

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE
2025

ARABIAN PIPES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND INDEPENDENT
AUDITOR'S REVIEW REPORT**
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

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

Introduction

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



Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information requires inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

For Maham Company for Professional Services



Abdulaziz Saud Al Shabeebi
Certified Public Accountant
License no. (339)
Date: 9 Safar 1447 H
Corresponding to: 3 August 2025

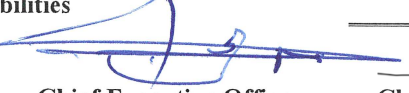


Arabian Pipes Company
(A Saudi Joint Stock Company)

Interim condensed statement of financial position
As at 30 June 2025

		30 June 2025 (Unaudited) SR '000	31 December 2024 (Audited) SR '000
	Note		
Assets			
Non-current assets			
Property, plant and equipment	4	260,842	272,798
Intangible assets		1,872	2,597
Right-of-use assets		23,120	24,003
Total non-current assets		285,834	299,398
Current assets			
Inventory	5	259,492	311,681
Trade receivables	6	54,138	56,764
Contract assets	7	135,493	128,500
Short-term Islamic Murabaha	8	10,000	20,000
Prepayments and other current assets		28,691	15,833
Cash and cash equivalents		45,332	99,403
Total current assets		533,146	632,181
Total assets		818,980	931,579
Shareholder's equity and liabilities			
Shareholder's equity			
Share capital	9	200,000	150,000
Reserve	9	15,430	15,430
Reserve for remeasurement of employees' end of service Benefit		(2,991)	(2,991)
Retained earnings		240,980	238,876
Total Shareholder's equity		453,419	401,315
Liabilities			
Non-current liabilities			
Lease liabilities-non-current portion		24,132	23,756
Long-term financing	10	-	47,263
Governmental grant- non-current portion		-	686
Provision for decommissioning cost		2,078	2,028
Employees end of service benefit		26,919	24,289
Total non-current liabilities		53,129	98,022
Current liabilities			
Leases liabilities- current portion		1,371	1,332
Bank facilities and current portion of long-term financing	10	185,836	346,718
Governmental grant- current portion		-	717
Trade payables		29,481	37,542
Accrued expenses and other current liabilities	11	89,104	36,939
Zakat provision	12	6,639	8,994
Total current liabilities		312,431	432,242
Total liabilities		365,560	530,264
Total Shareholder's equity and liabilities		818,980	931,579


Chief Financial Officer


Chief Executive Officer


Chairman of Audit Committee

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

Arabian Pipes Company
(A Saudi Joint Stock Company)

Interim condensed statement of profit or loss and other comprehensive income
For the three-month and six-month periods ended 30 June 2025

		For the three-month period ended 30 June		For the six-month period ended 30 June	
	Note	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Revenue	14	254,417	345,924	503,347	657,077
Cost of revenue	15	(192,113)	(257,819)	(377,384)	(471,304)
Gross profit		62,304	88,105	125,963	185,773
Expenses					
Selling and marketing		(3,458)	(4,309)	(8,194)	(6,400)
General and administrative		(12,002)	(9,857)	(20,354)	(20,707)
Provided for provision for inventory impairment	5	(893)	-	(671)	(14,062)
Total expenses		(16,353)	(14,166)	(29,219)	(41,169)
Profit from operations		45,951	73,939	96,744	144,604
Finance charges		(10,626)	(16,229)	(20,495)	(28,600)
Other income, net	16	312	75	1,058	639
Profit before zakat		35,637	57,785	77,307	116,643
Zakat	12	(1,205)	(740)	(2,703)	(4,809)
Net profit for the period		34,432	57,045	74,604	111,834
Total comprehensive income for the period		34,432	57,045	74,604	111,834
Earnings per share					
Basic and diluted earnings per share (SR)	17	0.17	0.29	0.37	0.56





Chief Financial Officer Chief Executive Officer Chairman of Audit Committee

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

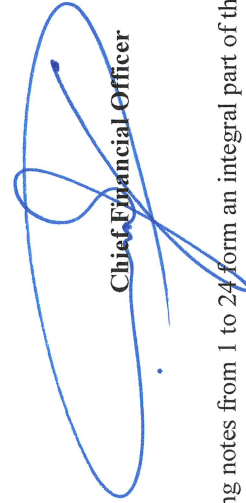
Arabian Pipes Company
(A Saudi Joint Stock Company)

Interim condensed statement of changes in shareholders' equity
For the six-month period ended 30 June 2025

