

**ARABIAN PIPES COMPANY  
(SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH  
PERIOD ENDED 30 JUNE 2022 (UNAUDITED)  
TOGETHER WITH INDEPENDENT  
AUDITOR'S LIMITED REVIEW REPORT**

**ARABIAN PIPES COMPANY  
(SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**

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## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF 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 of June 30, 2022, and the related interim condensed statement of profit or loss and the other comprehensive income, interim condensed statements of changes in shareholders' equity and interim condensed cash flows for the three and six-month periods then ended, and a summary of significant accounting policies and other explanatory notes.

The company's management is responsible for preparing and presenting these interim condensed financial statements in accordance with International Accounting Standard34 (interim Financial Reporting) 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 the International Standard on Review Engagements No. (2410) Review of interim Financial Information performed by the independent auditor of the entity, endorsed in the Kingdom of Saudi Arabia. A review of the interim condensed financial statements consists of making inquiries, primarily, to those 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 the International Standards of Auditing endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would be become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

### Basis for Qualified Conclusion:

As of June 30, 2022, the Company's current liabilities exceeded its current assets by SR 223.9 million (December 2021: SR 222.2 million), also the Company has negative cash flows from operating activities of SR 87.3 million as of June 30, 2022. These conditions indicate the existence of a material uncertainty that may cast doubt over the Company's ability to continue as a going concern.

During the period, the Company obtained its shareholders' approval through Extra Ordinary General Assembly's Meeting dated February 20, 2022, to restructure its capital by absorbing the accumulated losses with the amount of SR 300 million through reducing its share capital from SR 400 million to SR 100 million.

As per board of directors' approval dated February 20, 2022, the Company has adjusted SR 39.9 million of accumulated losses against the statutory reserve which bring the accumulated losses to nil as of February 2022.

As per board of directors' approval dated April 19, 2022, the Company has adjusted SR 77.9 million of accumulated losses against the statutory reserve which bring the accumulated losses to nil as at April,2022.

In addition, the Company has obtained approval of Capital Market Authority dated March 17, 2022, for increase the share capital through right-issue of SR 300 million. However, the request of the increase in share capital was rejected by the majority shareholders.

The management of the Company is currently under advance stages to secure working capital financing from financial institutions. However as of the date of approval of these interim condensed financial statements, we are unable to ensure if such financing will be available for the Company in due course. Accordingly, we are unable to ensure the going concern assumption of the entity to be valid.

**INDEPENDENT AUDITOR'S REPORT ON REVIEW  
OF INTERIM CONDENSED FINANCIAL STATEMENTS - (CONTINUED)**

**Conclusion:**

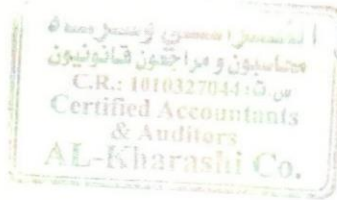
Based on our review, with the exception of the matter described in the above paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom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

For Al-Kharashi Co.



Abdullah S. Al Msned  
License No. (456)

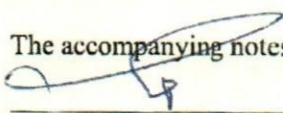
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Arabian Pipes Company  
(Saudi Joint Stock Company)  
Interim condensed Statement of Financial Position (unaudited)  
As of June 30, 2022  
(All amounts are in Saudi Riyal "000" unless otherwise stated)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, Net		331,872	345,374
Right-of-use assets, Net		19,447	20,339
<b>Total non-current assets</b>		<b>351,319</b>	<b>365,713</b>
<b>Current assets</b>			
Inventory	5	238,184	167,781
Trade receivables		39,165	13,108
Prepayments and other debit balances	6	58,166	5,489
Cash and cash equivalents		23,148	8,529
<b>Total current assets</b>		<b>358,663</b>	<b>194,907</b>
<b>Total assets</b>		<b>709,982</b>	<b>560,620</b>
<b>Share holders' Equity and Liabilities</b>			
<b>Share holders' Equity</b>			
Share capital		100,000	400,000
Statutory reserve	7	2,219	120,000
Accumulated losses		(10,923)	(411,238)
Employees defined benefit obligations remeasurement reserve		(3,062)	(3,062)
<b>Total Share holders' Equity</b>		<b>88,234</b>	<b>105,700</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current portion of lease liabilities		18,654	18,654
Non-current portion of long-term borrowings	8	-	-
Employees defined benefit obligations provision		20,556	19,191
<b>Total non-current liabilities</b>		<b>39,210</b>	<b>37,845</b>
<b>Current liabilities</b>			
Current portion of leases liabilities		672	1,210
Current portion of long-term borrowings	8	78,759	78,759
Short-term borrowings	9	309,206	204,903
Trade and Notes payables		130,568	72,665
Accrued expenses and other credit balance		60,321	55,254
Zakat provision	11	3,012	4,284
<b>Total current liabilities</b>		<b>582,538</b>	<b>417,075</b>
<b>Total liabilities</b>		<b>621,748</b>	<b>454,920</b>
<b>Total shareholders' equity and liabilities</b>		<b>709,982</b>	<b>560,620</b>

