

UNITED WIRE FACTORIES COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

**FOR THE THREE MONTH AND NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2022**

AND INDEPENDENT AUDITOR'S REVIEW REPORT

UNITED WIRE FACTORIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022

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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)

Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of United Wire Factories Company ("the Company") as of September 30, 2022 and the related interim condensed statement of profit or loss and other comprehensive income, for the three month and nine month periods then ended, and the interim condensed statements of changes in shareholder's 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.

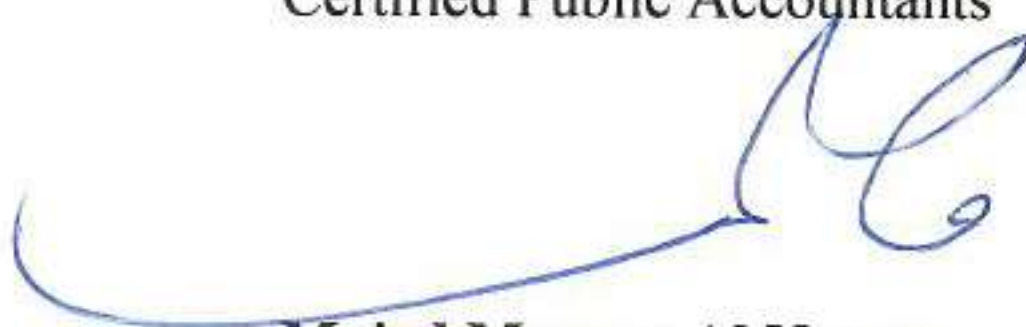
Scope of Review

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




Majed Muneer Al Nemer
(Certified Public Accountant – License No. 381)
Riyadh on Rabi' al Thani, 8, 1444H
Corresponding to November 2, 2022G



UNITED WIRE FACTORIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022
(EXPRESSED IN SAUDI RIYALS)

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment, net	6	100,599,730	102,354,142
Right of use	7	4,454,317	3,398,943
Total Non-Current Assets		105,054,047	105,753,085
Current assets			
Inventories, net	8	164,305,793	103,380,026
Trade receivables, net	9, 16	107,535,584	90,926,198
Prepaid expenses and other debit balances	10	26,962,281	71,967,907
Cash and cash at banks		117,637,034	127,800,267
Total Current Assets		416,440,692	394,074,398
Total Assets		521,494,739	499,827,483
EQUITY AND LIABILITIES			
Equity			
Share capital		351,000,000	351,000,000
Statutory reserve		74,283,661	74,283,661
Other reserve		1,414,960	1,414,960
Retained earnings		10,297,366	15,934,737
Total Equity		436,995,987	442,633,358
Non-current liabilities			
Employees defined benefits obligation		8,714,843	8,288,509
Lease liabilities – Noncurrent portion	7	3,602,948	2,981,733
Total Non-Current Liabilities		12,317,791	11,270,242
Current liabilities			
Zakat provision	11	7,562,588	10,022,000
Accounts payable and others		49,721,762	22,080,453
Accrued expenses and other credit balances	12	14,122,177	13,535,838
Lease liability	7	774,434	285,592
Total Current Liabilities		72,180,961	45,923,883
Total liabilities		84,498,752	57,194,125
TOTAL EQUITY AND LIABILITIES		521,494,739	499,827,483

The accompanying notes form an integral part of these financial statements

Financial Manager

Abdulhamied Husni Ibrahim

Chief Executive Officer

Nabil Hasan Mohammed Al-Amir

Chairman of Board of Directors

Khaled Saad Al-Kanhal

UNITED WIRE FACTORIES COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022**

(EXPRESSED IN SAUDI RIYALS)

