	3,267,075
<b>Total non-current liabilities</b>		<b>11,463,364</b>	<b>11,147,581</b>
<b>Current liabilities</b>			
Zakat provision	11	7,377,292	10,112,918
Trade and other accounts payable		93,675,704	20,042,796
Accrued expenses and other credit balances	12	7,971,556	13,493,588
Lease liability	7	282,192	272,434
<b>Total current liabilities</b>		<b>109,306,744</b>	<b>43,921,736</b>
<b>Total liabilities</b>		<b>120,770,108</b>	<b>55,069,317</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>555,250,553</b>	<b>512,690,268</b>

The accompanying notes form an integral part of these financial statements

**Financial Manager**



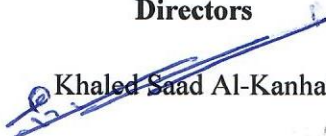
Abdulhamied Hosni Ibrahim

**Chief Executive Officer**



Nabil Hasan Al-Amir

**Chairman of Board of  
Directors**



Khaled Saad Al-Kanhal



**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
**(EXPRESSED IN SAUDI RIYALS)**

	Notes	For the three month period ended September 30		For the nine month period ended September 30	
		2021	2020	2021	2020
Sales, net	5	185,693,926	160,180,659	630,009,671	574,899,817
Cost of Sales	5	(168,833,062)	(131,851,532)	(563,877,599)	(490,904,078)
<b>Gross profit</b>		<b>16,860,864</b>	<b>28,329,127</b>	<b>66,132,072</b>	<b>83,995,739</b>
Selling & distribution expenses		(4,570,424)	(4,469,909)	(14,323,952)	(14,149,254)
General and administrative expenses		(3,677,961)	(2,845,414)	(11,221,869)	(10,894,854)
(Impairment) reversal of trade receivables	16	(123,549)	180,824	(872,351)	212,621
Reversal (Impairment) of trade receivables and inventory - (Covid 19)	8, 16	2,029,794	-	6,080,474	(6,080,474)
Other (expenses) income, net		(18,902)	16,574	(9,880)	27,046
<b>Net profit from the continuing operations</b>		<b>10,499,822</b>	<b>21,211,202</b>	<b>45,784,494</b>	<b>53,110,824</b>
Zakat	11	(2,400,000)	(3,400,000)	(7,500,000)	(8,000,000)
<b>Net profit for the period after zakat</b>		<b>8,099,822</b>	<b>17,811,202</b>	<b>38,284,494</b>	<b>45,110,824</b>
<b>Other Comprehensive Income (OCI)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>8,099,822</b>	<b>17,811,202</b>	<b>38,284,494</b>	<b>45,110,824</b>
<b>Basic and diluted EPS:</b>					
Net profit from the continuing operations	13	0.3	0.49	1.3	1.22
Net profit for the year after zakat		0.23	0.42	1.09	1.04
<b>Total comprehensive income</b>		<b>0.23</b>	<b>0.42</b>	<b>1.09</b>	<b>1.04</b>

The accompanying notes form an integral part of these financial statements

**Financial Manager**  
  
 Abdulhamied Hosni Ibrahim


**Chief Executive Officer**  
  
 Nabil Hasan Al-Amir


**Chairman of Board of Directors**  
  
 Khaled Saad Al-Kanhal


**UNITED WIRE FACTORIES COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY (UNAUDITED)**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
**(EXPRESSED IN SAUDI RIYALS)**

	Note	Capital	Statutory Reserve	Retained Earnings	Other Reserve	Total Equity
Balance as at January 1, 2021 (Audited)		351,000,000	69,665,362	35,795,045	1,160,544	457,620,951
Total comprehensive income		-	-	38,284,494	-	38,284,494
Dividends	15	-	-	(61,425,000)	-	(61,425,000)
Balance as of September 30, 2021		<u>351,000,000</u>	<u>69,665,362</u>	<u>12,654,539</u>	<u>1,160,544</u>	<u>434,480,445</u>
Balance as at January 2020 (Audited)		438,750,000	63,450,817	14,964,143	1,638,902	518,803,862
Total comprehensive income		-	-	45,110,824	-	45,110,824
Reduction of share capital		(87,750,000)	-	-	-	(87,750,000)
Dividends	15	-	-	(35,100,000)	-	(35,100,000)
Balance as of September 30, 2020		<u>351,000,000</u>	<u>63,450,817</u>	<u>24,974,967</u>	<u>1,638,902</u>	<u>441,064,686</u>