The accompanying notes from 1 to 21 form an integral part of these interim condensed financial statements.

  
Homoud Ali Alhamzah  
CFO


  
Ahmed Ali Al-Lohidan  
CEO

  
Saad Falah Al Qahtani  
Audit Committee Chairman

**Arabian Pipes Company**  
**(Saudi Joint Stock Company)**  
**Interim condensed Statement of profit or loss and**  
**other comprehensive income statement**  
**For the three-month and six-month periods ended June 30, 2022 (unaudited)**  
**(All amounts are in Saudi Riyal "000" unless otherwise stated)**

	Note	For the three-month period ended		For the six-month period ended	
		30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Sales		70,041	124,081	133,125	253,420
Cost of sales		(76,466)	(107,834)	(136,867)	(223,463)
<b>Gross (loss) / profit</b>		<b>(6,425)</b>	<b>16,247</b>	<b>(3,742)</b>	<b>29,957</b>
Selling and distribution expenses		(1,209)	(2,704)	(2,605)	(4,962)
General and administrative expenses	13	(7,799)	(10,613)	(20,403)	(16,902)
Impairment in value of inventory	5-1	-	(11,339)	-	(11,339)
Reversal of impairment in value of inventory	5-1	3,843	-	3,843	-
<b>Loss from operations</b>		<b>(11,590)</b>	<b>(8,409)</b>	<b>(22,907)</b>	<b>(3,246)</b>
Other income	15	11,338	-	11,338	-
Finance costs	14	(4,001)	(4,647)	(5,827)	(8,760)
<b>Loss before zakat</b>		<b>(4,253)</b>	<b>(13,056)</b>	<b>(17,396)</b>	<b>(12,006)</b>
Zakat	11-2	-	-	(70)	(100)
<b>Net loss for the period</b>		<b>(4,253)</b>	<b>(13,056)</b>	<b>(17,466)</b>	<b>(12,106)</b>
<b>Other comprehensive income items:</b>					
Items that will not be reclassified subsequently to statement of profit or loss					
Other comprehensive income		-	-	-	-
<b>Total comprehensive loss for the period</b>		<b>(4,253)</b>	<b>(13,056)</b>	<b>(17,466)</b>	<b>(12,106)</b>
Basic and diluted earnings per share from loss from operations	16	(1.16)	(0.21)	(2.29)	(0.08)
Basic and diluted earnings per share from net loss for the period	16	(0.43)	(0.33)	(1.75)	(0.30)

The accompanying notes from 1 to 21 form an integral part of these interim condensed financial statements.

  
**Homoud Ali Alhamzah**  
**CFO**

  
**Ahmed Ali Al-Lohidan**  
**CEO**

  
**Saad Falah Al-Qahitani**  
**Audit Committee Chairman**

Arabian Pipes Company  
(Saudi Joint Stock Company)  
Interim condensed Consolidated Statement of Changes in Equity (unaudited)  
For the six-month period ended June 30, 2022  
(All amounts are in Saudi Riyal "000" unless otherwise stated)

	Note	Share capital	Statutory reserve	Accumulated losses	Employees defined benefit obligations remeasurement reserve	Total Share holders' Equity
<b>Balance as of January 1, 2021 (Audited)</b>		400,000	120,000	(311,012)	(2,647)	206,341
Net loss for the period		-	-	(12,106)	-	(12,106)
<b>Balance as at June 30, 2021 (Unaudited)</b>		<b>400,000</b>	<b>120,000</b>	<b>(323,118)</b>	<b>(2,647)</b>	<b>194,235</b>
<b>Balance as of January 1, 2022 (Audited)</b>		400,000	120,000	(411,238)	(3,062)	105,700
Effect of share capital and statutory reserve reduction against accumulated losses	2-3	(300,000)	(117,781)	417,781	-	-
Net loss for the period		-	-	(17,466)	-	(17,466)
<b>Balance as of June 30, 2022 (Unaudited)</b>		<b>100,000</b>	<b>2,219</b>	<b>(10,923)</b>	<b>(3,062)</b>	<b>88,234</b>

The accompanying notes from 1 to 21 form an integral part of these interim condensed financial statements.



