

**ZAMIL INDUSTRIAL INVESTMENT COMPANY (ZAMIL INDUSTRIAL)
AND ITS SUBSIDIARIES (A Listed Saudi Joint Stock Company)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2024 AND INDEPENDENT
AUDITORS' REVIEW REPORT**

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT

For the three-month period ended 31 March 2024

Table of contents	Page
Independent auditor's review report	1
Interim condensed consolidated statement of profit or loss	2
Interim condensed consolidated statement of comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7-15



ERNST & YOUNG PROFESSIONAL SERVICES (PROFESSIONAL LLC)
Paid-Up Capital (SR 5,500,000 - Five Million Five Hundred Thousand Saudi Riyal)
Adeer Tower, 15th Floor
Prince Turki Bin Abdulaziz Street, Al Khobar Corniche
P.O. Box 3795, Al Khobar 31952
Kingdom of Saudi Arabia
Head Office - Riyadh

C.R. No. 2051058792
Tel: +966 13 840 4600
Fax: +966 13 882 0087
ey.ksa@sa.ey.com
ey.com

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ZAMIL INDUSTRIAL INVESTMENT COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Zamil Industrial Investment Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2024, and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes. The management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim consolidated financial statements 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" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement 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 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Marwan S. AlAfaliq
Certified Public Accountant
License No. (422)



Al Khobar: 12 Dhul Qidah 1445H
20 May 2024

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three-month period ended 31 March 2024

	Notes	For the three-month period ended 31 March	
		2024 SR'000 (Unaudited)	2023 SR'000 (Unaudited)
CONTINUING OPERATIONS			
REVENUES			
Revenue from contracts with customers	3	1,301,897	1,036,383
Finance lease income		2,522	2,815
		<u>1,304,419</u>	<u>1,039,198</u>
DIRECT COSTS			
Cost of sales		(761,217)	(695,141)
Contracts cost		(343,749)	(197,281)
		<u>(1,104,966)</u>	<u>(892,422)</u>
GROSS PROFIT		<u>199,453</u>	<u>146,776</u>
EXPENSES			
Selling and distribution		(47,600)	(38,637)
General and administration		(130,418)	(83,635)
Impairment loss on non-current assets		-	(8,252)
OPERATING PROFIT FROM CONTINUING OPERATIONS		<u>21,435</u>	<u>16,252</u>
Share in results of associates and a joint venture		4,297	1,964
Other income, net		43,981	790
Finance costs		(45,290)	(42,069)
PROFIT / (LOSS) BEFORE ZAKAT AND INCOME TAX FROM CONTINUING OPERATIONS		<u>24,423</u>	<u>(23,063)</u>
Zakat and income tax	4	(7,433)	(9,297)
PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		<u>16,990</u>	<u>(32,360)</u>
DISCONTINUED OPERATIONS			
Profit after zakat and income tax for the period from discontinued operations	5	-	21,863
NET PROFIT / (LOSS) FOR THE PERIOD		<u>16,990</u>	<u>(10,497)</u>
ATTRIBUTABLE TO:			
Shareholders of the parent company		5,427	(13,812)
Non-controlling interests		11,563	3,315
		<u>16,990</u>	<u>(10,497)</u>
EARNINGS PER SHARE (SR):			
Basic and diluted earnings per share attributable to the shareholders of the parent company		<u>0.09</u>	<u>(0.23)</u>
EARNINGS PER SHARE FOR CONTINUING OPERATIONS (SR):			
Basic and diluted earnings per share attributable to the shareholders of the parent company		<u>0.09</u>	<u>(0.59)</u>



