

**EAST PIPES INTEGRATED COMPANY FOR  
INDUSTRY  
(A Joint Stock Company - Note 1)**

**INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED  
30 JUNE 2022 (UNAUDITED)  
AND REPORT ON REVIEW OF INTERIM FINANCIAL  
INFORMATION**

**EAST PIPES INTEGRATED COMPANY FOR INDUSTRY  
(A Joint Stock Company - Note 1)  
CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2022**

	<b>Page</b>
Report of review of interim financial information	2
Condensed interim statement of profit or loss and other comprehensive income	3
Condensed interim statement of financial position	4
Condensed interim statement of changes in equity	5
Condensed interim statement of cash flows	6
Notes to the condensed interim financial information	7 - 15



## *Report on review of interim financial information*

To the shareholders of East Pipes Integrated Company for Industry  
(A Joint Stock Company - See Note 1)

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of East Pipes Integrated Company for Industry (the "Company") as of 30 June 2022 and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of review**

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

### **Conclusion**

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

**PricewaterhouseCoopers**

A handwritten signature in blue ink, appearing to read 'Ali H. Al Basri', is written over a horizontal line.

Ali H. Al Basri  
License Number 409

28 July 2022

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY

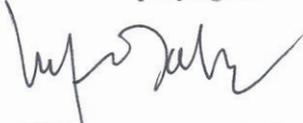
(A Joint Stock Company - Note 1)

Condensed interim statement of profit or loss and other comprehensive income

(All amounts in Saudi Riyals unless otherwise stated)

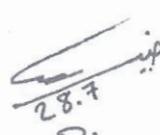
	Note	For the three-month period ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Revenue	4	206,026,171	149,135,460
Cost of revenue	5	(187,134,766)	(137,774,347)
<b>Gross profit</b>		<b>18,891,405</b>	<b>11,361,113</b>
General and administrative expenses	6	(3,663,145)	(3,162,034)
Selling and marketing expenses	7	(1,638,002)	(1,812,027)
Expected credit loss allowance (reversal)		(1,670,253)	2,875,316
Other operating expense - net		(54,004)	(351,244)
<b>Operating profit</b>		<b>11,866,001</b>	<b>8,911,124</b>
Financial costs		(4,100,130)	(3,691,123)
<b>Profit before zakat and income tax</b>		<b>7,765,871</b>	<b>5,220,001</b>
Zakat expense	14	(1,173,607)	(946,675)
Income tax expense	14	(359,454)	(2,125,440)
<b>Profit for the period</b>		<b>6,232,810</b>	<b>2,147,886</b>
<b>Other comprehensive income</b>			
<i>Item that will not be reclassified to profit or loss</i>			
Remeasurement gain on employee benefit obligations		203,362	-
<b>Total comprehensive income for the period</b>		<b>6,436,172</b>	<b>2,147,886</b>
<b>Earning per share:</b>			
Basic and diluted	16	0.30	0.10

The accompanying notes are an integral part of this condensed interim financial information.

