

**NATIONAL METAL MANUFACTURING
AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED INTERIM FINANCIAL
STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT ON REVIEW OF CONDENSED
INTERIM FINANCIAL STATEMENTS FOR THE
THREE MONTHS PERIOD ENDED MARCH 31, 2021**

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

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

To the shareholders
National Metal Manufacturing and Casting Company ("MAADANIYAH")
(A Saudi joint stock company)
Jubail Industrial City - Kingdom of Saudi Arabia.

Introduction

We have reviewed the accompanying condensed interim financial statements of National Metal Manufacturing and Casting Company ("MAADANIYAH") (a Saudi joint stock company) ("the Company") which comprises of condensed interim statement of financial position as of March 31, 2021 and related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months period then ended and summary of significant accounting policies and selected notes.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 (IAS 34) - "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

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

Conclusion

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

For Dr. Mohamed Al-Amri & Co.



Gihad M. Al-Amri
Certified Public Accountant
Registration No. 362



May 11, 2021 -G
Ramadan 29, 1442-H

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021
Expressed in Saudi Riyal

ASSETS	Note	March 31, 2021 (Un-audited)	December 31, 2020 (Audited)
Non- current assets			
Property, plant and equipment	6	174,827,984	178,134,761
Right-of-use assets		3,774,327	3,961,242
Intangible assets		2,460,655	2,930,944
Investment property		1,983,868	2,034,156
Equity instruments designated at fair value through other comprehensive income (FVOCI)		3,750,000	3,750,000
Total non- current assets		186,796,834	190,811,103
Current assets			
Inventories		87,384,287	105,574,774
Trade receivables		90,693,207	76,213,204
Prepayments and other receivables		7,875,545	5,364,602
Cash and cash equivalents	7	27,525,613	36,592,319
Total current assets		213,478,652	223,744,899
TOTAL ASSETS		400,275,486	414,556,002
EQUITY AND LIABILITIES			
Equity			
Share capital	1	281,120,890	281,120,890
Statutory reserve		27,173,232	27,173,232
Accumulated losses		(47,241,637)	(40,156,992)
Total equity		261,052,485	268,137,130
Non-current liabilities			
Lease liabilities		3,598,157	3,557,290
Long term loans	8	40,079,339	47,167,334
Employees benefit obligations		29,566,875	28,015,614
Total non-current liabilities		73,244,371	78,740,238
Current liabilities			
Trade and other payables		22,432,672	23,815,644
Lease liabilities - current portion		586,562	573,321
Long term loans - current portion	8	17,500,000	16,700,000
Short term loans		3,282,000	5,000,000
Accrued and other liabilities		16,076,567	16,409,669
Zakat provision		6,100,829	5,180,000
Total current liabilities		65,978,630	67,678,634
TOTAL EQUITY AND LIABILITIES		400,275,486	414,556,002

The accompanying notes from 1 to 15 form an integral part of these condensed interim financial statements.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021
Expressed in Saudi Riyal

	March 31, 2021 (Un-audited)	March 31, 2020 (Unaudited)
Revenue	65,256,278	79,548,861
Cost of sales	(61,632,758)	(75,923,491)
Gross profit	3,623,520	3,625,370
Selling and distribution expenses	(3,376,063)	(5,140,576)
Administrative expenses	(3,740,583)	(3,786,482)
Other expenses	(1,973,068)	(428,857)
Other income	183,021	217,503
Operating loss	(5,283,173)	(5,513,042)
Finance cost	(701,472)	(849,395)
Loss before zakat	(5,984,645)	(6,362,437)
Zakat	(1,100,000)	(1,100,000)
Loss for the period	(7,084,645)	(7,462,437)
Other comprehensive income	-	-
Total comprehensive loss for the period	(7,084,645)	(7,462,437)
Loss per share		
- Basic and diluted	(0.25)	(0.27)

The accompanying notes from 1 to 15 form an integral part of these condensed interim financial statements .



NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021
Expressed in Saudi Riyal

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Accumulated losses</u>	<u>Total equity</u>
Balance at January 01, 2020 - (Audited)	281,120,890	27,173,232	216,745	308,510,867
Loss for the period	-	-	(7,462,437)	(7,462,437)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(7,462,437)	(7,462,437)
Balance at March 31, 2020 –(Unaudited)	281,120,890	27,173,232	(7,245,692)	301,048,430
Balance at January 01, 2021 - (Audited)	281,120,890	27,173,232	(40,156,992)	268,137,130
Loss for the period	-	-	(7,084,645)	(7,084,645)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(7,084,645)	(7,084,645)
Balance at March 31, 2021 –(Unaudited)	281,120,890	27,173,232	(47,241,637)	261,052,485

The accompanying notes from 1 to 15 form an integral part of these condensed interim financial statements.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021
Expressed in Saudi Riyal

	March 31, 2021	March 31, 2020
Note	(Un-audited)	(Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before zakat	(5,984,645)	(6,362,437)
Adjustments for non –cash items to reconcile loss before zakat to net cash flows		
Depreciation of property, plant and equipment	3,767,101	4,034,296
Depreciation of right-of-use assets	186,915	186,915
Depreciation of investment property	50,288	50,288
Amortization of intangible assets	470,289	470,292
Finance cost	701,472	849,395
Reversal of provision of slow moving inventory	(579,959)	-
Provision for employees' benefit obligations	1,691,600	876,315
Impairment of trade receivables	1,973,068	428,857
Loss from disposal of property, plant and equipment	-	5,215
	2,276,129	539,136
Working capital adjustments		
Inventories	18,770,446	23,393,245
Trade receivables	(16,453,071)	(14,320,635)
Prepayments and other receivables	(2,510,943)	(1,779,620)
Trade and other payables	(1,382,972)	22,313,992
Accrued and other liabilities	(4,812)	3,598,732
Cash generated from operations	694,777	33,744,850
Zakat paid	(179,171)	-
Employees' benefits obligations paid	(140,339)	(605,437)
Net cash generated from operating activities	375,267	33,139,413
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(460,324)	(1,656,518)
Net cash used in investing activities	(460,324)	(1,656,518)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short term loans	(3,000,000)	(13,243,650)
Proceeds from short term loans	1,282,000	-
Repayment of long term loans	(6,287,995)	(4,000,000)
Proceeds from long term loans	-	2,382,059
Finance cost paid	(975,654)	(1,188,971)
Net cash used in financing activities	(8,981,649)	(16,050,562)
Net change in cash and cash equivalents	(9,066,706)	15,432,333
Cash and cash equivalents at beginning of the period	7 36,592,319	19,696,036
Cash and cash equivalents at end of the period	7 27,525,613	35,128,369

The accompanying notes from 1 to 15 form an integral part of these condensed interim financial statements.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021
Expressed in Saudi Riyal

1. ORGANIZATION AND ACTIVITIES

National Metal Manufacturing and Casting Company (MAADANIYAH) ("the Company") was incorporated pursuant to Council of Ministerial Resolution Number 253 dated 13 Rabi 'I, 1411-H corresponding to October 2, 1990G and registered as a Saudi Joint Stock Company under Commercial Registration Number 2055002251 dated 16 Jumada 'I, 1411-H corresponding to December 3, 1990 G issued in Al Jubail. The registered office of the Company is situated in Al-Jubail, Kingdom of Saudi Arabia. The Company's share capital is SR 281,120,890 divided into 28,112,089 shares of SR 10 each.

On February 28, 2021, the Board of directors has resolved to set off accumulated losses against share capital equivalent to an amount of 7.4% of share capital subject to regulatory approvals and the approval of shareholders. This will result in cancelling of 2,081,342 shares of the Company at the rate of 1 share for every 13.507 shares. At the same meeting, the Board of directors has also resolved to increase the share capital of the Company by a way of a right issue amounted to SR 120 million subject to regulatory approvals and the approval of shareholders. However, on March 29, 2021, the Board of directors has amended the above resolution to increase the amount of accumulated losses to be set off up to 14.28% of the share capital subject to regulatory approvals and the approval of shareholders.

The Company has the following branches:

Branch name	Commercial Registration Number	Date
Axles, Foundries and Spare Parts Factory	2050016156	29/5/1406-H
Wire Drawing and Related Products Factory (ASLAK)	2055013867	25/8/1432-H
Branch of National Metal Manufacturing and Casting Company (MAADANIYAH)	1010389002	25/11/1434-H
Gulf Baas Industries	2050116884	04/11/1439-H

The interim financial results of these branches are included in these condensed interim financial statements.

