

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE
THREE-MONTH AND SIX-MONTH PERIOD ENDED 30 JUNE 2020
AND INDEPENDENT AUDITOR'S REVIEW REPORT

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED 30 JUNE 2020

<u>Table of Contents</u>	<u>Page</u>
Independent Auditor's Review Report on the Interim Condensed Financial Statements	1
Interim Statement of Financial Position	2
Interim Statement of Comprehensive (Loss) / Income	3
Interim Statement of Changes in Equity	4
Interim Statement of Cash Flows	5
Notes to the Interim Condensed Financial Statements	6-12

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

**TO THE SHAREHOLDERS OF ARABIAN PIPES COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH, KINGDOM OF SAUDI ARABIA**

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Arabian Pipes Company (the "Company") as of 30 June 2020 and the related interim statement of comprehensive (loss) / income for the three-month and six-month periods ended 30 June 2020 and interim statements of changes in equity and cash flows for the six-months period then ended and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). 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 Standard 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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

OTHER MATTER

The financial statements of the Company for the year ended 31 December 2019 were audited by another auditor who expressed an Unmodified opinion dated 18 March 2020.

For Al-Bassam & Co.



Ibrahim A. Al-Bassam
Certified Public Accountant - Registration No. 337
Riyadh, Kingdom of Saudi Arabia
Date: 28 Dhu'l-Hijjah 1441
Corresponding to: 18 August 2020

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020
(All amounts are in Saudi Riyal "000" unless otherwise stated)

	30 June 2020 (Unaudited)	31 December 2019 (Audited) (Restated)
ASSETS		
Non-current assets		
Property, plant and equipment	366,635	374,420
Right-of-use asset	20,887	21,833
Total non-current assets	387,522	396,253
Current assets		
Inventories	696,712	612,986
Trade receivables	51,969	64,336
Prepayments and other receivables	39,905	42,237
Cash and cash equivalents	36,399	19,968
Total current assets	824,985	739,527
TOTAL ASSETS	1,212,507	1,135,780
EQUITY AND LIABILITIES		
EQUITY		
Share capital	400,000	400,000
Statutory reserve	120,000	120,000
(Accumulated losses) / retained earnings	(26,427)	9,261
Actuarial loss on employee's post-employment benefits	(1,322)	(1,322)
TOTAL EQUITY	492,251	527,939
LIABILITIES		
Non-current liabilities		
Lease liabilities	18,456	17,945
Long-term loans	7,165	7,165
Employees' post-employment benefits	15,861	14,622
Total non-current liabilities	41,482	39,732
Current liabilities		
Lease liabilities – current portion	2,295	2,295
Long-term loans – current portion	69,861	69,861
Short-term loans	520,720	394,494
Due to related parties	1,620	1,546
Trade payables	65,552	85,970
Accrued and other payables	7,760	6,297
Zakat payable	10,966	7,646
Total current liabilities	678,774	568,109
TOTAL LIABILITIES	720,256	607,841
TOTAL EQUITY AND LIABILITIES	1,212,507	1,135,780
Contingent Liabilities	10	

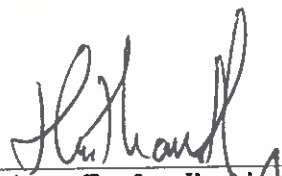
The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.



Homoud Ali Alhamzah
CFO



Ahmed Ali Al-Lohidan
CEO



Haitham Tawfeeq Ibrahim Al-Foraih
Authorized Board of Director Member

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF COMPREHENSIVE (LOSS) / INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED 30 JUNE 2020
(All amounts are in Saudi Riyal "000" unless otherwise stated)

	Notes	For the three-month period ended		For the six-month period ended	
		30 June 2020 (Unaudited)	30 June 2019 (Unaudited)	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Sales		45,364	191,529	111,816	371,557
Cost of sales		(42,886)	(166,465)	(108,839)	(324,102)
Gross income		2,478	25,064	2,977	47,455
Selling and distribution expenses		(2,123)	(2,535)	(3,906)	(6,064)
General and administrative expenses		(10,024)	(7,641)	(14,248)	(12,514)
(Provision) / reversal on inventory		(6,579)	-	(6,579)	2,079
Impairment on account receivable		(1,979)	-	(3,979)	-
Other income	7.2	6,586	264	4,683	667
Finance charges	11	(4,935)	(5,741)	(11,316)	(12,990)
(LOSS) / INCOME BEFORE ZAKAT		(16,576)	9,411	(32,368)	18,633
Zakat	9	(2,263)	(1,326)	(3,320)	(2,447)
NET (LOSS) / PROFIT FOR THE PERIOD		(18,839)	8,085	(35,688)	16,186
OTHER COMPREHENSIVE INCOME					
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>					
Actuarial gain / (loss) on employees' post-employment benefits		-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		(18,839)	8,085	(35,688)	16,186
Basic and diluted (loss) / earning per share	12	(0.47)	0.20	(0.89)	0.40