  
 Vipul Shiv Sahai  
 Mathur  
 Chairman

  
 Mohammed Al Shaheen  
 Chief Executive Officer

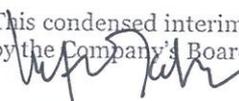
  
 Mohamed Saleh Ali  
 Darweesh  
 Chief Financial Officer

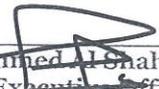
  
 28.7  
 D.

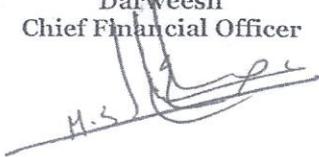
EAST PIPES INTEGRATED COMPANY FOR INDUSTRY  
(A Joint Stock Company - Note 1)  
Condensed interim statement of financial position  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 30 June 2022 (Unaudited)	As at 31 March 2022 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	258,350,861	262,334,824
Right-of-use assets		16,579,764	17,992,819
Intangible assets		107,218	117,897
<b>Total non-current assets</b>		<b>275,037,843</b>	<b>280,445,540</b>
<b>Current assets</b>			
Inventories	9	147,479,231	39,749,461
Trade and other receivables	10	431,912,978	501,842,088
Cash and cash equivalents	11	18,064,890	73,881,609
<b>Total current assets</b>		<b>597,457,099</b>	<b>615,473,158</b>
<b>Total assets</b>		<b>872,494,942</b>	<b>895,918,698</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		210,000,000	210,000,000
Statutory reserve		35,005,488	35,005,488
Retained earnings		276,420,812	269,984,640
<b>Total equity</b>		<b>521,426,300</b>	<b>514,990,128</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		10,249,631	12,833,401
Deferred tax liabilities	14	4,830,427	5,097,758
Employee benefit obligations		17,325,274	16,905,758
<b>Total non-current liabilities</b>		<b>32,405,332</b>	<b>34,836,917</b>
<b>Current liabilities</b>			
Trade and other payables	12	126,899,188	62,763,366
Current portion of lease liabilities		6,075,128	5,651,867
Short-term borrowings	13	181,158,497	274,319,530
Zakat payable	14	4,530,497	3,356,890
<b>Total current liabilities</b>		<b>318,663,310</b>	<b>346,091,653</b>
<b>Total liabilities</b>		<b>351,068,642</b>	<b>380,928,570</b>
<b>Total equity and liabilities</b>		<b>872,494,942</b>	<b>895,918,698</b>

This condensed interim financial information including accompanying notes were authorized for issue by the Company's Board of Directors on 28 July 2022 and signed on their behalf by

  
Vipul Shiv Sahai  
Mathur  
Chairman

  
Mohammed Al Shaheen  
Chief Executive Officer

  
Mohamed Saleh Ali  
Darweesh  
Chief Financial Officer

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY  
(A Joint Stock Company - Note 1)  
Condensed interim statement of changes in equity  
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Total
At 1 April 2021 (Audited)	210,000,000	35,005,488	272,611,582	517,617,070
Profit for the period	-	-	2,147,886	2,147,886
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive profit for the period</b>	-	-	2,147,886	2,147,886
At 30 June 2021 (Unaudited)	210,000,000	35,005,488	274,759,468	519,764,956
At 1 April 2022 (Audited)	210,000,000	35,005,488	269,984,640	514,990,128
Profit for the period	-	-	6,232,810	6,232,810
Other comprehensive income for the period	-	-	203,362	203,362
<b>Total comprehensive income for the period</b>	-	-	6,436,172	6,436,172
At 30 June 2022 (Unaudited)	<u>210,000,000</u>	<u>35,005,488</u>	<u>276,420,812</u>	<u>521,426,300</u>

The accompanying notes are an integral part of this condensed interim financial information.

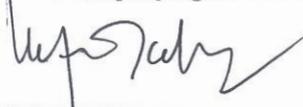
*Handwritten signatures and initials:*  
- A large signature on the left.  
- A signature with "H.S." written below it in the middle.  
- A signature with a box around it on the right.

*Handwritten notes:*  
28.7.22  
D.

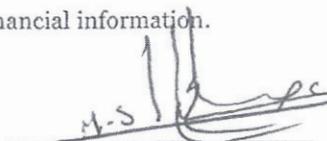
EAST PIPES INTEGRATED COMPANY FOR INDUSTRY  
(A Joint Stock Company - Note 1)  
Condensed interim statement of cash flows  
(All amounts in Saudi Riyals unless otherwise stated)

