



**Watani Iron Steel Company**  
(A Saudi Joint Stock Company)  
**Interim Financial Statements**  
**For the three-month and six-month period ended 30 June 2025**  
**Together with the Independent Auditor's Review Report**

**Watani Iron Steel Company**  
(A Saudi Joint Stock Company)  
**Interim Financial Statements Together with the Independent Auditor's Review Report**  
**(Unaudited)**  
**the six-month period ended 30 June 2025**

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<b><u>Index</u></b>	<b><u>Pages</u></b>
Independent Auditor's Review Report on the Interim Financial Statements	1
Interim Statement of Financial Position	2
Interim Statement of Profit or Loss and Other Comprehensive Income	3
Interim Statement of Changes in Equity	4
Interim Statement of Cash Flows	5
Notes to the Interim Financial Statements	6 – 11

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS (1/1)

TO THE SHAREHOLDERS OF WATANI IRON STEEL COMPANY  
(A SAUDI JOINT STOCK COMPANY)

**INTRODUCTION**

We have reviewed the accompanying interim statement of financial position of Watani Iron Steel Company (the "Company") as at 30 June 2025 and the related interim Statement of profit or loss and other comprehensive Income for the three-month and six-month periods then ended and the interim statement of changes in equity and cash flows for the six-month period then ended, and a summary of material accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim financial statements based on our review.

**SCOPE OF REVIEW**

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

**CONCLUSION**

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


For PKF Al Bassam  
Chartered Accountants.

Imhaim Ahmed Al-Bassam  
Certified Public Accountant  
License No. 337  
Riyadh - Kingdom of Saudi Arabia  
18 Safar 1447H  
Corresponding to: 12 August 2025




**Watani Iron Steel Company**  
(A Saudi Joint Stock Company)  
**Interim Statement of Financial Position**  
**As of 30 June 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	254,514,132	255,900,168
Projects in progress	6	-	6,881,225
Intangible assets		25,944,262	25,944,262
<b>Total non-current assets</b>		<b>280,458,394</b>	<b>288,725,655</b>
<b>Current assets</b>			
Inventory	8	78,041,022	64,818,666
Trade receivables	9	5,012,201	2,680,650
Prepayments and other debit balances	10	4,712,624	1,758,269
Cash and cash equivalents		20,927,200	12,058,909
<b>Total current assets</b>		<b>108,693,047</b>	<b>81,316,494</b>
<b>Total assets</b>		<b>389,151,441</b>	<b>370,042,149</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity</b>			
Share capital	1	181,650,000	181,650,000
Statutory reserve		18,235,056	18,235,056
Actuarial reserve		(67,504)	(67,504)
Retained earnings		52,654,705	51,538,221
<b>Total equity</b>		<b>252,472,257</b>	<b>251,355,773</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Employees' post-employment benefits		8,935,441	8,242,884
<b>Total non-current liabilities</b>		<b>8,935,441</b>	<b>8,242,884</b>
<b>Current liabilities</b>			
Short-term loans	12	75,095,993	64,158,681
Trade payables		43,101,035	37,029,918
Accrued expense and other credit balances		9,510,323	8,993,065
Zakat provision	11	36,392	261,828
<b>Total current liabilities</b>		<b>127,743,743</b>	<b>110,443,492</b>
<b>Total liabilities</b>		<b>136,679,184</b>	<b>118,686,376</b>
<b>Total equity and liabilities</b>		<b>389,151,441</b>	<b>370,042,149</b>
Capital commitments and contingent assets and liabilities	13		

  
**Financial Manager**  
Mohammed Hamdi Ahmed

  
**Chief Executive Officer**  
Yousuf Mohammed Al Tarif

  
**Board of Directors Chairman**  
Meshal Abdul Karim Al Rajhi

The accompanying notes 1 to 18 form an integral part of these interim financial statements.