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



Homoud Ali Alhamzah
CFO



Ahmed Ali Al-Lohidan
CEO




Haitham Tawfeeq Ibrahim Al-Foraih
Authorized Board of Director Member

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)

**INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**
(All amounts are in Saudi Riyal "000" unless otherwise stated)

	Note	Share capital	Statutory reserve	General reserve	(Accumulated losses) / earnings	Actuarial loss on employee's post-employment	Total equity
Balance as at 1 January 2019 (Audited)		400,000	159,427	31,438	(91,852)	(94)	498,919
Net income for the period		-	-	-	16,186	-	16,186
Transfer of reserve to accumulated losses		-	(39,427)	(31,438)	70,865	-	-
Balance as at 30 June 2019 - (Unaudited)		400,000	120,000	-	(4,801)	(94)	515,105
Balance as at 1 January 2020 (Audited)		400,000	120,000	-	7,718	(1,322)	526,396
Impact of prior year adjustment	13	-	-	-	1,543	-	1,543
Balance as at 1 January 2020 - restated		400,000	120,000	-	9,261	(1,322)	527,939
Net loss for the period		-	-	-	(35,688)	-	(35,688)
Balance as at 30 June 2020 (Unaudited)		400,000	120,000	-	(26,427)	(1,322)	492,251

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


Homoud Ali Alhamzah
CFO


Ahmed Ali Al-Lohidan
CEO


Haitham Tawfeeq Ibrahim Al-Foraih
Authorized Board of Director Member

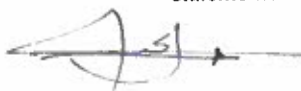
ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020
(All amounts are in Saudi Riyal "000" unless otherwise stated)

	30 June 2020	30 June 2019
Note	(Unaudited)	(Unaudited)
<u>Cash flows from operating activities:</u>		
Net (loss) / income before zakat	(32,368)	18,633
<u>Adjustments for non-cash items</u>		
Depreciation of property, plant and equipment	14,105	12,836
Depreciation of right-of-use asset	946	946
Finance charges	11,316	12,990
Loan modification gain	(4,680)	-
Impairment on account receivable	3,979	-
Provision for Employees' post-employment benefits	1,270	1,514
Provision / (reversal) on inventory	6,579	(2,079)
	1,147	44,840
<u>Movement in working capital</u>		
Inventories	(90,305)	(88,185)
Trade receivables	8,388	48,196
Prepayments and other receivables	2,332	(14,955)
Due to related parties	74	50
Trade payables	(20,418)	(31,993)
Accrued and other payables	1,463	1,576
Employees' post-employment benefits paid	(31)	(47)
Zakat paid	-	(4,313)
	(97,350)	(44,831)
<u>Net cash used in operating activities</u>		
<u>Cash flows from investing activities:</u>		
Additions to property, plant and equipment	(6,320)	(2,852)
<u>Net cash used in investing activities</u>		
	(6,320)	(2,852)
<u>Cash flows from financing activities:</u>		
Net movement in short-term loan	127,147	93,166
Net movement in long-term loan	-	(2,000)
Financial charges paid	(7,046)	(5,006)
<u>Net cash generated from financing activities</u>		
	120,101	86,160
<u>Net change in cash and cash equivalents</u>		
	16,431	38,477
Cash and cash equivalent at the beginning of the period	19,968	13,499
Cash and cash equivalents at end of the period	36,399	51,976


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



Homoud Ali Alhamzah
CFO



Ahmed Ali Al-Lohidan
CEO



Haitham Tawfeeq Ibrahim Al-Foraih
Authorized Board of Director Member

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020
(All amounts are in Saudi Riyal “000” unless otherwise stated)

1. GENERAL INFORMATION

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 dated 14 Safar 1412H corresponding to 25 August 1991.