The accompanying notes form an integral part of these financial statements

**Financial Manager**  
  
Abdulhamied Hosni Ibrahim

**Chief Executive Officer**  
  
Nabil Hasan Al-Amir


**Chairman of Board of Directors**  
  
Khaled Saad Al-Kanhal

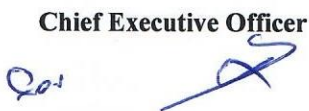



(A SAUDI JOINT STOCK COMPANY)  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**  
**(EXPRESSED IN SAUDI RIYALS)**

	September 30, 2021	September 30, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before zakat	45,784,494	53,110,824
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	9,136,477	9,690,475
Amortization of rights of use	263,979	264,223
Impairment (reversal) of trade receivables	872,351	(212,621)
(Reversal) Impairment of trade receivables and inventory during the period - (Covid 19)	(6,080,474)	6,080,474
Trade receivables written off	(813,835)	-
Employees defined benefits obligation	925,038	783,731
Impairment of debit balances	3,208,429	2,884,312
Gain from disposal of property, plant and equipment	(4,600)	(24,000)
<b>Changes in assets and liabilities:</b>		
Inventories	(119,584,521)	(2,970,353)
Trade receivables	7,311,720	4,630,620
Advance payments and prepaid expenses	22,055,491	(19,449,949)
Trade and other accounts payable	73,632,908	10,115,131
Accrued expenses and other credit balances	(5,522,032)	2,187,055
Lease liabilities	(202,918)	(193,444)
<b>Cash generated from operating activities</b>	<b>30,982,507</b>	<b>66,896,478</b>
Employee defined benefits obligation paid	(396,579)	(393,333)
Zakat paid	(10,235,626)	(10,859,114)
<b>Net cash generated from operating activities</b>	<b>20,350,302</b>	<b>55,644,031</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment	(2,852,942)	(1,653,729)
Proceed from disposal of property, plant and equipment	4,600	24,000
<b>Net cash used in investing activities</b>	<b>(2,848,342)</b>	<b>(1,629,729)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Reduction of share capital	-	(87,750,000)
Dividends	(61,425,000)	-
<b>Net cash used in financing activities</b>	<b>(61,425,000)</b>	<b>(87,750,000)</b>
<b>Net changes in cash and cash at banks</b>	<b>(43,923,040)</b>	<b>(33,735,698)</b>
Cash and cash at banks at January 1	162,661,160	283,394,518
<b>CASH AND CASH AT BANKS AT SEPTEMBER 30</b>	<b>118,738,120</b>	<b>249,658,820</b>
<b>Noncash transaction</b>		
Dividends not paid	-	(35,100,000)

The accompanying notes form an integral part of these financial statement

  
**Financial Manager**  
 Abdulhamied Hosni Ibrahim

  
**Chief Executive Officer**  
 Nabil Hasan Al-Amir

  
**Chairman of Board of Directors**  
 Khaled Saad Al-Kanhal



**1. ORGANIZATION AND ACTIVITY**

United Wire Factories Company - Saudi Joint Stock Company ("the Company") was established under Commercial Registration No. 1010079195 dated Rabi' al-Awwal 20, 1411H (corresponding to October 9, 1990). The fully paid and issued share capital of the Company as of the date of the accompanying financial statements is SR 351 million divided into 35,100,000 shares valued at SR 10 per share.

The main activity of the Company is the production and marketing of lattice wire, metal braiding wire, reinforcing steel bars, reinforcing steel, galvanized steel wire, metal strip, wire, plastic tape, oxygen wire, rods, metal bonding, fences, barbed wire, wood, carpentry, iron, angles, rectangles, rectification, cutting, reinforcing, smelting and rolling of iron, import and export.

The Company's headquarter is located in Riyadh, PO Box 355208 Riyadh 11383.

The accompanying financial statements include the accounts of the Company and its branches. The information of the Company's branches are as follows:

Branch name	Commercial Registration No
United Wire Factories Company - Riyadh Second Branch	1010043209
United Wire Factories Company - Jeddah Branch	4030130240
United Wire Factories Company - Buraydah Branch	1131014760
United Wire Factories Company - Khamis Mushait Branch	5855025824
United Wire Factories Company - Riyadh First Branch	1010167642
United Wire Factories Company - Riyadh Third Branch	1010179732
Mass Steel – Riyadh	1010385519
Mass Steel - Al Kharj	1011024353
Mass Steel – Saihat	2062617294

**2. BASIS OF PREPARATION**

**Basis of compliance**

The accompanying financial statements have been prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting" (IAS 34) as endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

**Measurement basis**

These financial statements are prepared on a historical cost basis except for defined benefit plans which are measured at present value of future liabilities using the method of estimating amounts due by unit. In addition, these financial statements are prepared using the accrual basis of accounting and the concept of continuity.

**Functional and presentation currency**

These financial statements are presented in Saudi Riyal ("SR"), which represent the Company's functional currency.

**Judgments and estimates**

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are included in the period / periods in which the estimates are adjusted and in subsequent periods affected by the adjustment.

However, as indicated in note. (8 and 9), the Company has reviewed the important sources of uncertainties shown in the last annual financial statements against the background of the spread of the new Corona epidemic (Covid 19). The Management believes that other than expected credit losses arising from financial assets, all other sources of uncertainty remain the same as those shown in the most recent annual financial statements. The Management will continue to monitor the situation and any required changes will be reflected in future reporting periods.