	Note	For the three month period ended September 30		For the nine month period ended September 30	
		2022	2021	2022	2021
Sales, net	5	264,116,303	185,693,926	771,162,941	630,009,671
Cost of Sales	5	(248,482,828)	(168,833,062)	(688,433,137)	(563,877,599)
Gross profit		15,633,475	16,860,864	82,729,804	66,132,072
Selling & distribution expenses		(5,038,467)	(4,570,424)	(15,449,079)	(14,323,952)
General and administrative expenses		(4,808,006)	(3,677,961)	(13,974,901)	(11,221,869)
Expected credit loss	9, 16	(490,254)	(123,549)	(546,719)	(872,351)
Reversal of trade receivables and inventory - Corona (Covid 19)	8, 9	-	2,029,794	-	6,080,474
Other income (expenses)		51,000	(18,902)	48,524	(9,880)
Net profit from the operations		5,347,748	10,499,822	52,807,629	45,784,494
Zakat	11	(2,300,000)	(2,400,000)	(7,550,000)	(7,500,000)
Net profit for the year after zakat		3,047,748	8,099,822	45,257,629	38,284,494
Other Comprehensive Income (OCI)		-	-	-	-
Total comprehensive income for the period		3,047,748	8,099,822	45,257,629	38,284,494
Basic and diluted EPS:	13				
Net profit from the operations		0.15	0.3	1.5	1.3
Net profit for the year after zakat		0.09	0.23	1.29	1.09
Net profit and other comprehensive income		0.09	0.23	1.29	1.09

The accompanying notes form an integral part of these financial statements

Financial Manager

 Abdulhamied Husni Ibrahim

Chief Executive Officer

 Nabil Hasan Mohammed 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 EQUITY (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(EXPRESSED IN SAUDI RIYALS)

	Notes	Capital	Statutory reserve	Retained earnings	Other reserve	Total equity
Balance as at January 1, 2022 (Audited)		351,000,000	74,283,661	15,934,737	1,414,960	442,633,358
Total comprehensive income for the period		-	-	45,257,629	-	45,257,629
Dividends	15	-	-	(50,895,000)	-	(50,895,000)
Balance as of September 30, 2022		351,000,000	74,283,661	10,297,366	1,414,960	436,995,987
Balance as at January 2021 (Audited)		351,000,000	69,665,362	35,795,045	1,160,544	457,620,951
Total comprehensive income for the period		-	-	38,284,494	-	38,284,494
Dividends	15	-	-	(61,425,000)	-	(61,425,000)
Balance as of September 30, 2021		351,000,000	69,665,362	12,654,539	1,160,544	434,480,445

The accompanying notes form an integral part of these financial statements

Financial Manager

Abdulhamied Husni Ibrahim

Chief Executive Officer

Nabil Hasan Mohammed Al-Amir

Chairman of Board of Directors

Khaled Saad Al-Kanhal

UNITED WIRE FACTORIES COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(EXPRESSED IN SAUDI RIYALS)

	September 30, 2022	September 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before zakat	52,807,629	45,784,494
Adjustments for:		
Depreciation of property, plant and equipment	8,487,672	9,136,477
Amortization of rights of use assets	477,228	263,979
Expected credit loss	546,719	872,351
Reversal impairment of trade receivables and inventory during the period - Corona (Covid 19)	-	(6,080,474)
Written of trade receivables	-	(813,835)
Impairment of prepaid expenses and other debit balances	-	3,208,429
Gain from disposal of property, plant and equipment	(48,826)	(4,600)
Employees defined benefits obligation	1,160,780	925,038
Changes in assets and liabilities:		
Inventories	(60,925,767)	(119,584,521)
Trade receivables	(17,156,105)	7,311,720
Prepaid expenses and other debit balances	45,005,626	22,055,491
Trade accounts payable & others	27,641,309	73,632,908
Accrued expenses and other credit balances	586,339	(5,522,032)
Lease liabilities	(422,545)	(202,918)
Cash generated from operating activities	58,160,059	30,982,507
Employee defined benefits obligation paid	(734,446)	(396,579)
Zakat paid	(10,009,412)	(10,235,626)
Net cash generated from operating activities	47,416,201	20,350,302
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(6,733,260)	(2,852,942)
Proceed from disposal of property, plant and equipment	48,826	4,600
Net cash used in investing activities	(6,684,434)	(2,848,342)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends	(50,895,000)	(61,425,000)
Net cash used in financing activities	(50,895,000)	(61,425,000)
Net changes in cash and cash at banks	(10,163,233)	(43,923,040)
Cash and cash at banks at January 1	127,800,267	162,661,160
CASH AND CASH AT BANKS AT SEPTEMBER 30	117,637,034	118,738,120
Noncash transactions		
Right of use assets / lease liability	1,532,602	-