**Watani Iron Steel Company**  
(A Saudi Joint Stock Company)  
**Interim Statement of Profit or Loss and Other Comprehensive Income**  
**For the three-month and six-month period ended 30 June 2025**  
(All amounts in Saudi Riyals unless otherwise stated)

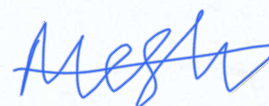
	Note	For the Three-month period ended 30 June		For the six-month period ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Sales		97,519,143	128,653,804	216,989,580	273,997,878
Cost of sales		(96,176,423)	(124,692,475)	(205,710,737)	(259,038,628)
<b>Gross profit</b>		<b>1,342,720</b>	<b>3,961,329</b>	<b>11,278,843</b>	<b>14,959,250</b>
Selling and marketing expenses		(364,844)	(504,328)	(858,453)	(948,352)
General and administrative expenses		(3,540,271)	(3,775,696)	(7,408,407)	(7,761,473)
Reverse of inventory provision impairment	8-1	1,425,000	-	-	-
<b>Operating (loss) / profit</b>		<b>(1,137,395)</b>	<b>(318,695)</b>	<b>3,011,983</b>	<b>6,249,425</b>
Finance cost		(1,460,338)	(1,460,909)	(2,825,397)	(3,285,166)
Other income, net		756,775	250,532	959,522	550,823
<b>Net (loss) / profit for the period before zakat</b>		<b>(1,840,958)</b>	<b>(1,529,072)</b>	<b>1,146,108</b>	<b>3,515,082</b>
<b>Reverse / (expense) of Zakat</b>	11-2	<b>84,417</b>	<b>25,644</b>	<b>(29,624)</b>	<b>(104,734)</b>
<b>Net (loss) / profit for the period after Zakat</b>		<b>(1,756,541)</b>	<b>(1,503,428)</b>	<b>1,116,484</b>	<b>3,410,348</b>
Other comprehensive income items for the period		-	-	-	-
<b>Total Comprehensive (loss) / income for the period</b>		<b>(1,756,541)</b>	<b>(1,503,428)</b>	<b>1,116,484</b>	<b>3,410,348</b>
<b>Earnings per share:</b>					
<b>(Loss) / Profit of Basic and diluted earnings per share of net income for the period</b>	14	<b>(0,01)</b>	<b>(0,01)</b>	<b>0,01</b>	<b>0,02</b>



**Financial Manager**  
**Mohammed Hamdi Ahmed**



**Chief Executive Officer**  
**Yousuf Mohammed Al Tarif**



**Board of Directors Chairman**  
**Meshal Abdul Karim Al Rajhi**

The accompanying notes 1 to 18 form an integral part of these interim financial statements.

**Watani Iron Steel Company**  
(A Saudi Joint Stock Company)  
**Interim Statement of Changes in Equity**  
For the six-month period ended 30 June 2025  
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Actuarial reserve	Retained earnings	Total
<b>For the six-month period ended 30 June 2024</b>					
At 1 January 2024 (audited)	181,650,000	18,235,056	884,018	41,670,316	242,439,390
Net profit for the period	-	-	-	3,410,348	3,410,348
Comprehensive income for the period	-	-	-	-	-
<b>Balance at 30 June 2024 (unaudited)</b>	<b>181,650,000</b>	<b>18,235,056</b>	<b>884,018</b>	<b>45,080,664</b>	<b>245,849,738</b>
<b>For the six-month period ended 30 June 2025</b>					
At 1 January 2025 (audited)	181,650,000	18,235,056	(67,504)	51,538,221	251,355,773
Net profit for the period	-	-	-	1,116,484	1,116,484
Comprehensive income for the period	-	-	-	-	-
<b>Balance at 30 June 2025 (unaudited)</b>	<b>181,650,000</b>	<b>18,235,056</b>	<b>(67,504)</b>	<b>52,654,705</b>	<b>252,472,257</b>



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**Watani Iron Steel Company**  
(A Saudi Joint Stock Company)  
**Interim Statement of Cash Flows**  
**the six-month period ended 30 June 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

