

ARABIAN PIPES COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
31 DECEMBER 2023

ARABIAN PIPES COMPANY
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

Opinion

We have audited the financial statements of Arabian Pipe Company (A Saudi Joint Stock Company) ("the Company"), which comprise the statement of financial position as at 31 December 2023, statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company as at 31 December 2023, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit Key Matter

The key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on that matter. The following describes the key audit matter and how it was addressed:

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

Key Audit Matter	How we Address this Matter During our Review
<p>Revenue Recognition</p> <p>During the year ended 31 December 2023, revenues recognized from contracts with customers amounted to SR 1,076,711 thousand.</p> <p>Revenue is considered as one of the key indicators for measuring performance which results in inherent risk of overstating revenue recognized to increase profitability, due to that revenue recognition was considered as a key audit matter.</p> <p>Please refer to note (4) to the financial statements for the accounting policy related to revenue recognition and note (21) for disclosure related to revenue and to note (33) for prior years restatements.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • The appropriateness of the Company's accounting policies related to revenue recognition and evaluating the extent of compliance of those policies with International Financial Reporting Standard (15) endorsed in the Kingdom of Saudi Arabia. • Evaluated the design, implementation, and testing the operational effectiveness of the Company's internal controls when recognizing revenues in accordance with the company's policy. • Examined revenue transactions on a sample basis, and verify relevant supporting documents to verify the measurement and accuracy of revenue recognition. • Analyzed significant sales contracts to verify the timing of revenue recognition (over a period of time or at point in time) in accordance with the requirements of International Financial Reporting Standard (15) endorsed in the Kingdom of Saudi Arabia. • Conducted analytical procedures on monthly revenue recognized. • Conducted a cut-off test on the timing of revenue recognition from contracts with customers to ensure it have been recognized in the correct accounting period. • Evaluated the adequacy of the Company's disclosures regarding revenues from contracts with customers in the financial statements.

Other Matters

The Company's financial statements for the year ended 31 December 2022 were audited by another auditor, who expressed an unmodified opinion on those financial statements on 5 Ramadan 1444 H (corresponding to: 27 March 2023).

Other Information

The management is responsible for the other information. Other information consists of the information included in the Company's annual report, other than the financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's bylaws, and for such internal controls as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, Board of Directors, are responsible for overseeing the Company's financial reporting process.

The Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also do the following:

- Identify and evaluate the risks of material misstatements in the financial statements, whether resulting from fraud or error, design and implement audit procedures to address those risks, and obtain sufficient and appropriate audit evidence to provide a basis for expressing our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, because fraud may involve collusion, forgery, intentional omissions, misleading statements, or the override of internal control procedures.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding the appropriateness of management's application of the going concern principle of accounting, and based on the audit evidence obtained, whether there is material uncertainty related to events or circumstances that may raise significant doubt about the Company's ability to continue to operate in accordance with the going concern principle. If we determine that a material uncertainty exists, we are required to draw attention in our report to the relevant disclosures in the financial statements, or if those disclosures are inadequate, we will modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or circumstances may cause the Company to cease continuing its business as a going concern.

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

The Auditor's Responsibilities for Auditing the Financial Statements (Continued)

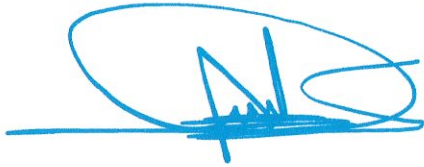
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the transactions and events they represent in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current year and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Maham Company for Professional Services.



**Abdulaziz Saud Al Shabeebi
Certified Public Accountant
License no. (339)**

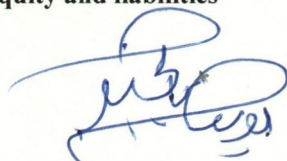
**1 Ramadan 1445H
11 March 2024**



Arabian Pipes Company
(A Saudi Joint Stock Company)

Statement of Financial Position
As at 31 December 2023

	Note	2023 SR '000	2022 (Restated – Note 33) SR '000
Assets			
Non-current assets			
Property, plant and equipment	5	297,787	321,811
Intangible Assets	6	3,954	68
Right-of-use assets	7	22,636	24,311
Total non-current assets		324,377	346,190
Current assets			
Inventory	8	269,811	202,106
Trade receivables	9	186,874	100,289
Contract assets	10	20,080	25,627
Prepayments and other current assets	11	12,490	16,636
Cash and cash equivalents	12	94,081	77,705
Total current assets		583,336	422,363
Total assets		907,713	768,553
Equity and liabilities			
Equity			
Share capital	13	100,000	100,000
Statutory reserve	13	15,430	2,219
Reserve for remeasurement of employees defined benefit liabilities	14	(3,010)	(2,713)
Retained earnings		120,699	1,805
Total Equity		233,119	101,311
Liabilities			
Non-current liabilities			
Lease liabilities	15	23,125	23,903
Term loans	16	20,649	54,302
Governmental grants	16	122	1,326
Employees defined benefit liabilities	14	21,806	20,089
Total non-current liabilities		65,702	99,620
Current liabilities			
Lease liabilities - current portion	15	778	1,374
Bank facilities and the current portion of term loan	16	424,417	350,383
Governmental grants - current portion	16	1,656	3,425
Trade and notes payables	17	79,770	109,821
Accrued expenses and other current liabilities	18	92,089	98,977
Zakat provision	19	10,182	3,642
Total current liabilities		608,892	567,622
Total liabilities		674,594	667,242
Total equity and liabilities		907,713	768,553


BOD Chairman

 
CEO CFO

The accompanying notes from 1 to 35 form an integral part of these financial statements.

Arabian Pipes Company
(A Saudi Joint Stock Company)

Statement of profit and loss and other comprehensive income
For the year ended 31 December 2023

	Note	2023 SR '000	2022 (Restated – Note 33) SR '000
Revenue	21	1,076,711	479,048
Cost of revenue	22	(851,860)	(449,014)
Gross profit		224,851	30,034
Expenses			
Selling and marketing	23	(15,208)	(9,203)
General and administrative	24	(41,384)	(32,784)
(Provided for) reversal of slow-moving inventory provision	8	(9,550)	3,366
Total expenses		(66,142)	(38,621)
Profit (loss) from operations		158,709	(8,587)
Finance charges	25	(32,087)	(19,163)
Other income, net	26	19,634	17,962
Profit (loss) before zakat		146,256	(9,788)
Zakat	19	(14,151)	(700)
Net profit (loss) for the year		132,105	(10,488)
Other comprehensive income:			
Item not to be reclassified to profit or loss and other comprehensive income in subsequent periods:			
(Loss) gain on remeasurement of employees defined benefit liabilities	14	(297)	349
Total comprehensive income (loss) for the year		131,808	(10,139)
Earnings (loss) per share:			
Basic and diluted earnings (loss) per share from net profit (loss) for the year	27	13.21	(1.05)



BOD Chairman



CEO



CFO

The accompanying notes from 1 to 35 form an integral part of these financial statements.


Arabian Pipes Company
(A Saudi Joint Stock Company)

Statement of changes in equity

For the year ended 31 December 2023

	Share capital SR '000	Statutory reserve SR '000	Reserve for remeasurement of employees defined benefit liabilities SR '000	Retained earnings SR '000	Total SR '000
As at 31 December 2021 (previously disclosed)	400,000	120,000	(3,062)	(411,238)	105,700
Restatements (Note 33)	-	-	-	5,750	5,750
Balance as at 1 January 2022 (restated – note 33)	400,000	120,000	(3,062)	(405,488)	111,450
Net loss for the year (restated – note 33)	-	-	-	(10,488)	(10,488)
Other comprehensive income	-	-	349	-	349
Total comprehensive loss for the year (restated – note 33)	-	-	349	(10,488)	(10,139)
The effect of reducing the capital and the statutory reserve against the accumulated losses	(300,000)	(117,781)	-	417,781	-
As at 31 December 2022 (restated – note 33)	100,000	2,219	(2,713)	1,805	101,311
As at 1 January 2023 (restated – note 33)	100,000	2,219	(2,713)	1,805	101,311
Net profit for the year	-	-	-	132,105	132,105
Other comprehensive loss	-	-	(297)	-	(297)
Total comprehensive income for the year	-	-	(297)	132,105	131,808
Transferred to the statutory reserve	-	13,211	-	(13,211)	-
As at 31 December 2023	100,000	15,430	(3,010)	120,699	233,119


BOD Chairman

 
CEO CFO

The accompanying notes from 1 to 35 form an integral part of these financial statements.

Arabian Pipes Company
(A Saudi Joint Stock Company)

Statement of cash flows
For the year ended 31 December 2023

	Note	2023 SR '000	2022 (Restated – Note 33) SR '000
OPERATING ACTIVITIES			
Profit (loss) before Zakat		146,256	(9,788)
Adjustments for:			
Depreciation of property, plant, and equipment	5	32,383	30,872
Amortization of intangible assets	6	600	28
Depreciation of right-of-use asset	7	1,664	1,672
Finance charges	25	32,087	19,163
Loss on disposal of property, plant, and equipment		42	33
Provided for (reversal of) slow moving inventory provision	8	9,550	(3,366)
Provision for expected credit losses	9	1,360	-
Governmental grants	16	(2,973)	(1,010)
Employees defined benefit liabilities	14	2,167	2,074
		<u>223,136</u>	<u>39,678</u>
Change in operating assets and liabilities:			
Inventory		(77,256)	(118,314)
Trade receivables		(87,944)	(77,758)
Contract assets		5,548	52,590
Prepayments and other current assets		2,940	(12,238)
Trade and notes payables		(30,050)	37,156
Accrued expenses and other current liabilities		(6,622)	36,717
Cash from (used in) operations		<u>29,752</u>	<u>(42,169)</u>
Zakat paid	19	(7,611)	(1,342)
Finance charges paid		(25,046)	(7,096)
Employees defined benefit liabilities paid	14	(1,595)	(1,300)
Net cash used in operating activities		<u>(4,500)</u>	<u>(51,907)</u>
INVESTING ACTIVITIES			
Additions to property, plant, equipment	5	(12,581)	(2,496)
Additions to intangible assets	6	(306)	-
Net cash used in investing activities		<u>(12,887)</u>	<u>(2,496)</u>
FINANCING ACTIVITIES			
Loans paid	16	(774,756)	(349,295)
Loans received	16	811,134	475,300
Payment of lease liabilities	15	(2,615)	(2,426)
Net cash from financing activities		<u>33,763</u>	<u>123,579</u>
Net change in cash and cash equivalents		<u>16,376</u>	<u>69,176</u>
Cash and cash equivalent at the beginning of the year		<u>77,705</u>	<u>8,529</u>
Cash and cash equivalents at the end of the year		<u>94,081</u>	<u>77,705</u>



BOD Chairman



CEO



CFO

The accompanying notes from 1 to 35 form an integral part of these 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 25 August 1991).