The accompanying notes form an integral part of these financial statement

Financial Manager

Abdulhamied Husni Ibrahim

Chief Executive Officer

Nabil Hasan Mohammed Al-Amir

Chairman of Board of Directors

Khaled Saad Al-Kanhal

UNITED WIRE FACTORIES COMPANY

(A Saudi Joint Stock Company)

Notes To the Interim Condensed Financial Statements (Unaudited)

For The Nine-Month Period Ended September 30, 2022

1. ORGANAIZATION 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, clothes' hangers, fences, barbed wire, wood, carpentry and iron spikes, iron angles, rectangles, rectification, cutting reinforcing steel, 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
Mass Steel – Jeddah	4030460297
Mass Steel – Dammam	2050155579
Mass Steel – Duba	3555102116
Vision Gate for Real Estate Services Company	1010716858

2. BASIS OF PREPARATION

Statement 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 Projected Unit Credit Method. 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 accordance with International Accounting Standard 34 – “Interim Financial Reporting” (IAS 34) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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, 2021, and accordingly these interim financial statements and the accompanying summary notes should be read along with the annual audited financial statements and related notes for the year ended December 31, 2021.

4. APPLICATION OF NEW AND REVISED IFRS'S

NEW Standards, Amendment to Standards and Interpretation

There are no new standards issued; however, there are number of amendments to standards which are effective from January 1, 2022 and have been explained in the Company's annual financial statements, but they do not have a material effect on the Company's interim condensed financial statements.

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 segmentation

The Company has the following two 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 reporting sector:

Sector reports	Operations
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 clothes hangers, bed's metal slats and metal pins.

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 and there are revenues from export.

Information on segment reporting

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

UNITED WIRE FACTORIES COMPANY

(A Saudi Joint Stock Company)

Notes To the Interim Condensed Financial Statements (Unaudited)**For The Nine-Month Period Ended September 30, 2022****5. INFORMATION ON SEGMENT REPORTING****Information on segment reporting (Continued)**

<u>For the period ended September 30, 2022</u>	Construction Sector	Civil Sector	Total
	SR	SR	SR
Sales	538,320,440	232,842,501	771,162,941
Cost of sales	(507,668,353)	(180,764,784)	(688,433,137)
Gross profit	30,652,087	52,077,717	82,729,804
<u>For the period ended September 30, 2021</u>	Construction Sector	Civil Sector	Total
	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
<u>As at September 30, 2022</u>	Construction Sector	Civil Sector	Total
	SR	SR	SR
Property, plant and equipment	56,107,201	44,492,529	100,599,730
<u>As of December 31, 2021</u>	Construction Sector	Civil Sector	Total
	SR	SR	SR
Property, plant and equipment, net	57,549,618	44,804,524	102,354,142

UNITED WIRE FACTORIES COMPANY

(A Saudi Joint Stock Company)

Notes To the Interim Condensed Financial Statements (Unaudited)