The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2024

	<i>For the three-month period ended 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR'000</i>	<i>SR'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
NET PROFIT / (LOSS) FOR THE PERIOD	16,990	(10,497)
OTHER COMPREHENSIVE LOSS		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>(20,886)</u>	<u>(8,342)</u>
Net other comprehensive loss may be reclassified to profit or loss in subsequent periods	(20,886)	(8,342)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(3,896)</u>	<u>(18,839)</u>
ATTRIBUTABLE TO:		
Shareholders of the parent company	<u>(15,459)</u>	<u>(22,154)</u>
Non-controlling interests	<u>11,563</u>	<u>3,315</u>
	<u>(3,896)</u>	<u>(18,839)</u>



Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

		31 March 2024 SR'000 (Unaudited)	31 December 2023 SR'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	692,161	692,971
Right-of-use assets		30,247	31,660
Investments in associates and a joint venture		93,525	89,228
Equity instrument at FVOCI	12	57,420	57,420
Net investments in finance lease		204,972	212,142
Amount due from a joint venture		10,324	10,324
Deferred tax assets, net		7,796	9,201
TOTAL NON-CURRENT ASSETS		1,096,445	1,102,946
CURRENT ASSETS			
Inventories		1,294,532	1,371,235
Accounts receivable		1,824,152	1,891,347
Contract assets		831,821	698,506
Advances, other receivables and prepayments		419,154	359,457
Current portion of net investment in finance lease		28,227	27,930
Short term deposits		27,133	193,094
Cash and cash equivalents		640,663	427,813
TOTAL CURRENT ASSETS		5,065,682	4,969,382
TOTAL ASSETS		6,162,127	6,072,328
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	600,000	600,000
Statutory reserve		10,747	10,747
Accumulated losses		(104,383)	(109,810)
Foreign currency translation reserve		(91,256)	(70,370)
Fair value of equity instrument at FVOCI		21,236	21,236
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		436,344	451,803
NON-CONTROLLING INTERESTS		207,316	195,753
TOTAL EQUITY		643,660	647,556
NON-CURRENT LIABILITIES			
Term loans		871	1,150
Employees' defined benefit liabilities		259,089	250,209
Lease liabilities		20,034	22,534
Deferred tax liabilities, net		6,389	6,389
TOTAL NON-CURRENT LIABILITIES		286,383	280,282
CURRENT LIABILITIES			
Accounts payable		516,370	499,732
Accruals and provisions		650,513	673,188
Short term loans		2,286,343	2,316,022
Current portion of term loans		8,456	10,851
Current portion of lease liabilities		6,214	4,567
Contract liabilities		1,670,770	1,548,043
Zakat and income tax provision	4	93,418	92,087
TOTAL CURRENT LIABILITIES		5,232,084	5,144,490
TOTAL LIABILITIES		5,518,467	5,424,772
TOTAL EQUITY AND LIABILITIES		6,162,127	6,072,328

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2024

	<i>Attributed to shareholders of the parent company</i>							<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Statutory reserve</i>	<i>(Accumulated losses) / retained earnings</i>	<i>Foreign currency translation reserve</i>	<i>Fair value of equity instrument at FVOCI</i>	<i>Total</i>			
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>		
Balance at 1 January 2024 <i>(Audited)</i>	600,000	10,747	(109,810)	(70,370)	21,236	451,803	195,753	647,556	
Net profit for the period	-	-	5,427	-	-	5,427	11,563	16,990	
Other comprehensive loss	-	-	-	(20,886)	-	(20,886)	-	(20,886)	
Total comprehensive income / (loss) for the period	-	-	5,427	(20,886)	-	(15,459)	11,563	(3,896)	
Balance at 31 March 2024 <i>(Unaudited)</i>	600,000	10,747	(104,383)	(91,256)	21,236	436,344	207,316	643,660	
Balance at 1 January 2023 <i>(Audited)</i>	600,000	180,000	28,653	(60,707)	22,937	770,883	176,975	947,858	
Net (loss) / profit for the period	-	-	(13,812)	-	-	(13,812)	3,315	(10,497)	
Other comprehensive loss	-	-	-	(8,342)	-	(8,342)	-	(8,342)	
Total comprehensive (loss) / income for the period	-	-	(13,812)	(8,342)	-	(22,154)	3,315	(18,839)	
Balance at 31 March 2023 <i>(Unaudited)</i>	600,000	180,000	14,841	(69,049)	22,937	748,729	180,290	929,019	





