



THE SAUDI ARABIAN AMIAANTIT COMPANY
(A Saudi Arabian Joint Stock Company)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND REVIEW REPORT**

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2025

THE SAUDI ARABIAN AMIANTIT COMPANY

(A Saudi Arabian Joint Stock Company)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2025**

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

To the Shareholders
The Saudi Arabian Amiantit Company
(A Saudi Arabian Joint Stock Company)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Saudi Arabian Amiantit Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at June 30, 2025, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period ended June 30, 2025, and the other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

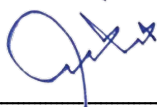
SCOPE OF REVIEW

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 interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

For Al-Kharashi & Co.



Abdullah S. Al Msned
License No. (456)



Riyadh:
August 10, 2025
Safar 16, 1447H

THE SAUDI ARABIAN AMIANTIT COMPANY


(A Saudi Arabian Joint Stock Company)


INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2025

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	<i>Note</i>	June 30, 2025 <i>(Unaudited)</i>	<i>December 31,</i> 2024 <i>(Audited)</i>
ASSETS			
Current assets			
Cash and cash equivalents	8	35,715	81,900
Trade receivables, net	9.1	450,813	455,022
Contract assets	9.2	343,928	299,224
Prepayments and other receivables		81,254	71,107
Inventories, net	10	220,277	211,761
Total current assets		<u>1,131,987</u>	<u>1,119,014</u>
Non-current assets			
Equity accounted investments	11	405,279	366,556
Property, plant and equipment, net	12	520,856	526,750
Rights-of-use assets, net		5,315	5,084
Investment properties		10,690	10,690
Intangible assets, net		1,074	1,257
Deferred tax assets		426	422
Total non-current assets		<u>943,640</u>	<u>910,759</u>
TOTAL ASSETS		<u>2,075,627</u>	<u>2,029,773</u>
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	13	61,264	73,568
Accounts payable		237,038	182,650
Accrued expenses and other liabilities		95,494	111,167
Contract liabilities	14.2.b	49,266	42,682
Current portion of lease liability		1,003	789
Zakat and foreign taxes payable		282,695	302,100
Total current liabilities		<u>726,760</u>	<u>712,956</u>
Non-current liabilities			
Borrowings		167,500	184,250
Employees' termination benefits provision		57,542	56,817
Warranty provision		8,663	8,793
Provisions for onerous contracts		167,873	148,227
Non-current portion of lease liability		4,881	4,723
Other non-current liabilities		404	2,337
Total non-current liabilities		<u>406,863</u>	<u>405,147</u>
Total liabilities		<u>1,133,623</u>	<u>1,118,103</u>
Equity			
Share capital	16	445,500	445,500
Revaluation reserve		381,140	381,140
Retained Earnings		207,693	217,289
Employee share option plan and reserve		(404)	(2,337)
Foreign currency translation reserve		(120,624)	(160,919)
Equity attributable to the shareholders of the Company		<u>913,305</u>	<u>880,673</u>
Non-controlling interests		28,699	30,997
Total equity		<u>942,004</u>	<u>911,670</u>
TOTAL LIABILITIES AND EQUITY		<u>2,075,627</u>	<u>2,029,773</u>


Dr. Mohammed Saud Al-Bader
Board Authorised Representative


Feras Ghassab Al Harbi
Chief Executive Officer

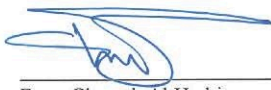

Asgar Yusuf Sarguroh
Chief Financial Officer


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

THE SAUDI ARABIAN AMIANTIT COMPANY
(A Saudi Arabian Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2025
(All amounts in thousands of Saudi Riyals unless otherwise stated)

		For the three-month period ended June 30,		For the six-month period ended June 30,	
	Note	2025	2024	2025	2024
(Unaudited)					
Continuing operations:					
Revenue	14	168,235	195,269	351,001	395,460
Cost of revenue		(164,160)	(167,918)	(333,719)	(439,001)
Gross profit (loss)		4,075	27,351	17,282	(43,541)
Impairment reversal (loss) on financial assets,net	9	4,272	19,607	11,599	(19,169)
Selling, general and administrative expenses		(25,493)	(30,151)	(52,792)	(57,750)
Operating (loss) profit		(17,146)	16,807	(23,911)	(120,460)
Other income (expense), net	13.1	(1,818)	(2,156)	24,642	634,032
Share in results of equity accounted investments	11	7,696	9,799	6,958	5,957
Finance costs		(4,644)	(5,997)	(8,976)	(14,430)
(Loss) Income before zakat and foreign income tax		(15,912)	18,453	(1,287)	505,099
Zakat		(4,750)	(8,400)	(9,500)	(16,764)
Foreign income tax		(708)	(1,424)	(1,103)	(2,149)
(Loss) Income from continuing operations		(21,370)	8,629	(11,890)	486,186
Discontinued operations:					
Loss after zakat and income tax from discontinued operations	2.2.1	-	(242)	-	(242)
(LOSS) INCOME FOR THE PERIOD		(21,370)	8,387	(11,890)	485,944
Attributable to:					
Shareholders of the Company		(20,278)	5,114	(9,618)	479,620
Non-controlling interests		(1,092)	3,273	(2,272)	6,324
		(21,370)	8,387	(11,890)	485,944
(Loss) Income per share					
Income per share attributable to the shareholders of the Company:					
Basic (SR)		(0.46)	0.12	(0.22)	10.82
Diluted (SR)		(0.46)	0.12	(0.22)	10.82
(Loss) Income per share from continuing operations					
Income per share from continuing operations attributable to the shareholders of the Company:					
Basic (SR)		(0.48)	0.19	(0.27)	10.97
Diluted (SR)		(0.48)	0.19	(0.27)	10.97
Weighted average number of shares outstanding:					
Basic ('000 shares)		44,512	44,332	44,512	44,332
Diluted ('000 shares)		44,512	44,332	44,512	44,332


Dr. Mohammed Saud Al-Bader


Feras Ghassab Al Harbi


Asgar Yusuf Sarguroh

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

THE SAUDI ARABIAN AMIANTIT COMPANY

(A Saudi Arabian Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2025

(All amounts in thousands of Saudi Riyals unless otherwise stated)

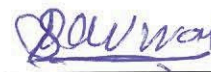
	<i>For the three-month period ended June 30,</i>		<i>For the six-month period ended June 30,</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>			
(LOSS) INCOME FOR THE PERIOD	(21,370)	8,387	(11,890)	485,944
Other comprehensive income (loss)				
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	25,465	1,802	40,269	(12,308)
Other comprehensive loss-hedging reserve from equity accounted investments	-	-	-	(46,088)
	25,465	1,802	40,269	(58,396)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Other comprehensive income-actuarial from equity accounted investments	-	-	22	-
	25,465	1,802	40,291	(58,396)
OTHER COMPREHENSIVE INCOME (LOSS)				
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,095	10,189	28,401	427,548
Attributable to:				
Shareholders of the Company	5,081	6,847	30,699	421,220
Non-controlling interests	(986)	3,342	(2,298)	6,328
	4,095	10,189	28,401	427,548



Dr. Mohammed Saud Al-Bader
Board Authorised Representative



Feras Ghassab Al Harbi
Chief Executive Officer



Asgar Yusuf Sarguroh
Chief Financial Officer

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THE SAUDI ARABIAN AMIANTIT COMPANY

(A Saudi Arabian Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2025

(All amounts in thousands of Saudi Riyals unless otherwise stated)

<i>Attributable to the shareholders of the Company</i>									
Note	Share capital	Revaluation reserve	Retained Earnings	Employee share ownership plan and reserve	Hedging reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
2025:									
As January 1, 2025 (audited)	445,500	381,140	217,289	(2,337)	-	(160,919)	880,673	30,997	911,670
Loss for the period	-	-	(9,618)	-	-	-	(9,618)	(2,272)	(11,890)
Other comprehensive income (loss)	-	-	22	-	-	40,295	40,317	(26)	40,291
Total comprehensive income (loss)	-	-	(9,596)	-	-	40,295	30,699	(2,298)	28,401
Employee share option plan and reserve movement	-	-	-	1,933	-	-	1,933	-	1,933
BALANCE AS AT JUNE 30, 2025 (unaudited)	445,500	381,140	207,693	(404)	-	(120,624)	913,305	28,699	942,004
2024:									
As January 1, 2024 (audited)	99,000	376,570	(207,399)	(644)	46,088	(145,838)	167,777	27,211	194,988
Profit for the period	-	-	479,620	-	-	-	479,620	6,324	485,944
Hedging reserve movement	-	-	-	-	(46,088)	-	(46,088)	-	(46,088)
Other comprehensive loss	-	-	-	-	-	(12,312)	(12,312)	4	(12,308)
Total comprehensive income (loss)	-	-	479,620	-	(46,088)	(12,312)	421,220	6,328	427,548
Increase in share capital through rights issue	16	346,500	-	-	-	-	346,500	-	346,500
Floatation costs paid	16	-	(22,377)	-	-	-	(22,377)	-	(22,377)
Employee share option plan and reserve movement	-	-	-	(1,693)	-	-	(1,693)	-	(1,693)
BALANCE AS AT JUNE 30, 2024 (unaudited)	445,500	376,570	249,844	(2,337)	-	(158,150)	911,427	33,539	944,966



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THE SAUDI ARABIAN AMIANTIT COMPANY
(A Saudi Arabian Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2025
(All amounts in thousands of Saudi Riyals unless otherwise stated)

		For the six-month period ended	
		June 30,	
	Note	2025	2024
		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) Income for the period		(11,890)	485,944
<i>Adjustments for non-cash items:</i>			
Depreciation and amortisation		13,015	16,186
Share in results of equity accounted investments		(6,958)	(5,957)
Zakat and foreign income tax		10,603	18,913
Zakat assessment reversal		(20,545)	-
Employees' termination benefits provision		4,205	3,374
Warranty provision, net		(131)	7,485
Impairment (reversal) loss on financial assets		(11,599)	19,169
Allowance for obsolete and slow-moving inventories		-	25,121
Onerous contract provision		-	16,643
Gain on sale of investment & loan settlement	13.1	-	(592,893)
Realized gain from hedging reserve	13.1	-	(46,088)
		(23,300)	(52,103)
<i>Changes in working capital:</i>			
Trade receivables and contract assets		12,554	13,066
Prepayments and other receivables		(7,660)	(6,486)
Inventories		(8,423)	19,651
Accounts payable		44,357	1,419
Accrued expenses, contract liabilities and other liabilities		(19,353)	(18,451)
		(1,825)	(42,904)
Zakat and foreign income tax paid		(9,463)	(19,336)
Employees termination benefits provision paid		(3,480)	(3,858)
<i>Net cash flows used in operating activities</i>		(14,768)	(66,098)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5,886)	(5,960)
<i>Net cash flows used in investing activities</i>		(5,886)	(5,960)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in share capital through rights issue	16	-	346,500
Floation costs paid	16	-	(22,377)
Net change in borrowings		(29,147)	(182,396)
Net change in lease obligations		(410)	(362)
<i>Net cash flows (used in) from financing activities</i>		(29,557)	141,365
Net change in cash and cash equivalents		(50,211)	69,307
Cash and cash equivalents at the beginning of the period		81,900	33,139
Foreign currency translation effect on cash and cash equivalents		4,026	(763)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		35,715	101,683



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Asgar Yusuf Sarguroh
Chief Financial Officer

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

THE SAUDI ARABIAN AMIANTIT COMPANY

(A Saudi Arabian Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2025

(All amounts in thousands of Saudi Riyals unless otherwise stated)

1. CORPORATE INFORMATION

The Saudi Arabian Amiantit Company ("the Company" or "SAAC") and its subsidiaries (collectively referred to as "the Group") consist of the Company and its various Saudi Arabian and foreign subsidiaries. The Group is principally engaged in manufacturing and selling various types of pipes and related products, licensing of related technologies, and water management services including related consultancy, engineering and operations.

The Company is a joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2050002103 issued in Dammam on 17 Rabi' I 1388 H (13 June 1968 G). The registered address of the Company is P.O. Box 589, First Industrial Area, Dammam 31421, Kingdom of Saudi Arabia. The Company's shares are publicly traded on the Saudi Stock Exchange ("Tadawul").

Following is the list of significant operating subsidiaries and joint ventures of the Group:

<i>Subsidiary</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Effective ownership percentage as at</i>	
			<i>June 30, 2025</i>	<i>December 31, 2024</i>
			<i>%</i>	<i>%</i>
Factory of Amiantit Fiberglass Industries Limited ("AFIL")	A	Saudi Arabia	100	100
Saudi Arabian Ductile Iron Pipes Company Limited ("SADIP")	A	Saudi Arabia	100	100
Infrastructure Engineering Contracting Company ("ISECC")	C	Saudi Arabia	100	100
Factory of Amiantit Rubber Industries Limited ("ARIL")	A	Saudi Arabia	100	100
Factory of Bondstrand Limited ("BSL")	A	Saudi Arabia	60	60
Saudi Amicon Company Limited	A	Saudi Arabia	100	100
PWT Saudi Arabia Limited ("PWT KSA")	C	Saudi Arabia	100	100
<i>Discontinued operation (note 2.2)</i>				
Ameron Saudi Arabia Limited ("ASAL")	A	Saudi Arabia	100	100
<i>Subsidiary incorporated outside Kingdom of Saudi Arabia</i>				
PWT Wasser - und Abwassertechnik GmbH ("PWT")	C	Germany	100	100
Amitech Astana LLC	A	Kazakhstan	51	51
<i>Joint venture incorporated outside Kingdom of Saudi Arabia</i>				
Amiblu Holding GmbH ("Amiblu")	A	Austria	50	50

A- Pipe manufacturing

B- Water management

C- Contracting

The countries of incorporation for these subsidiaries and joint ventures are also their principal places of business.

Environmental, Social, and Governance Commitment

The Group recognized the vital importance of integrating Environmental, Social, and Governance ("ESG") principles into every facet of our operations. Our unwavering commitment to sustainability drives us to adopt cutting-edge, eco-friendly manufacturing practices that minimize our environmental impact. By reducing waste, and conserving natural resources, we aim to safeguard the planet for future generations.

Social responsibility is at the heart of our corporate ethos. We are dedicated to fostering a diverse, inclusive, and equitable workplace where every employee feels valued and empowered. Through our comprehensive employee development programs, we support continuous learning and career growth. Additionally, we actively engage with local communities, contributing to their well-being through various social initiatives and partnerships.

In terms of governance, we adhere to the highest standards of transparency, ethical conduct, and accountability. Our robust governance framework ensures that we operate with integrity and build trust with our stakeholders. By maintaining rigorous compliance with regulatory requirements and promoting a culture of honesty and respect, we are committed to achieving long-term sustainability and creating value for all our stakeholders. Furthermore, we prioritize continuous improvement by regularly reviewing our governance practices to adapt to evolving challenges and enhance our effectiveness.

We understand that our success is intrinsically linked to our commitment to ESG principles. As we continue to lead in pipe and water technology manufacturing, we pledge to remain at the forefront of sustainable innovation, driving positive change and delivering lasting benefits to society and the environment.

2. CHANGES IN THE REPORTING ENTITY

2.1 Bank Loan Settlement Agreement and Transfer of Ownership of International Infrastructure Management and Operations Company Limited ("AMIWATER")

On December 31, 2023, the Company has signed a settlement agreement with Alinma Bank. According to this agreement, the Company will transfer the ownership of its entire shares in the International Infrastructure Management and Operation Co. Ltd., which is 100% owned by the Company, to an investment fund managed by Inma Al Foras Investment, an affiliate of this bank. In return, the bank releases the company from all its obligations towards the bank. On February 14, 2024, the procedures of transferring the subsidiary's ownership to Inma Al Foras Investment fund were completed, and the Company was relieved of all its obligations towards Alinma Bank.

THE SAUDI ARABIAN AMIANTIT COMPANY

(A Saudi Arabian Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2025****(All amounts in thousands of Saudi Riyals unless otherwise stated)****2. CHANGES IN THE REPORTING ENTITY (continued)****2.2 Discontinued Operation**

On February 20, 2019 (corresponding to 15 Jumada II 1440H), management resolved to discontinue Ameron Saudi Arabia Limited ("ASAL") operation and transfer its assets, liabilities and operations to SAAC at book value, from the date of obtaining approval from the regulatory authority. The legal formalities in this regard are in progress.

On June 30, 2025, the operation of the subsidiary was presented as discontinued operation. The business of the discontinued operation represented part of the Group's Saudi Arabian operating segment (geographical segment) until June 30, 2025.

2.2.1 The result for the six-month period ended June 30, are presented below:

	<i>Ameron Saudi Arabia Limited</i>	
	<i>2025</i>	<i>2024</i>
Expenses	-	(1)
Loss before zakat	-	(1)
Zakat	-	(241)
Loss for the period from discontinued operations	-	(242)

2.2.1 The major classes of assets and liabilities of the subsidiary as at June 30, were as follows:

	<i>Ameron Saudi Arabia Limited</i>	
	<i>June 30, 2025</i>	<i>December 31, 2024</i>
Assets		
Trade receivables (includes receivable from SAAC SR 14.1 million/(2024: SR 22.8 million))	14,103	22,759
	14,103	22,759
Liabilities		
Accrued expenses and other liabilities	-	66
Zakat and income tax payable	-	8,590
	-	8,656
Carrying amount of net assets directly related to the discontinued operation	14,103	14,103

THE SAUDI ARABIAN AMIANTIT COMPANY

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2025

(All amounts in thousands of Saudi Riyals unless otherwise stated)

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

3.1. BASIS OF PREPARATION

These interim condensed consolidated 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 Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's last annual consolidated financial statements for the year ended December 31, 2024.

These interim condensed consolidated financial statements do not include all of the information normally required for a complete set of consolidated 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 Group's financial position and performance since December 31, 2024.

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for employees' termination benefits provision which are recognized at the present value of future obligations using the Projected Unit Credit Method, lands which are recorded at revaluation model, and investment properties which are recorded at fair value model. These interim condensed consolidated financial statements are presented in Saudi Riyals which is also the functional currency of the Company and all values are rounded to the nearest thousand (SR '000), except when otherwise indicated.

3.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2024.

Comparative interim condensed consolidated statement of financial position is extracted from annual financial statements as at December 31, 2024 whereas comparative interim condensed consolidated statement of profit or loss account and other comprehensive income, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity are extracted from unaudited interim condensed consolidated financial statements of the Group for the six-month period ended June 30, 2024.

3.3. FAIR VALUE MEASUREMENT

The Group measures financial instruments, such as financial derivatives, at fair value at each reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

THE SAUDI ARABIAN AMIANTIT COMPANY

(A Saudi Arabian Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2025

(All amounts in thousands of Saudi Riyals unless otherwise stated)

3. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

3.3. FAIR VALUE MEASUREMENT (continued)

For assets and liabilities that are recognised in the interim condensed consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

The valuation techniques used to determine the fair value of lands and investment properties are classified as level 3 fair value.

3.4. NEW IFRS STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2025 and has been explained in Group annual consolidated financial statements for the year ended December 31, 2024, but they do not have a material effect on the Group's interim condensed consolidated financial statements.

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4. GOING CONCERN BASIS OF ACCOUNTING

These interim condensed consolidated financial statements have been prepared under the assumption that the Group will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. This preparation is based on the going concern basis of accounting, which assumes that the Group has the ability to meet its obligations as they come due without the need to liquidate assets outside the ordinary course of business. Specifically, the Group expects to meet the mandatory repayment terms of the credit facilities as detailed in Note 13 of these financial statements and the obligations related to trade payables.

5. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The significant areas of estimation uncertainty and critical adjustments in applying accounting policies that have most significant effect on the amounts recognized in the accompanying interim condensed consolidated financial statements are as follows:

- a) Uncertain zakat and tax positions,
- b) Impairment loss on financial assets - trade receivables, non-current receivables and contract assets.
- c) Impairment of equity accounted investments,
- d) Impairment of property, plant and equipment
- e) Economic useful lives of property, plant, equipment
- f) Use of percentage of completion and estimated cost to complete a contract,
- g) Long-term assumptions for employees' termination benefits,
- h) Right-of-use assets and lease liabilities,
- i) Revenue recognition – judgements in respect of nature and timings of the satisfaction of performance obligation including significant payment terms and related revenue recognition policies. This results in decision on whether revenue is to be recognised overtime or at appoint in time.

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6. SEGMENT INFORMATION

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

- (i) Manufacturing and selling various types of pipes and development and licensing of related technologies; and
- (ii) Water management and related consultancy, engineering and operations.

Selected financial information as at June 30, 2025 and December 31, 2024 and for the six-month periods ended June 30, 2025 and 2024, summarized by the above business segments, are as follows:

	<i>Pipe manufacturing and technology</i>	<i>Water management</i>	<i>Eliminations</i>	<i>Total</i>
As at and for the six-month period ended June 30, 2025				
Sales to external customers	306,767	44,234	-	351,001
Inter-segment	27,909	28	(27,937)	-
Total revenue	334,676	44,262	(27,937)	351,001
Share in results of equity accounted investments	6,958	-	-	6,958
Finance costs	(8,445)	(531)	-	(8,976)
Depreciation and amortisation	(12,780)	(235)	-	(13,015)
Zakat and foreign income taxes	(10,553)	(50)	-	(10,603)
Net income (loss)	4,758	(16,648)	-	(11,890)
Capital expenditure	(5,856)	(30)	-	(5,886)
Equity accounted investments	405,279	-	-	405,279
Total assets	1,636,013	439,614	-	2,075,627
Total liabilities	(845,316)	(288,307)	-	(1,133,623)
As at and for the six-month period ended June 30, 2024				
Sales to external customers	367,990	27,470	-	395,460
Inter-segment	12,046	34	(12,080)	-
Total revenue	380,036	27,504	(12,080)	395,460
Share in results of equity accounted investments	5,357	600	-	5,957
Finance costs	(12,541)	(1,889)	-	(14,430)
Depreciation and amortization	(15,883)	(303)	-	(16,186)
Zakat and foreign income taxes	(18,495)	(418)	-	(18,913)
Net income (loss)	539,419	(53,475)	-	485,944
Capital expenditures	(5,446)	(514)	-	(5,960)
As at December 31, 2024:				
Equity accounted investments	366,556	-	-	366,556
Total assets	1,630,021	399,752	-	2,029,773
Total liabilities	(875,285)	(242,818)	-	(1,118,103)

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The Group's operations are conducted in Saudi Arabia, Europe and other geographical areas. Selected financial information as at June 30, 2025 and December 31, 2024 and for the six-month periods ended June 30, 2025 and 2024, summarized by geographic area, are as follows:

	<i>Saudi Arabia</i>	<i>Europe</i>	<i>Other Countries</i>	<i>Eliminations</i>	<i>Total</i>
As at and for the six-month period ended June 30, 2025:					
Revenue	332,611	44,261	2,066	(27,937)	351,001
Non-current assets:					
- Property, plant and equipment	504,463	1,023	15,370	-	520,856
- Other non-current assets	29,603	347,175	46,006	-	422,784
As at and for the six-month period ended June 30, 2024:					
Revenue	307,503	24,431	75,606	(12,080)	395,460
As at December 31, 2024:					
Non-current assets:					
- Property, plant and equipment	510,226	1,032	15,492	-	526,750
- Other non-current assets	28,765	310,973	44,271	-	384,009

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7. FINANCIAL INSTRUMENTS

Fair value measurements of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

<i>June 30, 2025</i>						
	<i>Carrying amount</i>		<i>Fair value</i>			
	<i>Fair value</i>	<i>Amortised cost</i>	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Financial assets:						
Trade receivables	-	450,813	450,813	-	-	-
Contract assets	-	343,928	343,928	-	-	-
Cash and cash equivalents	-	35,715	35,715	-	-	-
	-	830,456	830,456	-	-	-
Financial liabilities:						
Short-term borrowings	-	61,264	61,264	-	-	-
Accounts payable	-	237,038	237,038	-	-	-
Accrued expenses and other liabilities	-	95,494	95,494	-	-	-
Contract liabilities	-	49,266	49,266	-	-	-
	-	443,062	443,062	-	-	-
<i>December 31, 2024</i>						
	<i>Carrying amount</i>		<i>Fair value</i>			
	<i>Fair value</i>	<i>Amortised cost</i>	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Financial assets:						
Trade receivables	-	455,022	455,022	-	-	-
Contract assets	-	299,224	299,224	-	-	-
Cash and cash equivalents	-	81,900	81,900	-	-	-
	-	836,146	836,146	-	-	-
Financial liabilities:						
Short-term borrowings	-	73,568	73,568	-	-	-
Accounts payable	-	182,650	182,650	-	-	-
Accrued expenses and other liabilities	-	111,167	111,167	-	-	-
Contract liabilities	-	42,682	42,682	-	-	-
	-	410,067	410,067	-	-	-

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8 CASH AND CASH EQUIVALENTS

	<i>June 30, 2025</i>	<i>December 31, 2024</i>
Cash in hand	661	1,072
Cash at banks	23,798	67,219
Time deposits	10,987	13,340
Restricted cash	269	269
	<u>35,715</u>	<u>81,900</u>

Restricted cash represents funds reserved for compensating shareholders who did not exercise their subscription rights in the capital share increase through rights issue, including fractional shares.

Time deposits maintained with commercial banks, these deposits earn financial income at current market rates.

9. RECEIVABLES AND CONTRACT ASSETS
9.1. Trade receivables

	<i>June 30, 2025</i>	<i>December 31, 2024</i>
Trade receivables-third parties	329,385	346,328
Trade receivables under legal collection	427,794	422,617
Retentions receivable	13,532	13,884
Trade receivables - related parties	2,311	4,533
	<u>773,022</u>	<u>787,362</u>
Less: impairment loss on financial assets-third parties	(87,020)	(98,015)
Less: impairment loss on financial assets-receivable under legal collection and retention	(233,119)	(230,930)
Less: impairment loss on financial assets-related parties	(2,070)	(3,395)
	<u>(322,209)</u>	<u>(332,340)</u>
	<u>450,813</u>	<u>455,022</u>

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

The movement in the impairment loss on financial assets is as follows:

	<i>June 30, 2025</i>	<i>December 31, 2024</i>
	<i>SR'000</i>	<i>SR'000</i>
At January 1,	332,340	309,670
Additions	-	27,652
Reversals	(11,599)	-
Write offs	(1,480)	(3,873)
Currency translation adjustments	2,948	(1,109)
At the end of the period/year	<u>322,209</u>	<u>332,340</u>

Trade receivables under legal collection ("TRULC") are expected, due to length of the collection process, to be collected after one year from the reporting date. Virtually all the balance of TRULC is outstanding for more than two years. As at June 30, 2025, the balance of TRULC is carried net of an allowance for impairment of SR 232.7 million (December 31, 2024: SR 230.4 million). The allowance for impairment is calculated based on the estimate of legal advisors and lawyers of the amount to be collected.

Retentions receivable are non-interest bearing and are generally collectable upon project completion. As at June 30, 2025, the balance of retentions receivable is carried net of an allowance for impairment of SR 0.4 million (December 31, 2024: SR 0.6 million).

Set out below is the information about the credit risk exposure on the Company trade receivables using a provision matrix:

	<i>Not past due</i>	<i>Days past due</i>				<i>Total</i>
		<i>< 180 days</i>	<i>181-365 days</i>	<i>366-730 days</i>	<i>> 730 days</i>	
June 30, 2025						
Gross carrying amount	62,192	154,713	33,743	15,930	506,444	773,022
Expected credit loss	(1,428)	(12,452)	(9,330)	(5,688)	(293,311)	(322,209)
Net trade receivables	<u>60,764</u>	<u>142,261</u>	<u>24,413</u>	<u>10,242</u>	<u>213,133</u>	<u>450,813</u>
December 31, 2024						
Gross carrying amount	79,181	162,177	19,028	19,375	507,601	787,362
Expected credit loss	(2,043)	(13,610)	(5,431)	(8,808)	(302,448)	(332,340)
Net trade receivables	<u>77,138</u>	<u>148,567</u>	<u>13,597</u>	<u>10,567</u>	<u>205,153</u>	<u>455,022</u>

9.2. Contract assets

	<i>June 30, 2025</i>	<i>December 31, 2024</i>
Contract assets (note 14.2.a)	346,064	301,360
Less: impairment loss on contract assets	(2,136)	(2,136)
	<u>343,928</u>	<u>299,224</u>

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10. INVENTORIES

	<i>June 30, 2025</i>	<i>December 31, 2024</i>
	<i>SR'000</i>	<i>SR'000</i>
Raw materials	57,576	61,273
Work in process	11,665	10,981
Supplies, not held for sale	74,359	72,293
Finished products	181,572	173,202
Goods in transit	3,382	2,289
	<u>328,554</u>	<u>320,038</u>
Less: provision for inventory obsolescence	<u>(108,277)</u>	<u>(108,277)</u>
	<u>220,277</u>	<u>211,761</u>

During the period ending June 30, 2025, the Group recorded SR nil provision (December 31, 2024: SR 24.3 million) on write down of cost of inventories to net realizable value under cost of revenue. The allowance for obsolete and slow moving inventories is based on nature of inventories, ageing profile, their expiry and sales expectation based on historic trends and other qualitative factors.

11. EQUITY ACCOUNTED INVESTMENTS

The equity accounted investments comprise the following:

	<i>June 30, 2025</i>	<i>December 31, 2024</i>
Interests in joint ventures		
Amiblu Holding GmbH ("Amiblu")	311,739	281,744
Total interests in joint ventures	<u>311,739</u>	<u>281,744</u>
Investments in associates:		
Amiantit Qatar Pipe Company Limited ("AQAP")	45,580	43,847
Other associates	47,960	40,965
Total investment in associates	<u>93,540</u>	<u>84,812</u>
Total equity accounted investments	<u>405,279</u>	<u>366,556</u>

The movement in the interests in joint ventures is as follows:

	<i>For the six-month period ended June 30, 2025</i>	<i>For the year ended December 31, 2024</i>
Interests in joint ventures		
At the beginning of the period/year	281,744	402,723
Share in results	2,524	11,394
Transfer of investment	-	(135,668)
Currency translation adjustments	27,471	3,295
At the end of the period/year	<u>311,739</u>	<u>281,744</u>

During 2024, as mentioned in note 2.1, regarding the bank loan settlement agreement for Alinma Bank, the ownership of the International Infrastructure Management and Operations Company Limited ("Amiwater") has been transferred to an investment fund managed by Inma Al Foras Investment, an affiliate of this bank. Prior to this assignment, Amiwater had an equity investment in International Water Distribution Company ("Tawzea") with a carrying value of SR 135.7 million. The assignment of "Amiwater" led to the transfer of ownership of this investment "Tawzea" to the investment fund managed by Inma Al Foras Investment, an affiliate of Alinma bank.

The movement in the investment in associates is as follows:

	<i>For the six-month period ended June 30, 2025</i>	<i>For the year ended December 31, 2024</i>
Investments in associates		
At the beginning of the period/year	84,812	80,310
Share in results	4,434	11,461
Impairment	-	(1,283)
Dividends	-	(3,817)
Currency translation adjustments	4,272	(1,859)
Share of other comprehensive income (loss)-actuarial	22	-
At the end of the period/year	<u>93,540</u>	<u>84,812</u>

During 2024, the Company determines that there is an objective evidence that the investment in Amiblu Germany are to be impaired. The Group calculates the amount of impairment as the difference between the recoverable amount of the associate amounting to SR 2.2 million and its carrying value of SR 3.5 million hereby resulting with an impairment for an amount SR 1.3

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12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and land improvements	Plant machinery and equipment	Furniture fixtures and office	Construction in progress	Total
The cost						
Balance as on 1 January, 2025	536,194	335,445	975,320	55,297	11,448	1,913,704
Additions during the period	-	150	2,234	739	2,763	5,886
Disposals during the year	-	-	(237)	(999)	-	(1,236)
Currency translation adjustments	-	43	824	1,674	-	2,541
Balance as on June 30, 2025	<u>536,194</u>	<u>335,638</u>	<u>978,141</u>	<u>56,711</u>	<u>14,211</u>	<u>1,920,895</u>
Accumulated depreciation and impairment:						
Balance as on 1 January, 2025	150,000	276,990	903,936	51,422	4,606	1,386,954
Charged for the period	-	4,135	7,501	645	-	12,281
Disposals during the year	-	-	(237)	(999)	-	(1,236)
Currency translation adjustments	-	42	415	1,583	-	2,040
Balance as on June 30, 2025	<u>150,000</u>	<u>281,167</u>	<u>911,615</u>	<u>52,651</u>	<u>4,606</u>	<u>1,400,039</u>
Net book value						
As on June 30, 2025	<u>386,194</u>	<u>54,471</u>	<u>66,526</u>	<u>4,060</u>	<u>9,605</u>	<u>520,856</u>
	Land	Buildings and land improvements	Plant machinery and equipment	Furniture fixtures and office	Construction in progress	Total
The cost						
Balance as on 1 January, 2024	531,624	334,383	968,184	54,803	9,687	1,898,681
Additions during the year	-	1,770	9,470	1,359	1,761	14,360
Disposals during the year	-	-	(38)	-	-	(38)
Movement in valuation reserve	4,570	-	-	-	-	4,570
Currency translation adjustments	-	(708)	(2,296)	(865)	-	(3,869)
Balance as on December 31, 2024	<u>536,194</u>	<u>335,445</u>	<u>975,320</u>	<u>55,297</u>	<u>11,448</u>	<u>1,913,704</u>
Accumulated depreciation and impairment:						
Balance as on 1 January, 2024	150,000	269,113	885,345	50,093	4,606	1,359,157
Charged for the year	-	8,593	19,889	1,523	-	30,005
Disposals during the year	-	-	(38)	-	-	(38)
Impairment of asset	-	-	37	614	-	651
Currency translation adjustments	-	(716)	(1,297)	(808)	-	(2,821)
Balance as on December 31, 2024	<u>150,000</u>	<u>276,990</u>	<u>903,936</u>	<u>51,422</u>	<u>4,606</u>	<u>1,386,954</u>
Net book value						
As on December 31, 2024	<u>386,194</u>	<u>58,455</u>	<u>71,384</u>	<u>3,875</u>	<u>6,842</u>	<u>526,750</u>

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- Reference to the Capital Market Authority (CMA) Board of Commissioners resolution dated 15/01/1438H corresponding to 16/10/2016G, which obligated listed companies to apply the cost model to measure the property, plant, equipment, investment property, and intangible assets upon adopting the International Financial Reporting Standards (IFRS) for three years period starting from the IFRS adopting date, while continuing to abide by the disclosure requirements of the IFRS that are endorsed in Saudi Arabia, which require or encourage the disclosure of the fair value within the notes to the financial statements. The resolution indicated that CMA will analyze the feasibility of continuing to apply the cost model upon completing the aforementioned period, or the feasibility of allowing the application of the fair value or the revaluation model.
- As of December 31, 2024, the management appointed at least two independent valuers licensed by the Saudi Authority for Accredited Valuers ("TAQEEM") to assess both the land and investment properties in preparation for its consolidated financial statements. This is in accordance with the requirements of the Saudi Capital Market Authority, utilizing the fair value model. The lower of the two valuations is selected as follows:

Dammam, KSA Land Valuation:

Area	Adjusted Book Value	Evaluators		Lowest Valuation	Revaluation Increase
		Injazat Office	Mwathiqoon Office		
Industrial Lands (1+2) Dammam	373,082	378,100	498,522	378,100	5,018

Zwingenberg ,Germany Land Valuation:

Area	Adjusted Book Value	Evaluators		Lowest Valuation	Revaluation Increase
		Better for Real Estate	Phi Technical Advisory		
Zwingenberg - Germany	8,542	9,893	8,094	8,094	(448)
Total	381,624			386,194	4,570

The revaluation reserve is not available for distribution of dividends to shareholders.

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On December 31, 2023, the Company has signed a settlement agreement with Alinma Bank. According to this agreement, the Company will transfer the ownership of its entire shares in the International Infrastructure Management and Operation Co. Ltd., which is 100% owned by the company, to an investment fund managed by the financial company affiliated by this bank. In return, the bank releases the company from all its obligations towards the bank, amounting to SAR 572.7 million. On February 14, 2024, the procedures of transferring the subsidiary's ownership to Alinma Bank's investment fund were completed, and the company was relieved of all its obligations towards Alinma Bank.

As result, an accounting profits of SAR 482.5 million were booked represented by the following:

- An amount of SAR 436.4 million resulting from the difference between the financial obligations due from the company to Alinma bank, amounting to SAR 572.7 million, and the book value of the International Infrastructure Management and Operation Company Ltd. which amounts to SAR 136.3 million.
- An amount of SAR 46.1 million resulting from the reversal of hedging reserve against the interest rate risk and/or foreign currency risk related to the investment of the transferred company.

On February 15, 2024, an agreement was signed to settle the entire facilities due to the Saudi National Bank amounting to SAR 313.0 million, by getting a discount on settlement by 50% over the total outstanding liabilities due to the bank from the Company, where the amount of SAR 156.5 million will be paid, and the Company will be exempted from the remaining amount of SAR 156.5 million as a settlement of the entire facilities due to the Bank. On March 21, 2024, all the obligations owed by the Company to the Saudi National Bank amounting to SAR 313.0 million were settled at a 50% discount, by paying SAR 156.5 million from the proceeds of the capital increase and exempting the Company from all its remaining obligations to the Saudi National Bank. As result, an accounting profits of SAR 156.5 million were booked.

During the period ending June 30, 2024, the total financial impact of these two settlements has been recorded as accounting profit of SAR 639.0 million and did not result in any cash in-flow within the company.

13.2 Short-term borrowings

Short-term borrowings comprise the following:

	<i>June 30,</i> <i>2025</i>	<i>December 31,</i> <i>2024</i>
Short-term bank loans	<u>3,617</u>	<u>17,376</u>
Current portion of long-term loans	<u>57,647</u>	<u>56,192</u>
	<u>61,264</u>	<u>73,568</u>

The short-term borrowings are secured by promissory notes given by the Group and the carrying values are denominated in the following currency:

	<i>June 30,</i> <i>2025</i>	<i>December 31,</i> <i>2024</i>
Saudi Riyals	<u>3,379</u>	<u>17,166</u>
Other currency	<u>238</u>	<u>210</u>
	<u>3,617</u>	<u>17,376</u>

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13. BORROWINGS (continued)

13.3 Long-term borrowings

Long term borrowings comprise the following:

	<i>June 30, 2025</i>	<i>December 31, 2024</i>
Commercial bank loans	225,147	240,442
Current portion shown under current liabilities	(57,647)	(56,192)
Non-current portion shown under non-current liabilities	167,500	184,250

The long-term borrowings are secured by promissory notes given by the Group and the carrying values are denominated in the following currency:

	<i>June 30, 2025</i>	<i>December 31, 2024</i>
Saudi Riyals	217,750	233,110
US dollars	7,397	7,332
	225,147	240,442

14. REVENUE

14.1. DISAGGREGATED REVENUE INFORMATION

For the six-month period ended June 30,

<u>Segment</u>	<i>2025</i>	<i>2024</i>
Type of goods or service		
Sale of goods	289,945	353,289
Construction contracts	61,056	42,171
Total revenue	351,001	395,460
Type of customer		
Government and quasi-government customers	6,162	7,184
Corporate customers	344,839	388,276
Total revenue	351,001	395,460

THE SAUDI ARABIAN AMIANTIT COMPANY

(A Saudi Arabian Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2025

(All amounts in thousands of Saudi Riyals unless otherwise stated)

14. REVENUE (continued)

14.1. DISAGGREGATED REVENUE INFORMATION (continued)

For the six-month period ended June 30,

<u>Segment</u>	<u>2025</u>	<u>2024</u>
Geographical markets		
Central region	71,048	67,044
Western region	68,526	15,245
Eastern region	149,348	149,570
Europe	36,524	15,790
Exports and other foreign subsidiaries	25,555	147,811
Total revenue	351,001	395,460

14.2. CONTRACT BALANCES

	<i>June 30, 2025</i>	<i>December 31, 2024</i>
Trade receivables (notes 9.1)	450,813	455,022
Contract assets (notes 9.2 and 14.2.a below)	343,928	299,224
Contract liabilities (see note 14.2.b below)	49,266	42,682

a) Contract assets:

Contract assets are initially recognised for revenue earned from construction contracts as receipt of consideration is conditional on successful completion of specific milestones. Upon completion of a milestone and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

The contract asset gross of impairment balance increased by SR 44.7 million (December 31, 2024: SR 26.9 million decreased) during the period, from SR 301.4 million at the beginning of the period to SR 346.1 million at the end of the period ending June 30, 2025.

Significant changes to the contract asset balances are explained as follows:

- Additional contract assets recognized during the period of SR 60.2 million (December 31, 2024: SR 102.9 million) due to progress in satisfying performance obligations.
- Transfers from contract assets to receivables during the period in the amount of SR 53.9 million (December 31, 2024: SR 93.6 million) upon the satisfaction of performance obligations.
- Effects of foreign currency exchange rates from foreign operations have been reflected during the period with an increase of SR 38.4 million (December 31, 2024: SR 18.6 million decrease).
- PWT Germany (A 100% owned subsidiary of the Company) recorded a write down of contract assets for SR nil during the year (December 31, 2024 : SR 17.6 million).

As at June 30, 2025, the contract assets are carried net of an impairment loss of SR 2.1 million (December 31, 2024: SR 2.1 million).

These movements reflect the company's activities and progress in fulfilling its obligations under contracts with customers. The changes in balances are consistent with the Group's expectations based on the timing and nature of the contracts and do not represent any unexpected risks or uncertainties in the revenue recognition practices.

Movement in contract assets is as follows:

	<i>June 30, 2025</i>	<i>December 31, 2024</i>
Opening balance	301,360	328,287
Revenue recognized during the period/year	60,216	102,874
Invoiced during the period/year	(53,918)	(93,558)
Write down of contract assets during the period/year	-	(17,643)
Currency translation adjustments	38,406	(18,600)
	346,064	301,360
Impairment loss on contract assets	(2,136)	(2,136)
Closing balance	343,928	299,224

b) Contract liabilities:

Contract liabilities include long-term advances against construction contracts.

Revenue recognized from amounts included in contract liabilities at the beginning of 2025 amounted to SR 0.8 million for the six-month period ended June 30, 2025 (December 31, 2024 : SR 11.7 million).

Movement in contract liabilities is as follows:

	<i>June 30, 2025</i>	<i>December 31, 2024</i>
	<i>SR '000</i>	<i>SR '000</i>
Opening balance	42,682	46,164
Revenue recognized during the period/year	(840)	(11,677)
Invoiced during the period/year	2,181	10,785
Currency translation adjustments	5,243	(2,590)
Closing balance	49,266	42,682

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2025****(All amounts in thousands of Saudi Riyals unless otherwise stated)****14. REVENUE (continued)****14.3. PERFORMANCE OBLIGATIONS****a) Sale of goods:**

The performance obligation is satisfied upon delivery of the goods and payment is generally due in advance or within 90 days from delivery.

b) Construction contracts:

Revenue is recognised over time based on the input method to measure progress towards the completion of the performance obligation. The related costs are recognised in the statement of profit or loss when they are incurred. Payment terms comprise a long-term advance, progress payments and payment of retentions one or two years after completion of the project. The duration of each project depends on the size and complexity of customer design and normally span for more than one year.

The Group's performance obligation is satisfied over time and the Group does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date.

15. CONTINGENCIES AND COMMITMENTS

15.1. The Group was contingently liable for bank guarantees issued in the normal course of the business amounting to SR 48.8 million at June 30, 2025.

15.2. The capital expenditure contracted by the Group but not yet incurred till June 30, 2025 was approximately SR 5.8 million.

15.3. The Group owns a plot of industrial land in Jeddah from 2009 onwards. This land is recorded at book value of SAR 150 million recorded in the books of the subsidiary and the consolidated statement of financial position of the Group and as of 30 June 2025. The Group has property, plant, and equipment with a carrying amount worth SAR 18.5 million (December 31, 2024 : SAR 19.9 million). A dispute has arisen over this land and in light of this, the Company has booked an impairment for the full value of the land of SAR 150 million, while the same dispute has already been decided and a royal order has been issued to prove the land to its current owners. Currently, in furtherance of the previous royal order, another royal order has been issued, a copy of which we have not received, but the Jeddah Municipality has begun to take the necessary measures to stabilize the land for its current owners, we would like to clarify that we are currently unsure of the percentage of ownership we can obtain from the land in accordance with the new Royal Order, and we will reverse the impairment provision once we obtain the electronic deed.

16. SHARE CAPITAL

	<i>June 30, 2025</i>	<i>December 31, 2024</i>
<i>Authorized, issued and fully paid</i>		
Number of ordinary shares with a nominal value of SR 10 per share	44,550,000	44,550,000
Share capital (SR'000)	445,500	445,500

The authorized share capital of the Company comprised 44.55 million ordinary shares stated at SR 10 per share. All shares are issued and fully paid. (December 31, 2024: 44.55 million ordinary shares stated at SR 10 per share).

On February 20, 2024, the Company's shareholders approved to increase the share capital through rights issue of 34.65 million ordinary shares of SR 10 each to increase the number of shares from 9.9 million shares to 44.55 million shares of SR 10 each and use the net proceeds to finance the working capital as well as repayment of commercial banks.

The total costs related to increasing the company's capital by SR 346.5 million by issuing priority rights shares, which were approved by the extraordinary general assembly of shareholders, and subscribed in full during the year ended 31 December 2024, amounted to SR 22.4 million. As these costs are related to an equity transactions, it was recorded directly as deduction from the equity attributable to the shareholders of the company.

17. DATE OF AUTHORIZATION:

These interim condensed consolidated financial statements were authorized for issue by the Company's Board of Directors on August 04, 2025G (corresponding to Safar 10, 1447H).