For The Nine-Month Period Ended September 30, 2022

6. PROPERTY, PLANT AND EQUIPMENT, NET

	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
Cost								
Balance at January 1, 2022	43,502,583	40,364,780	186,483,845	15,238,791	1,485,892	7,541,682	1,722,417	296,339,990
Additions	-	1,341,640	2,867,488	1,194,273	252,247	278,417	799,195	6,733,260
Disposals	-	-	-	(275,549)	-	-	-	(275,549)
Transfers	-	67,573	1,587,177	-	-	-	(1,654,750)	-
Balance at the period end	43,502,583	41,773,993	190,938,510	16,157,515	1,738,139	7,820,099	866,862	302,797,701
Accumulated depreciation								
Balance at January 1, 2022	-	16,667,570	155,844,528	14,611,130	1,053,730	5,808,890	-	193,985,848
Depreciation for the year	-	875,301	6,810,967	253,115	72,010	476,279	-	8,487,672
Disposals	-	-	-	(275,549)	-	-	-	(275,549)
Balance at the period end	-	17,542,871	162,655,495	14,588,696	1,125,740	6,285,169	-	202,197,971

Net book values

At September 30, 2022	43,502,583	24,231,122	28,283,015	1,568,819	612,399	1,534,930	866,862	100,599,730
At December 31, 2021 (Audited)	43,502,583	23,697,210	30,639,317	627,661	432,162	1,732,792	1,722,417	102,354,142

* 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 represented in new enterprise resources planning (ERP System) and some branches renovation.

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

	Saudi Riyal	
	September 30, 2022	September 30, 2021
Cost of sales	7,666,621	8,395,685
General and administrative expenses	516,989	457,514
Selling and marketing expenses	304,062	283,278
	8,487,672	9,136,477

UNITED WIRE FACTORIES COMPANY

(A Saudi Joint Stock Company)

Notes To the Interim Condensed Financial Statements (Unaudited)

For The Nine-Month Period Ended September 30, 2022

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

	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
Cost								
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)
Transfers	-	1,955,186	-	-	-	237,879	(2,193,065)	-
Balance at the period end	43,502,583	39,865,025	186,330,919	15,206,405	1,162,710	7,318,156	593,331	293,979,129
Accumulated depreciation								
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 year	-	831,162	7,612,223	247,157	16,975	428,960	-	9,136,477
Disposals	-	-	-	(78,550)	-	-	-	(78,550)
Balance at the period end	-	16,381,267	153,460,010	14,527,789	1,038,617	5,653,943	-	191,061,626
Net book values								
At September 30, 2021	43,502,583	23,483,758	32,870,909	678,616	124,093	1,664,213	593,331	102,917,503
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 represented in staff housing renovation and new enterprise resources planning (ERP) and production machine.

UNITED WIRE FACTORIES COMPANY

(A Saudi Joint Stock Company)

Notes To the Interim Condensed Financial Statements (Unaudited)**For The Nine-Month Period Ended September 30, 2022****7. RIGHT OF USE**

The Company has implemented a recognition and measurement principle of all lease contracts in the event it is the lessee, except for the short-term lease contracts and lease contracts that contain a low value asset.

The impact on the statement of profit or loss and other comprehensive income:

- Amortization expense increased by SR. 477,228 related to amortization of the rights of use the recognized assets.
- Finance costs increased by SR. 143,344 related to interest expense on lease contracts' liabilities.

	Saudi Riyal	
	September 30, 2022	December 31, 2021
<u>Right of use assets</u>		
Balance at the beginning of the period / year	4,396,189	4,396,189
Additions	1,532,601	-
	<u>5,928,790</u>	<u>4,396,189</u>
<u>Accumulated amortization</u>		
Balance at the beginning of the period / year	(997,246)	(644,306)
Less: Amortization	(477,228)	(352,940)
	<u>(1,474,474)</u>	<u>(997,246)</u>
Balance at the end of the period / year	<u>4,454,316</u>	<u>3,398,943</u>
<u>Lease liabilities</u>		
Balance at the beginning of the period / year	3,267,325	3,539,509
Additions	1,532,601	-
Less: Amortization	(422,545)	(272,184)
Balance at the end of the period / year	<u>4,377,381</u>	<u>3,267,325</u>
Current portion	<u>774,433</u>	<u>285,592</u>
Non-current portion	<u>3,602,948</u>	<u>2,981,733</u>

