

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE THREE-MONTH PERIOD
ENDED 31 MARCH 2025
AND INDEPENDENT AUDITOR'S REVIEW REPORT

ARABIAN PIPES COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

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**Independent auditor's review report on the interim condensed financial statements
To the shareholders of Arabian Pipes Company
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Arabian Pipes Company (A Saudi Joint Stock Company) ("the Company") as at 31 March 2025, and the interim condensed statement of profit or loss and the other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

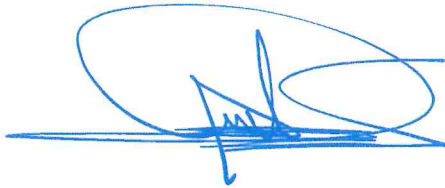
Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information requires inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures 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 financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Maham Company for Professional Services



Abdulaziz Saud Al Shabeebi
Certified Public Accountant
License no. (339)
15 Thul-Qi'dah 1446 H
13 May 2025



Arabian Pipes Company
(A Saudi Joint Stock Company)

Interim condensed statement of financial position
As at 31 March 2025

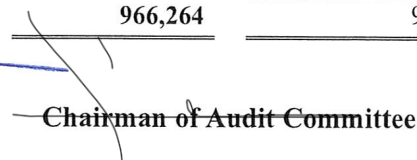
		31 March 2025 (Unaudited) SR '000	31 December 2024 (Audited) SR '000
	Note		
Assets			
Non-current assets			
Property, plant and equipment	4	267,961	272,798
Intangible assets		2,219	2,597
Right-of-use assets		23,562	24,003
Total non-current assets		293,742	299,398
Current assets			
Inventory	5	315,299	311,681
Trade receivables	6	92,889	56,764
Contract assets	7	77,400	128,500
Short-term Islamic Murabaha	8	105,000	20,000
Prepayments and other current assets		19,139	15,833
Cash and cash equivalents		62,795	99,403
Total current assets		672,522	632,181
Total assets		966,264	931,579
Shareholder's equity and liabilities			
Shareholder's equity			
Share capital	9	150,000	150,000
Proposed increase in capital	9	50,000	-
Reserve	9	15,430	15,430
Reserve for remeasurement of employees' end of service Benefit		(2,991)	(2,991)
Retained earnings		229,050	238,876
Total Shareholder's equity		441,489	401,315
Liabilities			
Non-current liabilities			
Lease liabilities-non-current portion		24,062	23,756
Long-term financing	10	40,053	47,263
Governmental grant- non-current portion		561	686
Provision for decommissioning cost		2,053	2,028
Employees end of service benefit		25,300	24,289
Total non-current liabilities		92,029	98,022
Current liabilities			
Leases liabilities- current portion		1,351	1,332
Bank facilities and current portion of long term financing	10	311,033	346,718
Governmental grant- current portion		663	717
Trade payables		60,065	37,542
Accrued expenses and other current liabilities	11	49,142	36,939
Zakat provision	12	10,492	8,994
Total current liabilities		432,746	432,242
Total liabilities		524,775	530,264
Total Shareholder's equity and liabilities		966,264	931,579



Chief Financial Officer



Chief Executive Officer



Chairman of Audit Committee

The accompanying notes from 1 to 24 form an integral part of these interim condensed financial statements.

Arabian Pipes Company
(A Saudi Joint Stock Company)

Interim condensed statement of profit and loss and other comprehensive income
For the three-month period ended 31 March 2025

For the three-month period ended 31
March

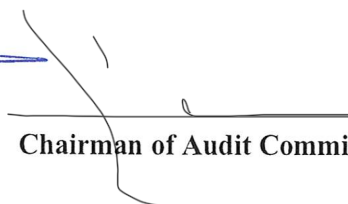
	Note	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Revenue	14	248,930	311,153
Cost of revenue	15	(185,271)	(213,485)
Gross profit		63,659	97,668
Expenses			
Selling and marketing		(4,733)	(2,091)
General and administrative		(8,352)	(10,848)
Reversal (provided for) provision for inventory impairment	5	221	(14,062)
Total expenses		(12,864)	(27,001)
Profit from operations		50,795	70,667
Finance charges		(9,869)	(12,371)
Other income, net	16	746	564
Profit before zakat		41,672	58,860
Zakat	12	(1,498)	(4,069)
Net profit for the period		40,174	54,791
Total comprehensive income for the period		40,174	54,791
Earnings per share			
Basic and diluted earnings per share (SR)	17	0.27	0.37