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, plastic 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. 2196 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 financial statements include the following branch of the company:

No	Name in branch register	Branch Registration		Date
		No.	Region	
1	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 financial statements have been prepared in accordance with International Accounting Standard that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

2-2 Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for employee benefits liabilities that have been measured using projected unit credit method.

2-3 Functional and Presentation Currency

These 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.

2-4 New and Amended Standards and Interpretations

The Company has applied for the first time the following standards and amendments, but do not have any impact on the financial statement of the Company.

- Disclosure of Accounting Policies - Amendment to IAS 1 and IFRS - Statement of Practice 2.
- Definition of accounting estimates - amendments to IAS 8.
- Deferred tax relating to assets and liabilities arising from a single transaction – amendments to IAS 12

2 BASIS OF PREPARATION (continued)

2-5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. It is not expected to have an impact on the Company's financial statements.

- Amendments to International Accounting Standard No. (1) - Classification of liabilities into current and non-current.
- amendments to IFRS 16- Sale and Leaseback Lease Liabilities.
- Disclosures: Amendments to IAS 7 and IFRS 7- Supplier Financing Arrangements
- Amendments to IAS 21-Lack of Exchangeability.
- Amendments to IFRS 10 and IAS 28. "Sale or contribution of assets between an investor and the associate or joint venture".

3 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

Estimates and judgments are evaluated on an ongoing basis; They are based on historical experience and other factors, including future expectations.

3-1 The Main Sources of Uncertainty Regarding Accounting Estimates

The Company makes estimates and assumptions regarding the future; The resulting accounting estimates rarely equal the relevant actual results. The following are estimates and assumptions that involve significant risks, which may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial period:

The Useful Lives of Property, Plant, Equipment, and Intangible Assets

The useful life of each item of the company's property, plant, equipment and intangible assets is estimated based on the number of years during which the asset is expected to be available for use. This estimate is based on a collective evaluation of similar business practices, internal technical evaluation, and previous experience with similar assets. At each reporting date, the estimated useful life of property, plant, equipment and intangible assets is reviewed and updated if expectations differ from previous estimates as a result of normal depreciation and amortization of the asset, technical or commercial obsolescence, legal restrictions or other restrictions on the use of the asset. However, it is possible that future results of operations could be materially affected by changes in estimates resulting from changes in the factors mentioned above. The amounts and timing of expenses recorded for any period may be affected by changes in these factors and circumstances.

Impairment of Inventory

The inventory is shown at cost or market value, whichever is lower. When inventory becomes obsolete or slow-moving, an estimation of its market value is made. For each significant amount individually, this estimation is done for each amount separately. As for insignificant amounts individually but considered obsolete or slow-moving, they are collectively estimated, and a provision is made for slow-moving inventory by type and age or degree of obsolescence based on historical sales prices. These estimates take into account price fluctuations directly related to events occurring after the financial position date.

Impairment of Non-Financial Assets

A decrease in value occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which represents the higher of fair value less costs of disposal and present value. Fair value less costs of disposal is calculated based on available data from binding sales transactions, which are conducted at arm's length for similar assets or observable market prices less incremental costs to sell the asset. Present value is determined using the discounted cash flow method. Cash flows are estimated based on a five-year forecasted budget and do not include restructuring activities not yet committed to by the company or significant future investments that would enhance the performance of the cash-generating unit subject to impairment testing. The recoverable amount is influenced by the discount rate used in the discounted cash flow method as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

3 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (continued)

3-1 The Main Sources of Uncertainty Regarding Accounting Estimates

Provisions

Provisions, depending on their nature, rely on estimates and valuation processes to ensure whether the recognition criteria have been met, including assessing the probability of future cash outflows. Management's estimates regarding provisions related to environmental matters are based on cost estimates, taking into account legal advice and other currently available information. This includes exit costs, if applicable, as well as management's judgment in estimating expected future cash outflows for site closure payments or other exit costs. Provisions for contracts that are considered to have costs exceeding their benefits or for uncertain liabilities involve management's best estimate of whether future cash outflows are probable.

Going Concern Principle

These financial statements have been prepared on a going concern basis. The Company's management has conducted an assessment of the Company's ability to continue operating in accordance with the going concern principle and is confident that the Company has sufficient resources to continue operating in the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

3-2 Important Judgments Used when Applying Accounting Standards

The following significant judgments have a material impact on the amounts included in these financial statements:

Fulfilling Performance Obligations

IFRS 15 requires management to make judgments about the timing of meeting performance obligations under contracts with customers, which has a material impact on the Company's net income. Accordingly, the Company must evaluate all of its contracts with customers to determine whether performance obligations are being met over a period of time or at a point in time in order to determine the appropriate method for recognizing revenues. For all performance obligations under the contract, the Company determines whether the performance obligation has been fulfilled over time, i.e. transferring control of the service to the customer over time. If a performance obligation is not met over time, the Company then recognizes revenue at a point in time at which control of the service is transferred to the customer. The factors the Company considers in evaluating whether performance obligations have been satisfied at a point in time include evaluating whether (1) the Company has a present right to payment for services, (2) the Company has performed the services, and (3) the Company has accepted Services that the company implemented for the client.

The Key Judgment in Determining the Lease Term for Leases Containing Renewal Options

The Company defines the lease term as the non-cancelable term of the lease, plus any periods covered by the option to extend the lease if it is certain to be exercised, or any periods covered by the option to terminate the lease if it is certain not to be exercised.

The Company has the option, under certain lease contracts, to lease assets for an additional period ranging from 5 to 25 years. The Company applies judgment in evaluating whether it is reasonable to exercise the renewal option. Which means, it takes into account all the relevant factors that create an economic incentive to exercise the renewal option. After the commencement date, the Company reassesses the term of the lease if there is a material event or change in circumstances within its control that affects its ability to exercise (or not exercise) the renewal option (for example, a change in business strategy).

4- MATERIAL ACCOUNTING POLICIES

The following is a statement of the accounting policies applied in preparing these financial statements:

Classification of assets and liabilities as current and non-current

The company presents assets and liabilities in the statement of financial position based on their classification as current or non-current. Assets are considered current when:

4- MATERIAL ACCOUNTING POLICIES

Classification of assets and liabilities as current and non-current (continued)

- a) It expects to realize the asset, or intends to sell or consume it, in the entity's normal operating cycle;
- b) It holds the asset primarily for the purpose of trading;
- c) It expects to realize the asset within twelve months after the reporting date; or
- d) The asset is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

The Company shall classify all other assets as non-current. When the Company's normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

The Company shall classify a liability as current when:

- a) It expects to settle the liability in the entity's normal operating cycle;
- b) It holds the liability primarily for the purpose of trading;
- c) The liability is due to be settled within twelve months after the reporting date; or
- d) The entity does not have an unconditional right to defer settlement of the liability for at least twelve months

The Company shall classify all other liabilities as non-current.

Financial Instruments

Financial assets, upon initial recognition and subsequently measured at amortized cost, are classified as fair value through profit or loss and fair value through profit or loss. The classification of financial assets upon initial recognition depends on the cash flow characteristics of the financial asset and the company's business model for managing it.

Initial recognition, and measurement

Financial assets and financial liabilities are originally measured at fair value. Upon initial recognition, transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities are added or deducted from the fair value of the financial assets and financial liabilities, as appropriate. Transaction costs directly attributable to the acquisition of financial assets held at fair value through profit or loss are recognized directly in the statement of profit and loss and other comprehensive income.

Financial assets

Subsequent recognition of financial assets

The company has the following financial assets:

Financial assets at amortized cost:

This category includes trade receivables and contract assets. The company has financial assets at amortized cost only. Financial assets are measured at amortized cost if the following two conditions are met and they are not carried at fair value through profit or loss:

- Acquiring a financial asset within the business model with the aim of acquiring financial assets to collect contractual cash flows, and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of the principal amount and interest on the principal amount outstanding.

Financial assets carried at amortized cost are subsequently measured using the effective commission rate method and are subject to impairment. Gains and losses are recognized in profit and loss in the statement of profit and loss and other comprehensive income when the asset is derecognized, modified or impaired.

Reclassifications

Financial assets are not reclassified after their initial recognition, except for the period after the Company changes its business model for managing financial assets.

4- MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Impairment of financial assets

The Company applies the simplified method provided in IFRS 9 to measure lifetime expected credit losses on trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's past credit losses, adjusted for factors specific to the debtors, general economic conditions and a calendar of both current and expected market trends at the date of the financial statements, including the time value of money if appropriate.

Derecognition of financial assets

The company derecognizes financial assets only when the rights to receive cash flows from the assets expire or the company transfers the financial assets and all risks and rewards associated with the owner of the assets to another party. In cases where the Company does not transfer or retain all of the risks and rewards associated with the owner or where control of the asset is not transferred, the Company recognizes the remaining interest in the asset and the related liability at the amount it is required to pay. If the company retains all the risks and rewards associated with the owner of the transferred financial asset, the company continues to recognize the financial asset.

When a financial asset measured at amortized cost is derecognized, the difference between the carrying amount of the asset and the amount of consideration received or receivable is recognized in the statement of profit and loss and other comprehensive income.

Financial liabilities

The Company classifies its financial liabilities as financial liabilities measured at amortized cost or at fair value through profit or loss. Financial liabilities are classified as FVTPL if they are classified as financial liabilities held for trading purposes or as derivatives or are designated as such on initial recognition.

The Company's financial liabilities include trade and notes payables, other current liabilities, loans and lease liabilities.

Subsequent measurement of financial liabilities

All financial liabilities are subsequently measured at amortized cost.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss and other comprehensive income

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. These costs include; The cost of replacing a portion of property, plant and equipment and borrowing costs related to long-term construction projects (qualifying assets), if the recognition criteria are met. When these assets are created internally, their cost includes all amounts necessary to bring the asset to its current condition and location so that it is ready for its intended use by the Company; This excludes all other costs such as general and administrative expenses and training costs. Any costs of the feasibility study are expensed when incurred unless they relate to a specific asset created internally and are directly attributable to it.

4- MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

The Company adds to the carrying value of an item of property, plant and equipment the cost of replacing parts of that item when that cost is incurred if the replacement part is expected to generate additional future benefits for the Company; The carrying value of the replaced part is derecognized. All other repairs and maintenance expenses are charged directly to profit or loss in the statement of profit and loss and other comprehensive income during the period in which they are incurred.