8. INVENTORIES, NET

	Saudi Riyal	
	September 30, 2022	December 31, 2021
Finished goods	118,200,016	76,628,032
Raw materials	25,776,250	10,656,309
Work in progress	14,146,492	9,754,525
Spare parts not for sale	6,317,951	6,476,076
	<u>164,440,709</u>	<u>103,514,942</u>
Provision of slow-moving inventory	(134,916)	(134,916)
	<u>164,305,793</u>	<u>103,380,026</u>

9. TRADE RECEIVABLES, NET

	Saudi Riyal	
	September 30, 2022	December 31, 2021
Trade receivables	110,668,200	94,125,763
Trade receivables - related party (Note 19)	1,094,180	480,512
	<u>111,762,380</u>	<u>94,606,275</u>
Expected credit loss (Note 16)	(4,226,796)	(3,680,077)
	<u>107,535,584</u>	<u>90,926,198</u>

UNITED WIRE FACTORIES COMPANY

(A Saudi Joint Stock Company)

Notes To the Interim Condensed Financial Statements (Unaudited)**For The Nine-Month Period Ended September 30, 2022****10. PREPAID EXPENSES AND OTHER DEBIT BALANCES**

	Saudi Riyal	
	September 30, 2022	December 31, 2021
Advances to suppliers	17,650,517	66,247,470
Letter of credits	3,797,050	3,797,050
Prepaid expenses	3,106,446	1,369,222
Margin on letter of guarantees	1,717,971	115,714
Employee's receivables	1,636,998	1,383,558
Refundable deposits	279,848	279,848
Others	1,981,880	1,983,474
Impairment of other debit balances	(3,208,429)	(3,208,429)
	26,962,281	71,967,907

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

	Saudi Riyal	
	September 30, 2022	December 31, 2021
Balance at the beginning of the period / year	3,208,429	2,803,574
Provision charge for the period / year	-	404,855
	3,208,429	3,208,429

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

The Company finalized its Zakat status until December 31, 2014, paid the Zakat due accordingly, obtained the final certificates, and submitted its Zakat returns to the Zakat, Tax and Customs Authority ("ZATCA") up to the year ended December 31, 2021. The final Zakat assessments were received from the ZATCA for the years 2015 to 2018 and the Company has objected on these assessments in accordance with the relevant procedures, noting that the Zakat examination has been completed for the years 2019 and 2020 and the Zakat due has been paid.

The movement of Zakat provision

The following represent the movement of the Zakat provision:

	Saudi Riyal	
	September 30, 2022	December 31, 2021
Balance at the beginning of the period / year	10,022,000	10,112,918
Zakat charged to the statement of profit or loss	7,550,000	10,177,841
Payment	(10,009,412)	(10,268,759)
Balance at the end of the period / year	7,562,588	10,022,000

12. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	Saudi Riyal	
	September 30, 2022	December 31, 2021
Accrued value added tax	4,775,227	4,052,083
Accrued salaries, benefits and incentives	4,430,216	6,112,575
Accrued expenses and commissions	2,168,058	1,787,262
Other	2,748,676	1,583,918
	14,122,177	13,535,838

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 for the period ended at September 30, 2022 and September 30, 2021 were calculated on the basis of the weighted average number of outstanding shares during the period which is 35,100,000 shares (2021: 35,100,000 shares). There are no dilutive potential ordinary shares.