The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2024

		<i>For the three-month period ended 31 March</i>	
		2024	2023
		SR'000	SR'000
Notes		<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES			
	Profit / (loss) before zakat and income tax from continuing operations	24,423	(23,063)
	Profit before zakat and income tax from discontinued operations	-	21,863
<i>Adjustments to reconcile profit / (loss) before zakat and income tax to net cash flows:</i>			
	Depreciation and impairment of property, plant and equipment	18,880	31,622
	Depreciation of right-of-use assets	1,409	1,775
	Provision for employees' defined benefit liabilities	12,742	2,686
	Finance costs	45,290	42,069
	Share in results of associates and a joint venture	(4,297)	(1,964)
5	Reversal of impairment loss on property, plant and equipment	-	(22,056)
	Gain on disposal of property, plant and equipment	(2)	-
		<u>98,445</u>	<u>52,932</u>
Working capital adjustments:			
	Inventories	76,703	127,056
	Accounts receivable	67,195	(241,243)
	Contract assets	(133,315)	(87,164)
	Advances, other receivables and prepayments	(59,697)	32,490
	Net investment in finance lease	6,873	9,395
	Accounts payable	16,638	(32,619)
	Accruals and provisions	(22,675)	16,208
	Contract liabilities	122,727	266,022
	Cash from operations	<u>172,894</u>	<u>143,077</u>
	Financial charges paid	(44,368)	(38,950)
	Employees' defined benefit liabilities paid	(3,862)	-
	Zakat and income tax paid	(3,195)	(2,135)
	Net cash from operating activities	<u>121,469</u>	<u>101,992</u>
INVESTING ACTIVITIES			
	Purchase of property, plant and equipment	(21,071)	(13,137)
6	Proceeds from disposal of property, plant and equipment	151	-
	Short term deposits	165,961	-
	Net cash used in investing activities	<u>145,041</u>	<u>(13,137)</u>
FINANCING ACTIVITIES			
	Net movement in short term loans	(29,679)	(93,073)
	Net movement in term loans	(2,607)	(2,636)
	Payments against lease liabilities	(1,775)	(1,720)
	Net cash used in financing activities	<u>(34,061)</u>	<u>(97,429)</u>
	INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>232,449</u>	<u>(8,574)</u>
	Cash and cash equivalents at the beginning of the period	427,813	304,055
	Movement in foreign currency translation reserve, net	(19,599)	(7,200)
	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>640,663</u>	<u>288,281</u>





The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2024

1 CORPORATE INFORMATION

Zamil Industrial Investment Company ("the Company") was converted to a Saudi Joint Stock Company in accordance with the Ministerial Resolution number 407 dated 14 Rabi' al-Awwal 1419H (corresponding to 9 July 1998). Prior to that, the Company was operating as a limited liability company under the name of Zamil Steel Buildings Company Limited. The Company is registered in the Kingdom of Saudi Arabia under Commercial Registration number 2050004215 dated 19 Ramadan 1396H (corresponding to 14 September 1976) with the following branch in the Kingdom of Saudi Arabia:

<i>Commercial registration number</i>	<i>Date</i>	<i>Location</i>
2050099363	8 Jumada' II 1435H	Dammam

The Company has investment in the following subsidiaries:

<i>Name of subsidiaries</i>	<i>Country of incorporation</i>	<i>Effective ownership percentage</i>	
		<i>31 March 2024</i>	<i>31 March 2023</i>
Zamil Steel Holding Company Limited	Saudi Arabia	100%	100%
- Zamil Steel Pre-Engineered Buildings Company Limited	Saudi Arabia	100%	100%
- Zamil Structural Steel Company Limited	Saudi Arabia	100%	100%
- Zamil Towers & Galvanizing Company	Saudi Arabia	100%	100%
- Zamil Process Equipment Company Limited	Saudi Arabia	100%	100%
- Building Component Solutions Company Limited	Saudi Arabia	100%	100%
- Zamil Steel Construction Company Limited	Saudi Arabia	100%	100%
- Zamil Inspection & Maintenance of Industrial Projects Company Limited	Saudi Arabia	100%	100%
- Metallic Construction and Contracting Company Limited	Egypt	100%	100%
Zamil Air Conditioners Holding Company Limited	Saudi Arabia	100%	100%
- Zamil Air Conditioners & Home Appliances Company Limited	Saudi Arabia	100%	100%
- Zamil Central Air Conditioners Company Limited	Saudi Arabia	100%	100%
- Zamil Air Conditioning & Refrigeration Services Company Limited	Saudi Arabia	100%	100%
- Ikhteban Company Limited	Saudi Arabia	100%	100%
- Eastern District Cooling Company Limited	Saudi Arabia	100%	100%
- Zamil Energy Services Company Limited	Saudi Arabia	100%	100%
- Zamil Air Conditioning and Refrigeration Services Company W.L.L	Bahrain	100%	100%
Arabian Stonewool Insulation Company	Saudi Arabia	100%	100%
- Second Insulation Company Limited	Saudi Arabia	100%	100%
- Saudi Preinsulated Pipes Industries	Saudi Arabia	51%	51%
Gulf Insulation Group	Saudi Arabia	51%	51%
Zamil Steel Building Company	Egypt	100%	100%
Zamil Steel Buildings (Shanghai) Company Limited	China	100%	100%
Zamil Steel Buildings India Private Limited	India	100%	100%
Zamil Steel Engineering India Private Limited	India	100%	100%
Zamil Industrial Investment Company	UAE	100%	100%
Zamil Steel Industries Abu Dhabi (LLC)	UAE	100%	100%
Zamil Structural Steel Company	Egypt	100%	100%
Zamil Construction India Private Limited	India	100%	100%
Zamil Information Technology Global Private Limited	India	100%	100%
Zamil Higher Institute for Industrial Training	Saudi Arabia	100%	100%
Zamil Air Conditioners India Private Limited	India	100%	100%
Saudi Central Energy Company Limited	Saudi Arabia	100%	100%
Zamil Industrial Investment Company Asia Pte. Limited	Singapore	100%	100%
Zamil Steel Buildings Vietnam Company Limited	Vietnam	100%	100%

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

1 CORPORATE INFORMATION (continued)

The Company and its subsidiaries listed above (collectively referred to as the "Group") are engaged in design and engineering, manufacturing and fabrication of construction materials, pre-engineering steel buildings, steel structures, air conditions and climate control systems for commercial, industrial and residential applications, telecom and broadcasting towers, process equipment, fiberglass, rockwool and engineering plastic foam insulation, and solar power projects.

The interim condensed consolidated financial statements of the Group as of 31 March 2024 were authorised for issuance in accordance with the Board of Directors resolution on 15 May 2024 (corresponding to 7 Dhul Qiddah 1445H).

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as endorsed in Kingdom of Saudi Arabia (KSA). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023. In addition, the results of the operations for the period ended 31 March 2024 do not necessarily represent an indicator for the results of the operations for the year ending 31 December 2023.

These interim condensed consolidated financial statements are prepared using historical cost convention except for the remeasurement of equity instruments at fair value through other comprehensive income, using the accrual basis of accounting.

These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR") which is also the functional currency of the Group. All values are rounded to the nearest thousands ("SR '000"), except when otherwise indicated.

2.2 Material accounting policy information

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed by the Group in its annual consolidated financial statements for the year ended 31 December 2023.