Asset depreciation is charged to distribute the cost of assets less their estimated residual value over their estimated useful lives using the straight-line method.

Gains and losses on disposals are determined by comparing the proceeds of disposals with the book value and are included in the profit or loss in the statement of profit and loss and other comprehensive income. Major spare parts are eligible for recognition as appliances, furniture, and office equipment when the Company expects to use them within more than one year. Transfers are made to the relevant operating asset class when these items are available for use.

Depreciation is calculated on a straight-line basis over the years of the estimated useful lives of the assets, as follows. Capital projects in progress are shown at cost and are not depreciated.

<u>Category of property, machinery and equipment</u>	<u>Years</u>
Buildings	33 years or the lease term, whichever is lesser
Machinery & equipment	10 to 25 years
Vehicles	5 years
Furniture & fixtures	3.33 to 5 years
Computers	3.33 to 5 years

The residual values, useful lives and depreciation methods of assets are reviewed and adjusted on a prospective basis, if appropriate, at the end of each financial period. Any item of property, plant and equipment and any significant part initially recognized are derecognized when it is disposed of or when there are no future benefits expected from its use. Any gains or losses arising on derecognition of the asset (which are calculated as the difference between the net proceeds of disposals and the carrying amount of the asset) are included in profit or loss in the statement of profit and loss and other comprehensive income.

Capital works in progress

The cost of capital work in progress is calculated on the basis of the actual cost and is shown as capital work in progress until the project is received from the contractor. Then it is transferred to the various items within property, machinery and equipment and then their depreciation begins.

Intangible assets

Intangible assets with a finite life are amortized over their estimated useful lives, and are reviewed to confirm whether there is a decline in their value when there is evidence indicating that such a decline has occurred. The amortization period and method for intangible assets with a finite life are reviewed at least once at the end of each financial period. Changes in the expected useful life or the method of consuming future economic benefits embodied in the asset are treated accounting by adjusting the period or method of depreciation, as appropriate, and are recorded as changes in accounting estimates. Amortization expenses for intangible assets with a finite life are included in the statement of profit or loss as an expense, in line with the function of the intangible assets.

Gains or losses resulting from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the book value of the asset, and are included in the statement of profit or loss when the asset is derecognized.

4- MATERIAL ACCOUNTING POLICIES (continued)

Leases

The Company evaluates at the beginning of the contract whether the contract is a lease or contains a lease. A contract is or contains a lease if it gives the right to control the use of a specific asset for a period of time in exchange for consideration.

The Company as lessee

The Company applies a single recognition and measurement method for all leases, except for short-term leases and leases for low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets that represent the right to use the assets subject to the contract.

1) Right to use assets

The Company recognizes the right to use the assets on the lease commencement date (i.e. the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and are adjusted to account for any remeasurement of lease liabilities. The cost of right-of-use assets includes the value of lease liabilities recognized, initial direct costs incurred and lease payments made on or before the lease commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful lives of the assets, whichever is shorter. The lease contracts for lands and buildings range from 5 to 50 years.

If the owner of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are also subject to impairment. Please see the accounting policies mentioned in the "Impairment of Non-Financial Assets" paragraph. Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful lives of the assets.

2) Lease liabilities

At the lease commencement date, the Company recognizes lease liabilities measured at the present value of lease payments made throughout the lease term. Lease payments include fixed payments (including actual fixed payments) less any lease incentives receivable, variable lease payments based on an index or rate, and amounts expected to be paid under residual value guarantees.

Lease payments also include the exercise price of a reasonably certain purchase option to be exercised by the Company and penalties paid for terminating the lease, if the terms of the lease give the Company the option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period during which the event or circumstance that triggers the payment occurs.

3) Short-term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., leases that have a term of 12 months or less from the contract commencement date and do not include a purchase option). The recognition exemption for leases with low-value assets also applies to leases that are considered low-value. Lease payments related to short-term leases and leases with low-value assets are recognized as an expense on a straight-line basis over the term of the lease.

Impairment of non-financial assets

The Company conducts an assessment at each statement of financial position date to determine whether there is an indication that the value of a non-financial asset may be impaired. If this indicator exists, or when it is necessary to conduct annual impairment testing for an asset, the Company estimates the asset's recoverable amount. It represents the recoverable amount of the asset; The fair value of an asset or cash-generating unit less costs to sell and its value in use, whichever is higher, determines the recoverable amount of an individual asset, unless the asset generates cash flows that are largely independent of those generated by another asset or group of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

4- MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount; So that it does not exceed the book value that has increased; The carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. The reversal of loss arising from a decrease in profit or loss is recognized in the statement of profit and loss and other comprehensive income.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to settle a liability in an ordinary transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transactions to sell the asset or transfer the liability occur either:

- In the primary market for the assets or liabilities or
- In the absence of a principal market, in the most appropriate market for the asset or liability

The main market or the most suitable market must be accessible to the Company. The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants represent their economic interest.

When measuring the fair value of non-financial assets, it takes into account the ability of market participants to achieve economic benefits by using the assets in their maximum and best use or by selling them to another market participant who uses the same asset in its maximum and best use.

The Company uses valuation techniques that are appropriate under the circumstances in which the information necessary to measure fair value is available, maximizing the use of observable inputs and minimizing the use of non-observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy and this is disclosed below, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Company determines whether a transfer has occurred between levels in the hierarchy by reassessing the classification (based on the lowest level significant input to the fair value measurement as a whole) at the end of the period. the report. The company determines policies and procedures for both recurring fair value measurement and non-recurring fair value measurement.

At the date of each report, the company analyzes the changes in the values of assets and liabilities that need to be remeasured or reevaluated in accordance with the company's accounting policies. For this analysis, the company verifies the main inputs applied in the last evaluation by matching the information in calculating the evaluation with contracts and other relevant documents. The company also compares the change in the fair value of each asset or liability with other external indicators to determine whether the change is reasonable for the purposes of fair value disclosures. The company has determined the categories of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as described above.

4- MATERIAL ACCOUNTING POLICIES (continued)

Inventory

Inventory, including raw materials, work in progress, finished goods, consumables, and spare parts, is measured at cost, i.e.; Previous purchase prices are based on the weighted average principle plus direct attributable costs or net realizable value, whichever is lower.

Work-in-progress and finished goods inventory includes the cost of materials and labor and an appropriate proportion of direct expenses.

Unusual inventory losses due to quality or other problems and indirect expenses incurred during unplanned maintenance/shutdown period are excluded from inventory costs. The allocation of indirect expenses at the end of the period for the purpose of inventory valuation is based on the normal capacity or actual production for the period. Costs are assigned to individual items of inventory on a weighted average cost basis. The costs of purchased inventory items are determined net of quantity discounts and rebates. Net realizable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to complete the sale.

Scrap inventory

The Company's production processes sometimes result in the production of byproducts or scrap (unusable or recyclable). When conversion costs for by-products and/or scrap cannot be determined separately from the cost of the primary product, they are determined on a logical and consistent basis in relation to those products, by-products and scrap. Allocation is based on the relative sales value of each product either at the stage of the production process when the products become separately identifiable or when production is completed.

When by-products and scrap are insignificant and their costs cannot be determined or it is not feasible to do so, these items in inventory are measured at net realizable value, and this value is deducted from the cost of the main product. As a result, the carrying value of the main product inventory is not materially different from its cost. In the statement of profit and loss and other comprehensive income, the net realizable value of by-products and scrap is reduced from cost of revenues for the period. Upon subsequent sale of these by-products, the proceeds are recorded as revenue with the corresponding cost of revenue recorded based on the previously recorded net realizable value. For scrap, proceeds net of cost are recorded as other income.

Consumables

Consumables are the raw materials that are consumed in the production of finished and semi-finished products. Consumables may include engineering materials, disposable packaging materials, and some catalysts.

Capital spare parts

Spare parts are interchangeable parts of property, plant and equipment, which are necessary to support routine maintenance, repair and refurbishment of plant and equipment, or which are used in emergency repairs. The company maintains the following different types of spare parts:

- Items of spare equipment acquired with the factory/production line or purchased later but linked to a specific factory or production line and which are rarely needed, are necessary for the operation of the factory, and must be available when needed at all times: these items are capitalized. As part of property, plant and equipment, it is depreciated from the date of purchase over the lesser of the useful life of the item or the remaining useful life of the plant in which it is to be used. These items do not form part of inventory, provided they meet the criteria for capitalization under property, plant and equipment.
- Repairable elements of a production line plant that require a long delivery time and are often replaced or renewed frequently during maintenance). These items are capitalized as part of property, plant and equipment if the capitalization criteria are met. Depreciation begins from the day the items are installed in the plant, and the depreciation period is the shorter of the useful life of the item or the remaining useful life of the plant and related equipment in which it is installed. These items do not form part of the inventory.

4- MATERIAL ACCOUNTING POLICIES (continued)

Inventory (continued)

- General spare parts and other consumable items that are not of a special nature but of a general nature, i.e.; They are not limited to a specific plant and can be used in multiple plants or production lines, and any other items that may be required at any time to facilitate the operation of the plant. These items are generally classified as consumables and spare parts in inventory, unless they exceed the capitalization limit and have a useful life of more than one year, in which case they are recorded under property, plant and equipment. Items that are recorded in inventory are subject to an obsolescence allowance assessment and are charged to the statement of profit and loss and other comprehensive income when installed or used. If these items meet the capitalization criteria, their method of depreciation is similar to salvageable items as stated above.

Impairment and valuation of inventory provision

At the date of each statement of financial position, an evaluation is conducted to ensure that there is a decrease in the value of the inventory. If there is an impairment of inventory, the carrying value is reduced to the selling price less costs of completion and selling. An impairment loss is recognized directly in profit or loss in the comprehensive statement of profit and loss and other comprehensive income.

Contract assets

Contract assets represent the right to compensation for the goods or services transferred to the customer. In the event that the Company transfers the goods or services to the customer before the customer pays the compensation or before it is due, the assets of the contract are recognized in exchange for the compensation earned, which is conditional.

Contract liabilities

Contract liabilities represent obligations to transfer goods or services to customers, for which the Company has received consideration (or consideration was due) from the customer. If the customer pays the consideration before the Company transfers the goods or services to the customer, the contract liabilities are recognized when the amount is paid or due (whichever occurs first). Contract liabilities are recognized as revenue when the Company performs under the contract.

Employee benefits

Short-term employee benefits

A liability is recognized for benefits owed to employees in terms of salaries, wages, annual leave, and travel tickets, which are expected to be paid in full within twelve months after the end of the period in which the employees provide the related services. The liability is recognized for the undiscounted amount of benefits expected to be paid for those services.