Chief Financial Officer



Chief Executive Officer



Chairman of Audit Committee

The accompanying notes from 1 to 24 form an integral part of these interim condensed financial statements

Arabian Pipes Company
(A Saudi Joint Stock Company)

Interim condensed statement of changes in shareholders' equity
For the three -month period ended 31 March 2025

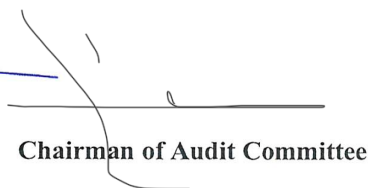
	Share capital SR '000	Proposed increase in capital SR '000	Reserve SR '000	Reserve for remeasurement of employees' end of service benefit SR '000	Retained earnings SR '000	Total SR '000
As at 1 January 2025 (Audited)	150,000	-	15,430	(2,991)	238,876	401,315
Net profit for the period	-	-	-	-	40,174	40,174
Total comprehensive income for the period	-	-	-	-	40,174	40,174
Transferred to proposed increase in capital (Note-9)	-	50,000	-	-	(50,000)	-
As at 31 March 2025 (Unaudited)	<u>150,000</u>	<u>50,000</u>	<u>15,430</u>	<u>(2,991)</u>	<u>229,050</u>	<u>441,489</u>
As at 1 January 2024 (Audited)	100,000	-	15,430	(3,010)	120,699	233,119
Net profit for the period	-	-	-	-	54,791	54,791
Total comprehensive income for the period	-	-	-	-	54,791	54,791
As at 31 March 2024 (Unaudited)	<u>100,000</u>	<u>-</u>	<u>15,430</u>	<u>(3,010)</u>	<u>175,490</u>	<u>287,910</u>



Chief Financial Officer



Chief Executive Officer



Chairman of Audit Committee

The accompanying notes from 1 to 24 form an integral part of these interim condensed financial statements.

Arabian Pipes Company
(A Saudi Joint Stock Company)

Interim condensed statement of cash flows
For the three-month period ended 31 March 2025

		For the three-month period ended 31 March	
		2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Note			
OPERATING ACTIVITIES			
	Profit before zakat	41,672	58,860
	Adjustments for:		
	Depreciation of property, plant, and equipment	4 9,029	8,944
	Amortization of intangible assets	378	347
	Depreciation of a right-of-use asset	442	415
	Finance charges	9,869	12,371
	(Reversal) provided for provision for inventory impairment	5 (221)	14,062
	(Reversal) provided for allowance for expected credit losses	6 (802)	2,768
	Impairment of property, plant and equipment	4 222	-
	Governmental grant	(180)	(569)
	Employee end of service benefit	1,289	1,008
		<u>61,698</u>	<u>98,206</u>
	Change in operating assets and liabilities		
	Inventory	(3,396)	(35,006)
	Trade receivables	(35,322)	92,675
	Prepayments and other current assets	(3,350)	(5,055)
	Contract assets	51,100	(133,621)
	Trade payables	22,523	9,675
	Accrued expenses and other current liabilities	15,371	(27,206)
	Cash from (used in) operations	<u>108,624</u>	<u>(332)</u>
	Zakat paid	-	(3,404)
	Finance charges paid	(11,549)	(11,097)
	Employee end of service benefit paid	(278)	(171)
	Net cash from (used in) operating activities	<u>96,797</u>	<u>(15,004)</u>
INVESTING ACTIVITIES			
	Additions to property, plant, equipment	4 (4,415)	(2,637)
	Addition to Short-term Islamic Murabaha	8 (85,000)	-
	Net cash used in investing activities	<u>(89,415)</u>	<u>(2,637)</u>
FINANCING ACTIVITIES			
	Bank facilities and long-term financing paid	10 (218,270)	(282,219)
	Bank facilities and long-term financing proceeds	10 174,280	283,084
	Net cash (used in) from financing activities	<u>(43,990)</u>	<u>865</u>
	Net change in cash and cash equivalents	<u>(36,608)</u>	<u>(16,776)</u>
	Cash and cash equivalent at the beginning of the period	99,403	94,081
	Cash and cash equivalents at end of the period	<u>62,795</u>	<u>77,305</u>


Chief Financial Officer


Chief Executive Officer


Chairman of Audit Committee

The accompanying notes from 1 to 24 form an integral part of these interim condensed financial statements.

1 GENERAL INFORMATION

Arabian Pipes Company (“the Company”) is a Saudi Joint Stock Company formed in accordance with the Companies Regulation and is registered in the Kingdom of Saudi Arabia (“KSA”) under the Commercial Registration No. 1010085734 dated 14 Safar 1412H (corresponding to 24 August 1991). The Company's registered address is P.O. Box 42734, Riyadh 11551, Third Industrial City, Kingdom of Saudi Arabia.