2.3 New standards, interpretation and amendments adopted by the Group

The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	<i>Three-month period ended 31 March (Unaudited)</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR '000</i>	<i>SR '000</i>
Sale of goods	838,131	738,692
Revenue from long-term contracts	376,519	224,339
Rendering of services	87,247	73,352
Total revenue from contracts with customers	1,301,897	1,036,383

Reconciliation of the Group's disaggregate revenue for its reportable segments and timing of revenue recognition is disclosed in note 11.

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

4 ZAKAT AND INCOME TAX

a) Zakat

The provision for the period is based on zakat base of the Company and its wholly owned Saudi subsidiaries as a whole and individual zakat base of other Saudi subsidiaries (2023: same).

During 2020, the Company received a zakat assessment for years 2014 to 2018 from the Zakat, Tax and Customs Authority (ZATCA) with total additional zakat liability amounting to SR 229 million. The Company submitted an objection letter against the mentioned Zakat assessment and ZATCA issued revised assessment in 2021 amounting to SR 225.62 million and Company submitted an escalation letter against the revised assessment to the Tax Violations and Disputes Resolution Committee (TVDRC). During the period, the TVDAC resolution was issued partially in favour of the Company and the revised assessment is awaited. The Group's management believes that the available provision is sufficient for any zakat liability that may arise on finalization of these assessments.

Zakat declarations for years 2019 to 2023 have been filed with ZATCA. However, the assessments have not yet been raised by ZATCA.

b) Income tax

Income tax provision is provided for in accordance with authorities in which the Group's subsidiaries operate outside the Kingdom of Saudi Arabia. Income tax has been computed based on the managements' understanding of the income tax regulations enforced in their respective countries.

The income tax regulations are subject to different interpretations, and the assessments to be raised by the tax authorities could be different from the income tax returns filed by the respective Company.

c) Deferred tax

During the period, the Group has booked a net deferred tax loss of SR 1.4 million (31 March 2023: net deferred tax benefit of SR 96 thousands).

5 DISCONTINUED OPERATIONS

During 2022, the executive management had decided to discontinue with certain subsidiaries operations. The results of these operations have been classified as discontinued operations in the consolidated statement of profit or loss. The results of the discontinued operations for the period are presented below:

	<i>31 March 2024</i>	<i>31 March 2023</i>
	<i>SR'000</i>	<i>SR'000</i>
Revenue	-	-
Expenses	-	(641)
Operating loss	-	(641)
Finance costs	-	(464)
Other income, net	-	912
Reversal of impairment loss on asset held for sale	-	22,056
Profit for the period from discontinued operations	-	21,863

The net cash flows generated from discontinued operations are, as follows:

Operating	-	358
Investing	-	-
Financing	-	-
Net cash inflow	-	358

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

5 DISCONTINUED OPERATIONS (continued)

Earnings per share:

	31 March 2024 SR'000	31 March 2023 SR'000
Basic and diluted earning for the period from discontinued operations	-	0.36

During 2022, the management had entered into an agreement to sell the building for a cash consideration of SR 55 million. However, the sale agreement expired during the period which was further extended post negotiation with the buyer with sale consideration amounting to SR 55 million. The sale was completed during the quarter ended 30 June 2023. As a result, the Company reversed the previously recognised impairment loss recognised in profit or loss against the asset held for sale amounting to SR 22.06 million during the quarter ended 31 March 2023.

6 PROPERTY, PLANT AND EQUIPMENT

During the three-month period ended 31 March 2024, the Group has acquired assets with a cost of SR 21.1 million (three-month period ended 31 March 2023: SR 13.1 million) and charged depreciation to the interim condensed consolidated statement of profit or loss of SR 18.8 million (three-month period ended 31 March 2023: SR 23.3 million). The Group disposed off assets with carrying amount SR 149 thousand during the three-month ended 31 March 2024 (three-month period ended 31 March 2023: Nil).