End of service benefits for employees

The employee defined benefit obligation is determined using the projected unit credit method, in addition to actuarial valuation exercises performed at the end of each fiscal year. Remeasurements, which include actuarial gains and losses, are recognized immediately in the statement of financial position, with the increase or decrease recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are immediately recognized in retained earnings and will not be reclassified to the statement of profit and loss and other comprehensive income in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from program modifications or workforce reductions are recognized directly in the statement of profit and loss and other comprehensive income as past service costs. The commission is calculated by applying the discount rate at the beginning of the period to the net defined benefit obligations or assets.

4- MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Defined benefit assets or liabilities consist of the present value of defined benefit obligations, less past service costs and less the present value of plan assets out of which the obligations must be settled. At present, the program is unfunded and has no assets.

Provisions

Provisions are recognized when there are present obligations (statutory or constructive) on the Company resulting from past events, and it is probable that the use of resources embodying economic benefits will be required to settle the obligation, so that the amount of the obligation can be estimated reliably. In cases where the Company expects to recover part or all of a provision, for example under an insurance contract, the refund is recognized as a separate asset only when the recovery is actually certain. The expense relating to a provision is presented in the statement of profit and loss and other comprehensive income, net of any refunds. If the effect of the time value of money is material, provisions are discounted using a current pre-zakat/tax rate that reflects, where appropriate, the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Zakat and value added tax

Zakat

The Company is subject to zakat under the regulations of the Zakat, Tax and Customs Authority (the ZATCA). The provision for zakat is charged to the statement of profit and loss and other comprehensive income. Differences, if any, are calculated upon finalizing the assessments when these amounts are determined in accordance with the requirements of International Accounting Standard 8 "Accounting Policies." "Changes in Accounting Estimates and Errors" endorsed in the Kingdom of Saudi Arabia.

Value added tax

Revenues, expenses and assets are recognized net, after deducting the amount of VAT when the VAT incurred on the purchase of assets or services is not recoverable from the ZATCA; In this case, value added tax is recognized as part of the cost of acquiring the asset or as part of an expense item, as the case may be. Receivables and payables are recognized including the value added tax amount. The net amount of VAT that is recoverable or payable to the ZATCA is included as part of receivables or payables in the statement of financial position.

Withholding tax

The Company deducts tax on transactions with non-resident parties in accordance with the ZATCA regulations, which are not recognized as expenses as they are obligations of the counterparty on whose behalf the amounts are deducted.

Cash and its equivalent

Cash and cash equivalents consist of cash deposited with local banks and short-term Murabaha deposits with maturities of three months or less. These balances are subject to an insignificant risk of changes in value.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a significant amount of time to construct or prepare for its intended purpose or sale are capitalized as part of the cost of that asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of commissions and other costs incurred by an entity in connection with obtaining loans.

Governmental grants

Governmental grants are recognized when there is reasonable assurance that the grant will be received and that all conditions related to it will be adhered to. When the government grant relates to an item of expense, it is recognized as revenue over the period in order to match the grant on a regular basis with the costs for which it will be compensated. When the grant relates to an asset, it is recognized as revenue in equal amounts over the expected useful life of the asset.

4- MATERIAL ACCOUNTING POLICIES (continued)

Governmental grants(continued)

When the Company receives non-cash grants, the assets and the grant are recorded at the total nominal amounts and recorded as gains or losses over the expected useful life of the asset, according to the method of exhausting the benefits of the asset in question in equal annual installments.

Revenue recognition

The Company recognizes revenues under IFRS No. (15) using the following five-step model:

Step 1: Identify the contract(s) with a customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and set out the criteria for every contract that must be met
Step 2: Identify the performance obligations in the contract	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties
Step 3: Determine the transaction price	
Step 4: Allocate the transaction price to the performance obligation	For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation
Step 5: Recognize revenue	when (or as) the entity satisfies a performance obligation

Revenue from contracts with customers for steel pipe manufacturing and packaging contracts is recognized when control of the goods is transferred to the customer at a value that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in all of its revenue agreements because it usually controls the goods or services before transferring them to the customer.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following conditions is met:

- The customer receives the benefits provided by the Company's performance and simultaneously consumes them during the Company's performance.
- The Company's performance results in the creation or improvement of an asset that the customer controls when the asset is created or improved.
- The Company's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right to receive the value of the performance completed to date.

For performance obligations for which one of the above conditions is not met, revenue is recognized at the time the performance obligation is satisfied (point in time).

Other income

All other income is recognized based on the accrual basis.

Cost of revenue

All expenses are recognized on an accrual basis. Operating costs are recognized on a historical cost basis. Production costs and direct manufacturing expenses are classified as cost of revenue. This includes raw materials, direct labor, and other attributable indirect costs. Other costs such as selling costs are recorded as selling and marketing expenses, while all other remaining costs are presented as general and administrative expenses.

Selling and marketing expenses

These expenses include any costs incurred to carry out or facilitate all selling activities in the company. These costs typically include marketing, selling, and logistics expenses as well as allocations for certain general indirect expenses.

4- MATERIAL ACCOUNTING POLICIES (continued)

General and administrative expenses

These expenses relate to operating expenses that are not directly related to the production or sale of any goods or services. These also include provisions that are not specifically attributable to cost of revenues or selling and marketing expenses. Indirect expenses are allocated to cost of revenues, selling and marketing expenses and general and administrative expenses, where applicable, on a fixed basis based on pre-determined rates as appropriate by the Company.

Transactions in foreign currencies

Transactions in foreign currencies are converted into Saudi Riyals using the prevailing exchange rates when those transactions occur. As for monetary assets and liabilities denominated in foreign currencies, they are converted into Saudi riyals using the prevailing exchange rates at the reporting date. As for non-monetary assets and liabilities that are measured according to fair value in a foreign currency, they are converted into the activity currency using exchange rates when determining the fair value. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rates at the date of the transaction. Gains and losses resulting from changes in exchange rates are recognized in the statement of profit and loss and other comprehensive income.

Earnings per Share

The Company presents basic and diluted earnings per share, if any, for its common stock. Basic and diluted earnings per share are calculated by dividing the profit or loss attributable to the Company's ordinary shareholders on the basis of the weighted average number of ordinary shares outstanding during the fiscal year. No potential ordinary shares have been issued by the Company and therefore basic and diluted earnings per share are the same.

Dividends

The Company confirms the obligations related to paying cash or non-cash dividends to shareholders when the distribution is approved and the distribution is no longer dependent on the Company's desire. Final dividends are recognized as liabilities upon approval by the general assembly. The corresponding amount is recognized directly in the statement of changes in equity.

Related Parties

The entity is considered related to the Company if the Company has the ability, directly or indirectly, to control the entity or has a significant influence on the entity in making financial operating decisions or vice versa, or where the Company and the entity are subject to joint control or significant influence. Related parties also include the Company's senior management directors. Pricing policies and terms of transactions with related parties are approved by the Board of Directors.

5 PROPERTY, PLANT AND EQUIPMENT

	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 2023 SR '000
Cost:								
At 1 January (restated – note 33)	5,676	90,662	736,863	1,948	2,913	2,873	8,491	849,426
Additions	-	137	8,544	112	480	151	3,157	12,581
Transferred to Property, plant, equipment, and intangible assets	-	592	6,799	-	39	-	(11,610)	(4,180)
Disposals	-	-	(795)	-	-	(5)	(38)	(838)
At 31 December	<u>5,676</u>	<u>91,391</u>	<u>751,411</u>	<u>2,060</u>	<u>3,432</u>	<u>3,019</u>	<u>-</u>	<u>856,989</u>
Accumulated depreciation								
At 1 January (restated – note 33)	-	46,578	474,030	1,719	2,716	2,572	-	527,615
Charger for the year	-	3,445	28,588	97	130	123	-	32,383
Disposals	-	-	(795)	-	-	(1)	-	(796)
At 31 December	<u>-</u>	<u>50,023</u>	<u>501,823</u>	<u>1,816</u>	<u>2,846</u>	<u>2,694</u>	<u>-</u>	<u>559,202</u>
Net book value								
At 31 December 2023	<u>5,676</u>	<u>41,368</u>	<u>249,588</u>	<u>244</u>	<u>586</u>	<u>325</u>	<u>-</u>	<u>297,787</u>

- The Company's buildings in Riyadh and Jubail include buildings constructed on land leased from government authorities.
- Most of the Company's property, plant and equipment are mortgaged to the Saudi Industrial Development Fund against the loan granted by the Fund (Note 16).
- Capital work in progress as at 31 December 2022 include machinery, equipment, and software with a book value of 8.5 million Saudi Riyals. All these assets were transferred when they became ready for their intended purpose during the fourth quarter of 2023.

5 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 2022 SR '000
Cost:								
At 1 January (restated – note 33)	5,676	90,662	734,7^1	1,948	2,901	2,803	8,192	846,963
Additions	-	-	2,115	-	12	70	299	2,496
Disposal	-	-	(33)	-	-	-	-	(33)
At 31 December (restated – note 33)	<u>5,676</u>	<u>90,662</u>	<u>736,863</u>	<u>1,948</u>	<u>2,913</u>	<u>2,873</u>	<u>8,491</u>	<u>849,426</u>
Accumulated depreciation								
At 1 January (restated – note 33)	-	43,404	446,683	1,633	2,599	2,424	-	496,743
Charger for the year	-	3,174	27,347	86	117	148	-	30,872
At 31 December (restated – note 33)	<u>-</u>	<u>46,578</u>	<u>474,030</u>	<u>1,719</u>	<u>2,716</u>	<u>2,572</u>	<u>-</u>	<u>527,615</u>
Net book value:								
At 31 December 2022 (Restated – note 33)	<u>5,676</u>	<u>44,084</u>	<u>262,833</u>	<u>229</u>	<u>197</u>	<u>301</u>	<u>8,491</u>	<u>321,811</u>

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

	2023 SR '000	2022 (Restated – note 33) SR '000
Cost of revenue (note 22)	<u>31,149</u>	29,994
General and administrative expenses (note 24)	<u>1,232</u>	878
Selling and marketing expenses	<u>2</u>	-
	<u>32,383</u>	<u>30,872</u>

6 INTANGIBLE ASSETS

Intangible assets represent software that is amortized over a period of 3 to 5 years. The movement in intangible assets during the year was as follows:

	2023 SR '000	2022 SR '000
Cost		
At 1 January (Restated – note 33)	2,707	2,707
Additions	306	-
Transferred from capital work in progress	4,180	-
At 31 December	7,193	2,707
Accumulated Depreciation:		
At 1 January (Restated – note 33)	2,639	2,611
Amortization for the year	600	28
At 31 December	3,239	2,639
Net book value as of 31 December	3,954	68

Amortization has been charged within general and administrative expenses (Note 24).

