

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH AND NINE-MONTH
PERIODS ENDED SEPTEMBER 30, 2023
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023

INDEX	PAGE
Independent auditor's review report on the interim condensed consolidated financial statements	1
Interim consolidated statement of financial position	2
Interim consolidated statement of profit or loss and other comprehensive income	3
Interim consolidated statement of changes in equity	4
Interim consolidated statement of cash flows	5
Notes to the interim condensed consolidated financial statements	6 – 13

**PKF****Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants**

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1 /1)

TO THE SHAREHOLDERS OF NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH) (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim consolidated statement of financial position of National Metal Manufacturing and Casting Company ("MAADANIYAH") (the "Company"), A Saudi Joint Stock Company, and its subsidiaries (collectively referred to as the "Group") as at September 30, 2023 and the related interim consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the interim consolidated 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 (the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. 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 consolidated financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 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 condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

For Al-Bassam & Co.**Ibrahim Ahmed Al Bassam**
Certified Public Accountant
License No. 337


Khobar: Rabi II 21, 1445H

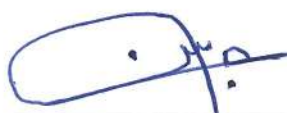
Corresponding to: November 5, 2023

**RIYADH**Tel. +966 11 208 5333 | P.O Box 69666
Fax +966 11 208 5444 | Riyadh 11557**JEDDAH**Tel. +966 12 852 6330 | P.O Box 15851
Fax +966 12 852 2894 | Jeddah 21454**AL KHOBAR**Tel. +966 13 893 3378 | P.O Box 4636
Fax +966 13 893 3349 | Al Khobar 31962

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023
Expressed in Saudi Riyal

		September 30, 2023	December 31, 2022
ASSETS		(Unaudited)	(Audited)
Non-current assets	Note		
Property, plant and equipment	6, 11	154,060,465	154,620,360
Intangible assets		16,800,929	11,570,220
Right-of-use assets		3,412,387	3,422,787
Investment properties		1,480,973	1,631,838
Equity instruments designated at fair value through other comprehensive income (FVOCI)		3,750,000	3,750,000
Total non-current assets		179,504,754	174,995,205
Current assets			
Inventories		90,938,191	103,277,455
Trade receivables		68,930,383	83,268,657
Cash and cash equivalents	8	53,742,403	47,459,439
Prepayments and other assets		9,770,997	6,326,339
Short term deposits		-	30,325,683
Total current assets		223,381,974	270,657,573
TOTAL ASSETS		402,886,728	445,652,778
EQUITY AND LIABILITIES			
Equity			
Share capital		354,000,000	354,000,000
Statutory reserve		27,173,232	27,173,232
Accumulated losses		(84,023,398)	(65,608,236)
Total equity		297,149,834	315,564,996
Non-current liabilities			
Employees' benefit obligations		33,032,937	31,857,000
Long term loans – non current portion	9	8,359,391	11,618,721
Lease liabilities – non current portion		1,905,914	2,250,129
Total non-current liabilities		43,298,242	45,725,850
Current liabilities			
Trade and other payables	10	27,233,428	34,262,394
Accrued expenses and other liabilities		15,557,504	25,031,281
Short term borrowings	9	8,082,799	13,050,680
Long term loans - current portion	9	6,418,945	5,644,612
Zakat provision		4,200,000	5,300,000
Lease liabilities - current portion		945,976	1,072,965
Total current liabilities		62,438,652	84,361,932
Total liabilities		105,736,894	130,087,782
TOTAL EQUITY AND LIABILITIES		402,886,728	445,652,778



Chief Executive Officer and Board Member
Shaker Nafil Al Otaibi



Chief Financial Officer
Fathalrahman Abdullah Othman

The accompanying notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
Expressed in Saudi Riyal

