

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2025 AND INDEPENDENT AUDITORS' REVIEW REPORT

Zamil Industrial Investment Company
(A Saudi Joint Stock Company)

Condensed consolidated interim financial statements with independent auditor's review report
For the three-month and six-month periods ended 30 June 2025
(All amounts stated in ﷲ '000 unless otherwise stated)

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Commercial Registration No 2051062328

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

الطابق ١٦، برج البرغاش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب. ٤٨٠٣
الخير ٣١٤٦ - ٣٤٤١٢
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Zamil Industrial Investment Company (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying 30 June 2025 condensed consolidated interim financial statements of **Zamil Industrial Investment Company** ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2025;
- the condensed consolidated statement of profit or loss for the three-month and six-month periods ended 30 June 2025;
- the condensed consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2025;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2025;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2025; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated 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.

KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR110,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. Commercial Registration of the headquarters in Riyadh is 1010425494.

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (١٠٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. رقم السجل التجاري للمركز الرئيسي في الرياض هو ١٠١٠٤٢٥٤٩٤.

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Zamil Industrial Investment Company (A Saudi Joint Stock Company)
(continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2025 condensed consolidated interim financial statements of Zamil Industrial Investment Company ("the Company") and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

Emphasis of Matter – Comparative Information

We draw attention to Note 19 to the condensed consolidated interim financial statements, which indicates that the comparative information presented as at 31 December 2024 has been restated. Our conclusion is not modified in respect of this matter.

Other Matter – Comparative Information

The condensed consolidated interim financial statements of the Group for the three-month and six-month periods ended 30 June 2024, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 7 Safar 1446H (corresponding to 11 August 2024G).

Furthermore, the consolidated financial statements of the Group as at and for the year ended 31 December 2024, excluding the adjustments described in Note 19 to the condensed consolidated interim financial statements were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 10 Shawwal 1446H (corresponding to 8 April 2025G).

KPMG Professional Services Company



Mohammed Najeeb Alkhelaiwi
License no. 481



Al Khobar, 17 Safar, 1447H
Corresponding to 11 August 2025G

Zamil Industrial Investment Company
(A Saudi Joint Stock Company)

Condensed consolidated statement of financial position


As at 30 June 2025

(All amounts stated in ﷲ '000 unless otherwise stated)


	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited) (Restated – note 19)
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	4	717,149	691,280
Right-of-use assets		32,133	35,222
Investments in an associate and joint ventures	5	115,431	106,058
Equity instruments at FVOCI	16	63,840	63,840
Net investments in finance lease		167,958	183,002
Amount due from a joint venture		10,324	10,324
Deferred tax assets, net		10,326	10,211
Total non-current assets		1,117,161	1,099,937
Current assets			
Inventories	6	1,506,099	1,438,895
Accounts receivable	7	1,886,814	1,923,695
Contract assets	8	651,580	697,543
Advances, prepayments and other receivables		316,066	258,949
Current portion of net investment in finance lease		29,767	29,139
Short term deposits		40,571	33,223
Cash and cash equivalents		402,791	551,735
Total current assets		4,833,688	4,933,179
Total assets		5,950,849	6,033,116
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital		600,000	600,000
Accumulated losses		(31,247)	(80,242)
Foreign currency translation reserve		(95,529)	(96,985)
Fair value of equity instrument at FVOCI		27,656	27,656
Equity attributable to the shareholders of the Parent Company		500,880	450,429
Non-controlling interests		124,546	95,008
Total equity		625,426	545,437
Non-current liabilities			
Term loans	9	108,132	21,335
Employees' defined benefit liabilities		304,162	289,784
Lease liabilities		22,300	24,474
Deferred tax liability, net		6,654	6,654
Total non-current liabilities		441,248	342,247
Current liabilities			
Accounts payable	11	705,004	570,224
Accruals and other payables		852,319	959,223
Short term loans	10	2,101,599	2,112,308
Current portion of term loans	9	30,750	5,783
Current portion of lease liabilities		7,407	6,786
Contract liabilities	12	1,137,346	1,402,594
Zakat and income tax provision	14	49,750	88,514
Total current liabilities		4,884,175	5,145,432
Total liabilities		5,325,423	5,487,679
Total equity and liabilities		5,950,849	6,033,116

These condensed consolidated interim financial statements including accompanying notes appearing on pages 6 to 21 were authorized for issue by the Board of Directors of the Group and signed on their behalf by:

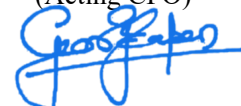
Abdulla Al Zamil
(Chairman)



Ahmed Zaatari
(CEO)



George Eapen
(Acting CFO)

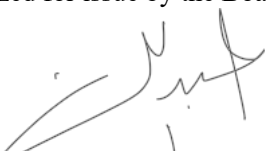


Zamil Industrial Investment Company
(A Saudi Joint Stock Company)