7 RIGHT OF USE ASSETS

	Land SR '000	Buildings SR '000	Total 2023 SR '000
Cost			
At 1 January (Restated – note 33)	26,901	4,081	30,982
Amendments to lease contracts	-	(11)	(11)
At 31 December	26,901	4,070	30,971
Accumulated Depreciation:			
At 1 January (Restated – note 33)	4,404	2,267	6,671
Charger for the year	1,087	577	1,664
At 31 December	5,491	2,844	8,335
Net book value:			
As of 31 December 2023	21,410	1,226	22,636

7 RIGHT OF USE ASSETS (continued)

	Leased lands SR '000	Buildings SR '000	Total 2022 SR '000
Cost:			
At 1 January and 31 December (Restated – note 33)	26,901	4,081	30,982
Accumulated Depreciation:			
At 1 January (restated – note 33)	3,317	1,682	4,999
Charger for the year (restated – note 33)	1,087	585	1,672
At 31 December (restated – note 33)	4,404	2,267	6,671
Net book value:			
As of 31 December (restated – note 33)	22,497	1,814	24,311

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

	2023 SR '000	2022 (Restated – Note 33) SR '000
Cost of revenue (note 22)	1,487	1,534
General and administrative expenses (note 24)	173	135
Selling and marketing expenses	4	3
	1,664	1,672

8 INVENTORY

	2023 SR '000	2022 (Restated – Note 33) SR '000
Raw materials	118,434	89,750
Finished goods	74,996	53,780
Work in progress	40,370	45,887
Consumable materials	38,785	31,836
Goods in transit	26,497	-
Scrap inventory	4,444	5,018
	303,526	226,271
Less: provision for slow moving inventories (note 8.1)	(33,715)	(24,165)
	269,811	202,106

8 INVENTORY (continued)

8.1 The movement of provision for slow-moving inventory is as follows:

	2023	2022
	SR '000	(Restated – note 33)
	SR '000	SR '000
Balance at the beginning of the year	24,165	31,373
Write-off for provision of raw materials	-	(3,575)
Write-off for provision of work in process	-	(267)
Provided for (reversal) during the year	9,550	(3,366)
Balance at the end of the year	33,715	24,165

9 TRADE RECEIVABLES

	2023	2022
	SR '000	SR '000
Trade receivables	204,929	116,984
Provision for expected credit losses (9-1)	(18,055)	(16,695)
	186,874	100,289

9.1 The movement of provision for expected credit losses is as follows:

	2023	2022
	SR '000	SR '000
At the beginning of the year	16,695	16,695
Charged during the year	1,360	-
Balance at the end of the year	18,055	16,695

(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 net carrying amount of trade receivables of the Company is stated in thousand Saudi Riyals.

(d) The maximum exposure to credit risk as of the reporting date is the carrying value of each category of the mentioned trade receivables.

(e) 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
31 December 2023	204,929	186,876	-	1,359	16,694
31 December 2022	116,984	99,924	366	-	16,694

10 CONTRACT ASSETS

Contract assets primarily relates to the Company's right to payment for performance completed to date in respect of completed steel pipe manufacturing contracts (for which revenue is recognized over time) but not invoiced at the reporting date. These amounts will be transferred to trade receivable when invoiced to customers. The majority of contract asset balances were invoiced subsequent to the date of statement of financial position and are not subject to insignificant risk of impairment.

10 CONTRACT ASSETS (continued)

The movement in the contract assets account was as follows:

	2023	2022
	SR '000	(Restated – Note 33) SR '000
At the beginning of the year	25,627	78,217
Invoices issued during the year	(25,627)	(78,217)
Revenues recognized during the year	20,080	25,627
At the end of the year	20,080	25,627

11 PREPAYMENTS AND OTHER CURRENT ASSETS

	2023	2022
	SR '000	(Restated – Note 33) SR '000
Advances to suppliers	10,236	12,521
Prepaid expenses	624	2,144
Employees Advances	926	1,044
Margin on letter of guarantees and credit of banks (*)	704	28
Others	-	899
	12,490	16,636

(*) The Company's banks have issued letter of guarantees with a maximum limit of SR 104.8 million (2022: SR 2.6 million)

12 CASH AND CASH EQUIVALENTS

	2023	2022
	SR '000	SR '000
Cash at bank	94,081	37,705
Short-term Murabaha deposits (*)	-	40,000
	94,081	77,705

(*) The short-term Murabaha deposits for year 2022 were deposited with a local bank and had an original maturity of less than three months and provided an annual effective return of 5.52%.

13 SHARE CAPITAL AND STATUTORY RESERVE

Share Capital

The Company's authorized, issued, and fully paid capital consists of 10 million shares, each share's value is SR 10 (31 December 2022: 10 million shares, each share's value is SR 10).

During the year ended 31 December 2022, the Company obtained its shareholders approval through Extra Ordinary General Assembly meeting dated 20 February 2022, to restructure its capital by absorbing accumulated losses of SR 300 million through reducing its share capital from SR 400 million to SR 100 million.

On 24 Rabi' al-Thani 1445 H (corresponding to 8 November 2023), the Board of Directors recommended to increase the capital from SR 100 million to SR 150 million by capitalizing a portion of it is retained earnings. This recommendation will be subject to the approval of the Company's Extraordinary General Assembly at its upcoming meeting.

13 SHARE CAPITAL AND STATUTORY RESERVE (continued)

Statutory reserve

The new Companies Regulations issued by Royal Decree M/132 dated 30 June 2022 (hereinafter referred to as the "Regulation") entered into force on 19 January 2023. The Regulation replaces the Companies Regulations issued in 1437H and other provisions which are in conflict with the Regulation will be overridden. Existing companies must amend their status in conformity with the Regulation's provisions within two years of the effective date of the Regulation. The Company has not yet updated its bylaws to comply with the provisions of the new regulation, and as a result 10% of the current year's profits have been transferred to the statutory reserve.

After updating the bylaws according to the new Regulation, the balance of the statutory reserve formed in previous years will be subject to the shareholders' resolution in the future whether to retain it as a general reserve or to return it to retained earnings.

During the year ended 31 December 2022, the Company obtained its shareholders approval through Extra Ordinary General Assembly meeting dated 20 February 2022, to restructure its capital by absorbing accumulated losses of SR 117.8 million through reducing its statutory reserve from SR 120 million to SR 2.2 million.

14 EMPLOYEES DEFINED BENEFIT LIABILITIES

The Company grants defined benefit obligations ("Benefit program") to its employees in accordance with the requirements of the labor law in the Kingdom of Saudi Arabia. The benefits granted under this benefit program represent a lump sum calculated on the basis of employees' latest salaries and allowances and their accumulated years of service at the date of termination of service.

The benefit obligations recognized in the statement of financial position for Employees defined benefit liabilities represent the present value of the defined benefit obligations at the date of preparing the financial statements. The most recent actuarial valuation was performed by an independent qualified actuary using the projected unit credit method.

The following is the details of the movement in end-of-service benefits for employees:

	2023	2022
	SR '000	SR '000
At beginning of the year	20,089	19,191
Current service cost	2,167	2,074
Finance charges on employees defined benefit liabilities	848	473
Paid during the year	(1,595)	(1,300)
Actuarial loss (gains)	297	(349)
Balance at the end of the year	21,806	20,089

All changes in the employees defined benefit liabilities have been recognized in the statement of profit or loss and other comprehensive income, except for actuarial gains, which have been recognized in other comprehensive income.

The principal of actuarial assumptions were as follows:

	2023	2022
	SR '000	SR '000
Discount rate	4.70%	4.40%
Salary increases rate	5%	5%
Staff turnover rate	Medium	Medium
Retirement age	60	60
Death rate	0.1%	0.1%

14 EMPLOYEES DEFINED BENEFIT LIABILITIES (continued)

Sensitivity analysis

The reasonably possible changes, as of the date of the financial statements' preparation, in relevant actuarial assumptions, while keeping all other assumptions constant, were expected to impact the employees defined benefit liabilities as follows:

	2023	2022
	SR '000	SR '000
Increase in discount rate by 1%	20,154	18,503
Decrease in discount rate by 1%	23,710	21,921
Increase in salary increase rate by 1%	23,533	21,754
Decrease in salary increase rate by 1%	20,283	18,623
Increase in staff turnover rate by 1%	21,740	20,000
Decrease in staff turnover rate by 1%	21,878	20,183
Increase in death rate by 1%	21,805	20,085
Decrease in death rate by 1%	21,808	20,092

The table below shows the expected maturity analysis for the employees defined benefit liabilities:

	2023	2022
	SR '000	SR '000
First-year	1,609	1,432
Second year	3,553	2,781
Third year	1,278	1,499
Fourth-year	1,288	1,114
Fifth year	1,356	1,504
Sixth year and above	24,862	22,470
Total undiscounted defined benefit liabilities	33,946	30,800
Less: Finance charge	(12,140)	(10,711)
	21,806	20,089

15 LEASE LIABILITIES

The net present value of the lease payments is as follows:

	2023	2022
	SR '000	(Restated – Note 33) SR '000
Lease liabilities stated in statement of financial position		
Current portion of lease liabilities	778	1,374
Non-current portion of lease liabilities	23,125	23,903
	23,903	25,277

15 LEASE LIABILITIES (continued)

The following is the details of the carrying value of recognized lease liabilities and the relevant changes during the year:

	2023	2022
	SR '000	(Restated – Note 33)
		SR '000
At the beginning of the year	25,277	26,389
Financial charges	1,252	1,314
Amounts paid	(2,615)	(2,426)
Amendments to lease contracts	(11)	-
At the end of the year	23,903	25,277

The following is the aggregate maturities of lease liabilities:

	2023	2022
	SR '000	(Restated – Note 33)
		SR '000
Lease liabilities stated in statement of financial position		
Within one year	778	1,374
From one to five years	3,552	3,371
More than five years	19,573	20,532
	23,903	25,277

16 BANK FACILITIES AND TERM LOANS

The Company obtained bank facilities from several local banks and a short-term loan from the Ministry of Finance. The balance of the bank facilities as of 31 December 2023 amounted to SR 393 million (31 December 2022: SR 332 million). It represents in letters of guarantee and credit, and short-term bank facilities to support the Company's working capital requirements. The facilities carry a financial charges according to prevailing market prices. These facilities are secured by promissory notes. The facilities agreements include covenants to maintain certain financial ratios, such as financial leverage ratio, and others. According to these facilities agreements, lenders are entitled to demand immediate repayment of loans in cases of non-compliance of these covenants. The company was not in compliance with certain covenants of short-term facilities as of 31 December 2023.