The main activities of the Company are the production and marketing of longitudinally welded steel pipes for pipelines and for construction and commercial purposes, bending, shaping and threading pipes from the outside and inside, carrying out commercial business such as selling and buying pipes, their accessories, carrying out pipeline extension works, manufacturing pipes, hoses, plastic pipes, their connections and accessories, and manufacturing pipes, pipes and shapes hollow iron and steel.

The Company operates under industrial license (Riyadh plant) No. 434 dated 12 Thul-Qi’dah 1405H (corresponding to 30 July 1985) and amended by the industrial license No. 2195 dated 16 Rajab 1436H (corresponding to 5 May 2015) and industrial license for coating factory No. 479 dated 26 Safar 1436H (corresponding to 18 December 2014).

These interim condensed financial statements include the following branch of the Company:

Name in branch register	Branch Registration No.	Region	Date
Arabian Pipes Company	2055007048	Al-Jubail	21 Rabi’ al-Thani 1426H (Corresponding to: 29 May 2005)

2 BASIS OF PREPARATION

2-1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard “Interim Financial Reporting” (“IAS 34”) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at 31 December 2024.

2-2 Basis of measurement

The interim condensed financial statements have been prepared on the historical cost basis, except for employees’ end of service Benefit that have been measured using projected unit credit method.

2-3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals (SR), which is the Company's functional and presentation currency. All values have been rounded to the nearest thousand Saudi riyals, unless otherwise stated.

2-3-1 Transactions and Balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in the profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate applicable at the date of the initial transactions

2 BASIS OF PREPARATION (Continued)

2-4 Significant accounting policies

The accounting policies applied in these interim condensed financial statements are the same policies applied to the Company's annual financial statements as at and for the year ended 31 December 2024.

2-5 New and amended standard and interpretations

The Company applied for the first time the following standards and amendments that are effective for annual periods beginning on or before 1 January 2025, which did not have any impact on the Company's interim condensed financial statements:

- Lack of Exchangeability – Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates".

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2025 reporting period and have not been early adopted by the Company. Management is in the process of assessing the impact, if any, these pronouncements may have in future reporting periods.

3 SIGNIFICANT ASSUMPTIONS AND ESTIMATES

The preparation of the Company's interim condensed financial statements requires management to make judgments, estimates, and assumptions as of the reporting date that affect the reported amounts of revenues, expenses, assets, and liabilities, as well as the disclosure of contingent assets and liabilities. However, due to the inherent uncertainty in these assumptions and estimates, actual results may differ, potentially resulting in material adjustments to the carrying amounts of affected assets or liabilities in future periods. Estimates and judgments are reviewed on an ongoing basis and are based on historical experience and other relevant factors, including reasonable expectations of future events under current circumstances. The Company makes forward looking estimates and assumptions, and actual outcomes may differ from those estimates.

The significant judgments made by management in applying the Company's accounting policies, as well as the key sources of estimation uncertainty, are consistent with those disclosed in the annual financial statements for the year ended 31 December 2024.

4 PROPERTY, PLANT AND EQUIPMENT

The estimated useful lives of assets for calculating depreciation are as follows:

Buildings	33 years or lease term, whichever is less	Furniture and fixtures	3.33-5 years
Machinery and equipment	10-25 years	Computers	3.33-5 years
Vehicles	5 years		

	Land SR '000	Buildings SR '000	Machinery and equipment SR '000	Vehicles SR '000	Furniture and fixtures SR '000	Computers SR '000	Capital works in Progress SR '000	Total SR '000
Cost:								
At 1 January 2025 (audited)	5,676	91,391	762,483	2,484	3,896	3,647	71	869,648
Additions	-	189	3,995	-	140	48	43	4,415
Disposal	-	-	(14)	(58)	-	-	-	(72)
At 31 March 2025 (Unaudited)	<u>5,676</u>	<u>91,580</u>	<u>766,464</u>	<u>2,426</u>	<u>4,036</u>	<u>3,695</u>	<u>114</u>	<u>873,991</u>
Accumulated depreciation								
At 1 January 2025 (audited)	-	53,629	535,519	1,937	2,896	2,869	-	596,850
Charged for the period	-	890	7,963	51	70	55	-	9,029
Impairment	-	-	222	-	-	-	-	222
Disposal	-	-	(14)	(57)	-	-	-	(71)
At 31 March 2025 (Unaudited)	<u>-</u>	<u>54,519</u>	<u>543,690</u>	<u>1,931</u>	<u>2,966</u>	<u>2,924</u>	<u>-</u>	<u>606,030</u>
Net book value								
At 31 March 2025 (unaudited)	<u>5,676</u>	<u>37,061</u>	<u>222,774</u>	<u>495</u>	<u>1,070</u>	<u>771</u>	<u>114</u>	<u>267,961</u>

- The Company's buildings in Riyadh and Jubail include buildings constructed on land leased from government authorities.
- Most of property, plant and equipment are pledged in favor of facilities grantors.
- The impairment mentioned above relates to spare parts that are being replaced and those used for repairing of machinery and equipment.