**3. SIGNIFICANT ACCOUNTING POLICIES**

Except for what has been mentioned below, the accounting policies applied to these interim condensed financial statements are the same as those applied to the financial statements for the year ended December 31, 2020, and accordingly, these interim financial statements and the accompanying summary notes must be read along with the annual audited financial statements and related notes for the year ended December 31, 2020.

**4. APPLICATION OF NEW AND REVISED IFRS'S****4.1 New and revised IFRS's applied with no material effect on the financial statements**

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2021, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Revised 'Conceptual Framework for Financial Reporting'.
- Amendments to IFRS 3 Business Combinations to clarify the definition of a business.
- Amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments regarding pre-replacement issues in the context of the IBOR reform.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and the definition of material Errors.
- Amendments to IFRS 16 Leases provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

**4.2 New and revised IFRSs in issue but not yet effective and not early adopted**

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

<b>New and revised IFRSs</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely
Amendments to IAS 1 <i>Presentation of Financial Statements</i> regarding the classification of liabilities.	1 January 2023
IFRS 17 <i>Insurance Contracts</i> establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 <i>Insurance Contracts</i> .	1 January 2023
Amendments IFRS 3 <i>Business Combination</i> updating a reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 <i>Property, Plant and Equipment</i> prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> regarding the costs to include when assessing whether a contract is onerous	1 January 2022
Amendments to IFRS 4 <i>Insurance Contracts</i> , IFRS 7 <i>Financial Instruments: Disclosures</i> , IFRS 9 <i>Financial Instruments</i> and IFRS 16 <i>Leases</i> regarding replacement issues in the context of the IBOR reform	1 January 2021
Annual Improvements to IFRS 2018 – 2020 Cycle amending IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1 January 2022

Management anticipates that these new standards which apply to the Company, 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 financial statements of the Company in the period of initial application.



**Notes to the Interim Condensed Financial Statements (Unaudited) - Continued**  
**For the Nine-Month Period Ended September 30, 2021**

**5. INFORMATION ON SEGMENT REPORTING****Operating segments**

The segment is a separate and distinct segment of the Company engaged in business activities that result in the recognition of revenues or expenses. Operating segments are disclosed on the basis of internal reports reviewed by the chief operating decision maker, who is responsible for resource allocation, performance evaluation and strategic decision making on operational segments. Operating segments with similar economic characteristics, products, services and similar customer categories are aggregated and recorded where possible as sectors to be reported.

**Basis of division**

The Company has the following strategic sectors. These sectors provide different services and are managed separately because they have different economic characteristics - such as sales growth trends, rates of return and capital investment - and they also have different marketing strategies.

The following is a summary of the operations of each sector report"

<b>Sector reports</b>	<b>Operations</b>
Construction sector	The construction sector includes rebar activities, floor gratings, spikes, fence nets, barbed wire and wire mesh.
Civil sector	The civil sector includes the activities of the manufacture of wire feedstock, metal and covered clothing relations, family nets and metal pins.

The information for each sectorial report is listed below. The total profit of the segment is used to measure performance because the management considers that this information is most appropriate to assess the results of the relevant sectors relating to other enterprises operating in the same industries.

<b>For the period ended September 30, 2021</b>	<b>Construction Sector</b>	<b>Civil Sector</b>	<b>Total</b>
	SR	SR	SR
Sales	464,451,692	165,557,979	630,009,671
Cost of sales	(431,607,124)	(132,270,475)	(563,877,599)
Gross profit	32,844,568	33,287,504	66,132,072
<b>For the period ended September 30, 2020</b>	<b>Construction Sector</b>	<b>Civil Sector</b>	<b>Total</b>
	SR	SR	SR
Sales	459,211,160	115,688,657	574,899,817
Cost of sales	(401,881,498)	(89,022,580)	(490,904,078)
Gross profit	57,329,662	26,666,077	83,995,739
<b>As at September 30, 2021</b>	<b>Construction Sector</b>	<b>Civil Sector</b>	<b>Total</b>
	SR	SR	SR
Property, plant and equipment	58,189,064	44,728,439	102,917,503
<b>As of December 31, 2020</b>	<b>Construction Sector</b>	<b>Civil Sector</b>	<b>Total</b>
	SR	SR	SR
Property, plant and equipment, net	60,793,447	48,407,591	109,201,038

Due to the nature of the Company's business and the structure of its management, it is not possible to allocate the items of current assets and liabilities to the various operating segments. All the Company's assets are located within Saudi Arabia.