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
Riyadh factory	1010188732	27 Jumada I 1424
Jubail factory	2055007048	21 Rabi Thani 1426

The Company’s registered office is located at the following address:

P.O Box 42734

Riyadh 11551

Kingdom of Saudi Arabia

Referring to the events related to the spread of the Corona Virus (COVID – 19) and its repercussions on the business sectors locally and internationally, the Company is committed to applying the recent directives of the relevant authorities. The Company is taking the necessary measures to ensure the health and safety of its employees and contribute to curbing the spread of the pandemic. The Company seeks to take advantage of the of the initiative and decisions taken by the Government of the Kingdom of Saudi Arabia in order to mitigate the negative effects of COVID-19 on private sector companies. Accordingly, during the period the Company was able to defer its repayments on a loan, and recognized a modification gain in line with International Financial Reporting Standard 9, amounting to SR 4.680 million (see Note 7.2).

The Company has been affected during the six months period ended 30 June 2020, similar to other industrial companies. Due to the difficulty in determining the time period of this pandemic, the Company is currently unable to determine the financial impact of the crisis, however, management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020
(All amounts are in Saudi Riyal “000” unless otherwise stated)

2. BASIS OF PREPARATION

2.1. Statement of Compliance

These Interim Condensed Financial Statements have been prepared in accordance with International Accounting Standard IAS 34 ‘Interim Financial Reporting’ that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants (“SOCPA”) and should be read in conjunction with the Company’s last annual Financial Statements as at and for the year ended 31 December 2019. They do not include all of the information required for a complete set of Financial Statements, however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual Financial Statements.

The results for the six-month period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

2.2. Preparation of the Financial Statements

These Interim Condensed Financial Statements have been prepared under the historical cost basis except the following material item(s) in the Interim Statement of Financial Position:

- The defined benefit obligation is recognized at the present value of future obligations using Projected Unit Credit Method.

2.3. Use of judgment and estimates

In preparing these Interim Condensed Financial Statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts as assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Financial Statements.

However, as explained in Note 1 above, the Company has reviewed the key sources of estimation uncertainties disclosed in the last annual Financial Statements against the backdrop of the COVID-19 pandemic. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

3. FUNCTIONAL AND PRESENTATION CURRENCY

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.

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020
(All amounts are in Saudi Riyal “000” unless otherwise stated)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. New Standards, Amendment to Standard and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2020 and do not have a material effect on the Company’s Interim Condensed Financial Statements.

5. STATUTORY RESERVE

In accordance with its By-laws and the Regulations for Companies in Kingdom of Saudi Arabia, the Company is required to transfer 10% of its net profit for the year to a statutory reserve until such reserve equals 30% of its share capital. This Statutory Reserve is not available for distribution to shareholders. However, it may be used to increase capital after obtaining shareholder approval.

6. LONG-TERM LOANS

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Saudi Industrial Development Fund (SIDF)	77,026	77,026
Less: current portion	(69,861)	(69,861)
	<u>7,165</u>	<u>7,165</u>

- 6.1.** The Company has a loan from the SIDF amounting to SR 113.4 million obtained to assist in financing the construction of the Jubail Pipe Production Plant. The loan is secured by mortgaging the buildings, machinery, and equipment of the Company’s factories.

The loan agreement includes conditions regarding the Company’s commitment to certain financial ratios and conditions. The loan is repayable in thirteen semi-annual installments. The first installment was paid on 15 Shaban 1429H corresponding to 17 August 2008 amounting to SR 3.8 million. On 18 Rabi Al – Awwal 1436H corresponding to 9 March 2015, SIDF agreed to reschedule the repayment of the loan to pay the balance of the loan amounting to SR 83 million in ten semi-annual installments.

During the period ended 31 December 2018, the Company repaid SR 2 million. The Company is in negotiation with SIDF to restructure the remaining instalments on 31 December 2019.

During the period ended 31 December 2019, the Company repaid SR 10.13 million on 9 December 2019, and has obtained additional loan amounting to SR 7.6 million. The Company had not made any payment since the start of 1 January 2020.

7. SHORT-TERM LOANS

	Note	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Short-term loans		512,699	387,864
Accrued finance cost	7.1	8,021	6,630
		<u>520,720</u>	<u>394,494</u>

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020
(All amounts are in Saudi Riyal “000” unless otherwise stated)

7. SHORT-TERM LOANS (Continued)

7.1. The Company has obtained loans from the following institutions:

	Note	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Riyad Bank	7.2	222,600	199,290
Al Rajhi Bank		190,230	163,924
Alawwal Bank		107,890	31,280
		<u>520,720</u>	<u>394,494</u>

- 7.2. The Company has a short-term loan from Ministry of Finance amounting to SR 120 million, which is disbursed to the Company through Riyad Bank. The loan is obtained to meet the working capital requirements of the Company. The loan is repayable within the period of 360 days from the date of utilization.