**Homoud Ali Alhamzah**  
CFO



**Ahmed Ali Al-Lohidan**  
CEO



**Saad Falah Al-Qabani**  
Audit Committee Chairman

**Arabian Pipes Company**  
**(Saudi Joint Stock Company)**  
**Interim condensed Consolidated Statement of Cash Flows (unaudited)**  
**For the six-month period ended June 30, 2022**  
**(All amounts are in Saudi Riyal "000" unless otherwise stated)**

	30 June 2022	30 June 2021
Note	(Unaudited)	(Unaudited)
<b><u>Cash flows from operating activities:</u></b>		
Net loss before zakat	(17,396)	(12,006)
<b><u>Adjustments for non-cash items</u></b>		
Depreciation of property, plant, and equipment	14,836	13,686
Depreciation of right-of-use asset	892	960
Finance Cost	14 5,827	8,760
Impairment in value of inventory	5-1 -	11,339
Reversal of impairment in value of inventory	5-1 (3,843)	-
Provision for Employee defined benefit obligation	1,649	1,746
	<b>1,965</b>	<b>24,485</b>
<b><u>Change in working capital</u></b>		
Inventory	(66,560)	120,250
Trade receivables	(26,057)	44,698
Prepayments and other debit balances	(52,677)	10,451
Trade and Notes payables	57,903	1,483
Accrued expenses and other credit balance	1,479	30,420
Employee defined benefit obligation paid	(284)	(343)
Finance cost Paid	(1,758)	(7,406)
Zakat Paid	11-2 (1,342)	-
<b>Net cash (used in) / generated from operating activities</b>	<b>(87,331)</b>	<b>224,038</b>
<b><u>Cash flows from investing activities:</u></b>		
Additions to property, plant, and equipment	(1,334)	(7,492)
<b>Net cash used in investing activities</b>	<b>(1,334)</b>	<b>(7,492)</b>
<b><u>Cash flows from financing activities:</u></b>		
Payments of borrowings	(70,890)	(226,298)
Proceeds from borrowings	175,193	66,004
Lease liabilities Payment	(1,019)	(163)
<b>Net cash generated from / (used in) financing activities</b>	<b>103,284</b>	<b>(160,457)</b>
<b>Net change in cash and cash equivalents</b>	<b>14,619</b>	<b>56,089</b>
Cash and cash equivalent at the beginning of the period	8,529	20,046
<b>Cash and cash equivalents at end of the period</b>	<b>23,148</b>	<b>76,135</b>

The accompanying notes from 1 to 21 form an integral part of these interim condensed financial statements.



**Homoud Ali Alhamzah**  
CFO



**Ahmed Ali Al-Lohidan**  
CEO



**Saad Falah Al Qahtani**  
Audit Committee Chairman



Arabian Pipes Company  
(Saudi Joint Stock Company)  
Notes to the Interim condensed Financial Statements  
For the six-month period ended June 30, 2022  
(All amounts are in Saudi Riyal "000" unless otherwise stated)

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**1. Company information**

**A. Establishing the company**

Arabian Pipes Company is a Saudi Joint Stock Company ("the Company") was formed according to Ministry of Commerce Decree No. 922 dated 18 Thul-Qi'dah 1411H corresponding to 1 June 1991. The Company is registered in the Kingdom of Saudi Arabia ("KSA") under Commercial Registration No. 1010085734 and unified number 7018055132 dated 14 Safar 1412H corresponding to 25 August 1991.

**B. The nature of the company's activity**

The main activities of the Company are the production of steel tubes longitudinally welded for pipelines and for the purposes of construction, trade, marketing, bending and forming a toothing pipe and pipe coating inside and outside and doing the business of buying and selling pipes and fittings and accessories and the implementation of the extension of pipelines.

The Company operates under industrial license for Riyadh plant No. 434 dated 12 Thul-Qi'dah 1405H and amended by industrial license No. 2196 dated 16 Rajab 1436H and industrial license for Jubail plant No. 1109 dated 12 Thul-Qi'dah 1419H and amended by industrial license No. 2195 dated 16 Rajab 1436H and industrial license for coating factory No. 479 dated 26 Safar 1436H.