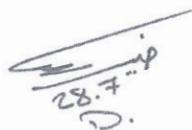
	Note	For the three-month period ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit before zakat and income tax		7,765,871	5,220,001
<u>Adjustments for:</u>			
Depreciation		5,997,748	10,192,432
Amortization		10,679	4,615
Provision for inventory obsolescence		523,030	217,419
Expected credit loss allowance (reversal)	10	1,670,253	(2,875,316)
Financial costs		4,100,130	3,691,122
Provision for employee benefit obligations		589,385	585,136
<u>Changes in operating assets and liabilities:</u>			
Increase in inventories		(108,252,800)	(51,888,229)
Decrease in trade and other receivables		67,632,072	24,448,697
Increase (decrease) in trade and other payables		64,135,822	(29,079,105)
Cash generated from (used in) operations		44,172,190	(39,483,228)
Financial costs paid		(6,350,783)	(3,642,875)
Employee benefit obligations paid		(98,829)	(44,189)
Zakat and income tax paid		-	(56,432)
<b>Net cash inflow (outflow) from operating activities</b>		<b>37,722,578</b>	<b>(43,226,724)</b>
<b>Cash flows from investing activities</b>			
Payments for purchases of property, plant and equipment	8	(600,730)	(1,395,284)
<b>Cash flows from financing activities</b>			
Changes in short-term borrowings		(90,538,567)	152,421,815
Principal element of lease liabilities		(2,400,000)	(2,582,220)
<b>Net cash (outflow) inflow from financing activities</b>		<b>(92,938,567)</b>	<b>149,839,595</b>
<b>Net change in cash and cash equivalents</b>		<b>(55,816,719)</b>	<b>105,217,587</b>
Cash and cash equivalents at beginning of period		73,881,609	42,316,443
<b>Cash and cash equivalents at end of period</b>	11	<b>18,064,890</b>	<b>147,534,030</b>

The accompanying notes are an integral part of this condensed interim financial information.

  
Vipul Shiv Sahai  
Mathur  
Chairman

  
Mohammed Al Shaheen  
Chief Executive Officer

  
Mohamed Saleh Ali  
Darweesh  
Chief Financial Officer

  
28.7.22  
D.

**EAST PIPES INTEGRATED COMPANY FOR INDUSTRY  
(A Joint Stock Company - Note 1)**

**Notes to the condensed interim financial information for the three-month period ended  
30 June 2022 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**1 General information**

East Pipes Integrated Company for Industry (the “Company”) is engaged in manufacturing and sale of spiral steel pipes.

The Company is a joint stock company licensed under foreign investment license number 121031118992 issued by the Ministry of Investment on 22 Rajab 1431H (4 July 2010) operating under Commercial Registration (“CR”) number 2050071522 issued in Dammam on 22 Rajab 1431H (4 July 2010). The registered address of the Company is P.O. Box 12943, Dammam 31483, Kingdom of Saudi Arabia. The Company's fiscal year begins on 1 April and ends on 31 March of each year.

The accompanying condensed interim financial information includes the operations of the Company and its branch operating under CR number 2050071524 issued in Dammam on 22 Rajab 1431H (4 July 2010).

**Change in legal status of the Company**

During 2019, the Board of Directors (“BoD”) of the Company recommended to initiate legal formalities to file for the Company’s Initial Public Offering (“IPO”) with the relevant regulatory authorities in the Kingdom of Saudi Arabia. As part of the IPO plans, on 10 September 2020, the BoD of the Company recommended to convert the Company from a limited liability company to a closed joint stock company. Based on the BoD recommendation, on 21 September 2020, the Company’s shareholders resolved to convert the Company into a closed joint stock company. The legal formalities of updating the Company’s By-laws and CR to convert the Company from a closed joint stock company to a joint stock company are currently in progress. The Company’s shares started trading on Saudi Stock Exchange during the month of February 2022.

**Liquidity position**

As of 30 June 2022, the Company has a current ratio of 1.9, cash and cash equivalents of Saudi Riyals 18.1 million and unutilized credit facilities of Saudi Riyals 2.0 billion. The Company’s management has also forecasted its liquidity position and believes that the Company will be able to adequately meet its working capital and capital expenditure needs for the coming twelve months from the reporting date. As at 30 June 2022, the Company has a confirmed order back-log of Saudi Riyals 877.3 million which is expected to be delivered in 2022-23 and the management believes that this will contribute to improved gross margins.