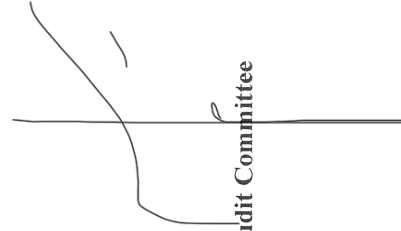
	Share capital SR '000	Proposed increase in capital SR '000	Reserve SR '000	Reserve for remeasurement of employees' end of service benefit SR '000	Retained earnings SR '000	Total SR '000
As at 1 January 2025 (Audited)	150,000	-	15,430	(2,991)	238,876	401,315
Net profit for the period	-	-	-	-	74,604	74,604
Total comprehensive income for the period	-	-	-	-	74,604	74,604
Dividend distribution	-	-	-	-	(22,500)	(22,500)
Transferred from retained earnings to increase in share capital	50,000	-	-	-	(50,000)	-
As at 30 June 2025 (Unaudited)	200,000	-	15,430	(2,991)	240,980	453,419
As at 1 January 2024 (Audited)	100,000	-	15,430	(3,010)	120,699	233,119
Net profit for the period	-	-	-	-	111,834	111,834
Total comprehensive income for the period	-	-	-	-	111,834	111,834
Transferred from retained earnings to proposed increase in capital	-	50,000	-	-	(50,000)	-
As at 30 June 2024 (Unaudited)	100,000	50,000	15,430	(3,010)	182,533	344,953



Chief Executive Officer



Chief Financial Officer



Chairman of Audit Committee

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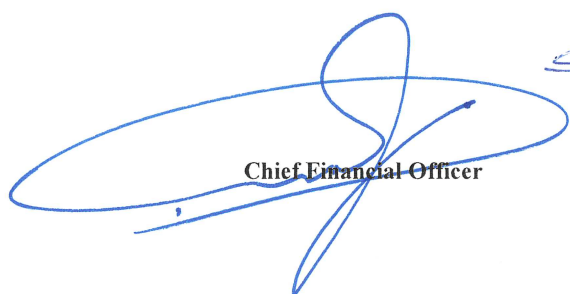
Interim condensed statement of cash flows
For the six-month period ended 30 June 2025

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Arabian Pipes Company
(A Saudi Joint Stock Company)

Interim condensed statement of cash flows (continued)
For the six-month period ended 30 June 2025

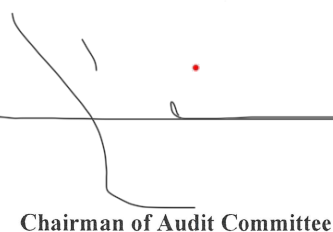
	For the six-month period ended 30 June 2025 (Unaudited) SR '000	2024 (unaudited) SR '000
Significant non-cash transactions		
Transferred from retained earnings to increase in share capital	50,000	-
Transferred from retained earnings to proposed increase in capital	-	50,000
	<u>50,000</u>	<u>50,000</u>



Chief Financial Officer



Chief Executive Officer



Chairman of Audit Committee

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

1 GENERAL INFORMATION

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

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

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

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

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

2 BASIS OF PREPARATION

2-1 Statement of compliance

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

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

2-2 Basis of measurement

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

2-3 Functional and presentation currency

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

2-3-1 Transactions and balances

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

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

2 BASIS OF PREPARATION (Continued)

2-4 Significant accounting policies

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

2-5 New and amended standard and interpretations

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2025 reporting period and have not been early adopted by the Company. Management is currently evaluating the impact of these pronouncements on future reporting periods.