The Company and its branches objectives are as follows:

- Manufacturing of drawn steel wire rod, pre-stressed concrete steel wire strand (PC strand), spring wire, mattress spring wire, strengthening wire strand for electrical power and high and low galvanized steel wire, fasteners, nails, bolts and welding wire.
- Manufacturing of metal castings of various types.
- Manufacturing of axles, various qualities of suspensions and spare parts for trucks, vehicles and equipment.
- Wholesale and retail trade in the Company's products, building materials, industrial materials, including the import and export.
- Ownership of land and property and constructing buildings thereon.
- Ownership of patents and benefiting from them to achieve industrial objectives inside and outside the Kingdom of Saudi Arabia.
- Commercial agencies and representation of local or foreign companies inside and outside the Kingdom of Saudi Arabia.
- Tenders and contracting business.
- Construction of industrial, service and commercial projects inside and outside the Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") as endorsed in Kingdom of Saudi Arabia ("KSA").

The disclosures in these condensed interim financial statements do not include the information reported for full annual financial statements and should, therefore, be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020.

2.2 Basis of measurement

These condensed interim financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for certain employees' benefits and equity instrument at fair value through other comprehensive income (FVOCI) which are measured at present value using Projected Unit Credit Method and fair value, respectively.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Saudi Riyals (SR) which is also the functional currency of the Company.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021
Expressed in Saudi Riyal

3. USE OF ESTIMATES AND JUDGMENTS

In preparing these condensed interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in financial statements for the year ended December 31, 2020.

4. SIGNIFICANT ACCOUNTING POLICES

The significant accounting policies, risk management policies and methods of computation adopted for the preparation of these condensed interim financial statements for the three months period ended March 31, 2021 are same as those applied in the financial statements for the year ended December 31, 2020.

5. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS

There are no new standards issued, however, there are number of amendments to standards which are effective from January 1, 2021 and has been disclosed in the Company's annual financial statements for the year ended December 31, 2020, except for amendment to IFRS 16 (as mentioned below) but they do not have a significant impact on the Company's condensed interim financial statements for the three months period ended March 31, 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16: COVID-19-Related Rent Concessions beyond June 30, 2021

In March 2021, the IASB amended IFRS 16 Leases, extending the practical expedient in order to permit lessees to apply it to rent concessions for which reductions in lease payments affect payments originally due on or before June 30, 2022. This amendment is applicable for annual reporting periods beginning on or after April 01, 2021, with early application permitted, including in financial statements not authorized for issue at March 31, 2021. The Company, being a lessee, did not receive any rent concession during the period and accordingly not affected by this amendment.

6. PROPERTY, PLANT AND EQUIPMENT

During the three months period ended March 31, 2021, additions to property, plant and equipment were amounted to SR 0.5 million (March 31, 2020: SR1.7 million) and disposals of property, plant and equipment were amounted to Nil (March 31,2020: SR 0.9 million).

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021
Expressed in Saudi Riyal

7. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020
	(Un-audited)	(Audited)
Cash in hand	60,710	14,210
Cash at banks	26,230,432	21,958,187
Term / call deposits	1,234,471	14,619,922
	27,525,613	36,592,319

Term deposits with the local banks carry profit rates at prevailing commercial rates having original maturities of less than three months.

8. LONG TERM LOANS

	March 31, 2021	December 31, 2020
	(Un-audited)	(Audited)
Saudi Industrial Development Fund (SIDF)	24,950,000	25,150,000
Less : deferred financial charges	(970,661)	(1,082,666)
Less: current portion	(3,100,000)	(3,300,000)
	20,879,339	20,767,334
Other loans from local banks	33,600,000	39,800,000
Less: current portion	(14,400,000)	(13,400,000)
	19,200,000	26,400,000
Total loans –non current portion	40,079,339	47,167,334
Total loans –current portion	17,500,000	16,700,000

a) Loan from SIDF

In 2018, the Company obtained a loan from SIDF to finance a portion of the expansion project of the Company. The loan is repayable in unequal half yearly installments from December 2019 and is secured by promissory notes and a mortgaged on certain property, plant and equipment of the Company. The loan is repayable in full by April 2025. It contains certain covenants which requires, among other things, certain financial ratios to be maintained.

b) Loans from local banks

These loans have been obtained from two banks i.e. The Saudi British Bank (SABB) and the National Commercial Bank (NCB) to finance the expansion project cost of the Company.