In 2005, the Company obtained a loan from the Industrial Development Fund ("the Fund") for the purpose of financing the production of welded steel pipes and for the purpose of replacing and old plant machinery and equipment for a total amount of SR 236.5 million. The loan balance as of 31 December 2023 amounted to SR 54 million (2022: SR 74 million) to be paid in semi-annual installments ending on 15 Shaaban 1446 H (corresponding to 14 February 2025). The facilities agreements include covenants to maintain certain financial ratios, such as financial leverage ratio, and others. In accordance with this agreement, the Fund has the right to demand immediate repayment of the loan in cases of non-compliance of these covenants. The Company was not in compliance with certain loan covenants as of 31 December 2023. The Company was able to obtain a waivers letter from the Fund relating to the non-compliance with the loan covenant before the end of the financial year.

16 BANK FACILITIES AND TERM LOANS (continued)

	2023	2022
	SR '000	(Restated – Note 33)
		SR '000
Bank facilities and short-term loans	392,988	331,667
Term loans - current portion	33,653	19,736
Prepaid upfront fees	(2,224)	(1,020)
	424,417	350,383
Non-current portion of term loans	20,649	54,302
	445,066	404,685

The bank facilities and loan movement is summarized as follows:

	2023	2022
	SR '000	(Restated – Note 33)
		SR '000
At the beginning of the year	405,705	277,902
Loans paid	(774,756)	(349,295)
Loans received	811,134	475,300
Financial charges on the term loan	5,207	1,798
	447,290	405,705
Prepaid upfront fees	(2,224)	(1,020)
At the end of the year	445,066	404,685

Governmental grants

According to IFRS 20, the interest rate on loans that carry an interest rate below the market rate is measured at fair value. The difference between the book value of the loan and the amount received is treated as governmental grants. The movement in the government grant account during the year was as follows:

	2023	2022
	SR '000	(Restated – Note 33)
		SR '000
At the beginning of the year	4,751	-
Received during the year	-	5,761
Used during the year	(2,973)	(1,010)
At the end of the year	1,778	4,751

17 TRADE AND NOTES PAYABLES

	2023	2022
	SR '000	SR '000
Trade payable	45,723	53,208
Notes payable	34,047	56,613
	79,770	109,821

Notes payable carry financial charges at an annual rate in accordance with prevailing market prices.

18 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2023	2022
	SR '000	(Restated – Note 33)
		SR '000
Advances from customers	38,461	65,485
Value added tax	11,599	4,492
Accrued employee benefits	11,474	3,275
Accrued financial chargers	10,170	10,437
Accrued expenses	2,666	3,986
Other liabilities	17,719	11,302
	92,089	98,977

19 ZAKAT

The zakat charge for the year ending 31 December 2023 amounted to SR 4 million (2022, an amount of SR 700 thousand).

A provision for zakat expense is set aside and charged to the Company's statement of profit and loss and comprehensive income in accordance with return prepared based on the Zakat Collection Regulation. Differences resulting from the final zakat calculation, if any, are settled at the end of the year.

19.1 Zakat base

	2023	2022
	SR '000	SR '000
Total equity and internal financing sources	399,613	175,150
Long-term assets exceeding external financing source	(270,073)	(171,517)
	129,540	3,633
The approximate zakat base before calculating the adjusted net profit	(31,083)	(8,136)
Adjusted net profit	160,623	11,769
Zakat base	129,540	3,633

Zakat is calculated at a rate of 2.557% of the approximate zakat base, excluding the adjusted net profit for the year. Zakat is calculated at a rate of 2.5% of the adjusted net profit.

19.2 Zakat provision movement

The movements in zakat provision was as follows:

	2023	2022
	SR '000	SR '000
At the beginning of the year	3,642	4,284
Current year provision	4,015	700
Charged during the year (related to prior years) – net	10,136	-
Payments during the year	(7,611)	(1,342)
At the end of the year	10,182	3,642

19 ZAKAT (continued)

19.3 Zakat assessments

The Company has submitted its zakat returns to the Zakat, Tax, and Customs Authority (“ZATCA”) for all years up to 2022. The Company has finalized the zakat assessments with ZATCA for all years up to 2018. The Company has not received the zakat assessments for the years from 2019 to 2022.

During January 2023, the Company received the zakat assessment for the year 2016 from ZATCA, demanding the Company to pay an additional zakat amount of SR 3.8 million. The Company paid an amount of SR 1.1 million, representing the non-objectionable part of the total additional amount. Further, the Company submitted an appeal to ZATCA on the remaining amount of SR 2.7 million for which provision has been provided for the full amount. During year 2024 the company settled the assessment with ZATCA.

During April 2023, the Company received the zakat assessment for the year 2017 from ZATCA, demanding the Company to pay an additional zakat amount of SR 6.8 million. The Company paid an amount of SR 4.1 million, representing the non-objectionable part of the total additional amount. Further, the Company submitted an appeal to ZATCA on the remaining amount of SR 2.7 million for which provision has been provided for the full amount. During September 2023 the decision of the Appeal Committee was issued in the favor of the Company and the assessment was revised and reduced to SR 1.1 million. The Company settled the additional dues according to the appeal decision and the surplus was recognized in the statement of profit and loss and other comprehensive income.

During July 2023, the Company received the zakat assessment for the year 2018 from ZATCA, demanding the Company to pay an additional zakat amount of SR 4.47 million. The Company paid an amount of SR 1.02 million, representing the non-objectionable part of the total additional amount. Further, the Company submitted an appeal to ZATCA on the remaining amount of SR 3.45 million for which provision has been provided for the full amount. During year 2024 the company settled the assessment with ZATCA.

20 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 year between the Company and top management. Transactions with related parties were as follows:

Related parties	Nature of the transaction	2023 SR ‘000	2022 SR ‘000
Members of the Board of Directors and other committees	Bonuses and allowances	2,810	1,736
Senior executives	Short-term salaries and bonuses	5,947	5,347
	Employees defined benefit liabilities	444	370
		9,201	7,453

21 REVENUE

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

	For the year ended	
	31 December 2023	31 December 2022
	SR '000	(Restated – note 33) SR '000
Revenues from steel pipes manufacturing and packaging activities	1,076,711	479,048
	1,076,711	479,048

Timing of revenue recognition:

	For the year ended	
	31 December 2023	31 December 2022
	SR '000	(Restated – note 33) SR '000
Revenue recognized over a period of time	624,617	412,952
Revenue recognized at a point in time	452,094	66,096
	1,076,711	479,048

Geographic markets:

	For the year ended	
	31 December 2023	31 December 2022
	SR '000	(Restated – note 33) SR '000
Inside the Kingdom of Saudi Arabia	1,068,345	471,668
Outside the Kingdom of Saudi Arabia	8,366	7,380
	1,076,711	479,048

Revenue by customer type:

	For the year ended	
	31 December 2023	31 December 2022
	SR '000	(Restated – note 33) SR '000
Semi-governmental customers	624,617	412,952
Private sector customers	452,094	66,096
	1,076,711	479,048

22 COST OF REVENUE

	For the year ended	
	31 December 2023 SR '000	31 December 2022 (Restated – Note 33) SR '000
Raw materials	767,702	382,586
Salaries, wages and related benefits	32,928	22,449
Depreciation of property, plant and equipment (note 5)	31,149	29,994
Utilities	12,033	4,735
Spare parts and maintenance	3,201	4,283
Depreciation of right of use assets (note 7)	1,487	1,534
Others	3,360	3,433
	851,860	449,014

23 SELLING AND MARKETING EXPENSE

	For the year ended	
	31 December 2023 SR '000	31 December 2022 (Restated – Note 33) SR '000
Shipping expenses	10,291	5,974
Salaries, wages and related benefits	3,877	2,836
Others	1,040	393
	15,208	9,203

24 GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended	
	31 December 2023 SR '000	31 December 2022 (Restated – Note 33) SR '000
Salaries, wages and related benefits	17,740	13,248
Bank charges	10,075	5,492
Board of Directors compensation and remunerations	2,810	1,736
Professional and consulting fees	2,500	2,114
Provision for expected credit losses (Note 9)	1,360	-
Subscription expenses	1,235	240
Depreciation of property, plant and equipment (note 5)	1,232	878
Medical Insurance	908	1,048
Amortization of intangible assets (Note 6)	600	28
Depreciation of right of use assets (note 7)	173	135
Overheads related to idle production	-	6,160
Others	2,751	1,705
	41,384	32,784

25 FINANCIAL CHARGES

	<i>For the year ended</i>	
		31 December 2022 (Restated – note 33)
	31 December 2023	SR ‘000
	SR ‘000	SR ‘000
Financial charges on bank facilities, term loans and notes payable	29,987	17,376
Financial charges from lease liabilities (note 15)	1,252	1,314
Financial charges on employees defined benefit liabilities (note 14)	848	473
	32,087	19,163

26 OTHER INCOME

	<i>For the year ended</i>	
		31 December 2022 (Restated – note 33)
	31 December 2023	SR ‘000
	SR ‘000	SR ‘000
Scrap sales	12,422	5,614
Financing income from short-term Murabaha	1,977	-
Financing revenues from Governmental grants (note 16)	2,973	1,010
Reversal of provision for VAT fines (26-1)	-	8,660
Other	2,262	2,678
	19,634	17,962

26-1 During the year 2021, ZATCA demanded the Company to settle penalties of SR 8.66 million for not filing of value-added tax within the required deadlines. Further, ZATCA announced the re-launch of an initiative to relief companies from financial penalties for value-added tax for all taxpayers for a period of six months, starting from 1 Jun 2022 to 30 November 2022. During the relief period ended 30 November 2022, the Company obtained a relief from ZATCA who waived full amount of financial penalties related to value-added tax.

27 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 during the year. Diluted earnings per share is the same as basic earnings per share since the Company has no diluted shares issued.

	<i>For the year ended</i>	
		31 December 2022 (Restated – Note 33)
	31 December 2023	SR ‘000
	SR ‘000	SR ‘000
Profit/(loss) for the year attributable to shareholders (SR ‘000)	132,105	(10,488)
Weighted average number of shares (‘000)	10,000	10,000
Basic and diluted earnings (loss) per share	13.21	(1.05)

27 EARNINGS PER SHARE (continued)

For the purposes of calculating the weighted average number of shares outstanding in order to calculate earnings per share for the year 2022, the capital reduction in exchange for absorbing the accumulated losses during the year 2022 was considered as if it had occurred since the beginning of the year due to the absence of any reduction in resources in exchange for this capital reduction, in accordance with the requirements of the International Accounting standard. No. 33.