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land SR '000	Buildings SR '000	Machinery and equipment SR '000	Vehicles SR '000	Furniture and Fixtures SR '000	Computer SR '000	Capital works in Progress SR '000	Total SR '000
Cost:								
At 1 January 2024	5,676	91,391	751,411	2,060	3,432	3,019	-	856,989
Additions	-	-	11,472	485	625	628	71	13,281
Disposal	-	-	(400)	(61)	(161)	-	-	(622)
At 31 December 2024	<u>5,676</u>	<u>91,391</u>	<u>762,483</u>	<u>2,484</u>	<u>3,896</u>	<u>3,647</u>	<u>71</u>	<u>869,648</u>
Accumulated Depreciation:								
At 1 January 2024	-	50,023	501,823	1,816	2,846	2,694	-	559,202
Charged for the year	-	3,606	31,292	182	211	175	-	35,466
Impairment	-	-	2,804	-	-	-	-	2,804
Disposal	-	-	(400)	(61)	(161)	-	-	(622)
At 31 December 2024	<u>-</u>	<u>53,629</u>	<u>535,519</u>	<u>1,937</u>	<u>2,896</u>	<u>2,869</u>	<u>-</u>	<u>596,850</u>
Net book value:								
At 31 December 2024	<u>5,676</u>	<u>37,762</u>	<u>226,964</u>	<u>547</u>	<u>1,000</u>	<u>778</u>	<u>71</u>	<u>272,798</u>

Depreciation has been charged within the Interim condensed statement of profit or loss and other comprehensive income as follows:

	For the three-month period ended	
	2025	2024
	(Unaudited)	(unaudited)
	SR '000	SR '000
Cost of revenue	8,625	8,563
General and administrative expenses	398	379
Selling and marketing expenses	6	2
	<u>9,029</u>	<u>8,944</u>

5 INVENTORY

	31 March 2025 (Unaudited) SR '000	31 December 2024 (Audited) SR '000
Raw materials	182,067	175,138
Finished goods	91,082	51,655
Consumable materials	39,281	40,069
Goods on transit	21,559	64,118
Work in progress	14,927	14,042
Scrap	1,411	1,908
	350,327	346,930
Less: provision for inventory impairment (note 5.1)	(35,028)	(35,249)
	315,299	311,681

5.1 The movement of provision for inventory impairment is as follows:

	For the three-month period ended 31 March 2025 (Unaudited) SR '000	For the year ended 31 December 2024 (Audited) SR '000
At the beginning of the period / year	35,249	33,715
(Reversal) charged during the period / year	(221)	2,626
Write-off during the period / year	-	(1,092)
At the end of the period / year	35,028	35,249

6 TRADE RECEIVABLES

	31 March 2025 (Unaudited) SR '000	31 December 2024 (Audited) SR '000
Trade receivables	94,250	58,927
Provision for expected credit losses (note 6.1)	(1,361)	(2,163)
	92,889	56,764

6.1 The movement of provision for expected credit losses is as follows:

	For the three-month period ended 31 March 2025 (Unaudited) SR '000	For the year ended 31 December 2024 (Audited) SR '000
At the beginning of the period / year	2,163	18,055
(Reversal) charged during the period / year	(802)	803
Write-off during the period / year	-	(16,695)
	1,361	2,163

(a) The Company applies the simplified approach of International Financial Reporting Standard - 9 for measuring expected credit losses.

(b) Trade receivables do not bear interest and are varying maturity periods ranging from 30 to 60 days.

(c) The maximum exposure to credit risk as of the reporting date is the carrying value of each category of the mentioned trade receivables.

(d) The Company does not hold any collateral against the trade receivables and, therefore, they are unsecured.