The accompanying interim condensed financial statements include the accounts of the Company and its branches as follows:

Factory name	CR number	Date
Jubail factory	2055007048	21 Rabi Thani 1426

**C. Fiscal year**

The company's financial year is twelve months from the beginning of January until the end of December each calendar year.

**2. The foundation of the preparation of interim condensed financial statements**

**2.1. Statement of commitment**

These interim condensed financial statements were prepared in accordance with IAS 34 (Interim Financial Reports) endorsed in the kingdom of Saudi organization for certified public accountants (SOCPA).

These interim condensed financial statements don't include all the information and disclosures required to prepare a full set of the financial statements. Hence, these interim condensed financial statements should be read on conjunction with the group financial statements for the year ended December 31, 2021.

**2.2. Accounting basis**

These interim condensed financial statements are prepared in accordance with the principle of historical cost and using Accrual basis and the concept of continuity of activity, except the employees' defined benefits obligation, which is recognized at the present value of future obligations using the Projected Unit Credit Method.

**2.3. Use of judgment and estimates**

The preparation of these interim condensed financial statements requires management to use provisions and estimates that affect the application of accounting policies and the amounts listed for assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Arabian Pipes Company  
(Saudi Joint Stock Company)  
Notes to the Interim condensed Financial Statements  
For the six-month period ended June 30, 2022  
(All amounts are in Saudi Riyal “000” unless otherwise stated)

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**2. The foundations of the preparation (continued)**

**Going concern**

As of June 30, 2022, the Company's current liabilities exceeded its current assets by SR 223.9 million (December 2021: SR 222.2 million), also the Company has negative cash flows from operating activities of SR 87.3 million as of June 30, 2022. These conditions indicate the existence of a material uncertainty that may cast doubt over the Company's ability to continue as a going concern. During the period, the Company obtained its shareholders' approval through Extra Ordinary General Assembly's Meeting dated February 20, 2022, to restructure its capital by absorbing the accumulated losses with the amount of SR 300 million through reducing its share capital from SR 400 million to SR 100 million.

As per board of directors' approval dated February 20, 2022, the Company has adjusted SR 39.9 million of accumulated losses against the statutory reserve which bring the accumulated losses to nil as of February 2022.

As per board of directors' approval dated April 19, 2022, the Company has adjusted SR 77.9 million of accumulated losses against the statutory reserve which bring the accumulated losses to nil as at April, 2022.

In addition, the Company has obtained approval of Capital Market Authority dated March 17, 2022, for increase the share capital through right-issue of SR 300 million. However, the request of increase in share capital was rejected by the majority shareholders.

The Company's management conclude on its ability to continue as a going concern and is satisfied that it shall continue its operations in the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis and do not include any adjustments, which may be required, if the Company is not able to continue as a going concern.

**3. Presentation currency and activity**

These Interim Condensed Financial Statements have been presented in Saudi Riyals, which is the functional and presentation currency of the Company. All figures have been rounded off to the nearest thousand, unless otherwise mentioned.

**4. Significant accounting policies**

**4.1. New Standards, Amendment to Standard and Interpretations:**

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and the details of the same has been explained in the annual Financial Statements for the year ended 31 December 2021, but they do not have a material effect on the Company's Interim Condensed Financial Statements.

Arabian Pipes Company  
(Saudi Joint Stock Company)  
Notes to the Interim condensed Financial Statements  
For the six-month period ended June 30, 2022  
(All amounts are in Saudi Riyal "000" unless otherwise stated)

5. Inventory

	30-June 2022 (Unaudited)	31-December 2021 (Audited)
Finished goods	155,459	105,110
Raw materials	46,040	14,357
Spare parts	42,854	44,688
Work in process	5,764	16,762
Scrap inventory	3,087	2,410
Office supplies	-	166
Goods in transit	-	6,994
	<b>253,204</b>	<b>190,487</b>
Less: Impairment in value of inventory	(15,020)	(22,706)
	<b>238,184</b>	<b>167,781</b>

Movement in impairment in value of inventory is as follows:

	For the six-months period ended 30 June 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Balance at the beginning of the period / year	22,706	79,372
Provision of Raw material - write-off	(3,576)	(55,169)
Provision of Work in process - write-off	(267)	(5,377)
Provision charged during the period / year	-	3,880
Reversal of impairment in value of inventory	(3,843)	-
Balance at the end of the period / year	<b>15,020</b>	<b>22,706</b>