28 SEGMENT INFORMATION

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 Board of Directors of the Company monitor the results of the Company's operations and have been identified as the Chief Operating Decision Maker (CODM). The net results of the Company are reported to the Board of Directors, for the Company as a whole. The various expenses which are included in the measurement of the net result for the Company are disclosed in the respective notes to the financial statements.

The Company's activities are limited to manufacturing and packaging sector. The Company analyzes the financial information of its operations as a whole. Accordingly, segmental analysis of the statement profit or loss and other comprehensive income and statement of financial position is not presented. The CODM considers the Company to be a single operating segment based on the nature of its operations and products as all of the Company's operations relate to one operating sector, and most of the Company's activities are concentrated in the Kingdom of Saudi Arabia. Revenues outside the Kingdom of Saudi Arabia did not exceed 10% of total revenues please refer to note (21). All of the Company's assets and liabilities are concentrated within the Kingdom of Saudi Arabia.

29 COMMITMENTS AND CONTINGENCIES

Contingencies

As at 31 December 2023, the Company outstanding letters of credit amounting to SR 196 million (2022: SAR 72.5).

Capital commitments

As at 31 December 2022, the Company's management have approved future capital expenditures amounting to 8.49 million Saudi riyals (2023: nil).

30 FAIR VALUE MEASUREMENT FOR FINANCIAL INSTRUMENTS

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 trade receivables, cash and cash equivalents and contract assets. Financial liabilities include bank facilities, term loan, trade and note payable and lease liabilities.

The management has assessed that the fair value of trade receivables, cash and cash equivalents, contract assets, bank facilities, term loan, trade and note payable and lease liabilities approximate their carrying amounts. This is mainly due to the short-term maturity of these instruments.

30 FAIR VALUE MEASUREMENT (CONTINUED)

During the year ended 31 December 2023 and 31 December 2022, 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.

a) financial assets

	2023 SR '000	2022 SR '000
Financial assets at amortized cost		
Cash and cash equivalents	94,081	77,705
Trade receivables	204,930	116,985
Contract assets	20,080	25,628
Total financial assets at amortized cost	<u>319,091</u>	<u>220,318</u>

b) Financial liabilities

	2023 SR '000	2022 SR '000
Financial liabilities at amortized cost		
Trade and notes payable	79,770	109,821
Accrued expenses and other current liabilities	92,089	98,977
Bank facilities and term loan	445,066	404,685
Lease liabilities	23,903	25,277
Total financial liabilities at amortized cost	<u>640,828</u>	<u>638,760</u>
Total current financial liabilities	597,054	560,555
Total non-current financial liabilities	43,774	78,205
Total financial liabilities at amortized cost	<u>640,828</u>	<u>638,760</u>

31 RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

The main financial liabilities of the Company consist of trade and note payable, bank facilities and term loans and lease liabilities. The main purpose of these financial liabilities is to finance the operations of the Company. The main financial assets of the company include trade receivables, cash and cash equivalents and contract assets resulting from operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management also reviews policies and procedures in order to ensure that financial risks are identified, measured and managed in accordance with the company's risk management policies and objectives. The Company does not engage into hedging activities.

The Board of Directors reviews and approves policies for managing each of these risks, which are summarized below:

MARKET RISK

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market commission rates and market liquidity.

Market risk includes the following types of risks: commission rate risk and currency risk. Financial instruments affected by market risk include bank facilities and term loan.

31 RISK MANAGEMENT FOR FINANCIAL INSTRUMENTS (continued)

INTEREST RATE RISK

Interest rate risk represents the risk that the fair value of future cash flow of financial instruments will fluctuate due to the change in of the market interest rates. The Company exposure to the risk of changes in market interest rates relate preliminary to the Company's bank facilities, term loan and short-term Murabaha deposits with floating rates. The Company manages its exposure to interest rate risks by continually monitoring movement in interest rates.

Reasonable change in interest rates by 50 base points, holding all other variables constant, for bank facilities, term loans and note payable will impact the statement of profit and loss and other comprehensive income by an amount of SR 2.2 million (2022: SR 1.9 million).

CURRENCY RATE RISKS

Currency risk represents the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are mainly conducted in Saudi Riyals and US Dollars, and since the Saudi Riyal's exchange rate is fixed against the US Dollar, the Company is not significantly exposed to currency rate risk.

CREDIT RISK

Credit risk represents the risk that counterparty will not meet its obligations under financial instrument or customer contract leading to financial loss. The Company is exposed to credit risk on Cash at bank, short-term Murabaha deposits and its trade receivables as follows:

	31 December 2023	31 December 2022
	SR '000	SR '000
Cash at bank	94,081	37,705
Short term murabaha deposits	-	40,000
Trade receivables	204,930	116,985
	299,011	194,690

Trade receivables

Customer credit risks are managed based on the Company's established policy, procedures and controls regarding customer credit risk management. The Company's trade receivables are distributed mainly among semi-governmental entities and private companies. The Company seeks to manage credit risks related to customers by setting a credit limit for each customer, monitoring existing receivables, and ensuring that they are followed closely. The management has established a credit policy, each new customer is individually analyzed for creditworthiness before the Company's applicable terms and conditions for payment and supply are offered. Credit terms and conditions are extended to customers who the Company does not believe are unable to pay. The requirements necessary to determine the presence of impairment at the date of preparation of each financial statements are analyzed individually for clients. The calculation is based on actual historical data. The Company believes that the concentration of credit risks related to trade receivables is low, as its clients are mainly located within the Kingdom of Saudi Arabia, and a small portion of its clients are located outside it. The Company's revenues from sales to Aramco and its suppliers represent 94% of the Company's total revenues for the year 2023 (2022: 86%).

31 RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

CREDIT RISK (continued)

Short-term Murabaha deposits and Cash at bank

Credit risks resulting from balances with banks and financial institutions are managed through the Company's treasury department in accordance with the Company's policy. The company seeks to manage credit risks related to banks by dealing only with banks that have a good reputation. At the reporting date, no significant concentration of credit risk was identified by the management

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The Company manages its liquidity risk by ensuring that bank facilities are available. The Company's terms of sales require amounts to be paid 30 to 60 days from the date of sale. Accounts payable are normally settled within 90 days of the date of purchase. All the liabilities presented in the company's financial statements, except for the non-current portion of lease liabilities and employee benefit obligations, are contractually due for payment on demand.

The financial statements as at 31 December 2023 indicate that the Company's current liabilities exceeded its current assets by SR 25.6 million (31 December 2022: SR 145.2 million). The Company has taken certain steps to manage the shortage in working capital requirements, as follows:

- The Company achieved a net profit of SAR 132 million for the year ended 31 December 2023 (31 December 2022: net loss of 10.5 million Saudi riyals). The management believes that the Company will be able to achieve positive net profit and cash flows in the 12 months subsequent to the date of the statement of financial position.
- The Company was able to settle all of its outstanding loans on their original maturity date during 2023, which amounted to SR 774.8 million.
- The Company was able to renew bank facilities, which will support the Company's ability to use the available facilities after the date of statement of financial position.
- The Company signed new supply contracts with Saudi Aramco and other companies, and the total unexecuted contracts was SR 1,469 million as of 31 December 2023.
- The Board of Directors has approved a strategic business plan for the Company for the five years (2023-2027). As per the plan, the Board of Directors expects to improve the Company's business results and performance indicators.
- On 24 Rabi' al-Thani 1445 H (corresponding to 8 November 2023), the Board of Directors recommended to increase the capital from SR 100 million to SR 150 million by capitalizing a portion of it is retained earnings. This recommendation will be subject to the approval of the company's Extraordinary General Assembly at its upcoming meeting.

31 RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

LIQUIDITY RISK (continued)

The table below summarizes the maturity dates of the Company's undiscounted financial liabilities as of 31 December, based on contractual payment dates and current market interest rates:

31 December 2023	On demand SR '000	within one year SR '000	From 1 to 5 years SR '000	More than 5 years SR '000	Total SR '000
Bank facilities	-	390,764	-	-	390,764
Term loan	-	33,653	20,649	-	54,302
Trade and note payable	79,770	-	-	-	79,770
Accrued expenses and other current liabilities	92,089	-	-	-	92,089
Lease liabilities	-	1,968	9,838	31,193	42,999
	171,859	426,385	30,487	31,193	659,924

31 December 2022	On demand SR '000	within one year SR '000	From 1 to 5 years SR '000	More than 5 years SR '000	Total SR '000
Bank facilities	-	330,647	-	-	330,647
Term loan	-	19,736	54,302	-	74,038
Trade and note payable	109,821	-	-	-	109,821
Accrued expenses and other current liabilities	98,977	-	-	-	98,977
Lease liabilities	-	2,615	9,838	33,161	45,614
	208,798	352,998	64,140	33,161	659,097

32 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 31 December 2022.

33 RESTATEMENTS AND RECLASSIFICATIONS

During the current year, management identified a number of errors in accordance with the requirements of International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" endorsed in the Kingdom of Saudi Arabia. Correction of the errors mentioned below led to retrospective adjustments to the comparative figures as of 31 December 2022. This is in addition to some reclassifications.

33 RESTATEMENTS AND RECLASSIFICATIONS (continued)

The following table presents the impact on the statement of financial position as of 31 December 2022:

	Note	Previously reported SR '000	Restatements SR '000	Reclassifications SR '000	Restated balance SR '000
Assets					
Non-current assets					
Property, and plant, equipment	a, h, j	342,683	(5,503)	(15,369)	321,811
Intangible assets	J	-	-	68	68
Right of use assets	b	18,554	5,757	-	24,311
Total non-current assets		<u>361,237</u>	<u>254</u>	<u>(15,301)</u>	<u>346,190</u>
Current assets					
Inventory	c, d, h, i	217,551	(31,838)	16,393	202,106
Trade receivables		90,831	-	9,458	100,289
Contract assets	g	-	25,627	-	25,627
Prepaid expenses and other current assets	d	18,748	-	(2,112)	16,636
Cash and its equivalent		77,705	-	-	77,705
Total current assets		<u>404,835</u>	<u>(6,211)</u>	<u>23,739</u>	<u>422,363</u>
Total assets		<u>766,072</u>	<u>(5,957)</u>	<u>8,438</u>	<u>768,553</u>
Liabilities and equity					
Equity					
Capital		100,000	-	-	100,000
Statutory reserve	k	3,119	-	(900)	2,219
Reserve for remeasurement of employees defined benefit liabilities		(2,713)	-	-	(2,713)
Retained earnings	a, b, c, d, e, k	14,638	(13,733)	900	1,805
Total equity		<u>115,044</u>	<u>(13,733)</u>	<u>-</u>	<u>101,311</u>
Liabilities					
Non-current liabilities					
Lease liabilities		16,648	7,838	(583)	23,903
Term loans		55,000	(698)	-	54,302
Governmental grants		-	1,326	-	1,326
Employees defined benefits liabilities		20,089	-	-	20,089
Total non-current liabilities		<u>91,737</u>	<u>8,466</u>	<u>(583)</u>	<u>99,620</u>
Current liabilities					
Lease liabilities - current portion	b	791	-	583	1,374
Bank facilities and current portion of term loan	e, f	354,667	(4,115)	(169)	350,383
Governmental grants	e	-	3,425	-	3,425
Trade and notes payables	l	103,571	-	6,250	109,821
Accrued expenses and other current liabilities	J, l	96,620	-	2,357	98,977
Zakat		3,642	-	-	3,642
Total current liabilities		<u>559,291</u>	<u>(690)</u>	<u>9,021</u>	<u>567,622</u>
Total liabilities		<u>651,028</u>	<u>7,776</u>	<u>8,438</u>	<u>667,242</u>
Total equity and liabilities		<u>766,072</u>	<u>(5,957)</u>	<u>8,438</u>	<u>768,553</u>