6 TRADE RECEIVABLES (continued)

The analysis of aging for trade receivables was as follows:

	Total SR '000	Less than 90 days SR '000	From 91 to 180 SR '000	From 181 to 360 SR '000	More than 360 SR '000
31 March 2025					
(Unaudited)	94,250	92,879	11	-	1,360
31 December 2023					
(Audited)	58,927	48,495	-	9,072	1,360

7 CONTRACT ASSETS

Contract assets primarily relate to the company's right to receive payment for performance completed to date in relation to completed steel pipe manufacturing contracts (for which revenue is recognized over time), but which have not been invoiced as of the statement of financial position date. These amounts will be transferred to trade receivables when invoiced to customers, SR 1.5 million of contract asset balances were billed subsequent to the interim condensed statement of financial position date. All contract asset balances as at 31 March 2025 were due within less than 30 days and, therefore, were not subject to a significant risk of impairment.

The movement in the contract assets account was as follows:

	For the three-month period ended 31 March 2025 (Unaudited) SR '000	For the year ended 31 December 2024 (Audited) SR '000
At the beginning of the period/ year	128,500	20,080
Revenues recognized during the period / year	122,208	876,488
Invoices issued during the period/ year	(173,308)	(768,068)
At the end of the period/ year	77,400	128,500

8 SHORT TERM ISLAMIC MURABAHA

Short-term Islamic Murabaha represents deposits with local banks with an original maturity period of more than three months but not exceeding twelve months from the acquisition date, and it generates Murabaha income at an average rate of 5.40% per annum (31 December 2024: 5.45%).

9 SHARE CAPITAL, DIVIDENDS AND RESERVE

SHARE CAPITAL

The authorized, issued and paid capital of the Company consists of 150 million shares, the value of each share is 1 Saudi riyals (31 December 2024: 15 million shares, the value of each share is 10 Saudi riyals).

Splitting the nominal value of the share

The Board of Directors recommended on 27 of Rabi' al-Thani 1446H (corresponding to 30 October 2024) to split the nominal value of the share from SR 10 per share to SR 1 per share. As a result, the number of the Company's shares after the split will be 150 million shares instead of 15 million shares.

The Extraordinary General Assembly, in its meeting held on 1 of Rajab 1446H (corresponding to 8 January 2025), approved the Board of Directors' recommendation to split the nominal value of the share. The legal formalities related to the split were completed, and by-laws were amended during the year 2025.

9 SHARE CAPITAL, DIVIDENDS AND RESERVE (continued)

PROPOSED INCREASE IN CAPITAL

On 27 Shaaban 1446 H (corresponding to 26 February 2025), the Board of Directors recommended increasing the capital from 150 million Saudi riyals to 200 million Saudi riyals by capitalizing a portion of retained earnings and granting one new share for every three existing shares. This recommendation is subject to the approval of regulatory authorities and the extraordinary general assembly.

RESERVE

During the year 2024, the Company amended its by-laws to comply with the new Companies Regulations requirements issued by Royal Decree M/132 dated 30 June 2022 and consequently, the Company is no longer required to appropriate statutory reserve and accordingly, the reserve appropriated during the prior years will be subject to shareholders resolution in the future, either to keep it as a general reserve, or transfer it back to retained earnings.

Dividends

On 28 Sha'ban 1446 H (corresponding to 27 February 2025), the Board of Directors recommended distributing cash dividends to shareholders for the year 2024 for the amount of SR 0.15 per share. This recommendation will be subject to the approval of the General Assembly.

10 BANK FACILITIES AND LONG-TERM FINANCING

- The Company obtained short-term bank facilities and financing from several local banks, with the balance of bank facilities as at 31 March 2025, amounting to SR 293 million (31 December 2024: SR 336 million). These consist of letter of credit financing and short-term financing to cover the company's working capital requirements, with facilities bearing a commission according to prevailing market rates, these facilities are secured by promissory notes and pledges on trade receivable balances, the facilities are compliant with Islamic Sharia principles. The facility agreements include covenants to maintain certain financial indicators, such as the leverage ratio, among others. According to these financial agreements, the bank has the right to demand immediate repayment of the facilities if these conditions are not met. The company was in compliance with the bank facility covenants as at 31 March 2025.
- The company obtained financing from the Saudi Industrial Development Fund ("the Fund") for the purpose of producing longitudinally welded steel pipes and for the replacement and upgrading of the company's machinery and equipment, with a total amount of SR 236.5 million. The company made an early repayment of the full financing during the year 2024. As a result of this early repayment, a gain of SR 896 thousand was recognized due to the cancellation of the financial obligations related to the Fund's financing.
- The Company obtained a short-term financing from the Saudi National Development Fund for the purpose of financing the letters of credits, with a total amount of SR 109.5 million and with original due date on 31 December 2023.