	Note	For the three-month period ended September 30,		For the nine-month period ended September 30,	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue	13	53,092,800	58,158,523	176,721,956	189,708,187
Cost of revenue		(49,755,837)	(58,854,032)	(167,558,953)	(185,887,402)
Gross profit / (loss)		3,336,963	(695,509)	9,163,003	3,820,785
Selling and distribution expenses		(2,638,996)	(3,028,134)	(8,874,963)	(10,105,744)
Administrative expenses		(4,945,541)	(5,559,686)	(14,533,932)	(15,845,052)
(Allowance for) / reversal of for expected credit losses	7	(207,235)	1,394,740	(389,800)	1,328,115
Other income, net		27,833	379,327	1,159,398	781,186
Loss before finance cost and zakat		(4,426,976)	(7,509,262)	(13,476,294)	(20,020,710)
Finance cost		(419,594)	(512,134)	(1,936,760)	(1,359,370)
Finance income		387,931	317,277	1,382,141	731,149
Loss before zakat		(4,458,639)	(7,704,119)	(14,030,913)	(20,648,931)
Zakat		(1,500,000)	(1,800,000)	(4,384,249)	(4,190,000)
Loss for the period		(5,958,639)	(9,504,119)	(18,415,162)	(24,838,931)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		(5,958,639)	(9,504,119)	(18,415,162)	(24,838,931)
Loss per share					
Basic and diluted	14	(0.17)	(0.27)	(0.52)	(0.70)


Chief Executive Officer and Board Member
Shaker Nafil Al Otaibi


Chief Financial Officer
Fathalrahman Abdullah Othman

The accompanying notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023
Expressed in Saudi Riyal

	Share capital	Statutory reserve	Accumulated losses	Total equity
Balance at January 1, 2022 - (audited)	354,000,000	27,173,232	(29,375,136)	351,798,096
Loss for the period	-	-	(24,838,931)	(24,838,931)
Balance at September 30, 2022 - (unaudited)	354,000,000	27,173,232	(54,214,067)	326,959,165
Balance at January 1, 2023 - (audited)	354,000,000	27,173,232	(65,608,236)	315,564,996
Loss for the period	-	-	(18,415,162)	(18,415,162)
Balance at September 30, 2023 - (unaudited)	354,000,000	27,173,232	(84,023,398)	297,149,834

Chief Executive Officer and Board Member
Shaker Nafil Al Otaibi

Chief Financial Officer
Fathalrahman Abdullah Othman

The accompanying notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023
Expressed in Saudi Riyal

		September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before zakat		(14,030,913)	(20,648,931)
Adjustments for:			
Depreciation of property, plant and equipment		10,364,295	11,027,964
Depreciation of right-of-use assets		416,594	563,180
Depreciation of investment properties		150,865	150,865
Amortization of intangible assets		40,039	956,701
Finance cost		1,936,760	1,359,370
Finance income		(1,382,141)	(731,149)
Provision for employees' benefit obligations		2,894,488	2,834,442
Allowance for / (reversal of) expected credit losses	7	389,800	(1,328,115)
(Gain) / loss on disposal of property, plant and equipment	6	(6,088)	243
Allowance for / (reversal of allowance for) obsolete inventories		870,772	(2,425,615)
		1,644,471	(8,241,045)
Working capital changes			
Inventories		11,468,492	(16,648,021)
Trade receivables		13,948,474	1,158,000
Prepayments and other assets		(3,736,167)	(1,031,238)
Trade and other payables		(7,028,966)	2,483,657
Accrued expenses and other liabilities		(9,545,277)	652,580
Cash generated from / (used in) operations		6,751,027	(21,626,067)
Zakat paid		(5,484,249)	(4,646,743)
Employees' benefits obligations paid		(1,718,551)	(2,318,063)
Finance cost paid		(1,531,590)	(1,122,286)
Finance income received		1,673,650	432,250
Net cash used in operating activities		(309,713)	(29,280,909)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	6	(9,804,784)	(1,886,795)
Additions to intangible assets		(5,270,748)	(10,108,168)
Additions to right of use assets		(406,194)	(963,360)
Proceeds from disposal of property, plant and equipment	6	6,472	62,500
Short term deposits		30,325,683	(30,000,000)
Net cash generated from / (used in) investing activities		14,850,429	(42,895,823)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment from short term loan		(5,000,000)	-
Repayment of long term loan		(2,550,000)	(19,850,001)
Repayment of lease liability		(707,752)	-
Proceeds from short term borrowings		-	29,177,882
Repayment against rump offering		-	(22,397,115)
Net cash generated used in financing activities		(8,257,752)	(13,069,234)
Net change in cash and cash equivalents		6,282,964	(85,245,966)
Cash and cash equivalents at beginning of the period		47,459,439	147,535,355
Cash and cash equivalents at end of the period		53,742,403	62,289,389

Chief Executive Officer and Board Member
Shaker Nafil Al Otaibi

Chief Financial Officer
Fathalrahman Abdullah Othman

The accompanying notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
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 Group is situated in Al-Jubail, Kingdom of Saudi Arabia. As of September 30, 2023 and December 31, 2022, the Group 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
Arabian Axles Manufacturing Co.	2056149638	01/03/1443-H

The financial results of these branches are included in these interim condensed consolidated financial statements. The Group 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.
- Manufacturing of spindles (Roman blie and bearings)
- Wholesale and retail trade in the Group’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.