6. Prepayments and other debit balances

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Advance payments to suppliers	52,243	3,230
Employees and other receivables	3,079	2,259
Prepaid insurance and other prepayment expenses	2,844	-
	<b>58,166</b>	<b>5,489</b>

7. Statutory reserve

In accordance with its By-laws and the Regulations for Companies in Kingdom of Saudi Arabia, the Company is required to transfer 10% of its net profit for the year to a statutory reserve until such reserve equals 30% of its share capital. This Statutory Reserve is not available for distribution to shareholders. However, it may be used to increase capital after obtaining shareholder approval. (Note 2-3)

Arabian Pipes Company  
(Saudi Joint Stock Company)  
Notes to the Interim condensed Financial Statements  
For the six-month period ended June 30, 2022  
(All amounts are in Saudi Riyal "000" unless otherwise stated)

8. Long-term borrowings

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Saudi Industrial Development Fund (SIDF) –</b>		
non-profit bearing	(78,759)	78,759
Current portion	(78,759)	(78,759)
<b>Total current portion</b>	<b>(78,759)</b>	<b>(78,759)</b>
Non-current portion	-	-

- 8.1. The Company obtained borrowing from the SIDF amounting to SR 113.4 million for the construction of the Jubail Pipe Production Plant. The borrowing is secured by mortgaging the buildings, machinery, and equipment of the Company's factories.

On 9 March 2015, SIDF agreed to reschedule the remaining balance as of that date, amounting to SR 83 million in ten semi-annual instalments.

On 9 December 2019, the Company obtained an additional borrowing amounting to SR 7.165 million for a period of 5 years.

On 4 April 2021, the Company obtained an additional loan amounting to SR 1.733 million for a period of 5 year.

During the year 2020, the management of the Company has reached an agreement with SIDF to reschedule the loan amounting to SR 78.5 million.

These borrowings are interest-free and are repayable in semi-annual instalments over the period of five years.

The facility agreements include debt covenants which, among other things, require the Company to maintain certain financial ratios. As of 30 June 2022, the Company was not in compliance with certain covenants of the financing agreements accordingly the arrangements were classified as current as of the same date.

9. Short-term borrowings

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Short-term borrowings	309,206	204,903
	<b>309,206</b>	<b>204,903</b>

- 9.1. The Company has obtained borrowings from the following institutions:

		30 June 2022 (Unaudited)	31 December 2021 (Audited)
Al Rajhi Bank		51,801	25,160
Riyad Bank	9-2	257,405	151,301
Alawwal Bank		-	28,442
		<b>309,206</b>	<b>204,903</b>

Arabian Pipes Company  
(Saudi Joint Stock Company)  
Notes to the Interim condensed Financial Statements  
For the six-month period ended June 30, 2022  
(All amounts are in Saudi Riyal "000" unless otherwise stated)

9. Short-term borrowings (continued)

- 9.2. The Company has a short-term borrowing from Ministry of Finance amounting to SR 120 million, which is disbursed to the Company through Riyadh Bank. The borrowing is obtained to meet the working capital requirements of the Company. The borrowing is repayable within the period of 360 days from the date of utilization.
- 9.3. The Company has obtained borrowings from local banks for the purpose of financing working capital needs. These bank facilities bear finance cost at market prevailing rates.
- 9.4. The facility agreements include covenants which, among other things, require the Company to maintain certain financial ratios. As of 30 June 2022, the Company was not in compliance with certain covenants of the financing agreements.

10. Related party transactions

10.1. Key management personnel

Transactions with related parties comprise salaries, remuneration and allowances of directors and senior executives that were made during the period between the Company and the senior management. The principal transactions with related parties are as follows:

Compensation of key management personnel of the Company

Name of related party	Nature of transaction	Six-month period ended	
		30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Board and other committees' members	Reward and allowances	818	251
Senior executives	Salaries, allowances, and bonuses	2,228	2,409

11. Zakat payable

11.1. Zakat assessment

The Company has filled zakat returns as of December 31, 2021, with Zakat, Tax and Customs Authority ("ZATCA") and obtained certificate which is valid till April 30, 2023. During 2018, Zakat assessment has been raised by ZATCA for the year 2015 assessing additional Zakat of SR 2.9 million against which the Company has filed an appeal and initially accepted by ZATCA on November 21, 2018. Provision for the same is already held in the books of the Company.