On 1 July 2024, the Company successfully rescheduled the financing with National Development Fund for a period of three and a half years and up to 1 January 2028. The repayments will be made semi-annually starting from 1 January 2025. As at 31 March 2025, the long-term financing balance amounted to SR 58.2 million (31 December 2024: amounted to SR 56.8 million). The financing agreement includes covenants requiring the maintenance of certain financial ratios, such as the leverage ratio, among others. According to this financial agreement, the National Development Fund has the right to demand immediate repayment of the financing in case of non-compliance with these covenants. The company was in compliance with the financing covenants as at 31 March 2025.

10-BANK FACILITIES AND LONG-TERM FINANCING (continued)

10-1 The bank facilities and long-term financing presented in the interim condensed statement of financial position consist of the following:

	31 March 2025 (Unaudited) SR '000	31 December 2024 (Audited) SR '000
Bank facilities and short-term financing	292,921	335,932
Long term financing- current portion	19,318	11,949
Prepaid upfront fees	(1,206)	(1,163)
Bank facilities, short-term financing and current portion of long term financing	311,033	346,718
Non-current portion of long-term financing	40,053	47,263
	351,086	393,981

The bank facilities and loan term financing movement were summarized as follows:

	For the three-month period ended 31 March 2025 (Unaudited) SR '000	For the year ended 31 December 2024 (Audited) SR '000
At the beginning of the period/ year	395,144	447,290
Bank facilities and long-term financing proceeds	174,280	992,329
Bank facilities and long-term financing paid	(218,270)	(1,046,873)
Financial charges on the long-term financing	1,138	5,141
	352,292	397,887
Prepaid upfront fees	(1,206)	(1,163)
Government Grants	-	(1,847)
Gains from the cancellation of financial liabilities related to the Industrial Development Fund financing	-	(896)
At the end of the period/ year	351,086	393,981

11 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 March 2025 (Unaudited) SR '000	31 December 2024 (Audited) SR '000
Accrued employee benefits	12,895	12,302
VAT payable	12,422	-
Accrued financial chargers	4,740	7,909
Advances from customers	2,892	2,574
Accrued expenses	539	114
Other liabilities	15,654	14,040
	49,142	36,939

12 ZAKAT

The net zakat charge for the period ended 31 March 2025 amounted to 1.5 million Saudi riyals (period ended 31 March 2024: 4.1 million Saudi riyals, for the year ended 31 December 2024: 7.9 million Saudi riyal).

Zakat expense for the period is estimated in accordance with the requirements of the Zakat, Tax, and Customs Authority ("ZATCA") and is charged to the interim condensed statement of profit or loss and other comprehensive income. Any differences resulting from the final Zakat calculation, if any, are adjusted in the period in which these differences are determined, in accordance with the requirements of International Accounting Standard No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

12.1 Zakat provision movement

	For the three-month period ended 31 March 2025 (Unaudited) SR '000	For the year ended 31 December 2024 (Audited) SR '000
At the beginning of the period/year	8,994	10,182
Charged during the period/year	1,498	5,024
Charged during the period/year (related to prior years) – net	-	2,860
Payments during the period/year	-	(9,072)
At the end of the period/year	<u>10,492</u>	<u>8,994</u>

12.2 Zakat assessments

The Company has submitted its zakat returns to the Zakat, Tax, and Customs Authority ("ZATCA") for all years up to 2023 and has paid the zakat due accordingly, receiving the zakat certificates. The zakat assessments for all years up to 2018 have been concluded with the ZATCA, and the zakat assessments for the years 2021 to 2023 have not yet been issued by the ZATCA.

During January 2023, the Company received the zakat assessment for the year 2016 from ZATCA, demanding the Company to pay an additional zakat amount of 3.8 million Saudi riyals. The Company paid an amount of 1.1 million Saudi riyals, representing the non-objectionable part of the total additional amount. Further, the Company submitted an appeal to ZATCA on the remaining amount of 2.7 million Saudi riyals for which provision has been provided for the full amount. During 2024, the decision of the Appeal Committee was issued in the favor of the Company and the assessment was revised and reduced to 2.35 million Saudi riyals. The Company settled the additional dues according to the appeal decision and the surplus of SR 370 thousands was recognized in the Interim condensed statement of profit or loss and other comprehensive income for the year 2024.