Condensed consolidated statement of profit or loss
For the three-month and six-month periods ended 30 June 2025
(All amounts stated in ﷲ '000 unless otherwise stated)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2025	2024	2025	2024
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue					
Revenue from contracts with customers	13	1,456,514	1,332,829	2,974,319	2,634,726
Finance lease income		2,140	2,449	4,373	4,971
		<u>1,458,654</u>	<u>1,335,278</u>	<u>2,978,692</u>	<u>2,639,697</u>
Direct costs					
Cost of revenue		<u>(1,190,603)</u>	<u>(1,122,035)</u>	<u>(2,444,674)</u>	<u>(2,227,001)</u>
Gross profit		<u>268,051</u>	<u>213,243</u>	<u>534,018</u>	<u>412,696</u>
Other operating income and expenses					
Selling and distribution		(53,528)	(48,911)	(103,743)	(96,511)
General and administration		(105,225)	(101,161)	(213,791)	(188,696)
Allowance for expected credit losses		(7,685)	(6,078)	(45,191)	(48,961)
Other operating expenses		(35,255)	(8,267)	(31,945)	(5,916)
Other operating income		-	-	173	-
Operating profit		<u>66,358</u>	<u>48,826</u>	<u>139,521</u>	<u>72,612</u>
Share in results of an associate and joint ventures		6,767	5,230	12,946	9,527
Other income, net		7,869	11,322	17,091	52,952
Finance costs		(37,815)	(42,505)	(77,841)	(87,795)
Profit before zakat and income tax		<u>43,179</u>	<u>22,873</u>	<u>91,717</u>	<u>47,296</u>
Zakat and income tax		(579)	(7,558)	(13,184)	(14,991)
Profit for the period		<u>42,600</u>	<u>15,315</u>	<u>78,533</u>	<u>32,305</u>
Attributable to:					
Shareholders of the Parent Company		25,278	6,098	48,995	11,525
Non-controlling interests		17,322	9,217	29,538	20,780
		<u>42,600</u>	<u>15,315</u>	<u>78,533</u>	<u>32,305</u>
Earnings per share (ﷲ)					
Basic and diluted earnings per share attributable to the shareholders of the Parent Company		<u>0.42</u>	<u>0.10</u>	<u>0.82</u>	<u>0.19</u>

These condensed consolidated interim financial statements including accompanying notes appearing on pages 6 to 21 were authorized for issue by the Board of Directors of the Group and signed on their behalf by:



Abdulla Al Zamil
(Chairman)



Ahmed Zaatari
(CEO)



George Eapen
(Acting CFO)

Zamil Industrial Investment Company
(A Saudi Joint Stock Company)

Condensed consolidated statement of comprehensive income
For the three-month and six-month periods ended 30 June 2025
(All amounts stated in ﷲ '000 unless otherwise stated)

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	42,600	15,315	78,533	32,305
Other comprehensive income				
<i>Items that may be reclassified to the condensed consolidated statement of profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	1,018	(878)	1,456	(21,764)
Other comprehensive income / (loss) for the period	1,018	(878)	1,456	(21,764)
Total comprehensive income for the period	43,618	14,437	79,989	10,541
Attributable to:				
Shareholders of the Parent Company	26,296	5,220	50,451	(10,239)
Non-controlling interests	17,322	9,217	29,538	20,780
	43,618	14,437	79,989	10,541

These condensed consolidated interim financial statements including accompanying notes appearing on pages 6 to 21 were authorized for issue by the Board of Directors of the Group and signed on their behalf by:



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Ahmed Zaatari
(CEO)



George Eapen
(Acting CFO)

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Zamil Industrial Investment Company
(A Saudi Joint Stock Company)


Condensed consolidated statement of changes in equity
For the six-month period ended 30 June 2025
(All amounts stated in S '000 unless otherwise stated)

	Share capital	Statutory reserve	Accumulated losses	Foreign currency translation reserve	Fair value of equity instrument at FVOCI	Total	Non-controlling interests	Total equity
As at 1 January 2025 (Audited)	600,000	-	(52,153)	(96,985)	27,656	478,518	190,669	669,187
Impact of restatement (Note 19)	-	-	(28,089)	-	-	(28,089)	(95,661)	(123,750)
As at 1 January 2025 (as restated)	600,000	-	(80,242)	(96,985)	27,656	450,429	95,008	545,437
<i>Total comprehensive income for the period</i>								
Profit for the period	-	-	48,995	-	-	48,995	29,538	78,533
Other comprehensive income for the period	-	-	-	1,456	-	1,456	-	1,456
Total comprehensive income for the period	-	-	48,995	1,456	-	50,451	29,538	79,989
As at 30 June 2025 (Unaudited)	600,000	-	(31,247)	(95,529)	27,656	500,880	124,546	625,426
As at 1 January 2024 (Audited)	600,000	10,747	(109,810)	(70,370)	21,236	451,803	195,753	647,556
<i>Total comprehensive income for the period</i>								
Profit for the period	-	-	11,525	-	-	11,525	20,780	32,305
Other comprehensive loss for the period	-	-	-	(21,764)	-	(21,764)	-	(21,764)
Total comprehensive income for the period	-	-	11,525	(21,764)	-	(10,239)	20,780	10,541
Dividends	-	-	-	-	-	-	(22,674)	(22,674)
As at 30 June 2024 (Unaudited)	600,000	10,747	(98,285)	(92,134)	21,236	441,564	193,859	635,423

These condensed consolidated interim financial statements including accompanying notes appearing on pages 6 to 21 were authorized for issue by the Board of Directors of the Group and signed on their behalf by:


Abdulla Al Zamil
(Chairman)


Ahmed Zaatari
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George Eapen
(Acting CFO)

Zamil Industrial Investment Company
(A Saudi Joint Stock Company)

Condensed consolidated statement of cash flows

For the six-month period ended 30 June 2025

(All amounts stated in S '000 unless otherwise stated)

	For the six-month period ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit for the period	78,533	32,305
<i>Adjustment for:</i>		
Zakat and income tax expenses	13,184	14,991
Depreciation of property, plant and equipment	45,199	45,728
Depreciation of right-of-use assets	3,087	2,637
Provision for employees' defined benefit liabilities	15,048	13,959
Dividend received from an associate	-	(1,642)
Finance costs	77,841	87,795
Share in results of an associate and joint ventures	(12,946)	(9,527)
(Gain) / loss on disposal of property, plant and equipment	(173)	15
Allowance for impairment of accounts receivables and contract assets	45,191	48,961
Write off of accounts receivable and contract assets	1,026	14,647
Bargain purchase gain	(152)	-
Net realizable value adjustment	3,786	6,233
Write off of inventory	14,796	4,938
	284,420	261,040
<i>Changes in:</i>		
Inventories	(85,786)	(6,723)
Accounts receivable	17,689	(90,701)
Contract assets	25,021	57,090
Advances, prepayments and other receivables	(57,117)	(26,661)
Net investment in finance lease	14,416	13,818
Accounts payable	120,609	25,583
Accruals and provisions	15,854	59,731
Contract liabilities	(265,248)	(3,247)
Cash generated from operations	69,858	289,930
Finance cost paid	(69,651)	(81,644)
Employees' benefits paid	(8,089)	(4,508)
Zakat and income tax paid	(52,373)	(9,818)
Net cash (used in) / generated from operating activities	(60,255)	193,960
Cash flows from investing activities		
Additions to property, plant and equipment	(70,970)	(46,313)
Proceeds from short term deposits	(7,348)	183,937
Dividends received from an associate / investment	-	1,642
Proceeds from disposal of property, plant and equipment	294	3,484
Net cash (used in) / generated from investing activities	(78,024)	142,750
Cash flows from financing activities		
Acquisition of NCI	(110,943)	-
Net movement in short term loans	(10,709)	(137,363)
Net movement in term loans	111,764	(5,107)
Payments against lease liabilities	(2,327)	(1,170)
Dividends paid	-	(22,674)
Net cash used in financing activities	(12,215)	(166,314)
Net change in cash and cash equivalents	(150,494)	170,396
Cash and cash equivalents at beginning of the period	551,735	427,813
Effect of exchange rate fluctuations on cash and cash equivalents	1,550	(20,985)
Cash and cash equivalents at end of the period	402,791	577,224
Significant non-cash transactions:		
Payable for purchase of a subsidiary	14,171	-

These condensed consolidated interim financial statements including accompanying notes appearing on pages 6 to 21 were authorized for issue by the Board of Directors of the Group and signed on their behalf by:


Abdulla Al Zamil
(Chairman)


Ahmed Zaatari
(CEO)


George Eapen
(Acting CFO)

Zamil Industrial Investment Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month and six-month periods ended 30 June 2025
(All amounts stated in ﷲ '000 unless otherwise stated)

1. CORPORATE INFORMATION

Zamil Industrial Investment Company ("the Company") ("Parent Company") was converted to a Saudi Joint Stock Company in accordance with the Ministerial Resolution number 407 dated 14 Rabi' I 1419 H (corresponding to 9 July 1998). Prior to that the Company was operating as a limited liability company under the name of Zamil Steel Buildings Company Limited.

The registered address of the Company is Street 11, 1st Industrial District, P.O Box 32234, Dammam, Kingdom of Saudi Arabia. The Company is registered in the Kingdom of Saudi Arabia under Commercial Registration number 7001686273 dated 19 Ramadan 1396H (corresponding to 14 September 1976).

The Company has investment in the following subsidiaries:

	Country of Incorporation	Effective ownership at	
		30 June 2025	31 December 2024 (Restated – note 19)
- Zamil Steel Holding Company Limited	Saudi Arabia	100%	100%
- Zamil Air Conditioners Holding Company Limited	Saudi Arabia	100%	100%
- Advanced Building Solutions for Projects Company	Saudi Arabia	100%	100%
- Arabian Stonewool Insulation Company	Saudi Arabia	100%	100%
- Second Insulation Company Limited	Saudi Arabia	100%	100%
- Saudi Preinsulated Pipes Industries	Saudi Arabia	51%	51%
- Gulf Insulation Group	Saudi Arabia	51%	51%
- Middle East Air Conditioners Company Limited (refer note 3)	Saudi Arabia	100%	-
- Zamil Steel Building Company	Egypt	100%	100%
- Zamil Steel Buildings (Shanghai) Company Limited	China	100%	100%
- Zamil Steel Buildings India Private Limited	India	100%	100%
- Zamil Steel Engineering India Private Limited	India	100%	100%
- Zamil Industrial Investment Company	UAE	100%	100%
- Zamil Structural Steel Company	Egypt	100%	100%
- Zamil Construction India Private Limited	India	100%	100%
- Zamil Information Technology Global Private Limited	India	100%	100%
- Zamil Higher Institute for Industrial Training	Saudi Arabia	100%	100%
- Zamil Air Conditioners India Private Limited	India	100%	100%
- Saudi Central Energy Company Limited	Saudi Arabia	100%	100%
- Zamil Industrial Investment Company Asia Pte. Limited	Singapore	100%	100%
- Zamil Steel Buildings Vietnam Company Limited	Vietnam	100%	100%
Subsidiaries of Zamil Steel Holding Company Limited			
- Zamil Steel Pre-Engineered Buildings Company Limited	Saudi Arabia	100%	100%
- Zamil Structural Steel Company Limited	Saudi Arabia	100%	100%
- Zamil Towers & Galvanizing Company	Saudi Arabia	100%	100%
- Zamil Process Equipment Company Limited	Saudi Arabia	100%	100%
- Zamil Inspection & Maintenance of Industrial Projects Company Limited	Saudi Arabia	100%	100%
- Metallic Construction and Contracting Company Limited	Egypt	100%	100%
Subsidiaries of Zamil Air Conditioners Holding Company Limited			
- Zamil Air Conditioners & Home Appliances Company Limited	Saudi Arabia	100%	100%
- Zamil Central Air Conditioners Company Limited	Saudi Arabia	100%	100%
- Zamil Air Conditioning & Refrigeration Services Company Limited	Saudi Arabia	100%	100%
- Ikhtebare Company Limited	Saudi Arabia	100%	100%
- Eastern District Cooling Company Limited	Saudi Arabia	100%	100%
- Zamil Energy Services Company Limited	Saudi Arabia	100%	100%
- Zamil Air Conditioning and Refrigeration Services Company W.L.L.	Bahrain	100%	100%

Zamil Industrial Investment Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month and six-month periods ended 30 June 2025
(All amounts stated in ﷲ '000 unless otherwise stated)

1. CORPORATE INFORMATION (Continued)

	Country of Incorporation	Effective ownership at	
		30 June 2025	31 December 2024
			(Restated – note 19)
Subsidiaries of Gulf Insulation Group			
- Saudi Rockwool Factory Company	Saudi Arabia	51%	51%
- Arabian Fiberglass Insulation Company Limited (refer note 19)	Saudi Arabia	51%	51%
- Building Component Solutions Company Limited	Saudi Arabia	51%	51%

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

The condensed consolidated interim financial statements of the Group as of 30 June 2025 were authorised for issuance in accordance with the Board of Directors resolution on 8 August 2025 (corresponding to 14 Safar 1447H).

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Statement of compliance

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

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024 ("Last Annual Consolidated Financial Statements"). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the Group's consolidated financial position and performance since the last annual consolidated financial statements.

2.2 Basis of preparation

These condensed consolidated interim financial statements have been prepared on a going concern basis, applying a historical cost convention, except for employees' benefits obligation which is recognized at the present value of future obligations using the Projected Unit Credit Method and financial assets classified as fair value through other comprehensive income items that have been measured at fair value.

The Group has reported a profit of SR 78.5 million for the period ended 30 June 2025 (30 June 2024: SR 32.3 million), and as of the reporting date, its current liabilities exceed its current assets by SR 50.4 million (31 December 2024: SR 212 million). In addition, as at 30 June 2025, the accumulated losses were amounting to SR 31.3 million (31 December 2024: SR 80.2 million). Management believes that, despite the net current liability position, the Group can pay its liabilities falling due over the next 12 months through its operational cash flows and unutilized external financing facilities.

2.3 Functional and presentation currency

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

Notes to the condensed consolidated interim financial statements
For the three-month and six-month periods ended 30 June 2025
(All amounts stated in ﷲ '000 unless otherwise stated)

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

2.4 Use of judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Last Annual Consolidated Financial Statements.

2.5 Material accounting policies

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

A number of amendments to existing standards, as detailed in note 2.6 below, became effective from 1 January 2025 but they do not have a material effect on the condensed consolidated interim financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.6 New standards, amendments and interpretations

a) New and revised standards with no material effect on the condensed consolidated interim financial statements

The following revised IFRSs have been adopted. The application of these revised IFRSs did not have any material impact on the amounts reported for current and prior periods:

- Lack of Exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, effective for annual periods beginning on or after 1 January 2025.

b) New and revised standards issued but not yet effective

The amendments to existing standards that are issued, but not yet effective, up to the date of issuance of the Group's condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these amendments to existing standards, if applicable, when they become effective:

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures, effective for annual periods beginning on or after 1 January 2026;
- Annual Improvements to IFRS Accounting Standards, effective for annual periods beginning on or after 1 January 2026 - Amendments to:
 - IFRS 1 First-time Adoption of International Financial Reporting Standards;
 - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
 - IFRS 9 Financial Instruments;
 - IFRS 10 Consolidated Financial Statements; and
 - IAS 7 Statement of Cash flows
- Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7, effective for annual periods beginning on or after 1 January 2026;
- IFRS 18 Presentation and Disclosure in Financial Statements, effective for annual periods beginning on or after 1 January 2027.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures, effective for annual periods beginning on or after 1 January 2027; and
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28, effective date deferred indefinitely.

The above-mentioned standards are not expected to have a significant impact on the condensed consolidated interim financial statement of the Group.

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3. BUSINESS COMBINATIONS

3.1 Acquisition of Middle East Air Conditioners Company Limited

On 6 Shawwal 1445H (corresponding to 15 April 2024), the Parent Company entered into an agreement with the foreign shareholder of Middle East Air Conditioners Company Limited ("MEAC"), pursuant to which the Parent Company has agreed to acquire the remaining 49% shareholding in MEAC from the foreign shareholder. Middle East Air Conditioners Company Limited ("MEAC") is a limited liability company registered in Dammam, Kingdom of Saudi Arabia under commercial registration number 2050032242 dated 20 Thul-Hijjah 1417H (corresponding to 27 April 1997). The registered office of the Company is P.O Box 14441, Dammam 31424, Kingdom of Saudi Arabia. MEAC is engaged in manufacturing and trading of room and split air conditioners.

During the period ended 30 June 2025, on 26 Shaban 1446H (corresponding to 25 February 2025), the Parent Company acquired the control of MEAC and all legal formalities have been completed. As a result, the ownership of Zamil Industrial Investment Company increased from 51% to 100%, transforming MEAC from a joint venture into a wholly-owned subsidiary.

The acquisition has been accounted for using the acquisition method under IFRS 3 – Business Combinations (the "Standard") with Parent Company being the acquirer and subsidiary being the acquiree. As required by the Standard, the Parent Company is in the process of allocating the purchase consideration to the identifiable assets and liabilities till the date of these condensed consolidated interim financial statements were authorized for issue. Accordingly, the Parent Company has accounted for the acquisition based on the provisional fair values of the acquired assets and liabilities as at the acquisition date as the independent valuations have not been finalized. Adjustments to those provisional values will be finalized within twelve months of the date of acquisition as allowed by the Standard.

The provisional fair value of assets acquired and liabilities assumed at the acquisition date 25 February 2025 are as follows:

	Amounts in ﷲ '000
Assets:	
Due from related parties	6,083
Cash and cash equivalents	2,227
Total assets	8,310
Liabilities:	
Trade payables	-
Accrued expenses and other payables	672
Total liabilities	672
Total identifiable net assets	7,638
Total identifiable net assets attributable to the Company before acquisition @ 51%	3,895
Total identifiable net assets attributable to the Company for the acquisition @ 49%	3,743
Gain arising on bargain purchase	(152)
Purchase consideration transferred	3,591

Analysis of cash flows on acquisition:

	Amounts in ﷲ '000
Assets:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	2,227
Cash paid	(3,591)
Net cash flow used in acquisition	(1,364)

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4. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2025, the Group acquired assets with a cost of ₪ 70,970 thousand (six-month period ended 30 June 2024: ₪ 46,313 thousand) and disposed assets with a carrying amount of ₪ 120 thousand (six-month period ended 30 June 2024: ₪ 3,499 thousand) resulting in a gain on disposal amounting to ₪ 173 thousand (six-month period ended 30 June 2024: loss of ₪ 15 thousand), which was included in other operating income / (expenses) in the condensed consolidated interim financial statements. Depreciation for the six-month period ended 30 June 2025 amounted to ₪ 45,199 thousand (six-month period ended 30 June 2024: ₪ 45,728 thousand).

5. INVESTMENTS IN AN ASSOCIATE AND JOINT VENTURES

Carrying values of the Group's share for investment in an associate and joint ventures are as follows:

	Effective ownership at		30 June	31 December
	30 June	31 December	2025	2024
	2025	2024	(Unaudited)	(Audited)
Associate				
Rabiah Nasser and Zamil Concrete Industries Company Limited - Saudi Arabia	50%	50%	<u>80,704</u>	<u>72,157</u>
			<u>80,704</u>	<u>72,157</u>
Joint Venture				
Perma Pipe Gulf Arabia Industry - Saudi Arabia	20.4%	20.4%	34,727	30,329
Middle East Air Conditioners Company Limited - Saudi Arabia	-	51%	<u>-</u>	<u>3,572</u>
			<u>34,727</u>	<u>33,901</u>
			<u>115,431</u>	<u>106,058</u>

Middle East Air Conditioner Company Limited ("MEAC") is registered in the Kingdom of Saudi Arabia and is engaged in the sale of air conditioners. In 2024, the Group entered into an agreement with the foreign shareholder, who owned 49% interest in MEAC, a joint venture, to acquire their ownership stake in the joint venture. The agreed consideration for this acquisition amounted to ₪ 3.59 million. During the period ended 30 June 2025, the Group has acquired the shares and legal formalities have been completed. Refer to note 3 for more details.

6. INVENTORIES

	30 June	31 December
	2025	2024
	(Unaudited)	(Audited)
Raw materials	965,783	1,006,764
Work-in-progress	55,063	67,620
Finished goods	476,111	369,460
Goods-in-transit	85,742	80,316
Spares	<u>60,083</u>	<u>62,377</u>
	1,642,782	1,586,537
Less: net realisable value adjustment	<u>(136,683)</u>	<u>(147,642)</u>
	<u>1,506,099</u>	<u>1,438,895</u>

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7. ACCOUNTS RECEIVABLE

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Trade receivables	2,013,920	2,071,934
Retentions receivable	490,921	441,796
	2,504,841	2,513,730
Less: Allowance for expected credit losses	(648,452)	(614,940)
	1,856,389	1,898,790
Receivables from related parties	30,425	24,905
	1,886,814	1,923,695

During 2023, Zamil Air Conditioning & Refrigeration Services Company Limited, a subsidiary of the Parent Company, received a notice for immediate termination of a contract from a customer (contractor) mainly due to project delays and violation of certain technical specification as per contract.

The Group had rejected the termination notice on grounds that the termination notice was not served in line with the contractual terms, failure to provide proper technical design, lack of clarity in the scope of work and time.

The Group had filed a legal case against the contractor in the Court for settlement of the amount due to the Group. The Court appointed an external independent expert to review and assess the value of the work executed by the Group.

As of the end of the reporting period, the total due from customer amounted to ₪ 93.2 million (31 December 2024: ₪ 115.1 million), which includes ₪ 16.4 million (31 December 2024: ₪ 38.3 million) billed to the customer, retention receivables of ₪ 8.7 million (31 December 2024: ₪ 8.7 million) and contract assets (note 8) of ₪ 68.1 million (31 December 2024: ₪ 68.1 million).

Subsequent to the period ended 30 June 2025, the court issued ruling in the said case by imposing a penalty of ₪ 29 million (included under other operating expenses) on Zamil Air Conditioning & Refrigeration Services Company Limited for the delay in completion of contract and ordered the Group to pay ₪ 7.1 million to the customer by adjusting ₪ 21.9 million from receivables from the customer. Accordingly, Zamil Air Conditioning & Refrigeration Services Company Limited, adjusted the accounts receivable balance as at 30 June 2025 and paid the amount to the customer in July 2025. Management is in process of filing an appeal against the said ruling.

Based on the management assessment and considering the contractual rights confirmed by the management's legal advisor, the management believe that the amounts due from customer are expected to be fully recoverable.

8. CONTRACT ASSETS

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Contract assets (refer note 7)	783,908	808,981
Less: Allowance for expected credit losses	(132,328)	(111,438)
	651,580	697,543

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9. TERM LOANS

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Current portion	30,750	5,783
Non-current portion	108,132	21,335
Term loans	138,882	27,118

The term loans are obtained by the Group's subsidiaries for working capital and for certain capital expenditures. The loans are repayable in unequal instalments. The loans carry financial charges at prevailing market rates. As at 30 June 2025 and 31 December 2024, the Group was in compliance with certain loan covenants as per the agreement with the bank.

Following are the combined aggregate amounts of future maturities of the term loans:

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
2025	15,846	5,783
2026	30,678	5,735
2027 and onwards	92,358	15,600
	138,882	27,118

10. SHORT TERM LOANS

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Murabaha and tawarruq financing	2,034,400	2,070,033
Short term loans – conventional	67,199	42,275
	2,101,599	2,112,308

The short term loans, Murabaha and Tawarruq finances were obtained from various local banks to meet the working capital requirements. These loans are secured by promissory notes and assignment of corporate guarantees. These loans carry commission charges at prevailing market borrowing rates.

11. ACCOUNTS PAYABLE

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Trade payables	643,903	524,006
Retentions payable	38,808	34,604
Related parties	22,293	11,614
	705,004	570,224

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12. CONTRACT LIABILITIES

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Advance from customers	851,355	922,069
Billings in excess of value of work executed	285,991	480,525
	<u>1,137,346</u>	<u>1,402,594</u>

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sale of goods	945,449	831,860	1,864,659	1,669,991
Revenue from long-term contracts	429,818	419,310	947,789	795,829
Rendering of services	81,247	81,659	161,871	168,906
Total revenue from contracts with customers	<u>1,456,514</u>	<u>1,332,829</u>	<u>2,974,319</u>	<u>2,634,726</u>

Reconciliation of the Group's disaggregate revenue for its reportable segments, geographical markets, and timing of revenue recognition is disclosed in note 17.

14. ZAKAT AND INCOME TAX

(a) Zakat

(i) The Parent Company and its wholly owned subsidiaries

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

During 2020, the Group received a zakat assessment for years 2014 to 2018 from the Zakat, Tax and Customs Authority (ZATCA) with total additional zakat liability amounting to ﷲ 229 million. The Group submitted an objection letter against the mentioned Zakat assessment and ZATCA issued revised assessment in 2021 amounting to ﷲ 225.62 million and the Group submitted an escalation letter against the revised assessment to the Tax Violations and Disputes Resolution Committee (TVDRC). The Group submitted an appeal against the TVDRC resolution with Tax Violations and Disputes Appellate Committee (TVDAC). The TVDAC resolution was issued partially in favour of the Group and the revised assessment was awaited.

During June 2024, the Group received the decision for the year 2014, issued by the General Secretariat of the Zakat, Tax and Customs Committees reducing the additional liability from ﷲ 43.6 million to ﷲ 7.3 million, the additional liability was accepted by the Group and settled during July 2024. Furthermore, the Group received a separate decision that reduced the additional tax liability for the years 2015 to 2018 from ﷲ 185.5 million to ﷲ 61 million. Management has accepted this decision and agreed settlement of the revised liability in eleven equal monthly installments starting from November 2024.

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14. ZAKAT AND INCOME TAX (Continued)

(a) Zakat (continued)

(i) The Parent Company and its wholly owned subsidiaries (continued)

During the period ended 30 June 2025, the Group received a zakat assessment for year 2019 to 2023 from the Zakat, Tax and Customs Authority (ZATCA) with total additional zakat liability amounting to ₪ 2.9 million. The liability was accepted by the Group and subsequently settled during 2025.

Zakat declarations for the year 2024 has been filed with ZATCA. However, the assessments have not yet been raised by ZATCA.

(ii) Partially owned subsidiaries

Saudi Preinsulated Pipes Industries

Zakat assessments have been agreed with the ZATCA up to 2020. The zakat declarations for the years 2020 to 2024 have been filed with ZATCA. However, the assessments have not yet been raised by ZATCA.

Gulf Insulation Group

Zakat and income tax assessments have been agreed with ZATCA up to 2019. The zakat declarations for the years 2019 to year 2023 have been filed with ZATCA. However, the assessments have not yet been raised by ZATCA.

(b) Income tax

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

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

There is no change in the status of income tax assessments of all foreign subsidiaries from those disclosed in the last annual consolidated financial statements.

(c) Deferred tax

During the period ended 30 June 2025, the Group has recorded a net deferred tax benefit of ₪ 0.03 million (30 June 2024: net deferred tax benefit of ₪ 0.64 million).

15. CONTINGENCIES

The Group's bankers have issued performance and payments guarantees, on behalf of the Group, amounting to ₪ 1,638 million (31 December 2024: ₪ 1,715 million). Except for the contingencies as disclosed elsewhere to these condensed consolidated interim financial statements, there are no other contingencies as of the period ended 30 June 2025.

16. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties include the Group's major shareholders having control, joint control or significant influence, associated companies and their shareholders, key management personnel, Board of Directors, and entities controlled, jointly controlled or significantly influenced by such parties ("Other Related Parties"). Pricing policies and terms of payments of transactions with related parties are approved by the Board of Directors. Outstanding balances at the period-end are unsecured, interest free and to be settled in cash.

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16. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

During the period, the Group transacted with the following related parties.

Relationship and name of related party	Nature of transactions	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2025	2024	2025	2024
<i>Ultimate Parent Company</i>					
Zamil Group Holding Company	Sales	3,116	1,102	4,063	4,070
	Purchases	3,804	7,123	8,041	14,640
<i>Other related parties</i>					
	Sales	-	406	188	610
	Purchases	1,259	80	2,265	1,162

The compensation to the key management personnel during the period amounted to ₪ 4.620 million (30 June 2024: ₪ 2.321 million).

The compensation to the Board of Directors during the period amounted to ₪ 0.850 million (30 June 2024: ₪ 0.875 million).

Amounts due from related parties at 30 June 2025 amounting to ₪ 30.4 million (31 December 2024: ₪ 24.9 million) have been included in accounts receivable in the condensed consolidated statement of financial position. Amounts due to related parties at 30 June 2025 amounting to ₪ 22.3 million (31 December 2024: ₪ 11.6 million) have been included in the accounts payable in the condensed consolidated statement of financial position.

17. SEGMENT INFORMATION

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

- The air conditioners industry, which is engaged in the manufacture and sale of residential, commercial, and industrial HVAC equipment, including window, split, and central air-conditioners, as well as fabrication of air-conditioning ducts and channels, and the installation, leasing, operation, and after-sales maintenance of air-conditioning and refrigeration systems.
- The steel industry, which is engaged in engineering, manufacturing, and supplying pre-engineered steel buildings, structural steel, and plate work; fabricating steel sheets, storage tanks, pressure vessels, silos, heavy-equipment parts, installation containers, and pumps; and providing related design, detailing, galvanizing, erection, and after-sales services for industrial, commercial, and infrastructure projects.
- The construction industry, which is engaged in turnkey industrial and commercial projects, encompassing civil, structural, mechanical, electrical, and plumbing (MEP) works; engineering, procurement, and construction (EPC) contracting; project management; warehouses, logistics parks, and specialised facilities; the installation of fire-protection and communication-tower systems; and the provision of integrated building solutions from concept design through commissioning.
- The insulation industry, which is engaged in production of complete line of insulation products including fiberglass for using in thermal insulation of central air conditioners, pre-insulated pipes, glass wool, rock wool and engineering plastic foam insulations.
- Corporate and others, which are engaged in providing corporate and shared services, training and investment activities.

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

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17. SEGMENT INFORMATION (Continued)

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

Business segments:

	For the six-month period ended 30 June 2025							
	Air conditioners industry	Steel industry	Construction industry	Insulation industry	Total segments	Corporate and others	Adjustments and eliminations	Consolidated
Timing of revenue recognition:								
At a point in time	561,632	1,247,081	-	276,709	2,085,422	512	(59,405)	2,026,529
Over time	160,034	202,664	585,092	-	947,790	-	-	947,790
	721,666	1,449,745	585,092	276,709	3,033,212	512	(59,405)	2,974,319
Revenue from contracts with customers:								
External customers	721,666	1,449,745	585,092	217,304	2,973,807	512	-	2,974,319
Inter-segment	-	-	-	59,405	59,405	-	(59,405)	-
	721,666	1,449,745	585,092	276,709	3,033,212	512	(59,405)	2,974,319
Finance lease income	4,373	-	-	-	4,373	-	-	4,373
Total revenue	726,039	1,449,745	585,092	276,709	3,037,585	512	(59,405)	2,978,692
Cost of revenue	(581,749)	(1,218,288)	(530,739)	(174,690)	(2,505,466)	-	60,792	(2,444,674)
Gross profit	144,290	231,457	54,353	102,019	532,119	512	1,387	534,018
Operating profit / (loss)	41,503	84,489	(24,521)	62,448	163,919	(26,632)	2,234	139,521
Unallocated profit / (expenses):								
Share in results of an associate and a joint venture								12,946
Other income, net								17,091
Finance costs								(77,841)
Profit before zakat and income tax								91,717
Zakat and income tax								(13,184)
Profit for the period								78,533

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17. SEGMENT INFORMATION (Continued)

Business segments (continued):

	For the six-month period ended 30 June 2024							
	Air conditioners industry	Steel industry	Construction industry	Insulation industry	Total segments	Corporate and others	Adjustments and eliminations	Consolidated
Timing of revenue recognition:								
At a point in time	534,818	1,178,661	-	158,315	1,871,794	512	(33,409)	1,838,897
Over time	75,379	167,698	552,752	-	795,829	-	-	795,829
	610,197	1,346,359	552,752	158,315	2,667,623	512	(33,409)	2,634,726
Revenue from contracts with customers:								
External customers	610,197	1,327,081	552,752	144,184	2,634,214	512	-	2,634,726
Inter-segment	-	19,278	-	14,131	33,409	-	(33,409)	-
	610,197	1,346,359	552,752	158,315	2,667,623	512	(33,409)	2,634,726
Finance lease income	4,971	-	-	-	4,971	-	-	4,971
Total revenue	615,168	1,346,359	552,752	158,315	2,672,594	512	(33,409)	2,639,697
Cost of revenue	(500,844)	(1,140,775)	(529,463)	(90,791)	(2,261,873)	-	34,872	(2,227,001)
Gross profit	114,324	205,584	23,289	67,524	410,721	512	1,463	412,696
Operating profit / (loss)	(9,363)	67,824	(4,322)	34,277	88,416	(18,012)	2,208	72,612
Unallocated (expenses) / profit:								
Share in results of an associate and a joint venture								9,527
Other income, net								52,952
Finance costs								(87,795)
Profit before zakat and income tax								47,296
Zakat and income tax								(14,991)
Profit for the period								32,305

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17. SEGMENT INFORMATION (Continued)

Business segments (continued):

	As at 30 June 2025							
	Air conditioner industry	Steel industry	Construction industry	Insulation industry	Total segments	Corporate and others	Adjustments and eliminations	Consolidated
Total assets	1,872,342	2,795,694	1,049,663	605,267	6,322,966	826,723	(1,198,840)	5,950,849
Total liabilities	1,579,254	1,908,292	1,186,717	351,103	5,025,366	1,498,897	(1,198,840)	5,325,423

	As at 31 December 2024 (Restated note -19)							
	Air conditioner industry	Steel industry	Construction industry	Insulation industry	Total segments	Corporate and others	Adjustments and eliminations	Consolidated
Total assets	1,621,970	2,514,074	1,331,311	554,404	6,021,759	760,310	(748,953)	6,033,116
Total liabilities	1,329,728	1,707,788	1,448,989	360,516	4,847,021	1,389,611	(748,953)	5,487,679

Geographic information:

The revenue for the three-month and six-month periods ended 30 June 2025 and 2024, categorized by the geographical segments is as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Kingdom of Saudi Arabia	1,171,418	1,062,229	2,384,784	2,090,420
Other Asian countries	169,951	154,416	349,700	294,478
Egypt	117,285	118,633	244,208	254,799
	1,458,654	1,335,278	2,978,692	2,639,697

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17. SEGMENT INFORMATION (Continued)

The non-current operating assets of the Group as at 30 June 2025 and 31 December 2024 are categorized by the geographical segments as follows:

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Kingdom of Saudi Arabia	624,133	607,262
Other Asian countries	71,319	64,891
Egypt	53,830	54,349
	<u>749,282</u>	<u>726,502</u>

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

18. FAIR VALUE MEASUREMENT

The Group's principal financial assets include cash and cash equivalents, equity instruments at fair value through other comprehensive income, accounts receivable, net investment in finance lease and some other current assets that arise directly from its operations. The Group's principal financial liabilities comprise of term loans, short term loans, lease liabilities, accounts payable and some other current liabilities.