33 RESTATEMENTS AND RECLASSIFICATIONS (continued)

The following table presents the impact on the profit and loss and other comprehensive income for the year ended 31 December 2022:

	Note	Previously reported SR '000	Restatements SR '000	Reclassifi- cations SR '000	Restated amount SR '000
Revenue	d	531,638	(52,590)	-	479,048
Cost of revenue	a, b, c, d, k	(483,012)	33,879	119	(449,014)
Gross profit		<u>48,626</u>	<u>(18,711)</u>	<u>119</u>	<u>30,034</u>
Expenses					
Selling and marketing		(9,203)	-	-	(9,203)
General and administrative	k	(32,366)	-	(418)	(32,784)
(Provided for) reversal of slow-moving inventory provision	c	3,843	(477)	-	3,366
Total expenses		<u>(37,726)</u>	<u>(477)</u>	<u>(418)</u>	<u>(38,621)</u>
Profit (loss) from operations		10,900	(19,188)	(299)	(8,587)
Financial charges	e, k	(18,157)	(1,305)	299	(19,163)
Other income, net	e	16,952	1,010	-	17,962
Profit (loss) before zakat		<u>9,695</u>	<u>(19,483)</u>	<u>-</u>	<u>(9,788)</u>
Zakat		(700)	-	-	(700)
Net profit (loss) for the year		<u>8,995</u>	<u>(19,483)</u>	<u>-</u>	<u>(10,488)</u>
Other comprehensive income:					
Item not to be reclassified to profit or loss and other comprehensive income in subsequent periods:					
Gain on remeasurement of employees' defined benefits liabilities		349	-	-	349
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		<u>9,344</u>	<u>(19,483)</u>	<u>-</u>	<u>(10,139)</u>
Earnings (loss) per share:					
Basic and diluted earnings (loss) per share from net profit (loss) for the year		<u>0.89</u>	<u>(1.95)</u>	<u>-</u>	<u>(1.05)</u>

The following table shows the impact on the statement of cash flows prepared for the year ended 31 December 2022:

	Note	Previously reported SR '000	Restatements SR '000	Restated amount SR '000
Net cash from (used in)				
Operating activities	a, b,	(43,530)	(7,367)	(50,897)
Investment activities	c, d, e	(2,140)	(356)	(2,496)
Financing activities		114,846	7,723	122,569
Cash and cash equivalents at the beginning of the year		8,529	-	8,529
Cash and cash equivalents at the end of the year		77,705	-	77,705

33 RESTATEMENTS AND RECLASSIFICATIONS (continued)

The following table shows the impact on the statement of equity prepared for the year ended 1 January 2022:

	Share capital SR '000	Statutory reserve SR '000	Reserve for remeasurement of employees defined benefit liabilities SR '000	Retained earnings SR '000	Total SR '000
As at 1 January 2022					
Previously reported	400,000	120,000	(3,062)	(411,238)	105,700
Restatements (a, b, c, d, e)	-	-	-	5,750	5,750
Restated balance	400,000	120,000	(3,062)	(405,488)	111,450

Restatements:

a) Property, plant and equipment and capital spare parts:

The Company has not recognized depreciation for the critical spare parts reported under property, plant and equipment during the past years, and therefore depreciation was recalculated based on the useful lives of the critical spare parts and the Company's approved policy. These restatements resulted in a decrease in the balance of property, plant and equipment and retained earnings as of 31 December 2022 of SR 5.5 million, and an increase in the amount of depreciation for the year ended 31 December 2022 of SR 365 thousand.

b) Right-of-use assets and lease liabilities:

During the year, management determined that the useful lives of certain leased lands were not consistent with the lease terms specified in accordance with IFRS 16 - Leases as endorsed in the Kingdom of Saudi Arabia. In a number of cases, lease terms have been found to be significantly shorter than the expected useful life of the underlining buildings constructed on leased land and other assets. Management has a strong intention to use the assets in the course of the Company's business until the end of their useful lives. Accordingly, the Company has significant economic incentives to renew or extend lease contracts either by taking advantage of extension options or by negotiating a new lease term.

After careful examination of each lease contract, and also the applicable laws and regulations endorsed by the Government of the Kingdom of Saudi Arabia, the Company has concluded that it will have a practical ability and is reasonably certain to either exercise the extension option to extend the lease term. The ability to exercise an option to extend the lease term was present at the date of adoption of IFRS 16 on 1 January 2019 and should have been considered when determining the lease term for the respective contracts.

The management reassessed the lease term for the relevant contracts starting from the 1 January 2019 to realign them with the requirements of IFRS and where required the Lease liabilities was adjusted accordingly.

These restatements resulted in an increase in the right-of-use assets and lease liabilities by an amount of SR 5.7 million and SR 7.8 million, respectively, and a decrease in the retained earnings as of 31 December 2022, by an amount of SR 2.1 million, and a decrease in depreciation expense in the amount of SR 113 thousand and the increase in financial charges on Lease liabilities in the amount of SR 358 thousand for the year ended on 31 December 2022.

33 RESTATEMENTS AND RECLASSIFICATIONS (continued)

Restatements: (continued):

c) Provision for slow moving inventory:

The Company has not accounted for an allowance for slow-moving inventory during the past years for both consumable items and general spare parts. Therefore, an allowance for slow-moving inventory was recalculated and created based on the ageing of the inventory and the approved policy by the Company. These restatements resulted in an increase in the allowance for slow-moving inventory and a decrease in retained earnings as of 31 December 2022 by an amount of SR 8,667 million, in addition to the increase in the cost of revenue for the year ended on 31 December 2022 by an amount of SR 477 thousand.

d) IFRS 15 “Revenue from Contracts with Customers”:

During the year ended 31 December 2023, a review of revenue recognition from contracts with customers was completed by management and an external consultant. The review included an evaluation of the extent of compliance of these method with International Financial Reporting Standard (15): revenue from contracts with customers endorsed in the Kingdom of Saudi Arabia. Accordingly, the revenue recognition method was recalculated in accordance with the requirements of International Financial Reporting Standard (15): revenue from contracts with customers endorsed in the Kingdom of Saudi Arabia. It turns out that there are certain contracts that require revenues to be recognized over time and not at a point in time according to the previously followed method. These restatements resulted in an increase in contract assets by SR 25.6 million, a decrease in inventory by SR 22.7 million and increase in retained earnings by SR 2.9 million as of 31 December 2022, and a decrease in revenues and cost of revenues in the amount of SR 52.6 million and SR 34.1 million, respectively, for the year ended 31 December 2022.

e) IAS 20 “Accounting for Governmental grants and Disclosure of Government assistance”:

The Company obtained a loan from the Industrial Development Fund for the purpose of producing welded steel pipes and for the purpose of replacing and renewing Plant machinery and equipment. The Company have not previously accounted for the loan in accordance with the requirements of International Accounting Standard (20), which stipulated that the benefit of a governmental loan at a below-market rate of interest is treated as a government grant. The loan shall be recognized and measured in accordance with IFRS 9, Financial Instruments. The benefit of an interest rate below the market interest rate should be measured as the difference between the initial carrying amount of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with this standard. Accordingly, the recalculation was carried out in accordance with the requirements of the standard, and these restatements resulted in a decrease in the term loan balance by an amount of SR 4.8 million, an increase in Governmental grants by an amount of SR 4.8 million, and an increase in retained earnings by an amount of SR 4 thousand as of 31 December 2022, and the increase in other income and financial charges by an amount of SR 1,010 thousand and SR 1,006 million, respectively, for the year ended 31 December 2022.

Reclassification of comparative information

the Company reassessed the presentations of certain items in the financial statements to ensure that the proposed presentations were consistent with the requirements of IAS 1 “Presentation of financial statements” as endorsed in the Kingdom of Saudi Arabia. Details of the reclassifications are given below:

- f) During the year, management noticed that prepaid bank charges of SR 1.1 million were incorrectly included under prepayments and other current assets, the prepaid bank charges were reclassified from prepayments and other current assets into loans.

33 RESTATEMENTS AND RECLASSIFICATIONS (continued)

Reclassification of comparative information (continued)

- g) Management determined that the credit notes issued by a customer with a value of SR 9.5 million as at 31 December 2022 were offset with the balance due from that customer, as the Company did not have a legally enforceable right to set off or net settlement receivables with payables. The amount under trade receivables has been reclassified to accrued expenses and other current liabilities.
- h) During the year, management noticed that consumable spare parts (non-critical) of SR 15.4 million as of 31 December 2022 were incorrectly included under property, plant and equipment. The spare parts were reclassified from property, plant and equipment to inventory.
- i) During the year, management noticed that scrap inventory of SR 1 million as at 31 December 2022 had been incorrectly included under prepayments and other current assets, the scrap inventory was reclassified from prepayments and other current assets into inventory.
- j) During the year, management noticed that intangible assets of SR 68 thousand as of 31 December 2022 were incorrectly included under property, plant and equipment. The intangible assets were reclassified from property, plant and equipment to intangible assets.
- k) The transfer from retained earnings to the statutory reserve that took place during the year 2022 has been reversed due to the total comprehensive loss for the year 2022.
- l) During the year, management noticed that the balance of SR 6.25 million as of 31 December 2022 was incorrectly included under the accrued expenses and other current liabilities, such balances were reclassified to trade and note payable.
- m) Certain Amounts related to the cost of revenues, general and administrative expenses and financial charges have been reclassified to conform with the current year's presentation.

34 SUBSEQUENT EVENTS

The management is not aware of any significant subsequent events that would have a material impact on the financial statements.

35 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 4 March 2024 (23 Sha'ban 1445H).