Structure of the Group

The interim condensed consolidated financial statements as at September 30, 2023 include the financial statements of the Company and its following subsidiaries (collectively referred to as “the Group”):

<u>Name of subsidiaries</u>	<u>Principal activities</u>	<u>Effective ownership</u>	
		<u>2023</u>	<u>2022</u>
PC Strand Bahrain Co.WLL.	Manufacturing / trading of steel wire strand (PC strand) products	100%	100%
Vair National Casting Company	Non-ferrous metal casting including aluminum and zinc etc.	51%	-

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
Expressed in Saudi Riyal

1. ORGANIZATION AND ACTIVITIES (Continued)

Structure of the Group (Continued)

- PC Strand Bahrain Co.WLL.

On November 29, 2021, a new Subsidiary Company has been registered with CR number 149926 issued in Bahrain under the name PC Strand Bahrain Co.WLL. The issued capital of the said Company is 20,000 Bahrain Dinar (SR 200,000) which was paid in fourth quarter of the year 2022. The activities of this Company will be to manufacture / trade steel wire strand (PC strand) products. As at September 30, 2023, the Company is yet to commence its operation and has no assets and liabilities except for share capital and bank balance. The Company will establish a plant specialized in PC Stranding with estimated cost of SR 28.5 million.

- Vair National Casting Company

On February 28, 2021, the Group has signed a MOU with IGL Group to establish a plant for Aluminum Foundry, as part of the Group's plans to develop its projects. The duration of MOU was initially six months from the date of signing which was subsequently extended till end of August 2023. On August 30, 2023, the Group has registered a new Subsidiary Company with CR number 2050174852 issued in the Kingdom of Saudi Arabia under the name of Vair National Casting Company – Limited Liability Company. The share capital of the said company is SR 7.5 million which is still to be paid by both Companies. The ownership of Maadaniyah is 51% of the share capital and IGL share is 49% of the share capital.

Projects

The Board of Directors of the Group, in its meeting held on October 3, 2021, has approved the cancellation of Memorandum of Understanding (“MoU”) signed with Valco Group to establish a factory / plant specialized in manufacturing valves used in Oil, Gas and Petrochemical due to the lack of an agreement between the two parties. The said MoU was signed on May 01, 2016. Now the project is 100% owned by the Group. The Group will run this project through its branch, Gulf Baas Industries (Baas). On December 28, 2021, the Company, Baas and Valvospain Solutions and Licenses S.L. (Valvospain) (a Spanish company) have entered into “License and Technology Transfer Agreement” as per which Valvospain will technically support Baas with the design for the operations of the plant by virtue of transferring technological know-how, industrial knowledge, trade database and licensing the rights to use its brand names. The expected date of completion of this project is last quarter of 2024. Further, on April 20, 2023, the Group has signed an agreement with Gulf Triple Contracting Company amounting to SR 34 million for the construction of the project of Valves Factory in King Salman Energy Park (SPARK). The construction duration is 12 months from the beginning of the July 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard No.34 - “Interim Financial Reporting” (“IAS 34”) that are endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

The disclosures in these interim condensed consolidated financial statements do not include the information reported for full annual consolidated financial statements and should, therefore, be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2022. In addition, results for the three-month and six-month periods ended September 30, 2023 are not necessarily indicative of the expected results for the full year ending December 31, 2023.

2.2 Basis of measurement

These interim condensed consolidated financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for those required to be recorded on other basis of accounting as mentioned in annual consolidated financial statements of the Group for the year ended December 31, 2022.

2.3 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals (SR) which is also the functional currency of the Group. Figures have been rounded off to nearest Saudi Riyals, unless otherwise stated.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
Expressed in Saudi Riyal

3. USE OF ESTIMATES AND JUDGMENTS

In preparing these interim condensed consolidated 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 Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual consolidated financial statements of the Group for the year ended December 31, 2022.

4. SIGNIFICANT ACCOUNTING POLICES

The significant accounting policies, risk management policies and methods of computation adopted for the preparation of these interim condensed consolidated financial statements are same as those applied in the annual consolidated financial statements of the Group for the year ended December 31, 2022, except for the adoption of certain new standards / amendments that have become effective in the current period.

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

5.1 Standards and amendments issued and applied effective in current period

There are no new standards issued, however, there are amendments to the following standards, which are effective in current period and have no material impact on Group's interim condensed consolidated financial statement;

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 9 (Amendments to IFRS 4)	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	January 1, 2023	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
IFRS 17	Insurance Contracts and its amendments	January 1, 2023	This is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005.
IAS 1 and IFRS Practice statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements.
IAS 8	Amendment to the definition of accounting estimate	January 1, 2023	These amendments regarding the definition of accounting estimates help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences
IAS 12	International tax reform (pillar two model rules)	January 1, 2023	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
Expressed in Saudi Riyal

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (Continued)

5.2 New standards, amendments and revised IFRS issued but not yet effective (Continued)

The Group has not applied the following new and revised IFRS Standards and amendments to IFRS that have been issued but are not yet effective:

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	January 1, 2024	IFRS S1 is new standard requiring an entity to prepare and report sustainability-related financial disclosures in accordance with IFRS Sustainability Disclosure Standards. An entity may apply IFRS Sustainability Disclosure Standards irrespective of whether the entity's related general-purpose financial statements are prepared in accordance with IFRS Accounting Standards
IFRS S2	Climate-related disclosures	January 1, 2024	The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. These are climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.
IAS 1	Classification of liabilities as current or non-current	January 1, 2024	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
IFRS 16	Leases on sale and leaseback	January 1, 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
IFRS 7 and 17	Supplier finance arrangement	January 1, 2024	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28	Deferred indefinitely	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses result from the loss of control of a subsidiary.
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Management anticipates that these new interpretations and amendments will be adopted in the Group's interim condensed consolidated financial statements as and when they are applicable and adoption of these interpretations and amendments are expected to have no material impact on the interim condensed consolidated financial statements of the Group in the period of initial application.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
Expressed in Saudi Riyal

6. PROPERTY, PLANT AND EQUIPMENT

During the three-month and nine-month periods ended September 30, 2023, additions to property, plant and equipment were amounted to SR 1.79 million and SR 9.80 million, respectively (three-month and nine-month periods ended September 30, 2022: SR 1.04 million and SR 1.89 million , respectively). Carrying value of disposal of property, plant and equipment during the three-month and nine-month periods ended September 30, 2023 amounted to Nil. (three-month and nine-month periods ended September 30, 2022 amounted to Nil and SR 0.06 million, respectively).

7. ALLOWANCE FOR EXPECTED CREDIT LOSSES

The movement of the allowance for expected credit losses against trade receivables during the period / year is as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
As at beginning of the period / year	<u>18,582,434</u>	<u>20,550,920</u>
Charge / (reversal) for the period / year	389,800	(1,919,767)
Write offs	(2,453)	(48,719)
As at end of the period / year	<u>18,969,781</u>	<u>18,582,434</u>

8. CASH AND CASH EQUIVALENTS

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash in hand	<u>57,500</u>	<u>15,000</u>
Cash at banks	31,602,437	21,364,852
Term / call deposits	22,082,466	26,079,587
	<u>53,742,403</u>	<u>47,459,439</u>

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

9. BORROWINGS

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Saudi Industrial Development Fund (SIDF)	<u>14,900,000</u>	<u>17,450,000</u>
Less : deferred financial charges	(121,664)	(186,667)
Less: current portion	(6,418,945)	(5,644,612)
Long term loans –non current portion	8,359,391	11,618,721
Long term loans –current portion	6,418,945	5,644,612
Short term loans	8,082,799	13,050,680
	<u>22,861,135</u>	<u>30,314,013</u>

9.1 The Group has obtained various facilities from local banks (“the Facilities”) which comprise of letter of credits, import finance, letter of guarantees and term finance facilities. The Facilities are secured by promissory notes and mortgage of properties. The Facilities carry charges at commercial rates.

9.2 The Group is required to comply with certain covenants. As at September 30, 2023, it is complying with all the covenants.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
Expressed in Saudi Riyal

10. TRADE AND OTHER PAYABLES

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade payables	11,534,734	12,425,071
Note payables	15,698,694	21,837,323
	<u>27,233,428</u>	<u>34,262,394</u>

11. CONTINGENCIES AND COMMITMENTS

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Letter of credits	14,560,164	10,433,650
Letter of guarantees	376,870	376,870

(b) As at September 30, 2023, the Company has outstanding capital commitments amounted to SR 59.97 million (December 31, 2022: SR 16.11 million) related to expansion projects and development of production lines.

12. 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 Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The transactions are dealt with on mutually agreed terms and the terms and conditions on these transactions are approved by the Group's management. The Group have no significant transaction with any of its related parties except for key management personnel and Directors.

Transactions with key management personnel:

	For the three- month period ended September 30, 2023 (unaudited)	For the three- month period ended September 30, 2022 (unaudited)	For the nine- month period ended September 30, 2023 (unaudited)	For the nine- month period ended September 30, 2022 (unaudited)
Key management executive' remuneration	1,343,339	1,094,095	4,197,357	3,366,487
Directors' allowances and expenses	349,500	686,000	1,093,500	2,015,500

13. SEGMENT INFORMATION

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

	Transformation industries	Engineering and metal forming industries	Total
2023			
For the three-month period ended September 30, 2023 (Unaudited)			
Revenue	25,838,601	27,254,199	53,092,800
Gross (loss) / profit	(5,054,137)	8,391,100	3,336,963

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
Expressed in Saudi Riyal

13. SEGMENT INFORMATION (Continued)

	Transformation industries	Engineering and metal forming industries	Total
2023			
For the nine-month period ended September 30, 2023 (Unaudited)			
Revenue	88,669,842	88,052,114	176,721,956
Gross (loss) / profit	(7,082,014)	16,245,017	9,163,003
As of September 30, 2023 (Unaudited)			
Total assets	273,906,727	128,980,001	402,886,728
Total liabilities	71,356,740	34,380,154	105,736,894
	Transformation industries	Engineering and metal forming industries	Total
2022			
For the three-month period ended September 30, 2022 (Unaudited)			
Revenue	32,894,745	25,263,778	58,158,523
Gross (loss) / profit	(1,669,569)	974,060	(695,509)
For the nine-month period ended September 30, 2022 (Unaudited)			
Revenue	119,325,617	70,382,570	189,708,187
Gross profit	842,911	2,977,874	3,820,785
As of December 31, 2022 (Audited)			
Total assets	320,663,413	124,989,365	445,652,778
Total liabilities	87,421,826	42,665,956	130,087,782

The sales within the Kingdom of Saudi Arabia for the three-month and nine-month periods ended September 30, 2023 amounted to SR 44.82 million and SR 144.80 million, respectively (three-month and nine-month periods ended September 30, 2022: SR 46.98 million and SR 135.63 million, respectively). Export sales for the three-month and nine-month periods ended September 30, 2023 amounted to SR 8.28 million and SR 31.92 million, respectively (three-month and nine-month periods ended September 30, 2022: SR 11.18 million and SR 54.08 million, respectively).

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

14. LOSS PER SHARE

	Three Month Period Ended		Nine Month Period Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Un-audited)	(Un-audited)	(Un-audited)	(Unaudited)
Loss for the period	(5,958,639)	(9,504,119)	(18,415,162)	(24,838,931)
Weighted average number of ordinary shares	35,400,000	35,400,000	35,400,000	35,400,000
Basis / diluted loss per share	(0.17)	(0.27)	(0.52)	(0.70)

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
Expressed in Saudi Riyal

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

As of September 30, 2023 and December 31, 2022, the carrying values of the financial assets and financial liabilities of the Group 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 September 30, 2023. The management also believes that the fair value of investment property is not materially different with that disclosed in annual consolidated financial statements of the Group for the year ended December 31, 2022.

16. COMPARATIVE FIGURES

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

17. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved and authorized for issue by the Board of Directors on November 1, 2023 G corresponding to Rabi II 17, 1445H.