3 SIGNIFICANT ASSUMPTIONS AND ESTIMATES

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

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

4 PROPERTY, PLANT AND EQUIPMENT

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

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

	Land SR '000	Buildings SR '000	Machinery and equipment SR '000	Vehicles SR '000	Furniture and fixtures SR '000	Computers SR '000	Capital works in progress SR '000	Total SR '000
Cost:								
At 1 January 2025 (audited)	5,676	91,391	762,482	2,484	3,898	3,647	71	869,649
Additions	-	189	4,338	-	260	81	1,319	6,187
Disposal	-	-	(14)	(58)	-	-	-	(72)
At 30 June 2025 (Unaudited)	<u>5,676</u>	<u>91,580</u>	<u>766,806</u>	<u>2,426</u>	<u>4,158</u>	<u>3,728</u>	<u>1,390</u>	875,764
Accumulated depreciation								
At 1 January 2025 (audited)	-	53,629	535,519	1,936	2,897	2,869	-	596,850
Charged for the period	-	1,791	15,768	102	146	113	-	17,920
Impairment	-	-	223	-	-	-	-	223
Disposal	-	-	(14)	(57)	-	-	-	(71)
At 30 June 2025 (Unaudited)	<u>-</u>	<u>55,420</u>	<u>551,496</u>	<u>1,982</u>	<u>3,042</u>	<u>2,982</u>	<u>-</u>	614,922
Net book value								
At 30 June 2025 (unaudited)	<u>5,676</u>	<u>36,160</u>	<u>215,310</u>	<u>444</u>	<u>1,116</u>	<u>746</u>	<u>1,390</u>	260,842

- The Company's buildings in Riyadh and Jubail include buildings constructed on land leased from government authorities.
- Most of property, plant and equipment are pledged in favor of facilities grantors.

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land SR '000	Buildings SR '000	Machinery and equipment SR '000	Vehicles SR '000	Furniture and Fixtures SR '000	Computer SR '000	Capital works in progress SR '000	Total SR '000
Cost:								
At 1 January 2024	5,676	91,391	751,410	2,060	3,433	3,019	-	856,989
Additions	-	-	11,472	485	625	628	71	13,281
Disposal	-	-	(400)	(61)	(161)	-	-	(622)
At 31 December 2024	<u>5,676</u>	<u>91,391</u>	<u>762,482</u>	<u>2,484</u>	<u>3,897</u>	<u>3,647</u>	<u>71</u>	<u>869,648</u>
Accumulated Depreciation:								
At 1 January 2024	-	50,024	501,824	1,815	2,846	2,695	-	559,204
Charged for the year	-	3,606	31,291	182	211	174	-	35,464
Impairment	-	-	2,804	-	-	-	-	2,804
Disposal	-	-	(400)	(61)	(161)	-	-	(622)
At 31 December 2024	<u>-</u>	<u>53,630</u>	<u>535,519</u>	<u>1,936</u>	<u>2,896</u>	<u>2,869</u>	<u>-</u>	<u>596,850</u>
Net book value:								
At 31 December 2024	<u>5,676</u>	<u>37,761</u>	<u>226,963</u>	<u>548</u>	<u>1,001</u>	<u>778</u>	<u>71</u>	<u>272,798</u>

- The impairment recognised during the current period and the previous year as presented above relates to spare parts that are being replaced and those used for repairing of machinery and equipment.

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

For the six-month period ended 30 June

	2025 (Unaudited) SR '000	2024 (unaudited) SR '000
Cost of revenue	17,103	17,202
General and administrative expenses	804	744
Selling and marketing expenses	13	4
	<u>17,920</u>	<u>17,950</u>

5 INVENTORY

	30 June 2025 (Unaudited) SR '000	31 December 2024 (Audited) SR '000
Raw materials	130,246	175,138
Finished goods	96,744	51,655
Consumable materials	39,243	40,069
Goods on transit	13,384	64,118
Work in progress	13,289	14,042
Scrap	2,506	1,908
	295,412	346,930
Less: provision for inventory impairment (note 5.1)	(35,920)	(35,249)
	259,492	311,681

5.1 The movement of provision for inventory impairment:

	For the six-month period ended 30 June 2025 (Unaudited) SR '000	For the year ended 31 December 2024 (Audited) SR '000
At the beginning of the period / year	35,249	33,715
Charged during the period / year	671	2,626
Write-off during the period / year	-	(1,092)
At the end of the period / year	35,920	35,249

6 TRADE RECEIVABLES

	30 June 2025 (Unaudited) SR '000	31 December 2024 (Audited) SR '000
Trade receivables	56,155	58,927
Provision for expected credit losses (note 6.1)	(2,017)	(2,163)
	54,138	56,764

6.1 The movement of provision for expected credit losses:

	For the six-month period ended 30 June 2025 (Unaudited) SR '000	For the year ended 31 December 2024 (Audited) SR '000
At the beginning of the period / year	2,163	18,055
(Reversal) charged during the period / year	(146)	803
Write-off during the period / year	-	(16,695)
	2,017	2,163

6 TRADE RECEIVABLES (continued)

- (a) The Company applies the simplified approach of International Financial Reporting Standard 9 for measuring expected credit losses.
(b) Trade receivables do not bear interest and are varying maturity periods ranging from 30 to 60 days.
(c) The maximum exposure to credit risk as of the reporting date is the carrying value of each category of the mentioned trade receivables.
(d) The Company does not hold any collateral against the trade receivables and, therefore, they are unsecured.