Fair values hierarchy

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no such transfers during the periods ended 30 June 2025 and 31 December 2024 respectively.

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18. FAIR VALUE MEASUREMENT (Continued)

The table below presents the financial assets at their fair values as at 30 June 2025 and 31 December 2024 based on the fair value hierarchy:

Financial Assets at FVOCI	Carrying value	Level 1	Level 2	Level 3	Total
30 June 2025 (Unaudited)					
Equity instruments at fair value through other comprehensive income	63,840	-	-	63,840	63,840
Total as at 30 June 2025 (Unaudited)	63,840	-	-	63,840	63,840
31 December 2024 (Audited)					
Equity instruments at fair value through other comprehensive income	63,840	-	-	63,840	63,840
Total as at 31 December 2024 (Audited)	63,840	-	-	63,840	63,840

The fair value of the Group's investment in unquoted equity shares at 30 June 2025 and 31 December 2024 was measured using Level 3 (significant unobservable inputs). The Group estimated the fair value of the investment using adjusted net asset method. The adjusted net asset method involves deriving the fair value of an investee's equity instruments by reference to the fair value of its assets and liabilities. The management believes that there have been no significant changes in the value of investment from 31 December 2024.

As at 30 June 2025 and 31 December 2024, the fair values of the Group's financial instruments, other than those mentioned above, are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of condensed consolidated statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry rates which are based on prevailing market interest rates.

19. RESTATEMENT OF COMPARATIVES FIGURES

19.1. Recognition of financial liability

On 19 December 2024, Gulf Insulation Group ("GIG"), a subsidiary of the Parent Company with 51% shareholding (see note 1), signed a share purchase agreement (SPA) with the foreign shareholder of Arabian Fiberglass Insulation Company Limited ("AFICO") to acquire the remaining 49% shareholding in AFICO for a consideration amounting SR 123.8 million, subject to securing the approval of the General Authority for Competition in the Kingdom of Saudi Arabia (GAC) as well as satisfying other conditions as per the SPA. During March 2025, GIG and the foreign shareholder secured a waiver letter from GAC to proceed with the deal and satisfied the other conditions stated in the SPA and therefore GIG recognized the acquisition of foreign shareholder's share in AFICO in March 2025 which caused non-controlling interests and retained earnings at 31 March 2025 to decrease by SR 97.6 million and SR 26.2 million, respectively. This transaction was also disclosed as a subsequent event in the financial statements for the year ended 31 December 2024.

During the preparation of the interim financial statements for the six-month period ended 30 June 2025, management re-examined the SPA and concluded that there was an unconditional obligation to deliver cash to the foreign shareholder of AFICO subject to satisfying conditions that are not within the control of GIG for the year ended 31 December 2024. Consequently, a financial liability should have been recorded at the date of the SPA, i.e. 19 December 2024 for the fixed consideration to be paid and non-controlling interest should have been derecognized, rather than waiting for the conditions of the SPA to be satisfied, i.e. 18 March 2025.

Zamil Industrial Investment Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month and six-month periods ended 30 June 2025
(All amounts stated in ﷲ '000 unless otherwise stated)

19. RESTATEMENT OF COMPARATIVES FIGURES (Continued)

19.1. Recognition of financial liability (continued)

Accordingly, management restated the comparative figures as at 31 December 2024. The restatement impacted on the following accounts:

- Accruals and Other Payables at 31 December 2024 increased by SR 123.8 million rather than the similar increase which was recognized in March 2025.
- Non-controlling interests at 31 December 2024 decreased by SR 95.7 million rather than the decrease of SR 97.6 million which was recognized in March 2025.
- Retained earnings at 31 December 2024 decreased by SR 28.1 million rather than the decrease of SR 26.2 million which was recognized in March 2025.

The restatement did not have an impact on profit or cash flows for the year ended 31 December 2024. The restatement also did not have an impact on Group's profit for the three-month period ended 31 March 2025 but have caused profit attributable to the shareholders of the Parent Company to increase by SR 1.9 million.

The impact of restatement on the condensed consolidated interim financial statements for the three-month and six-month periods ended is as follows:

Condensed consolidated statement of financial position

<u>31 December 2024</u>	<u>As previously reported</u>	<u>Adjustments</u>	<u>As restated</u>
Liabilities:			
Accruals and other payables	835,473	123,750	959,223
Equity:			
Accumulated losses	(52,153)	(28,089)	(80,242)
Non-controlling interests	190,669	(95,661)	95,008

The restatement did not have an impact on the condensed consolidated statement of profit or loss and comprehensive income for the three-month and six-month periods ended 30 June 2024. There was no impact on the condensed consolidated statement of cash flows for the six-month period ended 30 June 2024.

The third statement of financial position has not been presented as the agreement was entered into on 19 December 2024 therefore there is no impact on or before 1 January 2024.

19.2. Comparative figures

During the period, certain comparative figures have been reclassified to conform with the current period presentation of the condensed consolidated interim financial statements.

20. SUBSEQUENT EVENTS

Except for subsequent events as disclosed elsewhere in these condensed consolidated interim financial statements, there are no significant subsequent events occurred between 30 June 2025 and the date of approval of these condensed consolidated interim financial statements which may have material impact on these condensed consolidated interim financial statements.