**United Wire Factories Company**  
(A Saudi Joint Stock Company)

**Notes to the Interim Condensed Financial Statements (Unaudited) - Continued**  
**For the Nine-Month Period Ended September 30, 2021**

**6. PROPERTY, PLANT AND EQUIPMENT**

	Land	Buildings and construction*	Machinery and equipment	Motor vehicles	Tools	Office equipment and furniture	Capital work under construction**	Total
	SR	SR	SR	SR	SR	SR	SR	SR
<b>Cost</b>								
Balance at January 1, 2021	43,502,583	37,799,183	185,013,004	15,203,955	1,093,304	6,758,943	1,833,765	291,204,737
Additions	-	110,656	1,317,915	81,000	69,406	321,334	952,631	2,852,942
Disposals	-	-	-	(78,550)	-	-	-	(78,550)
Transfer	-	1,955,186	-	-	-	237,879	(2,193,065)	-
<b>Balance at September 30, 2021</b>	<b>43,502,583</b>	<b>39,865,025</b>	<b>186,330,919</b>	<b>15,206,405</b>	<b>1,162,710</b>	<b>7,318,156</b>	<b>593,331</b>	<b>293,979,129</b>
<b>Accumulated depreciation</b>								
Balance at January 1, 2021	-	15,550,105	145,847,787	14,359,182	1,021,642	5,224,983	-	182,003,699
Depreciation for the period	-	831,162	7,612,223	247,157	16,975	428,960	-	9,136,477
Disposals	-	-	-	(78,550)	-	-	-	(78,550)
<b>Balance at September 30, 2021</b>	<b>-</b>	<b>16,381,267</b>	<b>153,460,010</b>	<b>14,527,789</b>	<b>1,038,617</b>	<b>5,653,943</b>	<b>-</b>	<b>191,061,626</b>
<b>Net book values</b>								
<b>At September 30, 2021</b>	<b>43,502,583</b>	<b>23,483,758</b>	<b>32,870,909</b>	<b>678,616</b>	<b>124,093</b>	<b>1,664,213</b>	<b>593,331</b>	<b>102,917,503</b>
At December 31, 2020 (Audited)	43,502,583	22,249,078	39,165,217	844,773	71,662	1,533,960	1,833,765	109,201,038

\* The buildings and constructions item include the value of the buildings and constructions of the Company's factories established on land leased from government agencies for a nominal rent until 1455 H.

\*\* The capital work under construction includes SR 593,331 represented in staff housing rehabilitation and New enterprise resources planning (ERP System) and production machine.

- Depreciation have charged for the period ended September 30 is as follows:

	Saudi Riyal	
	September 30, 2021	September 30, 2020
Cost of sales	8,395,685	8,884,080
Selling and marketing expenses	283,278	381,988
General and administrative expenses	457,514	424,407
	<b>9,136,477</b>	<b>9,690,475</b>



**United Wire Factories Company**  
(A Saudi Joint Stock Company)

**Notes to the Interim Condensed Financial Statements (Unaudited) - Continued**  
**For the Nine-Month Period Ended September 30, 2021**

**6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	<b>Land</b>	<b>Buildings and construction*</b>	<b>Machinery and equipment</b>	<b>Motor vehicles</b>	<b>Tools</b>	<b>Office equipment and furniture</b>	<b>Capital work under construction**</b>	<b>Total</b>
	SR	SR	SR	SR	SR	SR		SR
<b>Cost</b>								
Balance at January 1, 2020	43,502,583	37,311,302	183,988,704	14,603,955	1,044,304	6,632,884	1,089,658	288,173,390
Additions	-	89,200	407,321	460,000	49,000	74,595	573,613	1,653,729
Disposals	-	-	(67,000)	(85,500)	-	-	-	(152,500)
<b>Balance at the period end</b>	<b>43,502,583</b>	<b>37,400,502</b>	<b>184,329,025</b>	<b>14,978,455</b>	<b>1,093,304</b>	<b>6,707,479</b>	<b>1,663,271</b>	<b>289,674,619</b>
<b>Accumulated depreciation</b>								
Balance at January 1, 2020	-	14,492,027	135,207,091	13,999,395	991,698	4,662,445	-	169,352,656
Depreciation for the period	-	792,026	8,097,435	352,970	23,499	424,545	-	9,690,475
Disposals	-	-	(67,000)	(85,500)	-	-	-	(152,500)
<b>Balance at the period end</b>	<b>-</b>	<b>15,284,053</b>	<b>143,237,526</b>	<b>14,266,865</b>	<b>1,015,197</b>	<b>5,086,990</b>	<b>-</b>	<b>178,890,631</b>
<b>Net book values</b>								
At September 30, 2020	43,502,583	22,116,449	41,091,499	711,590	78,107	1,620,489	1,663,271	110,783,988

\* The buildings and constructions item include the value of the buildings and constructions of the Company's factories established on land leased from government agencies for a nominal rent until 1455 H.

\*\* The capital work under construction includes SR 1,66 million mainly consisting of completing the facilities and decorations of the administration building.



**7. RIGHT OF USE**

On January 1, 2019, the Company has implemented a single recognition and measurement principle for all lease contracts in the event that they are the lessee, except for the short-term lease contracts and lease contracts that contain a low value asset. The Company has recognized lease liabilities for payments of lease contracts and right of use assets that represents the right of use such assets that the contracts contains.