During July 2023, the Company received the zakat assessment for the year 2018 from ZATCA, demanding the Company to pay an additional zakat amount of 4.47 million Saudi riyals. The Company paid an amount of 1 million Saudi riyals, representing the non-objectionable part of the total additional amount. Further, the Company submitted an appeal to ZATCA on the remaining amount of 3.47 million Saudi riyals for which provision has been provided for the full amount. During 2024 the decision of the Appeal Committee was issued in the favor of the Company and the assessment was revised and reduced to 1.05 million Saudi riyals. The company paid the additional amounts due based on the appeal decision, and an amount of SR 2.39 million was reversed in the statement of profit or loss and other comprehensive income for the year 2024.

12 ZAKAT (continued)

12.2 Zakat assessments (continued)

During March 2024, the Company received the zakat assessment for the year 2019 and 2020 from ZATCA, demanding the Company to pay an additional zakat amount of 5.63 million Saudi riyals. The Company paid an amount of 1.67 million Saudi riyals, representing the non-objectionable part of the total additional amount and the Company submitted an objection to ZATCA for the remaining amount of 3.96 million Saudi riyals and a provision has been made for the full amount. During August 2024, ZATCA rejected the entire objection. The Company submitted an objection to the General Secretariat of the Zakat, Tax, and Customs Committees, and as of the date of issuing these interim condensed financial statements, the committees have not yet issued a decision.

13 RELATED PARTIES TRANSACTIONS AND THEIR BALANCES

Top management employees are defined as people who have the authority and responsibility to plan, direct and control the Company's activities (directly or indirectly).

Transactions with related parties include salaries, bonuses and allowances of board of directors' members and senior executives that took place during the period between the Company and top management. Transactions with related parties were as follows:

		For the three-month period ended 31 March	
		2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Related parties	Nature of the transaction		
Senior executives	Short-term salaries and bonuses	1,774	1,600
	Employees defined benefit liabilities	687	128
Members of the Board of Directors and other committees	Bonuses and allowances	474	432
		<u>2,935</u>	<u>2,160</u>

14 REVENUE

14.1 The following is a breakdown of revenues from contracts with customers:

		For the three-month period ended 31 March	
		2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Revenues from steel pipes manufacturing and packaging activities		246,419	308,747
Other revenues		2,511	2,406
		<u>248,930</u>	<u>311,153</u>

14 REVENUE (continued)

14.2 Timing of revenue recognition:

	For the three-month period ended 31 March	
	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Revenue recognized over a period of time	122,207	276,644
Revenue recognized at a point in time	126,723	34,509
	248,930	311,153

14.3 Geographic markets:

	For the three-month period ended 31 March	
	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Inside the Kingdom of Saudi Arabia	248,189	308,664
Outside the Kingdom of Saudi Arabia	741	2,489
	248,930	311,153

14.4 Revenue by customer type:

	For the three-month period ended 31 March	
	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Semi-governmental customers	124,718	279,050
Private sector customers	124,212	32,103
	248,930	311,153

14.5 The following table shows the aggregate amount of the transaction price allocated to performance obligations that are not satisfied (or partially satisfied) as at the end of the period:

	For the three-month period ended 31 March	
	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Revenues from steel pipes manufacturing and packaging activities (ongoing projects)	769,924	1,264,682
	769,924	1,264,682

Management anticipates that all performance obligations related to unsatisfied contracts for steel pipe manufacturing and packaging activities as of 31 March 2025 to be completed within the year 2025 (31 March 2024: during the years 2024 and 2025).

15 COSTS OF REVENUE

	For the three-month period ended 31 March	
	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Raw materials	154,941	187,532
Salaries, wages and related benefits	16,033	13,178
Depreciation of property, plant and equipment	8,625	8,563
Maintenance Expenses	3,280	2,351
Utilities	1,381	1,306
Depreciation of right to use assets	402	348
Impairment of property, plant and equipment	222	-
Others	387	207
	185,271	213,485

16 OTHER INCOME

	For the three-month period ended 31 March	
	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Financing income from short-term Islamic Murabaha	1,155	191
Financing revenues from Governmental grants	180	569
Currency Exchange losses	(589)	(479)
Other	-	283
	746	564

17 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding as at the date of issuance of the interim condensed financial statements. Diluted earnings per share is the same as basic earnings per share since the Company has no diluted shares issued.

	For the three-month period ended 31 March	
	2025 (Unaudited)	2024 (Unaudited)
Profit for the period attributable to shareholders (SR '000)	40,174	54,791
Weighted average number of shares ('000)	150,000	150,000
Basic and diluted earnings per share (SR)	0.27	0.37

Capital Increase:

The weighted average number of shares was calculated as if the capital increase had occurred from the beginning of 2024, as the increase in capital did not result from the injection of external funds, in accordance with the requirements of International Accounting Standard (IAS) 33 "Earnings per Share" adopted in the Kingdom of Saudi Arabia.