**2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of condensed interim financial information of the Company are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 March 2022.

**2.1 Statement of preparation**

This condensed interim financial information of the Company has been prepared in compliance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements. Accordingly, this condensed interim financial information is to be read in conjunction with the annual financial statements for the year ended 31 March 2022.

**EAST PIPES INTEGRATED COMPANY FOR INDUSTRY  
(A Joint Stock Company - Note 1)**

**Notes to the condensed interim financial information for the three-month period ended  
30 June 2022 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**2.2 Standards and amendments to the standards adopted and issued but not yet effective**

**New IFRS standards, amendments to standards and interpretations not yet adopted**

Certain new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board (“IASB”) that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Company. Management is in the process of assessing the impact of these amendments on its condensed interim financial information, however management believes that these standards are not expected to have a material impact on the Company in the future reporting periods and on foreseeable future transactions.

**New and amended IFRS standards adopted by the Company**

There are no new standards applicable to the Company, however, the Company has applied the following amendments to the standards for the first time for their reporting period commencing on 1 April 2022:

**A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IAS 16 and IAS 37**

**IAS 16 ‘Property, plant and equipment’: Proceeds before intended use - Amendments to IAS 16:**

The amendment to IAS 16 ‘Property, plant and equipment’ (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Entities are required to disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities.

**Onerous contracts: Cost of fulfilling a contract - Amendments to IAS 37**

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**2.3 Seasonality of operations**

There are no seasonal changes that may affect the operations of the Company.

**3 Critical accounting estimates and judgments**

The preparation of condensed interim financial information requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Critical accounting estimates and judgements used by management in the preparation of the condensed interim financial information are the same as those that were applied and disclosed in the Company’s financial statements for the year ended 31 March 2022.

**EAST PIPES INTEGRATED COMPANY FOR INDUSTRY**  
**(A Joint Stock Company - Note 1)**

**Notes to the condensed interim financial information for the three-month period ended**  
**30 June 2022 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**4 Revenue**

	<b>For the three-month period ended</b> <b>30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
At a point in time		
- Revenue from sale of goods	<b>181,793,783</b>	130,977,994
Overtime		
- Revenue from rendering of services	<b>24,232,388</b>	18,157,466
	<b>206,026,171</b>	149,135,460

**5 Cost of revenue**

	<b>For the three-month period ended</b> <b>30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of materials	<b>144,747,290</b>	107,789,946
Salaries and benefits	<b>12,410,428</b>	11,281,028
Depreciation	<b>5,908,285</b>	10,100,516
Provision for inventory obsolescence	<b>523,030</b>	217,419
Amortisation	<b>8,543</b>	3,692
Other	<b>23,537,190</b>	8,381,746
	<b>187,134,766</b>	137,774,347

**6 General and administrative expenses**

	<b>For the three-month period ended</b> <b>30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries and benefits	<b>2,592,833</b>	2,132,629
Utilities	<b>276,466</b>	251,857
Professional fees	<b>416,457</b>	249,704
Depreciation	<b>64,635</b>	65,989
Repair	<b>41,945</b>	40,136
Amortization	<b>2,136</b>	923
Other	<b>268,673</b>	420,796
	<b>3,663,145</b>	3,162,034

**EAST PIPES INTEGRATED COMPANY FOR INDUSTRY**  
**(A Joint Stock Company - Note 1)**

**Notes to the condensed interim financial information for the three-month period ended**  
**30 June 2022 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**7 Selling and marketing expenses**