The impact on the statement of profit or loss and other comprehensive income for the period ended September 30, 2021:

- Amortization expense increased by SR 263,979 related to amortization of the rights of use the recognized assets.
- Finance costs increased by SR 124,209 related to interest expense on recognised additional rental contract liabilities.

	Saudi Riyal	
	September 30, 2021	December 31, 2020
<b>Right of use</b>		
Balance at the beginning of the period / year	4,396,189	4,396,189
	4,396,189	4,396,189
<b>Accumulated amortization</b>		
Balance at the beginning of the period / year	(644,306)	(291,366)
Amortization	(263,979)	(352,940)
	(908,285)	(644,306)
<b>Balance at the end of the year</b>	<b>3,487,904</b>	<b>3,751,883</b>
<b>Lease liability</b>		
Balance at the beginning of the period / year	3,539,509	3,798,987
Less:		
Amortization	(202,918)	(259,478)
<b>Balance at the end of the period / year</b>	<b>3,336,591</b>	<b>3,539,509</b>
<b>Current portion</b>	<b>282,192</b>	<b>272,434</b>
<b>Non-current portion</b>	<b>3,054,399</b>	<b>3,267,075</b>

**8. INVENTORIES, NET**

	Saudi Riyal	
	September 30, 2021	December 31, 2020
Finished goods	189,708,225	84,847,572
Raw materials	25,544,721	17,423,723
Work in progress	11,469,174	6,263,224
Spare parts for production lines (not for sale)	6,304,356	4,907,436
	233,026,476	113,441,955
Impairment of inventory – Corona (Covid 19)	-	(2,029,794)
Provision of slow-moving inventory	(139,117)	(139,117)
	232,887,359	111,273,044

The movement in the provision and impairment of inventory is as follows:

	Saudi Riyal	
	September 30, 2021	December 31, 2020
Balance at the beginning of the period / year	2,168,911	139,117
Provision charged for the year - (Covid 19)	-	2,029,794
Provision (Covid 19) no longer required	(2,029,794)	-
<b>Balance at the end of the period / year</b>	<b>139,117</b>	<b>2,168,911</b>

The impairment of inventory - (Covid 19) is reversal of an amount of SR 2,029,794 according to a re-examination of the impact of precautionary procedures by the management.



**Notes to the Interim Condensed Financial Statements (Unaudited) - Continued**  
**For the Nine-Month Period Ended September 30, 2021**

**9. TRADE RECEIVABLES, NET**

	Saudi Riyal	
	September 30, 2021	December 31, 2020
Trade receivables	76,600,800	83,452,442
Trade receivables - related party (Note 19)	792,212	1,252,290
	77,393,012	84,704,732
Impairment of trade receivables (Note 16)	(4,198,726)	(4,140,210)
Reversal (Impairment) of trade receivables - (Covid 19) (Note 16)	-	(4,050,680)
	73,194,286	76,513,842

The impairment of trade receivables - (Covid 19) is reversal of an amount of SR 4,050,680 according to a re-examination of the impact of precautionary procedures by the management.

Credit risk, market risk and impairment loss

The information that may expose the Company to credit and market risks and impairment losses of trade receivables is included in (Note 16).

**10. PREPAID EXPENSES AND OTHER DEBIT BALANCES**

	Saudi Riyal	
	September 30, 2021	December 31, 2020
Advances to suppliers	17,163,773	44,019,238
Margin on letter of guarantees to suppliers	3,797,050	2,565,345
Prepaid expenses	1,769,267	2,471,261
Staff receivables	1,309,006	727,700
Value added tax	817,083	-
Refundable deposits	279,848	279,848
Letter of credits	112,489	44,089
Others	1,985,294	1,985,394
Impairment of other debit balances	(3,208,429)	(2,803,574)
	24,025,381	49,289,301

The movement in the impairment of other debit balances is as follows:

	Saudi Riyal	
	September 30, 2021	December 31, 2020
Balance at the beginning of the period / year	2,803,574	262,463
Provision charged for the period / year	404,855	2,541,111
	3,208,429	2,803,574

**11. ZAKAT PROVISION**Status of certificates and zakat final assessments

The Company finalized its Zakat status until December 31, 2011 and paid the Zakat due accordingly, obtained the final certificates, and submitted its Zakat declarations to the Zakat, Tax & Customs Authority up to the year ended December 31, 2020. The final Zakat assessments were received from the Authority of Zakat, Tax & Customs for the years 2014 to 2018 and are being contested by the Company in accordance with the relevant procedures, these differences are not significant, and both 2019 and 2020 are being examined.

