

**ARABIAN PIPES COMPANY
(SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(UNAUDITED) TOGETHER WITH INDEPENDENT
AUDITOR'S LIMITED REVIEW REPORT**

**ARABIAN PIPES COMPANY
(SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
TOGETHER WITH INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT**

<u>Index</u>	<u>Page</u>
Independent Auditor's Review Report on the Interim Condensed Financial Statements	1
Interim condensed statement of financial position (Unaudited)	2
Interim condensed statement of profit or loss and other comprehensive income (Unaudited)	3
Interim condensed statement of changes in equity (Unaudited)	4
Interim condensed statement of cash flows (Unaudited)	5
Notes to the Interim condensed financial statements (Unaudited)	6-12

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

To the **Shareholders of Arabian Pipes Company**
 (Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of **Arabian Pipes Company** (Saudi Joint Stock Company) ("the company") as at March 31, 2023, and the related interim condensed statements of profit or loss and the other comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The company's management is responsible for preparing and presenting these interim condensed financial statements in accordance with International Accounting Standard 34 (interim Financial Reporting) endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review:

We conducted our review in accordance with the International Standard on Review Engagements No. (2410) Review of interim Financial Information performed by the independent auditor of the entity, endorsed in the Kingdom of Saudi Arabia. A review of the interim financial statements consists of making inquiries, primarily, to those 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 the International Standards of Auditing endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would be become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

Emphasis of matter:

Refer to note no. (2/3), which is related to going concern the company's current liabilities exceeded its current assets by SAR 149.6 million as at March 31, 2023 (December 31, 2022: SAR 154.5 million), these circumstances indicate the existence of a material uncertainty that may cast doubt on the company's ability to continue as a going concern.

On July 17, 2022, the Board of Directors issued a recommendation to increase the capital by an amount of SAR 150 million, this recommendation is subject to the approval of the relevant regulatory authorities and the extraordinary general assembly that has not held until the date of approval of the accompanying interim condensed financial statements by the company's board of directors.

The company has appointed an "independent" specialized consulting office to prepare a strategic business plan for the company for the five years from 2023 to 2027. The study showed an improvement in the indicators and performance of the company for these years, and this gives an indication of the company's ability to continue on the basis of the going concern principle. Accordingly, it was approved by the Board of Directors. Accordingly, the accompanying interim condensed financial statements were prepared on the basis of going concern and do not include any adjustments that may be required if the company is unable to continue on the basis of the going concern principle.

Conclusion:

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

For Al-Kharashi Co.



Abdullah S. Al Msned

License No. (456)

Riyadh:

14 Shawwal 1444H

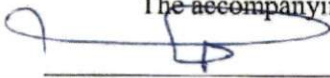
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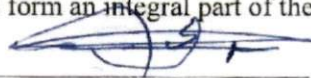


Arabian Pipes Company
(Saudi Joint Stock Company)
Interim condensed Statement of Financial Position (unaudited)
As at March 31, 2023
(All amounts are in Saudi Riyal "000" unless otherwise stated)

	Note	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Assets			
Non-current assets			
Property, plant and equipment, net		337,953	342,683
Right-of-use assets, net		18,109	18,554
Total non-current assets		356,062	361,237
Current assets			
Inventories, net	5	181,412	217,551
Trade receivables, net		32,722	90,831
Prepayments and other debit balances	6	28,420	18,748
Cash and cash equivalents		138,350	77,705
Total current assets		380,904	404,835
Total assets		736,966	766,072
Shareholders' Equity and Liabilities			
Shareholders' Equity			
Share capital		100,000	100,000
Statutory reserve		3,119	3,119
Retained Earnings		27,942	14,638
Employees defined benefit obligations remeasurement reserve		(2,713)	(2,713)
Total Shareholders' Equity		128,348	115,044
Liabilities			
Non-current liabilities			
lease liabilities - non-current portion		16,648	16,648
long-term borrowings - non-current portion	7	40,000	55,000
Employees defined benefit obligations		21,455	20,089
Total non-current liabilities		78,103	91,737
Current liabilities			
leases liabilities - current portion		1,013	791
long-term borrowings - current portion	7	36,000	23,000
Short-term borrowings	8	280,204	331,667
Trade and notes payables		122,404	103,571
Accrued expenses and other credit balance		87,445	96,620
Zakat provision	10-2	3,449	3,642
Total current liabilities		530,515	559,291
Total liabilities		608,618	651,028
Total Shareholders' Equity and liabilities		736,966	766,072

The accompanying notes form an integral part of these interim condensed financial statements.


