

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

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

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To the **Shareholders of Arabian Pipes Company**
(Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of **Arabian Pipes Company** (Saudi Joint Stock Company) "the company" as at September 30, 2022, and the related interim condensed statement of profit or loss and the other comprehensive income for the three and nine-months periods then ended, interim condensed statements of changes in equity and interim condensed cash flows for the nine-month period 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 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.

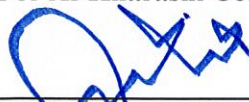
Basis for Qualified Conclusion:

- As at September 30, 2022, the Company's current liabilities exceeded its current assets by SR 205,2 million (31 December 2021: SR 222.2 million), also the Company has negative cash flows from operating activities amounted to SR 82,9 million as at September 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.
- 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.
- On July 17, 2022, the Board at 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 that has not held until the date of approval of the accompanying interim condensed financial statements by the company's board of directors.

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)

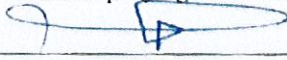


Riyadh:
9 Rabi' al Thani 1444H
3 November 2022



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

	Note	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Assets			
Non-current assets			
Property, plant and equipment, net		324,060	345,374
Right-of-use assets, net		19,001	20,339
Total non-current assets		343,061	365,713
Current assets			
Inventory	5	277,534	167,781
Trade receivables, net		119,348	13,108
Prepayments and other debit balances	6	16,746	5,489
Cash and cash equivalents		17,515	8,529
Total current assets		431,143	194,907
Total assets		774,204	560,620
Equity and Liabilities			
Equity			
Share capital	2-3	100,000	400,000
Statutory reserve	7	2,219	120,000
Accumulated losses		(980)	(411,238)
Employees defined benefit obligations remeasurement reserve		(3,062)	(3,062)
Total Equity		98,177	105,700
Liabilities			
Non-current liabilities			
Non-current portion of lease liabilities		18,654	18,654
Non-current portion of long-term borrowings	8	-	-
Employees defined benefit obligations provision		20,988	19,191
Total non-current liabilities		39,642	37,845
Current liabilities			
Current portion of leases liabilities		821	1,210
Current portion of long-term borrowings	8	78,000	78,759
Short-term borrowings	9	300,036	204,903
Trade and notes payables		192,708	72,665
Accrued expenses and other credit balance		61,808	55,254
Zakat provision	11-2	3,012	4,284
Total current liabilities		636,385	417,075
Total liabilities		676,027	454,920
Total equity and liabilities		774,204	560,620


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

	Note	For the three-month period ended		For the nine-month period ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues		175,424	92,612	308,549	346,032
Cost of revenues		(149,636)	(93,776)	(286,503)	(328,578)
Gross profit / (loss)		25,788	(1,164)	22,046	17,454
Selling and distribution expenses		(2,901)	(2,565)	(5,506)	(7,527)
General and administrative expenses	13	(4,632)	(6,783)	(25,035)	(23,685)
Reversal of impairment in value of inventory	5	-	-	3,843	-
Profit (Loss) from operations		18,255	(10,512)	(4,652)	(13,758)
Other income	15	15	-	11,353	-
Finance cost	14	(8,327)	(6,076)	(14,154)	(14,836)
Profit (Loss) before zakat		9,943	(16,588)	(7,453)	(28,594)
Approximated Zakat	11-2	-	(243)	(70)	(343)
Net profit (loss) for the period		9,943	(16,831)	(7,523)	(28,937)
Other comprehensive income items:					
Items that will not be reclassified subsequently to statement of profit or loss:					
Other comprehensive income		-	-	-	-
Total comprehensive income (loss) for the period		9,943	(16,831)	(7,523)	(28,937)
Earnings / (loss) per share:					
Basic and diluted earnings / (loss) per share from profit / (loss) from operations	16	1.83	(1.05)	(0.47)	(1.38)
Basic and diluted earnings / (loss) per share from net profit (loss) for the period		0.99	(1.68)	(0.75)	(2.89)

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 Changes in Equity (unaudited)
For the nine-month period ended September 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 Equity
Balance as at January 1, 2021 (Audited)		400,000	120,000	(311,012)	(2,647)	206,341
Net loss for the period		-	-	(28,937)	-	(28,937)
Balance as at September 30, 2021 (Unaudited)		400,000	120,000	(339,949)	(2,647)	177,404
Balance as at January 1, 2022 (Audited)		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		-	-	(7,523)	-	(7,523)
Balance as at September 30, 2022 (Unaudited)		100,000	2,219	(980)	(3,062)	98,177