The analysis of aging for trade receivables was as follows:

	Total	Less than 90 days	From 91 to 180	From 181 to 360	More than 360
	SR '000	SR '000	SR '000	SR '000	SR '000
30 June 2025					
(Unaudited)	56,155	54,795	-	-	1,360
31 December 2024					
(Audited)	58,927	48,495	-	9,072	1,360

7 CONTRACT ASSETS

Contract assets primarily relate to the company's right to receive payment for performance completed to date in relation to completed steel pipe manufacturing contracts (for which revenue is recognized over time), but which have not been invoiced as of the statement of financial position date. These amounts will be transferred to trade receivables when invoiced to customers. SR 13.4 million from the contract asset balances were invoiced subsequent to the interim condensed statement of financial position date. All contract asset balances as at 30 June 2025 were due within less than 30 days and, therefore, were not subject to a significant risk of impairment.

The movement in the contract assets account was as follows:

	For the six-month period ended 30 June 2025 (Unaudited) SR '000	For the year ended 31 December 2024 (Audited) SR '000
At the beginning of the period/ year	128,500	20,080
Revenues recognized during the period / year	249,920	876,488
Invoices issued during the period/ year	(242,927)	(768,068)
At the end of the period/ year	135,493	128,500

8 SHORT TERM ISLAMIC MURABAHA

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

9 SHARE CAPITAL, DIVIDENDS AND RESERVE

SHARE CAPITAL

The authorized, issued and paid capital of the Company consists of 200 million shares, the value of each share is SR 1 (31 December 2024: 15 million shares, the value of each share is SR 10).

Splitting the nominal value of the share

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

9 SHARE CAPITAL, DIVIDENDS AND RESERVE (continued)

Splitting the nominal value of the share (continued)

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

Increase in capital from SR 150 million to SR 200 million

On 27 Shaaban 1446 H (corresponding to 26 February 2025), the Board of Directors recommended increasing the capital from SR 150 to SR 200 million by capitalizing a portion of retained earnings.

On 30 Shawwal 1446H (corresponding to 28 April 2025), the Capital Market Authority issued its approval for the Arabian Pipes Company's request to increase its capital from SR 150 million to SR 200 million by granting one free share for every three existing shares owned by shareholders registered in the issuer's shareholder registry at the Depository Center at the end of the second trading day following the maturity date.

The Extraordinary General Assembly, in its meeting held on 7 Dhul-Hijjah 1446H (corresponding to 3 June 2025), approved the Board of Directors' recommendation to increase the Company's capital. The Company is still in process to complete legal formalities relating to the capital increase.

Increase in capital from SR 100 million to SR 150 million

On 24 Rabi' al-Thani 1445 H (corresponding to 8 November 2023), the Board of Directors recommended to increasing the capital from SR 100 million to SR 150 million by capitalizing a portion of retained earnings.

On 15 Thul-Qi'dah 1445 H (corresponding to 23 May 2024), the Capital Market Authority issued its decision approving the Arabian Pipes Company request to increase its capital from SR 100 million to SR 150 million by granting a free share for every two outstanding shares owned by shareholders registered in the issuer's shareholder registry at the Depository Center at the end of the second trading day following the maturity date.

The Extraordinary General Assembly, at its meeting held on 4 Muharram 1446 H (corresponding to 10 July 2024), approved the Board of Directors' recommendation to increase the Company's capital. The related regulatory procedures for the capital increase were completed during the year ended 31 December 2024.

RESERVE

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

Dividends

On 28 Sha'ban 1446 H (corresponding to 27 February 2025), the Board of Directors recommended distributing cash dividends to shareholders in the amount of SR 22.5 million for the year 2024, at SR SR 0.15 per share.

The Extraordinary General Assembly, in its meeting held on 7 Dhul-Hijjah 1446H (corresponding to 3 June 2025), approved the Board of Directors' recommendation to distribute cash dividends to shareholders for the year 2024. The dividends were deposited into shareholders' accounts on 1 Muharram 1447H (corresponding to 26 June 2025).