Homoud Ali Alhamzah
CFO


Ahmed Ali Al-Lohidan
CEO


Saad Fahah Al Qahtani
Audit Committee Chairman

Arabian Pipes Company
(Saudi Joint Stock Company)
Interim condensed Statement of profit or loss and
other comprehensive income
For the three-month period ended March 31, 2023 (unaudited)
(All amounts are in Saudi Riyal "000" unless otherwise stated)

	Note	For the three-month period ended	
		31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Revenues, net		229,880	61,716
Cost of revenues		(202,405)	(60,282)
Gross profit		27,475	1,434
Operating Expenses:			
Selling and distribution expenses		(4,413)	(1,396)
General and administrative expenses	12	(7,668)	(12,604)
Impairment in value of inventory		-	(119)
Profit / (loss) from operations		15,394	(12,685)
Non-operating revenues / (expenses)			
Other income, net	14	4,352	1,368
Finance cost	13	(5,548)	(1,826)
Profit / (loss) before zakat		14,198	(13,143)
Zakat	10-2	(894)	(70)
Net profit / (loss) for the period		13,304	(13,213)
Other Comprehensive Income Items:			
Items that will not be reclassified subsequently to statement of profit or loss:			
Actuarial gains generated from re-measurement of employees' defined benefits obligation		-	-
Total comprehensive income for the period		-	-
Total comprehensive income / (loss)		13,304	(13,213)
Earnings / (loss) per share (Saudi Riyal):	15		
Basic and diluted earnings / (loss) per share from profit / (loss) from operations		1.54	(1.27)
Basic and diluted earnings / (loss) per share from net profit (loss) for the period		1.33	(1.32)

The accompanying notes form an integral part of these interim condensed financial statements.



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CEO



Saad Falah Al Qahtani
Audit Committee Chairman

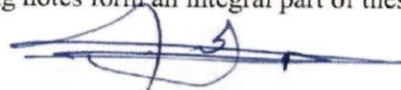
Arabian Pipes Company
(Saudi Joint Stock Company)
Interim condensed Statement of Changes in Equity (unaudited)
For the three-month period ended March 31, 2023
(All amounts are in Saudi Riyal “000” unless otherwise stated)

	Note	Share capital	Statutory reserve	(Accumulated losses) / Retained Earnings	Employees defined benefit obligations remeasurement reserve	Total Shareholders' Equity
Balance as at January 1, 2022 (Audited)		400,000	120,000	(411,238)	(3,062)	105,700
Effect of share capital and statutory reserve reduction against accumulated losses	2-3	(300,000)	(39,949)	339,949	-	-
Net loss for the period		-	-	(13,213)	-	(13,213)
Balance as at March 31, 2022 (Unaudited)		100,000	80,051	(84,502)	(3,062)	92,487
Balance as at January 1, 2023 (Audited)		100,000	3,119	14,638	(2,713)	115,044
Net profit for the period		-	-	13,304	-	13,304
Balance as at March 31, 2023 (Unaudited)		100,000	3,119	27,942	(2,713)	128,348

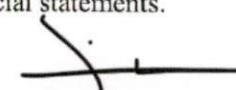
The accompanying notes form an integral part of these interim condensed financial statements.