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

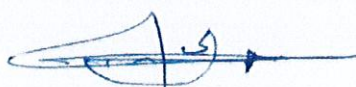
Arabian Pipes Company
(Saudi Joint Stock Company)
Interim condensed Statement of Cash Flows (unaudited)
For the nine-month period ended September 30, 2022
(All amounts are in Saudi Riyal "000" unless otherwise stated)

	Note	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
<u>Cash flows from operating activities:</u>			
Net loss before zakat		(7,453)	(28,594)
<u>Adjustments for non-cash items</u>			
Depreciation of property, plant, and equipment		22,690	20,486
Depreciation of right-of-use asset		1,338	1,437
Finance Cost	14	14,154	14,836
Reversal of impairment in value of inventory	5	(3,843)	(6,745)
Employee defined benefit obligation provision		2,374	2,132
		29,260	3,552
<u>Changes in working capital</u>			
Inventory		(105,910)	188,772
Trade receivables		(106,240)	54,525
Prepayments and other debit balances		(11,257)	3,814
Trade and notes payables		120,043	(10,827)
Accrued expenses and other credit balance		(2,698)	35,538
Net cash flows (used in) / generated from change in working capital		(106,062)	271,822
Employee defined benefit obligation paid		(577)	(600)
Finance cost Paid		(4,177)	(14,967)
Zakat Paid	11-2	(1,342)	-
Net cash flows (used in) / generated from operating activities		(82,898)	259,807
<u>Cash flows from investing activities:</u>			
Additions to property, plant, and equipment		(1,376)	(8,235)
Net cash flows used in investing activities		(1,376)	(8,235)
<u>Cash flows from financing activities:</u>			
Payments of borrowings		(168,773)	(365,058)
Proceeds from borrowings		263,147	125,079
Lease liabilities Payment		(1,114)	(731)
Net cash flows generated from / (used in) financing activities		93,260	(240,710)
Net change in cash and cash equivalents		8,986	10,862
Cash and cash equivalent at the beginning of the period		8,529	20,046
Cash and cash equivalents at end of the period		17,515	30,908

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 nine-month period ended September 30, 2022
(All amounts are in Saudi Riyal “000” unless otherwise stated)

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 tothing 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. The business results for the nine-months period ended September 30, 2022, may not represent an accurate indication of the actual results for the fiscal year ending December 31, 2022.

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.

Going concern

- As at September 30, 2022, the Company's current liabilities exceeded its current assets by SR 205,2 million (31 December 2021: SR 222.2 million), also the Company has negative cash flows from operating activities amounted SR 82,9 million as of September 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 nine months period ended 30 September 2022, the Company obtained its shareholders' approval through Extra Ordinary General Assembly's Meeting dated February 20, 2022, to restructure its capital by amortizing the accumulated losses with the amount of SR 300 million through reducing its share capital from SR 400 million to SR 100 million.

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

2. The foundations of the preparation (continued)

2.3 Use of judgment and estimates (continued)

Going concern (continued)

- 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 amortized an additional amount of SR 77.9 million of accumulated losses against the statutory reserve which bring the accumulated losses to nil as at April,2022.
- 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.
- 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 that has not held until the date of approval of the accompanying interim condensed financial statements by the company's board of directors.

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

The accounting policies applied to these interim condensed financial statements are the same as those applied to the financial statements for the year ended December 31, 2021.

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

5. Inventory

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Finished goods	103,375	105,110
Raw materials	98,278	14,357
Spare parts	43,252	44,688
Work in process	44,406	16,762
Scrap inventory	3,243	2,410
Office supplies	-	166
Goods in transit	-	6,994
	292,554	190,487
Less: Impairment in value of inventory	(15,020)	(22,706)
	277,534	167,781

Movement in impairment in value of inventory is as follows:

	For the nine-months period ended 30 September 2022	For the year ended 31 Decem- ber 2021
	(Unaudited)	(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	15,020	22,706

6. Prepayments and other debit balances

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Advance payments to suppliers	9,179	3,230
Employees and other receivables	3,715	2,259
Prepaid insurance and other prepayment expenses	3,852	-
	16,746	5,489

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 amortize accumulated losses after obtaining shareholder approval. (Note 2-3)

8. Long-term borrowings

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Saudi Industrial Development Fund (SIDF) – (“The Fund”) non-profit bearing	78,000	78,759
	78,000	78,759
Total current portion	78,000	78,759
Total non-current portion	-	-