		For the six-month period ended 30 June	
		2025	2024
	Note	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>			
Net profit for the period before Zakat		1,146,108	3,515,082
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	5	10,549,435	10,418,253
Employees' post-employment benefits		728,601	674,259
Finance cost		2,825,397	3,285,166
		<u>15,249,541</u>	<u>17,892,760</u>
<b>Changes in:</b>			
Inventory		(13,222,356)	9,079,997
Trade receivables		(2,331,551)	(367,536)
Prepayments and other debit balances		(2,954,355)	(3,225,154)
Trade payables		6,071,117	4,496,769
Accrued expense and other credit balances		517,258	1,337,231
<b>Cash generated from operating activities</b>		<u>3,329,654</u>	<u>29,214,067</u>
Zakat paid	11-2	(255,060)	(133,606)
Employees' post-employment benefits paid		(36,044)	(115,468)
<b>Net cash generated from operating activities</b>		<u>3,038,550</u>	<u>28,964,993</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	5	(1,968,674)	(333,368)
Additions to projects in progress	6	(313,500)	(3,176,894)
<b>Net cash used in investing activities</b>		<u>(2,282,174)</u>	<u>(3,510,262)</u>
<b>Cash flows from financing activities</b>			
Proceeds from short-term loans	12	129,000,000	95,000,000
Repayment of short-term loans	12	(119,158,682)	(118,156,636)
Finance cost paid		(1,729,403)	(1,962,981)
<b>Net cash generated from / (used in) financing activities</b>		<u>8,111,915</u>	<u>(25,119,617)</u>
<b>Net change in cash and cash equivalent</b>		<u>8,868,291</u>	<u>335,114</u>
Cash and cash equivalent beginning of the period		<u>12,058,909</u>	<u>9,509,407</u>
<b>Cash and cash equivalent at the end of the period</b>		<u>20,927,200</u>	<u>9,844,521</u>

**Non-cash transactions:**

Transfers from projects in progress to property, plant, and equipment	5	7,194,725	-
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**Financial Manager**  
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**Chief Executive Officer**  
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**Board of Directors Chairman**  
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**Watani Iron Steel Company**  
(A Saudi Joint Stock Company)  
**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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**1. LEGAL STATUS AND OPERATIONS**

Watani Iron Steel Company (“The Company”) is a Saudi joint stock company- listed. The Company initially commenced trading as limited liability on 23/8/1429H corresponding to 24/8/2008 and operates under the Companies Law in the Kingdom of Saudi Arabia under unified Commercial Registration No, 7001657688 issued in Riyadh.

The company also operates under an industrial facility license issued by the Ministry of Industry and Mineral Resources with decision No. (451110133264) dated 25/6/1445H (corresponding to 7/1/2024). The activities of the company are represented in the manufacture of primary iron products in the form of blocks of substrates and waste after being melted, as well as the manufacture of sheets plates, strip coils, bar bars, wire corners, and clips of all shapes. The activities of the company, as stated in the By- Laws, are represented in practicing and implementing transformation industries.

The Company’s Head Office is located at Al Hyt District, Al Kharj Old Street, P.O. Box 355355, Riyadh 11383, Kingdom of Saudi Arabia (“Saudi Arabia”).

The financial statements included the company's accounts and the following branch accounts:

Branch	CR Number	Date	City
Watani Iron Steel Company	1010909080	16 Muharram 1445H	Riyadh

**2. BASIS OF PREPARATION**

**2-1 Basis of compliance**

These interim condensed financial statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ that is endorsed in 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 Company financial statements for the year ended on 31 December 2024. These financial statements does not include all of the information and disclosures required in the annual statements to prepare a complete set of financial statements; however, the accounting policies and explanatory notes are included to explain events and the important transactions to understand the changes in the Company financial position and its performance since 31 December 2024. In addition the results for the three – month and six month periods ending 30 June 2025 are not necessarily indicative of the results that maybe expected for the year ending 31 December 2025

**2-2 Basis of measurement**

The interim condensed financial statements have been prepared on a historical cost basis, except for recognition of employees' end of service benefits at the present value of future obligations using the expected unit credit method.

**2-3 Functional and presentation currency**

These interim financial statements are presented in Saudi Riyals, which is the functional currency of the Company.

**2-4 Going concern**

As at June 30, 2025, the Company’s current liabilities exceeded its current assets by SAR 19,050,696 (December 31, 2024: SR 29,126,998) This is mainly attributable to the outstanding balance of short term loans amounting to SAR 75,095,993 as of 30 June 2025 (31 December 2024: SAR 64,158,681). Despite the working capital deficit, the Company generated positive operating cash flows of SAR 3,038,550 as of 30 June 2025 (31 December 2024: SAR 43,301,473), which indicates the Company’s ability to meet its obligations as they fall due. Furthermore, the Company reported a net profit of SAR 1,116,484 for the six-month period ended 30 June 2025. Management believes it can obtain additional credit facilities if needed. Accordingly, the condensed interim financial statements have been prepared on a going concern basis.