	<b>For the three-month period ended 30 June</b>	
	<b>2022 (Unaudited)</b>	<b>2021 (Unaudited)</b>
Rent	<b>951,975</b>	1,203,391
Salaries and benefits	<b>437,156</b>	389,171
Depreciation	<b>24,828</b>	25,927
Other	<b>224,043</b>	193,538
	<b>1,638,002</b>	1,812,027

**8 Property, plant and equipment**

<b>30 June 2022 (Unaudited)</b>	<b>1 April 2022</b>	<b>Additions</b>	<b>30 June 2022</b>
<b>Cost</b>			
Buildings and leasehold improvements	74,405,649	-	<b>74,405,649</b>
Plant and machinery	556,476,431	600,730	<b>557,077,161</b>
Furniture, fixtures and office equipment	3,951,883	-	<b>3,951,883</b>
Vehicles	1,348,386	-	<b>1,348,386</b>
Capital work-in-progress	361,650	-	<b>361,650</b>
	<b>636,543,999</b>	<b>600,730</b>	<b>637,144,729</b>
<b>Accumulated depreciation</b>			
Buildings and leasehold improvements	(40,520,393)	(1,012,745)	<b>(41,533,138)</b>
Plant and machinery	(328,655,432)	(3,377,711)	<b>(332,033,143)</b>
Furniture, fixtures and office equipment	(3,737,846)	(189,724)	<b>(3,927,570)</b>
Vehicles	(1,295,504)	(4,513)	<b>(1,300,017)</b>
<b>Net book value</b>	<b>(374,209,175)</b>	<b>(4,584,693)</b>	<b>(378,793,868)</b>
	<b>262,334,824</b>		<b>258,350,861</b>

<b>2022 (Audited)</b>	<b>1 April 2021</b>	<b>Additions</b>	<b>Transfers</b>	<b>31 March 2022</b>
<b>Cost</b>				
Buildings and leasehold improvements	73,203,402	-	1,202,247	74,405,649
Plant and machinery	554,947,490	249,920	1,279,021	556,476,431
Furniture, fixtures and office equipment	3,874,528	77,355	-	3,951,883
Vehicles	1,348,386	-	-	1,348,386
Capital work-in-progress	-	2,842,918	(2,481,268)	361,650
	<b>633,373,806</b>	<b>3,170,193</b>	<b>-</b>	<b>636,543,999</b>
<b>Accumulated depreciation</b>				
Buildings and leasehold improvements	(36,542,065)	(3,978,328)	-	(40,520,393)
Plant and machinery	(314,578,800)	(14,076,632)	-	(328,655,432)
Furniture, fixtures and office equipment	(3,595,017)	(142,829)	-	(3,737,846)
Vehicles	(1,277,404)	(18,100)	-	(1,295,504)
	<b>(355,993,286)</b>	<b>(18,215,889)</b>	<b>-</b>	<b>(374,209,175)</b>
<b>Net book value</b>	<b>277,380,520</b>			<b>262,334,824</b>

**EAST PIPES INTEGRATED COMPANY FOR INDUSTRY**  
**(A Joint Stock Company - Note 1)**

**Notes to the condensed interim financial information for the three-month period ended**  
**30 June 2022 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

Depreciation is calculated on straight-line basis over the following estimated useful lives of the assets:

	<b>Number of years</b>
• Buildings and leasehold improvements	10 - 20
• Plant and machinery	2 - 36
• Furniture, fixtures and office equipment	2 - 5
• Vehicles	3 - 5

**9 Inventories**

	<b>30 June 2022</b>	<b>31 March 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Raw materials	<b>85,608,472</b>	10,162,771
Work-in-progress	<b>1,681,842</b>	74,562
Finished products	<b>26,181,885</b>	6,566,497
Spare parts and supplies, held not for sale	<b>42,508,573</b>	30,924,142
	<b>155,980,772</b>	47,727,972
Less: provision for inventory obsolescence	<b>(8,501,541)</b>	(7,978,511)
	<b>147,479,231</b>	39,749,461