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

8. Long-term borrowings (continued)

Movement in long-term borrowings is as follows:

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	78,759	77,026
Proceeds during the period / year	3,992	1,733
Paid during the period / year	(4,751)	-
Balance at the end of the period / year	78,000	78,759

- 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.
- 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.
- On 4 April 2021, the Company obtained an additional loan amounting to SR 1.733 million for a period of 5 year.
- On 3 October 2022, the management of the Company has reached an agreement with SIDF to reschedule the loan amounting to SR 78 million.
- The facility agreements include debt covenants which, among other things, require the Company to maintain certain financial ratios. As at 30 September 2022, the Company was not in compliance with certain covenants of the financing agreements accordingly all loans balances were classified as current as of the same date.

9. Short-term borrowings

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Short-term borrowings	300,036	204,903
	300,036	204,903

Movement in short-term borrowings is as follows:

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	204,903	497,313
Proceeds during the period / year	259,155	157,720
Paid during the period / year	(164,022)	(450,130)
Balance at the end of the period / year	300,036	204,903

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

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Al Rajhi Bank	52,641	25,160
Riyad Bank	216,820	151,301
Alawwal Bank	30,575	28,442
	300,036	204,903

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

9. Short-term borrowings (continued)

- 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.
- 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.
- The facility agreements include covenants which, among other things, require the Company to maintain certain financial ratios. As at 30 September 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	For the nine-month period ended	
		30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Board and other committees' members	Reward and allowances	1,252	329
Senior executives	Salaries, allowances, and bonuses	3,788	3,624

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:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	4,284	3,941
Formed for the period / year	70	343
Paid during the period / year	(1,342)	-
Balance at the end of the period / year	3,012	4,284

12. Contingent liabilities

Contingent liabilities are letters of credit and letters of guarantee outstanding as at 30 September 2022 amounted to SR 46 million (31 December 2021: SR 10.9 million).

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

13. General and administration expenses

	For the nine-month period ended 30 September 2022 (Unaudited)	For the nine-month period ended 30 September 2021 (Unaudited)
Salaries and employees’ benefits	13,066	11,778
Overheads relating idle production*	6,160	-
Professional and consulting fees	3,249	9,084
Letters of credit / Letters of guarantees charges	608	650
Other	1,952	2,173
	25,035	23,685

*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 nine-month period ended 30 September 2022 (Unaudited)	For the nine-month period ended 30 September 2021 (Unaudited)
Borrowings	13,429	13,527
Lease liabilities finance costs	725	1,309
	14,154	14,836

15. Other Income

	For the nine-month period ended 30 September 2022 (Unaudited)	For the nine-month period ended 30 September 2021 (Unaudited)
VAT differences & Penalty Reversal*	11,353	-
	11,353	-

* Other income includes an amount of SR 8.6 million due to the announcement by the Zakat, Tax and Customs Authority (“the Authority”), to cancel the penalty for delaying the payment of VAT, which the company had recognized in 2021.

16. Earnings / (Loss) per share

To comply with IAS 33 endorsed in the kingdom of Saudi Arabia – Earnings per share, the basic earnings (loss) per share was calculated by dividing the net profit / (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 profit / (loss) per share was calculated for the period ended on September 30, 2022 and the period ended on September 30, 2021, by dividing the net profit / (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.

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

16. Earnings / (Loss) per share (continued)

	For the three-month period ended		For the nine-month period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit / (Loss) from operations	18,255	(10,512)	(4,652)	(13,758)
Net profit / (loss) for the period	9,943	(16,831)	(7,523)	(28,937)
The weighted average number of shares	10,000	10,000	10,000	10,000
Basic and diluted profit / (loss) per share from profit / (loss) from operations	1.83	(1.05)	(0.47)	(1.38)
Basic and diluted profit / (loss) per share from net profit / (loss) for the period	0.99	(1.68)	(0.75)	(2.89)

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 September 2022, approximately 2.4% (30 September 2021: 13.58%) of the Company's sales were export sales to the Gulf and Middle East countries, with approximately 97.60% (30 September 2021: 86.42%) 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.

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.

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

19. Comparative figures

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

20. Subsequent events

There have been no significant subsequent events since the year-end that require disclosure or adjustment in the interim condensed financial statements except for already disclosed in the interim condensed financial statements.

21. Approval of the interim condensed financial statements

The interim condensed financial statements were approved by the board of directors on 9 Rabi' al Thani 1444H corresponding to 3 November 2022.