10 BANK FACILITIES AND LONG-TERM FINANCING

- The Company obtained short-term bank facilities and financing from several local banks, with the balance of bank facilities as at 30 June 2025, amounting to SR 187 million (31 December 2024: SR 336 million). These consist of letter of credit financing and short-term financing to cover the company's working capital requirements, with facilities bearing a commission according to prevailing market rates, these facilities are secured by promissory notes and pledges on trade receivable balances, the facilities are compliant with Islamic Sharia principles. The facility agreements include covenants to maintain certain financial indicators, such as the leverage ratio, among others. According to these financial agreements, the bank has the right to demand immediate repayment of the facilities if these conditions are not met. The company was in compliance with the bank facility covenants as at 30 June 2025.
- The Company obtained financing from the Saudi Industrial Development Fund ("the Fund") for the purpose of producing longitudinally welded steel pipes and for the replacement and upgrading of the company's machinery and equipment, with a total amount of SR 236.5 million. The company made an early repayment of the full financing during the year 2024. As a result of this early repayment, a gain of SR 896 thousand was recognized due to the derecognition of the financial obligations related to the Fund's financing.
- The Company obtained a short-term financing from the Saudi National Development Fund for the purpose of financing the letters of credits, with a total amount of SR 109.5 million and with original due date on 31 December 2023. On 1 July 2024, the Company successfully rescheduled the financing with National Development Fund for a period of three and a half years and up to 1 January 2028. The repayments will be made semi-annually starting from 1 January 2025. The company made an early repayment of the full financing during the year 2025. As a result of this early repayment, a gain of SR 197 thousand was recognized due to the derecognition of the financial obligations related to the Fund's financing.

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

	30 June 2025 (Unaudited) SR '000	31 December 2024 (Audited) SR '000
Bank facilities and short-term financing	186,776	335,932
Long term financing- current portion	-	11,949
Prepaid upfront fees	(941)	(1,163)
Bank facilities, short-term financing and current portion of long term financing	185,836	346,718
Non-current portion of long-term financing	-	47,263
	185,836	393,981

10 BANK FACILITIES AND LONG-TERM FINANCING (continued)

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

	For the six-month period ended 30 June 2025 (Unaudited) SR ‘000	For the year ended 31 December 2024 (Audited) SR ‘000
At the beginning of the period/ year	395,144	447,290
Bank facilities and long-term financing proceeds	407,842	992,329
Bank facilities and long-term financing paid	(619,037)	(1,046,873)
Financial charges on the long-term financing	1,924	5,141
Government Grants	-	(1,847)
Gains from the cancellation of financial liabilities related to the Industrial Development Fund financing	904	(896)
	186,777	395,144
Prepaid upfront fees	(941)	(1,163)
At the end of the period/ year	185,836	393,981

11 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 June 2025 (Unaudited) SR ‘000	31 December 2024 (Audited) SR ‘000
Advances from customers	59,863	2,574
Accrued employee benefits	9,770	12,302
Accrued financial chargers	2,392	7,909
Accrued expenses	1,046	114
VAT payable	796	-
Other liabilities	15,237	14,040
	89,104	36,939

12 ZAKAT

The net zakat charge for the period ended 30 June 2025 amounted to SR 2.7 million (period ended 30 June 2024: SR 4.8 million, for the year ended 31 December 2024: SR 7.9 million).

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

12 ZAKAT (continued)

12.1 Zakat provision movement

	For the six-month period ended 30 June 2025 (Unaudited) SR '000	For the year ended 31 December 2024 (Audited) SR '000
At the beginning of the period/year	8,994	10,182
Charged during the period/year	2,703	5,024
Charged during the period/year (related to prior years) – net	-	2,860
Payments during the period/year	(5,058)	(9,072)
At the end of the period/year	6,639	8,994

12.2 Zakat assessments

The Company has submitted its zakat returns to the Zakat, Tax, and Customs Authority ("ZATCA") for all years up to 2024 and has paid the zakat due accordingly, receiving the zakat certificates. The zakat assessments for all years up to 2018 have been concluded with the ZATCA, and the zakat assessments for the years 2021 to 2024 have not yet been issued by the ZATCA.