7 FIRE INCIDENT AND INSURANCE CLAIM

On 3 March 2023 (corresponding to 11 Sha'ban 1444H), one of the factory of Zamil Air Conditioners and Home Appliances Company, a subsidiary, was damaged by fire. During the quarter ended 31 March 2023, the Group has made an assessment of the loss caused by the fire incident to the property, plant and equipment and recorded an impairment loss of SR 8.2 million.

Subsequent to 31 March 2023, the Group recorded in impairment loss against inventories damaged by fire amounting to SR 162.8 million. The Group filed a claim with the insurance company and the total claim amount, that was accepted and acknowledged by the insurance company amounted to SR 183 million (net of insurance expenses), was recognised in statement of profit or loss as the Group has an unconditional right to receive the amount in full from the insurance company. The total insurance claim receivable as of 31 December 2023, amounted to SR 121.1 million.

During the period ended 31 March 2024, the Group received SR 50 million from the insurance company and SR 45 million was received subsequent to the period end. The management expects the remaining amount to be settled within 2024 and accordingly, same has been classified as current assets and disclosed under "Advances, prepayments and other receivables" in the interim condensed consolidated statement of financial position.

Further, the Group recognised income from sale of items damaged by fire amounting to SR 33.57 million and the same was presented within other income in the interim condensed consolidated statement of profit or loss.

8 SHARE CAPITAL

The authorised, issued and fully paid share capital of the Company is divided into 60 million shares (31 December 2023: same) of SR 10 each.

9 CONTINGENCIES

Guarantees

The Group's bankers have issued performance and payments guarantees, on behalf of the Group, amounting to SR 2,025 million (31 December 2023: SR 2,166 million).

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

10 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties.

The Group in the normal course of business carries out transactions with various related parties. Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

<i>Relationship and name of related party</i>	<i>Nature of transactions</i>	<i>Three-month period ended 31 March (Unaudited)</i>	
		<i>2024</i>	<i>2023</i>
		<i>SR '000</i>	<i>SR '000</i>
<i>Entity with significant influence over the Group</i>			
Zamil Group Holding Company	Sales	2,968	1,859
	Purchases	7,517	2,624
<i>Other related parties</i>			
	Sales	866	83
	Purchases	1,082	-

The compensation to the key management personnel during the period amounted to SR 915 thousand (31 March 2023: SR 1.14 million).

Pricing policies and terms of payments of transactions with related parties are approved by the Board of Directors. Outstanding balances at the period-end are unsecured, interest free and settled in cash.

Amounts due from related parties at 31 March 2024 amounting to SR 39.1 million (31 December 2023: SR 33.8 million) have been included in the accounts receivable in interim condensed consolidated statement of financial position. Amounts due to related parties at 31 March 2024 amounting to SR 38.4 million (31 December 2023: SR 41.8 million) have been included in the accounts payable in interim condensed consolidated statement of financial position.

11 SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:

The air conditioners industry, which is engaged in production of window, split and central air conditioners, electrical and gas ovens, automatic dryers, microwave ovens, air-conditioning ducts/channels, household refrigerators, automatic washing machines and installation, maintenance, operation and leasing of air conditioning and refrigeration systems.

The steel industry, which is engaged in construction, managing and operating industrial projects, constructing, managing and operating airports and warehouses, constructing and providing fire protection services for building and structures, building, repairing and maintaining the communication towers, business of steel sheets works, heavy equipment and its spare parts, storage tanks, installation containers and pumps and implementation of electric works.

The insulation industry, which is engaged in production of complete line of insulation products including fiberglass for using in thermal insulation of central air conditioners, pre-insulated pipes, glass wool, rock wool and engineering plastic foam insulations.

Corporate and others, which are engaged in providing corporate and shared services, training and investment activities.