During the period, Ministry of Finance has rescheduled the repayments of the loan by deferring and extending the tenure of the instalments by 12-months from due date in February 2020. The accounting impact of these changes in terms of the loans have been assessed and accounted for as per the requirements of IFRS 9 as a modification in terms of the arrangements. Modification gain amounting to SR 4.680 million has been recognized in the interim statement of comprehensive (loss) / income under other income.

- 7.3. The Company has obtained loans from local banks for the purpose of financing working capital needs. These bank facilities bear finance cost at market prevailing rates.
- 7.4. The facility agreements include covenants which, among other things, require the Company to maintain certain financial ratios. As of 30 June 2020 and 2019, the Company was not in compliance with certain covenants of the financing agreements.

8. RELATED PARTY TRANSACTIONS AND BALANCES

8.1. 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 and their resulting balances are as follows:

Compensation of key management personnel of the Company

Name of related party	Nature of transaction	Six-month period ended	
		30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Board and other committees' members	Reward and allowances	570	121
Senior executives	Salaries, allowances and bonuses	2,400	2,109

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020
(All amounts are in Saudi Riyal “000” unless otherwise stated)

8. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

8.2. Due to related parties

Significant period-end balances arising from transactions with related parties are as follows:

Related party	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Key management personnel	1,620	1,546
	<u>1,620</u>	<u>1,546</u>

9. ZAKAT PAYABLE

9.1. Zakat assessment

The Company has submitted its Zakat return to General Authority of Zakat & Tax (“GAZT”) until the year ended 31 December 2019, and obtained certificate valid until 18 Ramadan 1442H, corresponding to 30 April 2021. During 2018, Zakat assessment has been raised by the General Authority of Zakat and Tax for the year 2015 assessing additional Zakat of SR 2.9 million against which the Company has filed an appeal and initially accepted by GAZT on 21 November 2018. Provision for the same is already held in the books of the Company.

9.2. Zakat movement

Movements’ summary for the zakat is as follows:

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Balance at the beginning of the period / year	7,646	7,465
Provision for the period / year	3,320	4,494
Payments made during the period / year	-	(4,313)
Balance at the end of the period / year	<u>10,966</u>	<u>7,646</u>

10. CONTINGENT LIABILITIES

Contingent liabilities are credit letters and letters of guarantee outstanding as at 30 June 2020 amounting to SR 38.75 million (31 December 2019: SR 11.102 million).

11. FINANCE CHARGES

	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Loans	10,805	12,427
Lease liabilities finance charge	511	563
	<u>11,316</u>	<u>12,990</u>

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020
(All amounts are in Saudi Riyal “000” unless otherwise stated)

12. (LOSS) / EARNING PER SHARE

Basic and diluted (loss) / earning per share are calculated by dividing the profit / (loss) for the period attributable to shareholders by the weighted average number of common shares outstanding at the end of the period amounting to 40 million shares (30 June 2019: 40 million shares).

13. PRIOR YEAR ADJUSTMENT

The management of the Company has identified an error in the right-of-use-asset and lease liabilities. Accordingly, the comparative figures have been restated to correct the above mentioned error, as shown below:

Restatement in the statement of financial position	Balance as previously reported December 31 2019	Effect of prior year adjustment	Balance restated December 31 2019
Right-of-use asset	19,940	1,893	21,833
Lease liabilities	19,890	350	20,240
Retained earnings	7,718	1,543	9,261

14. 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 period ended 30 June 2020, approximately 1.3% (30 June 2019: 0.32%) of the Company's sales were export sales to the Gulf and Middle East countries, with approximately 98.7% (30 June 2019: 99.68%) domestic sales. All of the Company's assets and liabilities are in Saudi Arabia.

15. 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.

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020
(All amounts are in Saudi Riyal “000” unless otherwise stated)

15. FAIR VALUE MEASUREMENT (CONTINUED)

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.

16. NON-ADJUSTING EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

The Company does not have non-adjusting events after the interim statement of financial position date.

17. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the board of directors on 26 Dhu’l-Hijjah 1441H (corresponding to 16 August 2020).