Movement in provision for inventory obsolescence is as follows:

		<b>30 June 2022</b>	<b>31 March 2022</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Beginning of the period		7,978,511	7,619,234
Addition	5	<b>523,030</b>	359,277
End of the period		<b>8,501,541</b>	7,978,511

**10 Trade and other receivables**

	<b>Note</b>	<b>30 June 2022</b>	<b>31 March 2022</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivable		<b>364,017,208</b>	377,460,787
Less: Expected credit loss (ECL) allowance		<b>(3,963,090)</b>	(2,292,837)
		<b>360,054,118</b>	375,167,950
Advances to suppliers		<b>51,220,502</b>	107,571,743
Advance income tax	14	<b>11,174,128</b>	11,800,913
Contract assets		<b>5,523,723</b>	3,282,896
Prepaid expenses		<b>2,914,195</b>	3,247,619
Other		<b>1,026,312</b>	770,967
		<b>431,912,978</b>	501,842,088

Movement in ECL allowance is as follows:

	<b>30 June 2022</b>	<b>31 March 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
At the beginning of the period	<b>2,292,837</b>	6,669,203
Addition (reversal)	<b>1,670,253</b>	(4,376,366)
At the end of the period	<b>3,963,090</b>	2,292,837

**EAST PIPES INTEGRATED COMPANY FOR INDUSTRY**  
**(A Joint Stock Company - Note 1)**

**Notes to the condensed interim financial information for the three-month period ended**  
**30 June 2022 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**11 Cash and cash equivalents**

	<b>30 June 2022</b> <b>(Unaudited)</b>	<b>31 March 2022</b> <b>(Audited)</b>
Cash in hand	39,672	7,847
Cash at bank	18,025,218	48,873,762
Time deposits	-	25,000,000
	<b>18,064,890</b>	<b>73,881,609</b>

Time deposits represented placements with a commercial bank for a period of less than three months and yield financial income at prevailing market rates.

**12 Trade and other payables**

	<b>30 June 2022</b> <b>(Unaudited)</b>	<b>31 March 2022</b> <b>(Audited)</b>
Trade payables	92,624,289	30,640,660
Value added tax payable	23,095,124	19,797,478
Salaries and benefits	6,044,321	5,753,318
Accrued expenses	2,019,189	3,330,491
Advances from customers	2,164,397	1,829,769
Related parties	937,244	1,411,650
Other	14,624	-
	<b>126,899,188</b>	<b>62,763,366</b>

**13 Short-term borrowings**

	<b>30 June 2022</b> <b>(Unaudited)</b>	<b>31 March 2022</b> <b>(Audited)</b>
Short-term borrowings	179,775,085	270,313,652
Accrued financial costs	1,383,412	4,005,878
	<b>181,158,497</b>	<b>274,319,530</b>

These represent short-term borrowings obtained from various local commercial banks and bear financial charges at prevailing market rates which are based on Saudi Arabian Inter-bank Offer Rate. The carrying value of the short-term borrowings are denominated in Saudi Riyals.

**EAST PIPES INTEGRATED COMPANY FOR INDUSTRY**  
**(A Joint Stock Company - Note 1)**

**Notes to the condensed interim financial information for the three-month period ended**  
**30 June 2022 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**14 Zakat and income tax matters**

**14.1 Zakat payable and advance income tax**

	Zakat	Income tax	Total
At 1 April 2022 (Audited)	3,356,890	(11,800,913)	<b>(8,444,023)</b>
Provision for the period	1,173,607	626,785	<b>1,800,392</b>
At 30 June 2022 (Unaudited)	<b>4,530,497</b>	<b>(11,174,128)</b>	<b>(6,643,631)</b>
At 1 April 2021 (Audited)	5,817,447	(4,116,376)	1,701,071
Provisions:			
- Current year	3,356,890	584,534	3,941,424
- Prior year adjustment	(2,295,612)	2,661,626	366,014
	1,061,278	3,246,160	4,307,438
Payment	(3,521,835)	-	(3,521,835)
Advance tax paid during the year	-	(10,930,697)	(10,930,697)
At 31 March 2022 (Audited)	<b>3,356,890</b>	<b>(11,800,913)</b>	<b>(8,444,023)</b>

Zakat is payable at 2.578% of the zakat base, excluding adjusted profit for the period, attributable to the Saudi shareholders. Zakat on adjusted profit for the period is payable at 2.5%.