17 BASIC AND DILUTED EARNINGS PER SHARE (continued)

Stock Split:

In accordance with the requirements of IAS 33 – "Earnings per Share", as adopted in the Kingdom of Saudi Arabia, if the Company carries out a split of the par value of its shares, the calculation of both basic and diluted earnings per share must be retrospectively adjusted for all periods presented.

18 SEGMENT REPORTING

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Company's Board of Directors monitors the results of the Company's operations and has been identified as the primary body responsible for making operational decisions. The Company's net results are disclosed to the entire Board of Directors. Additionally, the various expenses included in the measurement of the Company's net results are disclosed in the related notes to the interim condensed financial statements.

The Company's activities are limited to the manufacturing and packaging of steel pipes. The Company analyzes financial information for its operations as a whole. Accordingly, no segment analysis has been performed for the income statement, other comprehensive income statement, or the statement of financial position. The chief operating decision maker considers the company as a single operating segment based on the nature of its operations and products, as all of the Company's operations relate to a single operating segment. Additionally, the substantial portion of the Company's activities and all of its assets and liabilities are located within the Kingdom of Saudi Arabia. Revenues outside the Kingdom of Saudi Arabia did not exceed 10% of total revenues, geographic information regarding the company's revenues is disclosed in note (14-3).

19 COMMITMENTS AND CONTINGENCIES

Contingencies

As at 31 March 2025, the Company has outstanding letters of credit amounting to 59.6 million Saudi riyals (31 December 2024: 110.9 million Saudi riyals).

bank guarantees

The Company's banks have issued letter of guarantees with a maximum limit of 70.08 million Saudi riyals (31 December 2024: 70.6 million Saudi riyals)

Capital commitments

As at 31 March 2025, the company had capital commitments of SR 605 thousand riyal (31 December 2024: 960 thousand riyal).

20 FAIR VALUE MEASUREMENT

Fair value is the value at which assets are exchanged or liabilities are settled between willing parties in an arm's length transaction. Financial instruments consist of financial assets and financial liabilities. Financial assets include cash and cash equivalents, trade receivables, contract assets and short term Islamic Murabaha. Financial liabilities include bank facilities and term financing, trade payables, accrued expenses and other current liabilities and lease liabilities.

20 FAIR VALUE MEASUREMENT (continued)

The management has assessed that the fair value of cash and cash equivalents, trade receivables, contract assets, short term Islamic Murabaha, bank facilities and term financing, trade payable, accrued expenses and other current liabilities and lease liabilities approximates their carrying amounts. This is mainly due to the short-term maturity of these instruments.

During the period ended 31 March 2025 and 31 December 2024, there were no transfers between Level 1 and Level 2 of fair value measurement hierarchy, and there were no transfers to or from Level 3 of fair value measurement hierarchy.

21 RECLASSIFICATIONS

The Company has reassessed the presentation of certain items in the financial statements to ensure that the presentation complies with the requirements of International Accounting Standard No. 1 “presentation of Financial Statements” as adopted in the Kingdom of Saudi Arabia. The details of the reclassification are outlined below:

a) During the year ended 31 December 2024, management noted that the financial charges related to bank facilities and term financing for the period ended 31 March 2024, amounting to SR 3.56 million, had been included under general and administrative expenses. The financial charges were reclassified from general and administrative expenses to the finance charges account.

b) During the year ended 31 December 2024, management noted that the foreign exchange losses arising from the Company's activities for the period ended 31 March 2024, amounting to SR 479K, had been included under general and administrative expenses. The foreign exchange losses were reclassified from general and administrative expenses to the other income account, net.

c) During the year ended 31 December 2024, management noted that the proceeds from the sale of scrap for the period ended 31 March 2024, amounting to SR 2.4 million, had been included under other income, while the costs associated with the sale of this scrap had been kept under cost of sales. Since scrap is generated from every manufacturing process carried out by the Company on a daily basis and is considered a normal part of the Company's operations and sales, the proceeds from the sale of scrap were reclassified from the other income account, net to the revenue account.

22 INTERIM RESULTS

The results of operations for the three-month period ended 31 March 2025 are not necessarily indicative of the annual results of the Company's operations.

23 SUBSEQUENT EVENTS

Management is not aware of any significant subsequent events that would have a material impact on the interim condensed financial statements, except for those disclosed in Note 9 and Note 7.

24 APPROVALS OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the board of directors on 8 Thul-Qi'dah 1446 H (corresponding to 6 May 2025)