The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently in the interim condensed consolidated financial statements.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

11 SEGMENTAL INFORMATION (continued)

Business segments

For the three-month period ended 31 March 2024 (SR '000)

	<i>Air conditioner industry</i>	<i>Steel industry</i>	<i>Insulation industry</i>	<i>Corporate and others</i>	<i>Total segments</i>	<i>Adjustments and eliminations</i>	<i>Consolidated</i>
<i>Revenue from contracts</i>							
<i>with customers:</i>							
External customer	472,345	753,232	76,064	256	1,301,897	-	1,301,897
Inter-segment	-	49	5,688	-	5,737	(5,737)	-
	472,345	753,281	81,752	256	1,307,634	(5,737)	1,301,897
Finance lease income	2,522	-	-	-	2,522	-	2,522
Total revenue	474,867	753,281	81,752	256	1,310,156	(5,737)	1,304,419
<i>Timing of revenue recognition:</i>							
At a point in time	256,626	592,481	81,752	256	931,115	(5,737)	925,378
Over time	215,719	160,800	-	-	376,519	-	376,519
	472,345	753,281	81,752	256	1,307,634	(5,737)	1,301,897
Gross profit	58,167	105,242	35,056	256	198,721	732	199,453
Operating (loss) / profit	(19,616)	29,841	18,004	(7,822)	20,407	1,028	21,435
<i>Unallocated profit / (expenses) :</i>							
Share in results of associates and a joint venture							4,297
Other income, net							43,981
Impairment loss on property, plant and equipment							-
Finance costs							(45,290)
Profit before zakat and income tax and discontinued operations							24,423
Zakat and income tax							(7,433)
Discontinued operations							-
Net profit for the period							16,990

For the three-month period ended 31 March 2023 (SR '000)

	<i>Air conditioner industry</i>	<i>Steel industry</i>	<i>Insulation industry</i>	<i>Corporate and others</i>	<i>Total segments</i>	<i>Adjustments and eliminations</i>	<i>Consolidated</i>
<i>Revenue from contracts</i>							
<i>with customers:</i>							
External customer	395,758	574,761	65,608	256	1,036,383	-	1,036,383
Inter-segment	-	29,203	3,222	-	32,425	(32,425)	-
	395,758	603,964	68,830	256	1,068,808	(32,425)	1,036,383
Finance lease income	2,815	-	-	-	2,815	-	2,815
Total revenue	398,573	603,964	68,830	256	1,071,623	(32,425)	1,039,198
<i>Timing of revenue recognition:</i>							
At a point in time	260,364	515,019	68,830	256	844,469	(32,425)	812,044
Over time	135,394	88,945	-	-	224,339	-	224,339
	395,758	603,964	68,830	256	1,068,808	(32,425)	1,036,383

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

11 SEGMENTAL INFORMATION (continued)

Business segments (continued)

For the three-month period ended 31 March 2023 (SR '000)

	<i>Air conditioner industry</i>	<i>Steel industry</i>	<i>Insulation industry</i>	<i>Corporate and others</i>	<i>Total segments</i>	<i>Adjustments and eliminations</i>	<i>Consolidated</i>
Gross profit / (loss)	42,857	83,821	22,345	(2,563)	146,460	316	146,776
Operating (loss) / profit	(7,499)	22,879	7,951	(8,085)	15,246	1,006	16,252
<i>Unallocated profit / (expenses):</i>							
Share in results of associates and a joint venture							1,964
Other income, net							790
Finance costs							(42,069)
Loss before zakat and income tax and discontinued operations							(23,063)
Zakat and income tax							(9,297)
Discontinued operations							21,863
Net loss for the period							(10,497)

At 31 March 2024 (SR '000)