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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 period ended September 30, 2022 was 13 % (September 30, 2021: 10.91 %) for the nine months. 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 first quarter of 2022, in accordance with the Board of Directors resolution dated on Jumada al-Akhirah 28, 1443H corresponding to January 31, 2022, the Company declared dividends distribution amounting of SR 15,795,000 by distribution of SR. 0.45 per share and distributed on February 21, 2022.
- During the third quarter of 2022, in accordance with the Board of Directors resolution dated on Muharram 2, 1444H corresponding to July 31, 2022, the Company declared dividends distribution amounting of SR 35,100,000 by distribution of SR. 1 per share and distributed on August 18, 2022.
- 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 Board of Directors declared dividends amounting of SR 35,100,000 distributed on March 3, 2021.
- During the second quarter of 2021, in accordance with the Board of Directors resolution dated on Thul-Hijjah 18, 1442H corresponding to July 28, 2021, the Board of Directors declared dividends amounting of SR 26,325,000 distributed on August 17, 2021.

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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.

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 that face 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.

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.

The impairment of trade receivables as at September 30, 2022 was amounted 4,226,796 Saudi riyals (December 31, 2021 was amounted 3,680,077 Saudi riyals) 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), the company also maintains guarantees for most of the balances of trade receivables.

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Notes To the Interim Condensed Financial Statements (Unaudited)**For The Nine-Month Period Ended September 30, 2022****16. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)****Trade receivables (Continued)**

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

The period ended September 30, 2022

<u>Time limit</u>	<u>Book value</u>	<u>Expected credit loss</u>	<u>Balance</u>
From 0 to 90	99,758,386	-	99,758,386
From 91 to 180	6,341,481	(247,982)	6,093,499
From 181 to 360	2,198,037	(514,341)	1,683,696
More than 360	3,464,473	(3,464,473)	-
Balance as of September 30, 2022	111,762,377	4,226,796	107,535,581

The year ended December 31, 2021

<u>Time limit</u>	<u>Book value</u>	<u>Expected credit loss</u>	<u>Balance</u>
From 0 to 90	88,001,397	-	88,001,397
From 91 to 180	2,731,668	(110,350)	2,621,318
From 181 to 360	425,754	(122,271)	303,483
More than 360	3,447,456	(3,447,456)	-
Balance as of December 31, 2021	94,606,275	(3,680,077)	90,926,198

The movement in the expected credit loss during the period / year is as follows:

	Saudi Riyal	
	September 30, 2022	December 31, 2021
Balance at the beginning of the period / year	3,680,077	8,190,890
Charged during the period / year	546,719	353,702
Reversal of expected credit loss	-	(4,050,680)
Written off receivables	-	(813,835)
Balance at the beginning of the period / year	4,226,796	3,680,077

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.

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Notes To the Interim Condensed Financial Statements (Unaudited)**For The Nine-Month Period Ended September 30, 2022****16. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)****Exposure to liquidity risk**

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

September 30, 2022	Book value SR	Contractual cash flows		
		Within 3 months or less SR	Within 3 to 12 months SR	Within one to two years SR
Liabilities				
Trade payables and other credit balances	64,618,373	55,594,621	9,023,752	-
Zakat	7,562,588	-	7,562,588	-
Total	72,180,961	55,594,621	16,586,340	-

December 31, 2021	Book value SR	Contractual cash flows		
		Within 3 months or less SR	Within 3 to 12 months SR	Within one to two years SR
Liabilities				
Trade payables and other credit balances	35,901,883	32,787,367	3,114,516	-
Zakat	10,022,000	-	10,022,000	-
Total	45,923,883	32,787,367	13,136,516	-

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.

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Notes To the Interim Condensed Financial Statements (Unaudited)**For The Nine-Month Period Ended September 30, 2022****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, 2022	December 31, 2021
Less than one year	1,830,957	824,909
From one to five years	1,798,389	1,650,140
More than five years	1,237,610	2,095,779
	4,866,956	4,570,828
Classified as:		
Operating lease contracts	422,267	402,002
Finance lease contracts – IFRS 16	4,444,689	4,168,826
Total	4,866,956	4,570,828

Amounts recognized as operation lease in profit or loss for the nine-month period:

	Saudi Riyal	
	September 30, 2022	September 30, 2021
Rental contract expenses	670,963	501,214

18. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Company's capital commitments as at September 30, 2022 amounting of SR. 3,144,066 of a total value of work amounting of SR. 5,877,061 (December 31, 2021: SR. 1,300,182 of total value of work amounting of SR 2,367,438) and these commitments related to the supply machines and spare parts.