Homoud Ali Alhamzah
CFO



Ahmed Ali Al-Lohidan
CEO



Saad Falah Al Qahtani
Audit Committee Chairman

Arabian Pipes Company
(Saudi Joint Stock Company)
Interim condensed Statement of Cash Flows (unaudited)
For the Three-month period ended March 31, 2023
(All amounts are in Saudi Riyal "000" unless otherwise stated)

	Note	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
<u>Cash flows from operating activities:</u>			
Profit/(loss) before zakat for the period		14,198	(13,143)
<u>Adjustments for non-cash items</u>			
Depreciation of property, plant, and equipment		7,690	7,367
Depreciation of right-of-use asset		445	446
Finance Cost	13	5,548	1,826
Impairment in value of inventory		-	119
Employee defined benefit obligation expenses		1,415	370
		29,296	(3,015)
Changes in working capital			
Inventories, net		36,139	37,831
Trade receivables, net		58,109	7,849
Prepayments and other debit balances		(9,672)	(4,186)
Trade and Notes payables		18,833	(330)
Accrued expenses and other credit balance		(10,440)	11,736
Employee defined benefit obligations paid		(49)	(49)
Zakat Paid	10-2	(1,087)	-
Net cash flows generated from operating activities		121,129	49,836
<u>Cash flows from investing activities:</u>			
Additions to property, plant, and equipment		(3,013)	(909)
Change in strategic spare parts inventory		53	(122)
Net cash flows used in investing activities		(2,960)	(1,031)
<u>Cash flows from financing activities:</u>			
Payments of borrowings		(183,421)	(55,559)
Proceeds from borrowings		129,958	15,057
Finance cost Paid		(4,061)	(1,331)
Net cash flows used in financing activities		(57,524)	(41,833)
Net change in cash and cash equivalents		60,645	6,972
Cash and cash equivalent at the beginning of the period		77,705	8,529
Cash and cash equivalents at end of the period		138,350	15,501


The accompanying notes form an integral part of these interim condensed financial statements.



Homoud Ali Alhamzah
CFO



Ahmed Ali Al-Lohidan
CEO



Saad Fahad Al Qahtani
Audit Committee Chairman

Arabian Pipes Company
(Saudi Joint Stock Company)
Notes to the Interim condensed Financial Statements
For the Three-month period ended March 31, 2023
(All amounts are in Saudi Riyal “000” unless otherwise stated)

1. Company information

A. Establishing the company.

Arabian Pipes Company is a Saudi Joint Stock Company (“the Company”) was formed according to Ministry of Commerce Decree No. 922 dated 18 Thul-Qi’dah 1411H corresponding to 1 June 1991. The Company is registered in the Kingdom of Saudi Arabia (“KSA”) under Commercial Registration No. 1010085734 and unified number 7018055132 dated 14 Safar 1412H corresponding to 25 August 1991.

B. The nature of the company's activity

The main activities of the Company are the production of steel tubes longitudinally welded for pipelines and for the purposes of construction, trade, marketing, bending and forming a tothing pipe and pipe coating inside and outside and doing the business of buying and selling pipes and fittings and accessories and the implementation of the extension of pipelines.

The Company operates under industrial license for Riyadh plant No. 434 dated 12 Thul-Qi’dah 1405H and amended by industrial license No. 2196 dated 16 Rajab 1436H and industrial license for Jubail plant No. 1109 dated 12 Thul-Qi’dah 1419H and amended by industrial license No. 2195 dated 16 Rajab 1436H and industrial license for coating factory No. 479 dated 26 Safar 1436H.

The accompanying interim condensed financial statements include the accounts of the Company and its branches as follows:

Factory name	CR number	Date
Jubail factory	2055007048	21 Rabi Thani 1426

C. Fiscal year

The company's financial year is twelve months from the beginning of January until the end of December each calendar year.

2. The foundation of the preparation of interim condensed financial statements

2.1. Statement of commitment

These interim condensed financial statements were prepared in accordance with IAS 34 (Interim Financial Reports) endorsed in the kingdom of Saudi organization for certified public accountants (SOCPA).

These interim condensed financial statements don't include all the information and disclosures required to prepare a full set of financial statements. Hence, these interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2022. The business results for the three-months period ended March 31, 2023, may not represent an accurate indication of the actual results for the fiscal year ending December 31, 2023.

2.2. Accounting basis

These interim condensed financial statements are prepared in accordance with the principle of historical cost and using Accrual basis and the concept of continuity of activity, except the employees' defined benefits obligation, which is recognized at the present value of future obligations using the Projected Unit Credit Method.

2.3. Use of judgment and estimates

The preparation of these interim condensed financial statements requires management to use provisions and estimates that affect the application of accounting policies and the amounts listed for assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Arabian Pipes Company
(Saudi Joint Stock Company)
Notes to the Interim condensed Financial Statements
For the Three-month period ended March 31, 2023
(All amounts are in Saudi Riyal "000" unless otherwise stated)

2. The foundations of the preparation (continued)

2.3 Use of judgment and estimates (continued)

Going concern

- As at March 31, 2023, the Company's current liabilities exceeded its current assets by SAR 149,6 million (31 December 2022: SAR 154.5 million), these conditions indicate the existence of a material uncertainty that may cast doubt over the Company's ability to continue as a going concern.
- On February 20, 2022, the Company obtained its shareholders' approval through Extra Ordinary General Assembly's Meeting to restructure its capital by amortizing the accumulated losses with the amount of SAR 300 million through reducing its share capital from SAR 400 million to SAR 100 million.
- As per board of directors' approval dated February 20, 2022, the Company has adjusted SAR 39.9 million of accumulated losses against the statutory reserve which bring the accumulated losses to nil as of February 2022.
- As per board of directors' approval dated April 19, 2022, the Company has amortized an additional amount of SAR 77.9 million of accumulated losses against the statutory reserve which bring the accumulated losses to nil as at April,2022.
- On July 17, 2022, the Board of Directors issued a recommendation to increase the capital by an amount of SAR 150 million, this recommendation is subject to the approval of the relevant regulatory authorities and the extraordinary general assembly that has not held until the date of approval of the accompanying interim condensed financial statements by the company's board of directors.
- The company has appointed an "independent" specialized consulting office to prepare a strategic business plan for the company for the five years from 2023 to 2027. The study showed an improvement in the indicators and performance of the company for these years, and this gives an indication of the company's ability to continue on the basis of the going concern principle. Accordingly, it was approved by the Board of Directors. Accordingly, the accompanying interim condensed financial statements were prepared on the basis of going concern and do not include any adjustments that may be required if the company is unable to continue on the basis of the going concern principle.

3. Presentation currency and activity

These Interim Condensed Financial Statements have been presented in Saudi Riyals, which is the functional and presentation currency of the Company. All figures have been rounded off to the nearest thousand, unless otherwise mentioned.

4. Significant accounting policies

The accounting policies applied to these interim condensed financial statements are the same as those applied to the Company's annual financial statements for the year ended December 31, 2022.

Arabian Pipes Company
(Saudi Joint Stock Company)
Notes to the Interim condensed Financial Statements
For the Three-month period ended March 31, 2023
(All amounts are in Saudi Riyal “000” unless otherwise stated)

5. Inventories, net

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Finished goods	69,241	76,474
Raw materials	63,291	89,750
Work in progress	43,141	45,887
Spare parts	19,228	16,534
Scrap inventory	1,531	3,926
	196,432	232,571
Less: provision for impairment in value of inventory	(15,020)	(15,020)
	181,412	217,551

The movement of provision for impairment in value of inventory is as follows:

	For the Three-month period ended 31 March 2023	For the year ended 31 December 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	15,020	22,706
Provision of Raw material - write-off	-	(3,576)
Provision of Work in process - write-off	-	(267)
Reversal of provision for impairment in value of inventory	-	(3,843)
Formed during the period / year	-	-
Balance at the end of the period / year	15,020	15,020

6. Prepayments and other debit balances

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Advance payments to suppliers	20,092	12,719
Prepaid insurance and other prepayment expenses	5,434	3,323
Staff and other receivables	2,894	2,706
	28,420	18,748

7. Long-term borrowings

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Saudi Industrial Development Fund (SIDF) – (“The Fund”)	76,000	78,000
Total current portion	36,000	23,000
Total non-current portion	40,000	55,000

The Movement in long-term borrowings is as follows:

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	78,000	78,759
Proceeds during the period / year	-	3,992
Repayment during the period / year	(2,000)	(4,751)
Balance at the end of the period / year	76,000	78,000

Arabian Pipes Company
(Saudi Joint Stock Company)
Notes to the Interim condensed Financial Statements
For the Three-month period ended March 31, 2023
(All amounts are in Saudi Riyal "000" unless otherwise stated)

7. Long-term borrowings (continued)

- The Company obtained borrowing from the SIDF amounting to SAR 113.4 million for the construction of the Jubail Pipe Production Plant. The borrowing is secured by mortgaging the buildings, machinery, and equipment of the Company's factories.
- On 9 March 2015, SIDF agreed to reschedule the remaining balance as of that date, amounting to SAR 83 million in ten semi-annual instalments.
- On 9 December 2019, the Company obtained an additional borrowing amounting to SAR 7.165 million for a period of 5 years.
- During the year 2020, the management of the Company has reached an agreement with SIDF to reschedule the loan amounting to SAR 78.5 million.
- On 4 April 2021, the Company obtained an additional loan amounting to SAR 1.733 million for a period of 5 year.
- On 3 October 2022, the management of the Company has reached an agreement with SIDF to reschedule the loan amounting to SAR 78 million.
- On 29 December 2022, the company obtained the approval of the Industrial Development Fund to exempt it from financial covenants related to the ratio of current assets over current liabilities, as well as the ratio of total liabilities over net tangible value for the years 2020, 2021, and 2022.

8. Short-term borrowings

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Short-term borrowings	280,204	331,667
	280,204	331,667

The movement of short-term borrowings is as follows:

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	331,667	204,903
Proceeds during the period / year	129,958	471,308
Repayment during the period / year	(181,421)	(344,544)
Balance at the end of the period / year	280,204	331,667

The Company has obtained loans from the following financial institutions:

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Al Rajhi Bank	65,703	144,655
Riyad Bank	195,515	123,093
SABB	18,986	63,919
	280,204	331,667

- The Company has a short-term borrowing from Ministry of Finance amounting to SAR 120 million, which is disbursed to the Company through Riyad Bank. The borrowing is obtained to meet the working capital requirements of the Company. The borrowing is repayable within the period of 360 days from the date of utilization.
- The Company has obtained borrowings from local banks for the purpose of financing working capital needs. These bank facilities bear finance cost at market prevailing rates.
- The facility agreements include covenants which, among other things, require the Company to maintain certain financial ratios. As at 31 March 2023, the Company was not in compliance with certain covenants of the financing agreements, however, there is no financial impact of non-compliance on the accompanying interim condensed financial statements.

Arabian Pipes Company
(Saudi Joint Stock Company)
Notes to the Interim condensed Financial Statements
For the Three-month period ended March 31, 2023
(All amounts are in Saudi Riyal “000” unless otherwise stated)

9. Related party transactions

9.1 Key management personnel

Transactions with related parties comprise salaries, remuneration and allowances of directors and senior executives that were made during the period between the Company and the senior management. The principal transactions with related parties are as follows:

Name of related party	Nature of transaction	For the Three-month period ended	
		31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Board and other committees' members	Reward and allowances	333	406
Senior executives	Salaries, allowances, and bonuses	1,548	1,114

10. Zakat provision

10.1. Zakat assessment

- The Company has filed zakat returns as of December 31, 2022, with Zakat, Tax and Customs Authority (“ZATCA”) and obtained certificate which is valid till April 30, 2024.
- On January 31, 2023, Zakat assessment has been raised by ZATCA for the year 2016 resulting in additional Zakat of SAR 3.8 million the Company has paid a part of the total amount which is the unobjectionable portion amounted to SAR. 1.1 million and submit an objection request to ZATCA for the objectionable portion amounted to SAR. 2.7 million. Provision for the same amount is already formed in the books of the Company.

10.2. Zakat provision movement

The movement in the provision for zakat is as follows.