	<i>Air conditioner industry</i>	<i>Steel industry</i>	<i>Insulation industry</i>	<i>Corporate and others</i>	<i>Total segments</i>	<i>Adjustments and eliminations</i>	<i>Consolidated</i>
Total assets	2,989,069	2,688,013	447,914	1,109,555	7,234,551	(1,072,424)	6,162,127
Total liabilities	2,901,878	2,014,822	110,715	1,563,476	6,590,891	(1,072,424)	5,518,467
<i>Others:</i>							
Investment in associates and a joint venture	-	-	-	93,525	93,525	-	93,525
Capital expenditure	3,527	14,405	3,042	97	21,071	-	21,071

At 31 December 2023 (SR '000)

	<i>Air conditioner industry</i>	<i>Steel industry</i>	<i>Insulation industry</i>	<i>Corporate and others</i>	<i>Total segments</i>	<i>Adjustments and eliminations</i>	<i>Consolidated</i>
Total assets	2,966,340	2,727,549	443,499	1,274,241	7,411,629	(1,339,301)	6,072,328
Total liabilities	2,862,467	2,065,063	124,821	1,711,722	6,764,073	(1,339,301)	5,424,772
<i>Others:</i>							
Investment in associates and a joint venture	-	-	17,995	71,233	89,228	-	89,228
Capital expenditure	11,586	58,677	6,289	4,247	80,799	-	80,799

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below. Capital expenditure consist of additions of property, plant and equipment.

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

11 SEGMENTAL INFORMATION (continued)

Geographic information

	<i>For the three-month ended 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR '000</i>	<i>SR '000</i>
<i>Revenue from external customers:</i>		
Saudi Arabia	1,028,191	775,310
Other Asian countries	140,062	170,339
Egypt	136,166	93,549
	1,304,419	1,039,198
	<i>31 March 2024</i>	<i>31 December 2023</i>
	<i>SR '000</i>	<i>SR '000</i>
<i>Non-current operating assets:</i>		
Saudi Arabia	604,475	603,923
Other Asian countries	62,780	62,395
Egypt	55,153	58,313
	722,408	724,631

Non-current operating assets for this purpose consist of property, plant and equipment and right-of-use assets.

12 FAIR VALUES OF FINANCIAL INSTRUMENTS

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

Financial assets consist of cash and cash equivalents, equity instruments at fair value through other comprehensive income, accounts receivable, net investment in finance lease and some other current assets. Financial liabilities consist of term loans, short term loan, lease liabilities, accounts payable and some other current liabilities. The fair values of financial assets and financial liabilities approximate their carrying amounts.

Set out below is a comparison, of the carrying amounts and fair values of the Group's equity instruments at fair value through other comprehensive income:

	<i>Carrying value</i>	<i>Fair value</i>	<i>Fair value measurement using</i>		
	<i>SR '000</i>		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
31 March 2024					
<i>Equity instrument at fair value through other comprehensive income</i>					
At fair value	57,420	57,420	-	-	57,420
	57,420	57,420	-	-	57,420

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

12 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	Carrying value SR '000	Fair value SR '000	Fair value measurement using		
			Level 1 SR '000	Level 2 SR '000	Level 3 SR '000
31 December 2023					
<i>Equity instrument at fair value through other comprehensive income</i>					
At fair value	57,420	57,420	-	-	57,420
	<u>57,420</u>	<u>57,420</u>	<u>-</u>	<u>-</u>	<u>57,420</u>

The fair value of the Group's investment in unquoted equity shares at 31 March 2024 and 31 December 2023 was measured using Level 3 (significant unobservable inputs). The Group estimated the fair value of the investment using adjusted net asset method. The adjusted net asset method involves deriving the fair value of an investee's equity instruments by reference to the fair value of its assets and liabilities. The management believes that there have been no significant changes in the value of investment from 31 December 2023.

13 COMPARATIVE FIGURES

Certain of the prior year numbers have been reclassified to conform with the presentation in the current period.

14 SUBSEQUENT EVENTS

In the opinion of management, there have been no further significant subsequent events since the period ended 31 March 2024, other than those disclosed in note 7, that would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements.