

**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 AND NINE
MONTHS PERIODS ENDED SEPTEMBER 30, 2020**

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 AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020

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

To the shareholders of
National Metal Manufacturing and Casting Company ("MAADANIYAH")
(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 September 30, 2020 and related condensed interim statement of profit or loss and other comprehensive income for the three months and nine months periods then ended, the related condensed interim statement of changes in equity and cash flows for the nine months period then ended and summary of significant accounting policies and selected notes from (1) to (16).

Management is responsible for the preparation and fair 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" that are 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



November 08, 2020 G
Rabi Al-Awwal 22 1442H

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2020
Expressed in Saudi Riyal

		September 30, 2020	December 31, 2019
ASSETS		(Unaudited)	(Audited)
Non- current assets	Note		
Property, plant and equipment	6	176,642,491	184,102,394
Right-of-use assets		4,026,932	4,712,150
Intangible assets		3,401,242	4,812,121
Investment property		2,084,444	2,235,308
Equity instrument at fair value through other comprehensive income		3,750,000	3,750,000
		189,905,109	199,611,973
Current assets			
Inventories		123,047,997	121,933,252
Trade receivables		84,282,928	103,968,424
Prepayments and other receivables		8,858,656	7,146,447
Cash and cash equivalents	7	49,878,854	19,696,036
		266,068,435	252,744,159
TOTAL ASSETS		455,973,544	452,356,132
EQUITY AND LIABILITIES			
Equity			
Share capital		281,120,890	281,120,890
Statutory reserve		27,173,232	27,173,232
(Accumulated losses) /retained earnings		(20,813,421)	216,745
		287,480,701	308,510,867
Non-current liabilities			
Long term loans	8	47,655,337	53,324,208
Lease liabilities		3,913,141	4,034,519
Employees benefits obligations		27,884,894	26,865,487
		79,453,372	84,224,214
Current liabilities			
Trade payables		14,567,632	13,954,744
Lease liabilities - current portion		570,797	547,337
Long term loans - current portion	8	17,900,000	13,450,000
Short term loans		37,120,973	13,243,650
Accrued and other liabilities		15,700,069	12,875,320
Zakat provision		3,180,000	5,550,000
		89,039,471	59,621,051
TOTAL EQUITY AND LIABILITIES		455,973,544	452,356,132

The accompanying notes from 1 to 16 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 AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020
Expressed in Saudi Riyal

	For the three months period ended September 30,		For the nine months period ended September 30,	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	41,329,941	58,048,875	158,698,840	204,568,545
Cost of sales	(37,517,814)	(56,189,119)	(149,185,355)	(187,451,293)
Gross profit	3,812,127	1,859,756	9,513,485	17,117,252
Selling and distribution expenses	(2,325,764)	(2,667,252)	(9,603,719)	(9,028,025)
Administrative expenses	(5,532,044)	(3,884,755)	(14,013,704)	(13,076,712)
Impairment of goodwill	-	(40,085,081)	-	(40,085,081)
Reversal/(impairment) of trade receivables	145,322	-	(1,507,976)	(258,659)
Other income	87,171	42,901	518,891	1,087,949
Operating loss	(3,813,188)	(44,734,431)	(15,093,023)	(44,243,276)
Finance cost	(952,083)	(1,302,953)	(2,642,997)	(3,784,582)
Loss before zakat	(4,765,271)	(46,037,384)	(17,736,020)	(48,027,858)
Zakat	(1,094,146)	(1,045,000)	(3,294,146)	(3,345,000)
Loss for the period	(5,859,417)	(47,082,384)	(21,030,166)	(51,372,858)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(5,859,417)	(47,082,384)	(21,030,166)	(51,372,858)
Loss per share				
- Basic	(0.21)	(1.67)	(0.75)	(1.83)
- Diluted	(0.21)	(1.67)	(0.75)	(1.83)

The accompanying notes from 1 to 16 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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020
Expressed in Saudi Riyal

	Share capital	Statutory reserve	Retained earnings/ (accumulated losses)	Total equity
Balance at January 01, 2019 - (Audited)	281,120,890	27,173,232	64,472,435	372,766,557
Loss for the period	-	-	(51,372,858)	(51,372,858)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(51,372,858)	(51,372,858)
Balance at September 30, 2019 - (Unaudited)	281,120,890	27,173,232	13,099,577	321,393,699
Balance at January 01, 2020 - (Audited)	281,120,890	27,173,232	216,745	308,510,867
Loss for the period	-	-	(21,030,166)	(21,030,166)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(21,030,166)	(21,030,166)
Balance at September 30, 2020 - (Unaudited)	281,120,890	27,173,232	(20,813,421)	287,480,701

The accompanying notes from 1 to 16 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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020
Expressed in Saudi Riyal

	Note	September 30, 2020	September 30, 2019
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before zakat		(17,736,020)	(48,027,858)
Adjustments for non-cash items to reconcile loss before zakat to net cash flows			
Depreciation of property, plant and equipment		12,572,501	12,841,336
Amortization of intangible assets		1,410,879	1,379,859
(Gain)/loss from disposal of property, plant and equipment		(49,783)	5,851
Finance cost		2,642,997	3,784,582
Impairment of goodwill		-	40,085,081
Impairment of trade receivables		1,507,976	258,659
Provision for employees benefit obligations		2,628,945	2,591,932
		<u>2,977,495</u>	<u>12,919,442</u>
Working capital adjustments			
Inventories		(1,114,745)	16,811,516
Trade receivables		18,177,520	15,519,031
Prepayments and other receivables		(1,712,209)	(5,472,903)
Trade payables		612,888	(40,185,986)
Accrued and other liabilities		3,376,079	(1,060,461)
Cash generated from / (used in) operations		<u>22,317,028</u>	<u>(1,469,361)</u>
Zakat paid		(5,664,146)	(6,041,486)
Employees benefits obligations paid		(1,609,538)	(1,121,717)
Net cash generated from / (used in) operating activities		<u>15,043,344</u>	<u>(8,632,564)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	6	(4,281,733)	(2,266,637)
Proceeds from disposal of property, plant and equipment		55,000	-
Additions to intangible assets		-	(150,000)
Net cash used in investing activities		<u>(4,226,733)</u>	<u>(2,416,637)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of short term loans		(16,640,208)	(57,000,000)
Proceeds from short term loans		40,517,531	76,031,337
Repayments of long term loans		(9,000,000)	(10,400,000)
Proceeds from long term loans		7,445,125	3,666,325
Dividend paid		-	(100,264)
Finance cost paid		(2,669,741)	(3,706,050)
Payment of lease liabilities		(286,500)	(792,062)
Net cash generated from financing activities		<u>19,366,207</u>	<u>7,699,286</u>
Net change in cash and cash equivalents		<u>30,182,818</u>	<u>(3,349,915)</u>
Cash and cash equivalents at beginning of the period		19,696,036	38,311,384
Cash and cash equivalents at end of the period	7	<u>49,878,854</u>	<u>34,961,469</u>

The accompanying notes from 1 to 16 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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020
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.

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	1010389002	25/11/1434-H
Branch of National Metal Manufacturing and Casting Company	2050116884	04/11/1439-H

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

The Company's 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 for the year ended December 31, 2019.

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.

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020
Expressed in Saudi Riyal

2. Basis of preparation (Continued)

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.

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 management has reviewed the significant judgments in applying the accounting policies and the key sources of estimation uncertainty against the backdrop of the COVID-19 pandemic (also refer note 13) and believes that the significant judgments and sources of estimation uncertainty remain similar to those disclosed in the annual financial statements for the year ended December 31, 2019. The Company will continue to monitor the situation and will take adequate measures to ensure estimates and judgements remain reasonable.

4. SIGNIFICANT ACCOUNTING POLICES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements for the nine months period ended September 30, 2020 are same as those applied in the annual financial statements of the Company for the year ended December 31, 2019.

5. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS

The following amendments to accounting standards are effective for annual periods beginning on or after January 01, 2020. These amendments did not have a significant impact on the Company's condensed interim financial statements:

- Amendments to references to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8);
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The following standards and amendments are effective for annual periods beginning on or after January 01, 2021. Earlier application of these standards are permitted, however, the Company has not early adopted the new or amended standards in preparing these condensed interim financial statements. These standards and amendments are not expected to have a significant impact on the Company's condensed interim financial statements:

- IFRS 17 Insurance contracts - effective from January 01, 2023;
- Classification of liabilities as current / noncurrent (Amendments to IAS 1) - effective from January 01, 2022;
- Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - Available for optional adoption/effective date deferred indefinitely.

6. PROPERTY, PLANT AND EQUIPMENT

During the three months and nine months periods ended September 30, 2020, additions to property, plant and equipment were amounted to SR 3,363,755 and SR 4,281,733 respectively (three months and nine months periods ended September 30, 2019: SR 917,978 and SR 2,266,637, respectively) and disposals of property, plant and equipment were amounted to SR 907,150 and SR 1,007,435 respectively (there was no disposals during the three months and nine months periods ended September 30, 2019).

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020
Expressed in Saudi Riyal

7. CASH AND CASH EQUIVALENTS

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Cash in hand	61,500	3,455
Cash at banks	18,183,987	8,689,948
Term / call deposits	31,633,367	11,002,633
	49,878,854	19,696,036

Term / call deposits with the local banks carry profits at prevailing commercial rates. Term deposit has original maturity of less than three months.