The movement of Zakat provision

The following represent the movement of the Zakat provision:

	Saudi Riyal	
	September 30, 2021	December 31, 2020
Zakat provision:		
Balance at the beginning of the period / year	10,112,918	10,845,342
Zakat charged to the statement of profit or loss and other comprehensive income	7,500,000	10,147,948
Payment	(10,235,626)	(10,880,372)
Balance at the end of the period / year	7,377,292	10,112,918



**12. ACCRUED EXPENSES AND OTHER CREDIT BALANCES**

	Saudi Riyal	
	September 30, 2021	December 31, 2020
Accrued salaries, benefits and incentives	5,626,020	6,397,678
Accrued commissions & expenses	1,099,784	2,057,060
Accrued value added tax	-	3,230,471
Other accruals	1,245,752	1,808,379
	<u>7,971,556</u>	<u>13,493,588</u>

**13. BASIC AND DILUTED EARNINGS PER SHARE**

Basic / diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary outstanding shares. Earnings per share as of September 30, 2021 and September 30, 2020 were calculated on the basis of the weighted average number of outstanding shares during the period in the number of 35,100,000 shares (2020: 43,360,714 shares). There are no potential dilutive ordinary shares.

**14. CAPITAL MANAGEMENT**

The objectives of the Company's capital management are to ensure the Company's ability to continue as a going concern and to provide sufficient returns to shareholders by optimizing the capital structure. The Company manages capital and is subject to adjustments in light of changes in economic conditions and other variables that include risks related to the Company's assets. In order to maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders, issue new shares or sell assets to reduce its debt.

The Company's policy is to maintain a strong capital base in order to gain investor and market confidence and to ensure future business development. The management monitors the return on equity and the level of dividends to shareholders. The Board of Directors seeks to maintain a balance between the large potential revenues obtained by increasing the levels and safety benefits that can be achieved by maintaining a strong capital position. The Company aims to achieve an adequate return on capital. The return for the year ended September 30, 2021 was 10.91 % (September 30, 2020: 10.4 %). The Company monitors capital using the ratio of "net debt adjusted" to "adjusted equity". For this purpose, net debt adjusted is defined as total liabilities less cash and bank balances. Adjusted shareholders' equity consists of all elements of equity, if any. The Company has sufficient funding to meet all of the Company's obligations.

**15. DIVIDENDS**

During the third quarter of 2021, in accordance with the Board of Directors resolution dated on Thul-Hijjah 18, 1442H (corresponding to July 28, 2021), the Company declare dividends distribution amounting of SR 26,325,000 from the first half of 2021 by distribution of SR 0.75 per share and distributed on August 17, 2021. During the first quarter of 2021, in accordance with the Board of Directors resolution dated on Rajab 4, 1442H (corresponding to February 16, 2021), the Company declare dividends distribution amounting of SR 35,100,000 from the second half of 2020 by distribution of SR 1 per share and distributed on Thul-Hijjah 18, 1442H (Corresponding to July 28, 2021).

During the third quarter of 2020, in accordance with the Board of Directors resolution dated on Muharram 27, 1442H (corresponding to September 15, 2020), the Company declare dividends distribution amounting of SR 35,100,000 (SR 14,964,143 from the retained earnings up to December 31, 2019 and SR 20,135,857 profit of the first half of 2020) by distribution of SR 1 per share and distributed on October 8, 2020 classified as accrued expenses.



**16. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT**

The Company's financial assets consist of bank balances, customers and due from related parties. The Company's financial liabilities consist of trade payables and other financial liabilities. The Company does not currently use derivative financial instruments to manage these risks that's exposed to it.

**General framework for risk management**

The Board of Directors is generally responsible for the development and follow-up of the Company's overall risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company and to establish appropriate risk limits and controls as well as risk control and adherence to established limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. Through its training and management standards and procedures, the Company aims to maintain a disciplined and constructive control environment through which all employees recognize their roles and obligations.

The Company's Audit Committee oversees how the Management monitors compliance with the Company's risk management policies and procedures, as well as reviews the effectiveness of the overall risk management framework in relation to the risks faced by the Company. The Audit Committee shall be assisted in the performance of this oversight role by an office specialized in internal audit work. The internal audit office shall periodically review and review risk management controls and procedures and report on the results of such work to the Audit Committee.

It is also worth noting the precautionary and preventive procedures issued by the government of the Kingdom of Saudi Arabia aimed at containing the spread of the new Corona epidemic (Covid 19) in order to protect citizens and residents.

The Company announced on April 12, 2020 that these procedures have an impact, to varying degrees, on the Company's business operations since the beginning of their application at the beginning of March 2020, and reached the peak of their impact, and fundamentally, on the production capabilities of its factories and sales channels during the period of the complete ban which is April 2020. In view of the lack of knowledge of the timeframe for these procedures and what may emerge from them in the future, it is difficult to measure the financial impact and the Company will follow up developments in this regard and announce any substantial development in a timely manner. As for the lofty decisions related to supporting the private sector to limit the effects of the precautionary measures, the Company appreciates these initiatives and follows up on any new decisions related to them.

**Credit risk**

Credit risk is the risk that the Company will incur a financial loss if the customer or counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from trade receivables, cash and balances with banks and due from related parties.

The fair value of financial assets represents the maximum exposure to credit risk.