**Watani Iron Steel Company**  
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**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**3. USE OF ESTIMATES AND ASSUMPTIONS**

The preparation of these interim financial statements required management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

The significant estimates made by management when applying the Company's accounting policies and the significant sources of estimation uncertainties were the same as those shown in the last annual financial statements.

**4. SIGNIFICANT ACCOUNTING POLICIES**

**4-1 New standards, amendment to on standards and interpretations**

There are new standards and a number of amendments to the standards that are effective as of 1 January 2025 and have been explained in the company's annual financial statements, but they do not have a material impact on the company's interim financial statements.

**5. PROPERTY, PLANT, AND EQUIPMENT**

During the six months period ended 30 June 2025, the company made additions to property and equipment amounting to 1,968,674 SR (31 December 2024: 2,848,417 SR).

During the six-month period ended 30 June 2025, the Company transferred an amount of SAR 7,194,725 from projects under construction, which was capitalized under property, plant and equipment within the buildings category.

During the six-month period ended 30 June 2025, depreciation expenses amounted to 10,549,435 SR (30 June 2024: 10,418,253 SR).

**6. PROJECTS UNDER CONSTRUCTION**

During the six-months period ended 30 June 2025, the company made additions to projects under constructions amounting to 313,500 SR (31 December 2024: 4,507,201 SR), which is a new branch belonging to the company's main commercial register in the city of Riyadh, Al-Masfah district, to conduct new business that includes wholesale and retail of wood, cork, plastic products, metal blocks. During the second quarter of 2025, projects in progress were completed, and the related construction costs were capitalized under the Company's property, plant and equipment.

**7. TRANSACTION AND BALANCES WITH RELATED PARTIES**

**A. Transactions with related parties**

There was no transaction with related parties during the period and the balances are zero.

**B. Key management**

Transactions with related parties are represented in the salaries, bonuses, and allowances of the members of the board of directors, that took place during the period between the company and members of the board of directors, the members of the committees and the executive management.

	<b>For the six-month period ended 30 June 2025</b>		<b>For the six-month period ended 30 June 2024</b>	
	<b>BOD members and committee</b>	<b>Executive management</b>	<b>BOD members and committee</b>	<b>Executive management</b>
BOD members and committee remuneration	777,500	100,000	640,000	100,000
benefits				
Board and committee attendance allowance	93,000	-	90,000	-
Salaries and wages and equivalents	-	1,427,250	-	1,427,250
End of service	-	77,634	-	69,176
	<b>870,500</b>	<b>1,604,884</b>	<b>730,000</b>	<b>1,596,426</b>

**Watani Iron Steel Company**  
(A Saudi Joint Stock Company)  
**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**8. Inventory**

	<b>30 June 2025 (unaudited)</b>	<b>31 December 2024 (audited)</b>
Finished good	<b>37,343,215</b>	25,317,580
Raw material	<b>18,307,879</b>	20,850,825
Spare parts	<b>17,568,329</b>	17,093,432
Work in process	<b>4,821,599</b>	1,556,829
	<b>78,041,022</b>	64,818,666

**8-1 The following is the movement of the impairment provision in Inventory**

	<b>30 June 2025 (unaudited)</b>	<b>31 December 2024 (audited)</b>
Balance of the beginning of the period / year	-	-
Formed during the period / year	<b>1,425,000</b>	-
Reversed during the period / year	<b>(1,425,000)</b>	-
	-	-

**9. TRADE RECEIVABLES**

	<b>30 June 2025 (unaudited)</b>	<b>31 December 2024 (audited)</b>
*Trade Receivables	<b>6,352,526</b>	4,020,975
Provision for impairment of receivables	<b>(1,340,325)</b>	(1,340,325)
	<b>5,012,201</b>	2,680,650

\*An amount of SAR 4,020,975 as of 31 December 2024 of the trade receivables relates to the sale of goods to a foreign customer through a letter of credit issued by an international bank with a creditrating of B+ (according to Fitch). The Company's management has recognized an allowance for impairment of trade receivables equivalent to 33% of the total outstanding balance. The trade receivables are non-interest bearing.