8. LONG TERM LOANS

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Saudi Industrial Development Fund (SIDF)	25,750,000	25,750,000
Less : deferred financial charges	(1,194,663)	(1,530,666)
Less: current portion	(3,300,000)	(2,050,000)
	21,255,337	22,169,334
Other loans from local banks	41,000,000	42,554,874
Less: current portion	(14,600,000)	(11,400,000)
	26,400,000	31,154,874
Total loans –non current portion	47,655,337	53,324,208

a) Loans 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. From the instalment amount due on July 7, 2020 amounted to SR 800,000, the Company has repaid SR 600,000 in October 2020 and the remaining amount of SR 200,000 has been rescheduled over the remaining term of the loan. 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 September 30, 2020 (December 31, 2019: SR 4.5 million). 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 29 million was outstanding as of September 30, 2020 (December 31, 2019: 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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020
Expressed in Saudi Riyal

9. CONTINGENCIES AND COMMITMENTS

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Letter of credits	14,150,124	31,576,357
Letter of guarantees	55,750	55,750

(b) As of September 30, 2020, the Company has outstanding capital commitments amounted to SR 4.4 million (December 31, 2019: SR 2.8 million) related to expansion projects and development of production lines.

10. TRANSACTIONS 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 September 30, 2020	For the three months period ended September 30, 2019	For the nine months period ended September 30, 2020	For the nine months period ended September 30, 2019
Key management executives	1,024,542	1,077,682	3,233,867	3,153,812
Directors' allowances and expenses	1,388,000	11,000	1,446,520	1,271,700

11. SEGMENTAL 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 September 30, 2020 (Unaudited)			
Revenue	24,963,448	16,366,493	41,329,941
Gross profit	1,644,543	2,167,584	3,812,127
For the nine months period ended September 30, 2020 (Unaudited)			
Revenue	103,690,610	55,008,230	158,698,840
Gross profit	2,883,712	6,629,773	9,513,485
As of September 30, 2020 (Unaudited)			
Total assets	309,917,896	146,055,648	455,973,544
Total liabilities	124,876,560	43,616,283	168,492,843

NATIONAL METAL MANUFACTURING AND CASTING COMPANY (MAADANIYAH)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020
Expressed in Saudi Riyal

11. SEGMENTAL INFORMATION (continued)

	Transformation industries	Engineering and metal forming industries	Total
For the three months period ended September 30, 2019 (Unaudited)			
Revenue	40,487,398	17,561,477	58,048,875
Gross (loss) / profit	(475,670)	2,335,426	1,859,756
For the nine months period ended September 30, 2019 (Unaudited)			
Revenue	155,055,841	49,512,704	204,568,545
Gross profit	12,715,232	4,402,020	17,117,252
As of December 31, 2019 (Audited)			
Total assets	310,741,220	141,614,912	452,356,132
Total liabilities	100,538,244	43,307,021	143,845,265

The sales within the Kingdom for the three months and nine months periods ended September 30, 2020 amounted to SR 29.5 million and SR 89.8 million respectively (three months and nine months periods ended September 30, 2019: SR 26.8 million and SR 83.9 million respectively). Export sales for the three months and nine months periods ended September 30, 2020 amounted to SR 11.8 million and SR 68.8 million respectively (three months and nine months periods ended September 30, 2019: SR 31.2 million and SR 120.6 million respectively).

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

12. FAIR VALUE MEASUREMENT

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 September 30, 2020 and December 31, 2019, 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 September 30, 2020. The management also believes that the fair value of investment property is not materially different with that disclosed in 2019 annual financial statements of the Company.

13. SIGNIFICANT EVENTS

The existence of novel coronavirus (COVID-19) was confirmed during the first quarter of 2020 and has spread across multiple geographies, causing disruptions to businesses and economic activities. As a result, the management has taken preventive measures to ensure the health and safety of its employees, customers and environment to ensure the continuity of its operations. One of the most important precautionary measures taken by the Government was limiting public and private economic and social activities as well as imposing a complete curfew in some regions of the Kingdom and a partial curfew in other regions thereby not allowing to travel between cities except through permits issued by the official authorities.

There was no material impact on the performance of the Company till the end of the first quarter of 2020 as sales performance indicated immaterial decline as compared to the same period of 2019 whereas a 36% sales increase was shown as compared to the last quarter of 2019. However, with the decision taken by official authorities to ban the movement of transport over the course of 24 hours in number of cities in the Kingdom and restriction of movements to export markets, mainly GCC, the financial performance of the Company has been impacted in the second quarter of 2020. However, from July 2020 onwards, the market has been started picking up gradually. All the business units of the Company have good level of inventories and ready to meet the requirements of the market and the flow of the supply chain is coming back to normal. There is also an adequate liquidity to meet the running cost and expenses with back-up of bank facilities to finance working capital requirements. The main export market for the main product (PC strand) is GCC which has now opened its borders.

As the situation continues to evolve, the management will continue to assess the impact based on the prospective developments.

14. EVENTS AFTER THE REPORTING DATE

There have been no significant subsequent events since the period ended September 30, 2020 till the date of authorization of these condensed interim financial statements by the Board of Directors of the Company that require either an adjustment or disclosure in these condensed interim financial statements.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period presentation.

16. 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 November 08, 2020 G.