**Trade receivables**

The Company's exposure to credit risk is mainly affected by the individual characteristics of each individual customer. However, management also considers factors that may have an impact on the credit risk of the customer base, including the risk of default in the customer segment in which the customer operates.

The Company has established a credit policy whereby each new customer is individually analysed to verify its creditworthiness before presenting the Company's standard payment terms and conditions. The Company's review includes external ratings if available and, in some cases, bank references. Sales limits are set for each customer and reviewed quarterly.

The Company seeks to limit its exposure to credit risk from trade and other receivables by setting a maximum repayment period of two months for most customers. Note that the company grants the advances of employees by guaranteeing the benefits of employees, not exceeding 60% of the value of the benefits due to the worker.



**Notes to the Interim Condensed Financial Statements (Unaudited) - Continued**  
**For the Nine-Month Period Ended September 30, 2021**

**16. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)**

**Trade receivables (Continued)**

The impairment of trade receivables as at September 30, 2020 was amounted SR 4,050,680 in accordance with the Company's policy and the IFRS (9) Financial Instruments, in addition to a re-examination of management's initial estimates of the impact of the precautionary procedures for the (Covid 19), as at September 30, 2021, the impairment of trade receivables have been reversed with an amount of SR 4,050,680. The Company also maintains guarantees for most of the balances of trade receivables.

At the financial position date, trade receivables aging related to customers as follows:

The period ended September 30, 2021		Weighted average for the impairment of receivables	Balance
Time limit	Book value		
From 0 to 90	67,098,214	-	67,098,214
From 91 to 180	5,952,054	(199,824)	5,752,230
From 181 to 360	447,755	(103,913)	343,842
More than 360	3,894,989	(3,894,989)	-
Balance as of September 30, 2021	77,393,012	(4,198,726)	73,194,286

The year ended December 31, 2020		Weighted average for the impairment of receivables	Balance
Time limit	Book value		
From 0 to 90	75,533,651	-	75,533,651
From 90 to 180	3,519,942	(89,165)	3,430,777
From 180 to 360	2,587,846	(987,752)	1,600,094
More than 360	3,063,293	(3,063,293)	-
	84,704,732	(4,140,210)	80,564,522
Impairment loss on trade receivables - Corona (Covid 19)	-	(4,050,680)	(4,050,680)
Balance as of December 31, 2020	84,704,732	(8,190,890)	76,513,842

The movement in impairment with respect to trade receivables during the year is as follows:

	Saudi Riyal	
	September 30, 2021	December 31, 2020
Balance at the beginning of the period / year	8,190,890	3,942,474
Charge for the year	872,351	197,736
(Reverse) charge for the year – Corona (Covid 19)	(4,050,680)	4,050,680
Written off trade receivables	(813,835)	-
	4,198,726	8,190,890

**Concentrations of maximum exposure to credit risk**

Concentrations arise when a number of counterparties engage in similar activities or activities in the same geographical area or have similar economic characteristics that may render their ability to meet contractual obligations similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of a company's performance to developments affecting a particular business segment or geographical area. The Company's financial assets are fully located within the Kingdom of Saudi Arabia.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities settled by payment in cash or through other financial assets. The Company's approach to liquidity management is to ensure that it always has sufficient liquidity, to the extent possible, to meet its obligations when due, under normal and critical conditions, without incurring unacceptable losses or jeopardizing the Company's reputation.



**Notes to the Interim Condensed Financial Statements (Unaudited) - Continued**  
**For the Nine-Month Period Ended September 30, 2021**

**16. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)**

**Exposure to liquidity risk**

The remaining contractual maturities of the financial liabilities are as at the reporting date. The amounts are gross and undiscounted and include contractual commission payments and do not include the effect of liquidation agreements.

September 30, 2021	Book value	Contractual cash flows		
		Within 3 months or less	Within 3 to 12 months	Within one to two years
Liabilities	SR	SR	SR	SR
Trade payables, accruals and other credit balances	101,929,452	93,346,041	8,583,411	-
Zakat	7,377,292	-	7,377,292	-
<b>Total</b>	<b>109,306,744</b>	<b>93,346,041</b>	<b>15,960,703</b>	<b>-</b>

December 31, 2020 (Audited)	Book value	Contractual cash flows		
		Within 3 months or less	Within 3 to 12 months	Within one to two years
Liabilities	SR	SR	SR	SR
Trade payables, accruals and other credit balances	33,808,818	26,725,157	7,000,732	82,929
Zakat	10,112,918	10,112,918	-	-
<b>Total</b>	<b>43,921,736</b>	<b>36,838,075</b>	<b>7,000,732</b>	<b>82,929</b>

**Commodity price risk**

The Company is exposed to fluctuations in the iron price market. The Company sells certain iron products on a temporary basis. The management monitors iron prices and changes the selling prices according to market changes under the appropriate circumstances of the Company.

**Market risk**

Market risk is the risk that the fair value of cash flows of financial instruments will fluctuate due to changes in market prices. Market risk arises from positions in interest rates, foreign exchange and equity products, all of which are subject to general and specific market movements and changes in the level of volatility of market or price rates such as cost prices and foreign exchange rates.

**Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Company manages foreign exchange risk based on the limits determined by the management and the continuous evaluation of the Company's existing positions and current and projected movements in foreign exchange rates.

Management believes that the Company is not exposed to significant foreign exchange risk.

The reasonably probable rise in the euro and the US dollar against all other currencies at the end of the period will affect the measurement of financial instruments denominated in foreign currencies as well as equity and profit or loss in the amounts shown below. This analysis assumes that all other variables remain constant, specifically commission rates, and ignores any impact on expected sales and purchases.

**Interest rate risk**

Interest rate risk arises from the volatility of the fair value or future cash flows of a financial instrument due to changes in market rates. The Company is not currently exposed to significant interest rate risk on its assets and liabilities.



**17. OPERATING LEASES CONTRACTS**Contracts leases as lessee

The Company leases a number of warehouses and retail outlets under operating leases. The lease period is one year with the option to renew the lease after one year. Lease payments are recognized each year to reflect prevailing market leases. Some leases provide additional rental payments based on changes in local market indices.

Lease contracts for warehouses and branches have been concluded for many years with the Saudi Industrial Cities Organization for a period of not less than 25 years, renewable, representing lease contracts for land and buildings. The Company determines that the elements of land and buildings for warehouse and branch leases are operating leases. The rent paid to the owner is adjusted according to prevailing market rents at regular intervals and the Company has no interest in the residual value of the land and buildings. As a result, it was determined that all the risks of land rents and buildings are significantly with the owner.

Minimum future lease payments

At the end of the year, the minimum future lease payments under irrevocable leases were due as follows:

	Saudi Riyal	
	September 30, 2021	December 31, 2020
Less than one year	674,607	594,786
From one to five years	1,654,366	1,667,459
More than five years	2,199,526	2,507,382
Total	4,528,499	4,769,627
Classified as:		
Operating lease contracts	251,561	171,879
Finance lease contracts – IFRS 16	4,276,938	4,597,748
Total	4,528,499	4,769,627

Amounts recognized as operation lease in profit or loss:

	Saudi Riyal	
	September 30, 2021	September 30, 2020
Rental contract expenses	501,214	326,629

**18. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

The Company's capital commitments as at September 30, 2021 amounting of SR 1,679,655 of a total value of work amounting of SR 4,807,468 (December 31, 2020: SR 1,228,830 of total value of work amounting of SR 2,970,932) and these commitments related to the supply of spare parts and new ERP system.

At September 30, 2021, the Company had outstanding letter of credits amounting of SR 8,3 million (December 31, 2020: SR 5,8 million) and outstanding bank guarantees amounting of SR 75,9 million (December 31, 2020: SR 51,3 million) issued through local banks for the purpose of guaranteeing the supply of raw materials from local companies, the security of the letter of credits amounting of SR 3,8 million (December 31, 2020: SR 2,6 million) in accordance with bank guarantees and letter of credits facilities with local banks with a total value of SR 100 million (December 31, 2020: SR 101,5 million) by guaranteeing the Company's issued bonds with the full value of the facilities.



**19. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

<u>Related party</u>	<u>Relationship</u>
Elegant Romoz for Trading Company	A Company who is owned by two of board of directors: - Mohamed Rasheed Al Rasheed - Salih Rasheed Al Rasheed

Board of directors' members

The Company's senior management personnel

The benefits of key management personnel consist of the following:

	<u>Saudi Riyal</u>	
	<u>September 30, 2021</u>	<u>September 30, 2020</u>
Short-term employee benefits	3,865,087	2,466,143
Post-employment benefits	138,000	126,216
Board of Directors' bonus	675,000	675,000
	<u>4,678,087</u>	<u>3,267,359</u>

Benefits paid to key management personnel include salaries and non-cash benefits and contributions to the post-employment benefits plan.

Other transactions with related parties

Related parties comprise shareholders of the Company and their relatives, associates and directors and key management personnel of the Company. The terms and conditions of these transactions are approved by the Company's management. Such transactions are carried out in the normal course of business of the Company and according to the same fundamentals of dealing with third parties and represent the most important transactions with a related party as follows:

	<u>Transaction Amounts</u>	
	<u>Saudi Riyal</u>	
<u>Nature of transactions</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
Sales	5,545,679	3,479,915

The balances with the related party at the end of the financial year are as follows:

	<u>Saudi Riyal</u>	
<u>Related party</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Elegant Romoz for Trading Company	792,212	1,252,290

Elegant Romoz for Trading Company has been dealing with United Wire Factories Company for more than fifteen years, and there is no doubt about its financial solvency as a customer, as there have never been more debts than agreed upon in the course of the usual activity and they have not been granted any advantages over the rest of the Company's clients.

**20. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current year's presentation.

**21. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved by the Board of Directors on Rabi' al Awwal 22, 1443H (corresponding to October 28, 2021).