In 2018, the Company obtained a new loan facility from NCB amounted to SR 12 million to finance its expansion project which was fully utilized as of March 31, 2021 and December 31, 2020. This loan is subject to mark-up at SIBOR plus margin and is secured by promissory notes. It contains certain covenants which requires, among other things, certain financial ratios to be maintained.

SABB's loan has been provided under murabaha terms with limit of SR 50 million out of which SR 39 million was utilized as of March 31, 2021 (December 31, 2020: SR 38 million). This loan is repayable in semi-annual installments over five years starting from 2018. It is subject to mark-up at SIBOR plus margin and is secured by promissory notes.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021
Expressed in Saudi Riyal

9. CONTINGENCIES AND COMMITMENTS

(a) The Company's outstanding contingencies and commitments were as follows:

	March 31, 2021 (Un-audited)	December 31,2020 (Audited)
Letter of credits	53,279,846	21,842,853
Letter of guarantees	732,329	55,750

(b) As at March 31, 2021, the Company has outstanding capital commitments amounting to SR 1.2 million (December 31, 2020: SR 1.4 million) related to expansion projects and development of production lines.

10. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties consist of major shareholders, parties controlled and influenced by them, Board of Directors and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company. The transactions are dealt with on mutually agreed terms and the terms and conditions on these transactions are approved by the Company's management. The Company did not transact with any of its related parties except transactions with key management personnel.

Transactions with key management personnel (Unaudited):

	For the three months period ended March 31, 2021	For the three months period ended March 31, 2020
Key management executives	1,454,239	1,334,725
Directors' allowances and expenses	48,000	56,520

11. SEGMENT INFORMATION

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities. The Company's sales, gross profit, assets and liabilities, by business segment, are as follows:

	Transformation industries	Engineering and metal forming industries	Total
For the three months period ended March 31, 2021			
Revenue	48,180,673	17,075,605	65,256,278
Gross profit	2,267,458	1,356,062	3,623,520
As of March 31, 2021			
Total assets	268,032,361	132,243,125	400,275,486
Total liabilities	94,883,785	44,339,216	139,223,001

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021
Expressed in Saudi Riyal

	Transformation industries	Engineering and metal forming industries	Total
For the three months period ended March 31, 2020			
Revenue	56,800,335	22,748,526	79,548,861
Gross profit	751,877	2,873,493	3,625,370
As of March 31, 2020			
Total assets	312,810,084	144,166,046	456,976,130
Total liabilities	110,888,298	45,039,402	155,927,700

The sales within the Kingdom for the three months period ended March 31, 2021 amounted to SR 31.4 million (March 31, 2020: SR 35.8 million) and export sales for the three months period ended March 31, 2021 amounted to SR 33.8 million (March 31, 2020: SR 43.7 million)

All of the Company's operations are located in the Kingdom of Saudi Arabia.

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of March 31, 2021 and December 31, 2020, the carrying values of the financial assets and financial liabilities of the Company approximate to their fair values. Regarding equity investment at FVOCI, the management believes that cost is the best estimates of its fair value as the investee company is in formation stages as of March 31, 2021. The management also believes that the fair value of investment property is not materially different with that disclosed in 2020 annual financial statements of the Company.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021
Expressed in Saudi Riyal

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to comply with the current period presentation of the condensed interim financial statements.

14. COVID-19 UPDATES

The impacts of Covid 19 has been disclosed in detail in the annual financial statements of the Company for the year ended December 31, 2020. In the three months period ended March 31, 2021, the Company's management did not observe any significant impact on the operations of the Company as the operations were coming back to normal from the second quarter of 2020. However, the Company continues to monitor the Covid-19 situation closely although at this time, management is not aware of any factors that are expected to change the impact of the pandemic on the Company's operations during 2021 or beyond.

15. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements have been approved and authorized for issue by the Company's Board of Directors on May 11, 2021 G.