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period / year	3,642	4,284
Provided during the period / year	894	700
Payment during the period / year	(1,087)	(1,342)
Balance at the end of the period / year	3,449	3,642

11. Contingent liabilities

Contingent liabilities are letters of credit and letters of guarantee outstanding as at 31 March 2023 amounting to SAR 101.6 million (31 December 2022: SAR 72.51 million).

12. General and administration expenses

	For the Three-month period ended 31 March 2023 (Unaudited)	For the Three-month period ended 31 March 2022 (Unaudited)
Salaries and other relates benefits	3,926	3,759
Overheads relating idle production*	-	6,160
Professional and consulting	1,467	1,080
LC / LG charges	1,641	734
Others	634	871
	7,668	12,604

*Commencing February 2022, the production plant facility (the “facility”) was non-operational due to delays in raw material deliveries. The facility resumed production during April 2022. Accordingly, overheads relating to idle time during the idle period are recognized as expenses and not capitalized in inventory.

Arabian Pipes Company
(Saudi Joint Stock Company)
Notes to the Interim condensed Financial Statements
For the Three-month period ended March 31, 2023
(All amounts are in Saudi Riyal “000” unless otherwise stated)

13. Finance costs

	For the Three-month period ended 31 March 2023	For the Three-month period ended 31 March 2022
	(Unaudited)	(Unaudited)
Borrowings	5,326	1,587
Finance charges on lease liabilities	222	239
	5,548	1,826

14. Other Income

	For the Three-month period ended 31 March 2023	For the Three-month period ended 31 March 2022
	(Unaudited)	(Unaudited)
Scrap Sales	3,869	1,368
Time deposit return	483	-
	4,352	1,368

15. Earnings / (Loss) per share

To comply with IAS 33 endorsed in the kingdom of Saudi Arabia – Earnings per share, the basic earnings (loss) per share was calculated by dividing the net profit / (loss) for the period attributable to the ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period, where the profit / (loss) per share was calculated for the three-month period ended on March 31, 2023 and the three-month period ended on March 31, 2022, by dividing the net profit / (loss) for each period by the weighted average number of shares outstanding during the period.

	For the three-month period ended	
	31 March 2023	31 March 2022
	(Unaudited)	(Unaudited)
Profit / (Loss) from operations	15,394	(12,685)
Net profit / (loss) for the period	13,304	(13,213)
The weighted average number of shares outstanding during the period	10,000	10,000
Basic and diluted profit / (loss) per share from profit / (loss) from operations	1.54	(1.27)
Basic and diluted profit / (loss) per share from net profit / (loss) for the period	1.33	(1.32)

16. Segment reports

a) Operating segment

The Company's products are manufactured in Saudi Arabia and have two segments, the steel pipe production segment, and steel pipe packaging segment. The pipe packaging segment has not achieved any of the quantitative limits referred to in IFRS 8 Operating Segments. Accordingly, the segmental operating information has not been disclosed in the accompanying interim condensed financial statements.

b) Geographic segment

During the three-month period ended 31 March 2023, approximately 1% (31 March 2022: 6.77%) of the Company's sales were export sales to the Gulf and Middle East countries, with approximately 99% (31 March 2022: 93.23%) domestic sales. All of the Company's assets and liabilities are in Saudi Arabia.

Arabian Pipes Company
(Saudi Joint Stock Company)
Notes to the Interim condensed Financial Statements
For the Three-month period ended March 31, 2023
(All amounts are in Saudi Riyal “000” unless otherwise stated)

17. 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.

A 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).

The carrying value of the Company's financial instruments is a reasonable approximation of fair value.

18. Comparative figures

Some figures for the comparative year have been reclassified to conform to the presentation of the interim condensed financial statements for the current year.

19. Subsequent events

There have been no significant subsequent events since the year-end that require disclosure or adjustment in the interim condensed financial statements except for already disclosed in the accompanying interim condensed financial statements.

20. Approval of the interim condensed financial statements

The interim condensed financial statements were approved by the board of directors on 14 Shawwal 1444H corresponding to 4 May 2023.