The following is the movement of the impairment provision in the value of trade receivables :  
(expected credit losses will be calculated) and then this clarification will be updated

	<b>30 June 2025 (unaudited)</b>	<b>31 December 2024 (audited)</b>
Balance of the beginning of the period / year	<b>1,340,325</b>	-
Provided during the period / year	-	1,340,325
	<b>1,340,325</b>	1,340,325

**10. Prepayments and other debit balance**

	<b>30 June 2025 (unaudited)</b>	<b>31 December 2024 (audited)</b>
Advance to suppliers	<b>2,078,880</b>	482,546
Prepaid insurance expenses	<b>484,239</b>	396,919
VAT receivables	<b>1,576,707</b>	337,492
Prepaid rent	<b>138,833</b>	200,667
Prepaid subscriptions	<b>182,932</b>	199,106
Employees' advances	<b>178,211</b>	117,644
Other	<b>72,822</b>	23,895
	<b>4,712,624</b>	1,758,269

**Watani Iron Steel Company**  
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**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**11. ZAKAT PROVISION**

**11-1 Zakat base**

The Company submitted its return to the Zakat, Tax and Customs Authority ("ZATCA") until the year ended 31 December 2024 and the Company obtained a certificate from the ZATCA valid until 13 Thul-Qi'dah 1447H corresponding to 30 April 2026. The company also received a final assessment for the year 2017, No adjustments have arisen therefrom. The Company received a final Zakat assessment for the year ended 31 December 2023 in the amount of SAR 9,922, which was payment during the year 2024. Furthermore, the Company has not received any final Zakat assessments for the years 2018 through 2022.

**11-2 Zakat provision movement**

The following is summary of zakat movement:

	<b>30 June 2025</b> <b>(Unaudited)</b>	<b>31 December 2024</b> <b>(Audited)</b>
Balance at the beginning of the period / year	<b>261,828</b>	133,606
Provided during the period / year	<b>29,624</b>	261,828
Reconciliation resulting from the Zakat assessment (11-1)	-	9,922
Payments during the period / year	<b>(255,060)</b>	(143,528)
Balance at the end of the period / year	<b>36,392</b>	261,828

**12. Short term loans**

The company has credit facilities limits with local banks with a total value of 110.5 million roundabouts, where the facility limits were rotated during the period to SAR 129 million, and the outstanding balance of SAR 75.10 million as at 30 June 2025 (31 December 2024: SAR 64.16 million) with several local banks and banks, including credit facilities in the form of forward sale financing, financing of Musharaka contracts, Murabaha and Tawarruq, documentary credit facilities, letters of guarantee and purchase of foreign currencies, at variable Islamic Murabaha rates agreed upon with banks.

Some of these loans and credit facilities contain bank pledges, a breach of which may lead to ,renegotiation with lenders. These undertakings are monitored on a periodic basis by management in the event of a breach or potential breach of these undertakings actions are taken by management to ensure that these undertakings are fulfilled. Non-compliance with the pledges has no impact on the Company's interim financial statements as all loans are in circulation as at 30 June 2025.

The company provides guarantees for these loans and credit facilities represented in duly approved order bonds with a total amount of SAR 117.8 million.

The following is a statement of the movement of short-term loans during the period / year:

	<b>30 June 2025</b> <b>(Unaudited)</b>	<b>31 December 2024</b> <b>(Audited)</b>
Balance at the beginning of the period / year	<b>64,158,681</b>	91,156,636
Proceed during the period / year	<b>129,000,000</b>	216,000,000
Paid during the period / year	<b>(119,158,682)</b>	(244,156,636)
Accrued finance expenses for the period / year	<b>1,095,994</b>	1,158,681
<b>Balance at the end of the period / year</b>	<b>75,095,993</b>	64,158,681



**Watani Iron Steel Company**  
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**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**13. CAPITAL COMMITMENT AND CONTINGENT ASSETS AND LIABILITIES**

**A) Capital Commitment**

There is no capital commitment for the company on 30 June 2025 (31 December 2024: SAR 62,300, is a new branch project under construction Note 6).