At September 30, 2022, the Company had outstanding letter of credits amounting of SR 3.9 million (December 31, 2021: SR. 10.7 million) and outstanding bank guarantees amounting of SR. 75.9 million (December 31, 2021: SR. 75.9 million) issued through local banks for the purpose of guaranteeing the supply of raw materials from local companies, the cash margins of the letter of guarantees amounting of SR. 3.8 million (December 31, 2021: SR. 3.8 million) in accordance with bank guarantees and letter of credits facilities with local banks with a total value of SR. 150 million (December 31, 2021: SR. 100 million) secured by promissory notes issued by the Company for machinery and the full value of the facilities.

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Notes To the Interim Condensed Financial Statements (Unaudited)**For The Nine-Month Period Ended September 30, 2022****19. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

Related party	Relationship
Elegant Romoz for Trading Company	A Company which three of the shareholders have shares: - Mohamed Rasheed Al Rasheed - Salih Rasheed Al Rasheed - Ahmad Rasheed Al Rasheed

The Company's senior management personnel

The benefits of senior management personnel consist of the following:

	Saudi Riyal	
	September 30, 2022	September 30, 2021
Short-term employee benefits	3,947,952	3,865,087
Post-employment benefits	164,064	138,000
Board of Directors' bonus	1,012,500	675,000
	5,124,516	4,678,087

Benefits paid to senior 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 senior 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:

	Transaction Amounts	
	Saudi Riyal	
Nature of transactions	September 30, 2022	September 30, 2021
Sales	9,212,775	5,545,679

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

	Saudi Riyal	
Related party	September 30, 2022	December 31, 2021
Elegant Romoz for Trading Company	1,094,180	480,512

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 customers.

20. SIGNIFICANT EVENTS

On October 24, 2021, the Company announced the signing of a (non-binding) memorandum of understanding with Thimar Food and Catering Company (Limited Liability Company) on October 21, 2021, regarding the possible acquisition of a share in the ownership of Thimar Food and Catering Company after completing the due diligence examination and in accordance with the relevant procedures. The Company announced three extensions of the memorandum of understanding to end the financial and legal due diligence examination, which was last on April 28, 2022, for a period of 30 days. On September 2, 2022, the Company announced the termination of memorandum of understanding due to the failure of the two parties to reach an agreement on the acquisition.

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20. SIGNIFICANT EVENTS (Continued)

On February 21, 2022, the Company also announced the signing of a (non-binding) memorandum of understanding with A-1 Fence DMCC Company (UAE) on February 20, 2022, regarding the possible acquisition of a share in the ownership of A-1 Fence Arabia for Industry Company (Limited Liability Company) located in Dammam – Kingdom of Saudi Arabia (fully owned by A-1 Fence DMCC Company) after completing the due diligence examination and in accordance with the relevant procedures. On May 19, 2022, the Company announced an extension of the memorandum of understanding for a period of 90 days. On August 18, 2022, the Company announced the signing of a purchase agreement with A-1 Fence DMCC Company to acquire 30% of the share capital of A-1 Fence Arabia for Industry Company. The agreement is subject to the approval of the relevant authorities to complete it.

Also, the Board of Directors of the Company has approved a proposal to the extra-ordinary general assembly to reduce the Company's share capital by 20% through the utilization of the Company's surplus cash balances, and subject to the approvals of the extra-ordinary general assembly and the related regulators.

21. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on Rabi' al Thani 8, 1444H (corresponding to November 2, 2022).