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

13 RELATED PARTIES TRANSACTIONS AND THEIR BALANCES

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

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

Related parties	Nature of the transaction	For the Six-month period ended 30 June	
		2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Senior executives	Short-term salaries and bonuses	3,559	3,170
	Employees end of service benefit	823	226
Members of the Board of Directors and other committees	Bonuses and allowances	1401	718
		5,783	4,114

14 REVENUE

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

	For the Six-month period ended 30 June	
	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Revenues from steel pipes manufacturing and pack-aging activities	498,857	651,817
Other operating revenues	4,490	5,260
	503,347	657,077

14.2 Timing of revenue recognition:

	For the Six-month period ended 30 June	
	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Revenue recognized over a period of time	249,920	492,393
Revenue recognized at a point in time	253,427	164,684
	503,347	657,077

14.3 Geographic markets:

	For the Six-month period ended 30 June	
	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Inside the Kingdom of Saudi Arabia	495,175	652,743
Outside the Kingdom of Saudi Arabia	8,172	4,334
	503,347	657,077

14.4 Revenue by customer type:

	For the Six-month period ended 30 June	
	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Semi-governmental customers	249,920	492,393
Private sector customers	253,427	164,684
	503,347	657,077

14 REVENUE (continued)

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

	For the Six-month period ended 30 June	
	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Revenues from steel pipes manufacturing and packaging activities (ongoing projects)	913,916	1,130,391
	913,916	1,130,391

Management anticipates that all performance obligations related to unsatisfied contracts for steel pipe manufacturing and packaging activities as of 30 June 2025 to be completed within the year 2025 and 2026 (30 June 2024: during the years 2024 and 2025).

15 COSTS OF REVENUE

	For the Six-month period ended 30 June	
	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Raw materials	319,425	419,450
Salaries, wages and related benefits	34,359	28,533
Depreciation of property, plant and equipment	17,103	17,202
Utilities	2,649	2,441
Maintenance Expenses	2,203	1,688
Depreciation of right to use assets	804	1,272
Impairment of property, plant and equipment	223	-
Others	618	718
	377,384	471,304

16 OTHER INCOME

	For the Six-month period ended 30 June	
	2025 (Unaudited) SR '000	2024 (Unaudited) SR '000
Financing income from short-term Islamic Murabaha	2,070	191
Financing revenues from Governmental grants	303	1,038
Gains from the derecognition of financial liabilities related to the Saudi National Development Fund financing	197	-
Currency Exchange losses	(1,567)	(873)
Other	55	283
	1,058	639

17 BASIC AND DILUTED EARNINGS PER SHARE

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

	For the Six-month period ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Profit for the period attributable to shareholders (SR '000)	74,604	111,834
Weighted average number of shares ('000)	200,000	200,000
Basic and diluted earnings per share (SR)	0.37	0.56

Capital Increase:

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

Stock Split:

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

18 SEGMENT REPORTING

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

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

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

19 COMMITMENTS AND CONTINGENCIES

Contingencies

As at 30 June 2025, the Company has outstanding letters of credit amounting to SR 31,3 million (31 December 2024: SR 110.9 million).

Bank guarantees

The Company's banks have issued letter of guarantees with a maximum limit of SR 70.2 million (31 December 2024: SR 70.6 million)

Capital commitments

As at 30 June 2025, the company had capital commitments of SR 1.6 million (31 December 2024: SR 960 thousand).

20 FAIR VALUE MEASUREMENT

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

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

During the period ended 30 June 2025 and 31 December 2024, there were no transfers between Level 1 and Level 2 of fair value measurement hierarchy, and there were no transfers to or from Level 3 of fair value measurement hierarchy.

21 RECLASSIFICATIONS

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

a) During the year ended 31 December 2024, management noted that the financial charges related to bank facilities and term financing for the period ended 30 June 2024, amounting to SR 8.12 million, had been included under general and administrative expenses. The financial charges were reclassified from general and administrative expenses to the finance charges account.

b) During the year ended 31 December 2024, management noted that the foreign exchange losses arising from the Company's activities for the period ended 30 June 2024, amounting to SR 873K, had been included under general and administrative expenses. The foreign exchange losses were reclassified from general and administrative expenses to the other income account, net.

21 RECLASSIFICATIONS (continued)

c) During the year ended 31 December 2024, management noted that the proceeds from the sale of scrap for the period ended 30 June 2024, amounting to SR 5.26 million, had been included under other income, while the costs associated with the sale of this scrap had been kept under cost of sales. Since scrap is generated from every manufacturing process carried out by the Company on a daily basis and is considered a normal part of the Company's operations and sales, the proceeds from the sale of scrap were reclassified from the other income account, net to the revenue account.

22 INTERIM RESULTS

The results of operations for six-month period ended 30 June 2025 are not necessarily indicative of the annual results of the Company's operations.

23 SUBSEQUENT EVENTS

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

24 APPROVALS OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the board of directors on 3 Safar 1447 H (corresponding to 28 July 2025)