11.2. Zakat movement

Movements' summary for the zakat is as follows:

	For the six-month period ended 30 June 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Balance at the beginning of the period / year	4,284	3,941
Formed for the period / year	70	343
Payments during the period / year	(1,342)	-
Balance at the end of the period / year	<u>3,012</u>	<u>4,284</u>

Arabian Pipes Company  
(Saudi Joint Stock Company)  
Notes to the Interim condensed Financial Statements  
For the six-month period ended June 30, 2022  
(All amounts are in Saudi Riyal “000” unless otherwise stated)

**12. Contingent liabilities**

Contingent liabilities are letters of credit and letters of guarantee outstanding as of 30 June 2022 amounted to SR 30.6 million (31 December 2021: SR 10.9 million).

**13. General and administration expenses**

	For the six-month period ended 30 June 2022 (Unaudited)	For the six-month period ended 30 June 2021 (Unaudited)
Salaries and employees' benefits	8,719	7,612
Overheads relating idle production*	6,160	-
Professional and consulting fees	2,167	1,322
Letters of credit / Letters of guarantees charges	2,003	2,911
Others	1,354	5,057
	<b>20,403</b>	<b>16,902</b>

\*Commencing February 2022, the production plant facility (the “facility”) was non-operational due to delays in raw material deliveries. The facility resumed productions during April 2022. Accordingly, overheads relating to idle time during the idle period are recognized as expenses and not capitalized in inventory.

**14. Finance costs**

	For the six-month period ended 30 June 2022 (Unaudited)	For the six-month period ended 30 June 2021 (Unaudited)
Borrowings	5,346	7,781
Lease liabilities finance costs	481	979
	<b>5,827</b>	<b>8,760</b>

**15. Other Income**

	For the six-month period ended 30 June 2022 (Unaudited)	For the six-month period ended 30 June 2021 (Unaudited)
VAT diff & Penalty Reversal	11,338	-
	<b>11,338</b>	<b>-</b>

**Arabian Pipes Company**  
**(Saudi Joint Stock Company)**  
**Notes to the Interim condensed Financial Statements**  
**For the six-month period ended June 30, 2022**  
**(All amounts are in Saudi Riyal "000" unless otherwise stated)**

**16. Loss per share**

To comply with IAS 33 endorsed in the kingdom of Saudi Arabia - Earnings per share, the basic loss per share was calculated by dividing the net loss for the period attributable to the ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period, where the loss per share was calculated for the period ended on June 30, 2022 and the period ended on June 30, 2021, by dividing the net loss for each period by the weighted average number of shares outstanding during the period. The share loss figure for the same period was adjusted from the previous year, as the extraordinary general assembly of shareholders approved on February 20, 2022, to decrease the Company's capital by SR 300 million by absorbing the accumulated losses with the amount of SR 300 million accordingly the weighted average number of shares has changed, affecting the weighted average number of ordinary shares outstanding since then.

	For the three-month period ended		For the six-month period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss from operations	(11,590)	(8,409)	(22,907)	(3,246)
Net loss for the period	(4,253)	(13,056)	(17,466)	(12,106)
the weighted average number of shares	10,000	10,000	10,000	10,000
Basic and diluted loss per share from loss from operations	(1.16)	(0.21)	(2.29)	(0.08)
Basic and diluted loss per share from net loss for the period	(0.43)		(1.75)	(0.30)

**17. Segment reports**

**a) Operating segment**

The Company's products are manufactured in Saudi Arabia and have two segments, the steel pipe production segment, and steel pipe packaging segment. The pipe packaging segment has not achieved any of the quantitative limits referred to in IFRS 8 Operating Segments. Accordingly, the segmental operating information has not been disclosed in the accompanying interim condensed financial statements.

**b) Geographic segment**

During the period ended 30 June 2022, approximately 3.38% (30 June 2021: 5.6%) of the Company's sales were export sales to the Gulf and Middle East countries, with approximately 96.62% (30 June 2021: 94.4%) domestic sales. All of the Company's assets and liabilities are in Saudi Arabia.

**18. Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

**18. Fair value measurement (continued)**

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of the Company's financial instruments is a reasonable approximation of fair value.

**19. Comparative figures**

Some figures for the comparative year have been reclassified to conform to the presentation of the financial statements for the current year.

**20. Subsequent events**

On July 17, 2022, the Board of Directors issued a recommendation to increase the capital by an amount of SR 150 million, this recommendation is subject to the approval of the relevant regulatory authorities and the extraordinary general assembly.

**21. Approval of the interim condensed financial statements**

The interim condensed financial statements were approved by the board of directors on 23 Murrham 1444H corresponding to 21<sup>st</sup> August 2022 G.