**B) Contingent assets**

The company has a contingent asset as at 30 June 2025 of SR 2,784,508 (2024: SAR 2,784,508), which is a refund of the purchase amounts of Salman Jawhar Al Jawhar Scrap Melting Factory, based on the letter of the liquidation trustee of Salman Jawhar Al Jawhar Scrap Melting Factory Company due to the inability to transfer the ownership of the plant from Salman Jawhar Scrap Melting Factory Company to Watani Iron Steel Company. The company continuously evaluates the contingent assets to ensure that developments are appropriately reflected in the interim financial statements

**C) Contingent liabilities**

There are no contingent liabilities for the company on 30 June 2025 (2024: no contingent liabilities for the company).

**14. EARNING PER SHARE**

The discounted earnings per share are calculated by dividing the year's profit attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of common shares to be issued when all potential reduced ordinary shares are converted into ordinary shares.

	For the six months period ending on 30 June		For the six months period ending on 30 June	
	2025	2024	2025	2024
Net profit for the period attributed to ordinary share holders	(1,756,541)	(1,503,428)	1,116,484	3,410,348
Average of number of issued ordinary shares	181,650,000	181,650,000	181,650,000	181,650,000
Basic and diluted earnings per share	(0,01)	(0,01)	0.01	0.02

**15. SEGMENT REPORTING**

The main activity of the company is the manufacture of rebar and iron primary products in the form of billets from substrates and waste after remelting them. The company's foreign sales did not achieve any of the quantitative limits referred to in International Financial Reporting Standard No. (8) "Operational Segments".

**16. FAIR VALUE MEASUREMENT**

Fair value is the amount at which an asset can be exchanged or an obligation repaid in a transaction between market participants at the measurement date. The measurement of fair value is based on the assumption that the transaction of the asset sale or obligation transfer will take place either

through the main market for an asset or obligation, or

Through the market is more beneficial to the asset or liability in the absence of the main market.

The main market or the most beneficial market must be available for the group to access.

The fair value of an asset or liability is measured either using the assumptions used by market parties when pricing an asset or liability on the assumption that market parties are acting in their best economic interests.

**Watani Iron Steel Company**  
(A Saudi Joint Stock Company)  
**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2025**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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**16. FAIR VALUE MEASUREMENT (continued)**

Measuring the fair value of a non-financial asset takes into account the ability of market parties to provide economic benefits by using the asset for its best benefit or by selling it to another market party for use for its best benefit.

All assets and liabilities whose fair values are measured or disclosed in the interim condensed financial statements are classified into the lower-level data which is essential for measuring fair and consolidated value within the fair value hierarchy set out below as a whole:

- Level I: Prices traded in active markets for the same assets or liabilities.
- Level II: Other valuation methods in which the minimum material data are directly or indirectly observed to measure fair value.
- Level III: Other valuation methods in which the minimum material data are not noticeable to measure fair value.

For assets and liabilities included in the condensed and recurring interim financial statements, the company determines whether transfers to the lower level of data have been made between levels in the hierarchy by revaluing the classification based on the lower level of material data to measure fair value as a whole at the end of each condensed interim financial statement period. The book value of financial assets that cannot be measured at fair value is the approximate value of their fair value. Financial liabilities are measured on the basis of amortized cost and reasonably close to their fair value, all financial assets and liabilities are measured at amortized cost. The book value of all assets and other financial liabilities measured at amortized cost approximates their fair values.

**17. SUBSEQUENT EVENTS**

The company announced a partial fire in the external fuel tank at its factory located in Riyadh on the morning of Saturday, August 9, 2025. The incident was brought under control by the relevant authorities, which led to a temporary halt in production until the site's safety was fully assured. We would like to note that there was no damage to the main production lines inside the factory, and there were no injuries or human losses. Management believes that there have been no other significant subsequent events since the end of the period that would require disclosure or amendment to these interim condensed financial statements.

**18. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS**

The interim financial statements for the period ended 30 June 2025, have been approved by the Board of Directors on 16 Safar 1447H (corresponding to 10 August 2025).