Income tax is payable at 20% of adjusted net income attributable to the foreign shareholder. Advance income tax amounting to Saudi Riyals 11.2 million (31 March 2022: Saudi Riyals 11.8 million) is included in trade and other receivables.

**14.2 Deferred tax liabilities**

Movement in deferred taxes is attributable to:

	Carried forward losses	Employee benefit obligations	Provision for inventory obsolescence	Property, plant and equipment	Other	Total
At 1 April 2022	(5,169,426)	(1,183,741)	(558,655)	12,196,350	(186,770)	5,097,758
Charged (credited) to:						
Profit or loss	(693,753)	(29,375)	(36,623)	565,289	(72,869)	<b>(267,331)</b>
<b>At 30 June 2022 (Unaudited)</b>	<b>(5,863,179)</b>	<b>(1,213,116)</b>	<b>(595,278)</b>	<b>12,761,639</b>	<b>(259,639)</b>	<b>4,830,427</b>
	Carried forward losses	Employee benefit obligations	Provision for inventory obsolescence	Property, plant and equipment	Other	Total
At 1 April 2021	(6,880,128)	(1,663,335)	(762,076)	18,055,178	(746,327)	8,003,312
Charged (credited) to:						
Profit or loss	1,710,702	479,594	203,421	(5,858,828)	559,557	(2,905,554)
At 31 March 2022 (Audited)	<b>(5,169,426)</b>	<b>(1,183,741)</b>	<b>(558,655)</b>	<b>12,196,350</b>	<b>(186,770)</b>	<b>5,097,758</b>

Upon merger of the Company with Welspun Middle East Pipes Coating Company ("WMEPC") in 2020, the unused tax losses of WMEPC amounting to Saudi Riyals 53.5 million were not used for the recognition of deferred tax asset due to the uncertainty of admissibility of transfer of unused tax losses to the Company.

**EAST PIPES INTEGRATED COMPANY FOR INDUSTRY  
(A Joint Stock Company - Note 1)**

**Notes to the condensed interim financial information for the three-month period ended  
30 June 2022 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**14 Zakat and income tax matters (continued)**

**14.3 Income tax expense**

	<b>For the three-month period ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current tax	<b>626,785</b>	239,576
Deferred tax (income) expense	<b>(267,331)</b>	1,885,864
	<b>359,454</b>	2,125,440

**15 Related party transactions**

Related parties comprise the shareholders, directors, associated companies (representing entities which are directly or indirectly controlled by or under the significant influence of the Company's major shareholder), and key management personnel. Related parties also include business entities in which certain directors or senior management have an interest (other related parties).

(a) Following are the significant transactions entered into by the Company:

	<b>For the three-month period ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Nature of transactions and relationship</b>		
Cost charged to associated companies	-	5,177,038
Corporate guarantee charges to the Company	-	2,215,256
IPO expenses charged to shareholders	-	854,484
Purchases and other related services from the associated companies	-	329,090

The transactions are based on terms agreed as per signed agreements between the Company and the respective related parties.

(b) Key management personnel compensation:

	<b>For the three-month period ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries and other short-term employee benefits	<b>1,424,258</b>	611,044
Post-employment benefits	<b>301,616</b>	3,486
	<b>1,725,874</b>	614,530

**EAST PIPES INTEGRATED COMPANY FOR INDUSTRY  
(A Joint Stock Company - Note 1)**

**Notes to the condensed interim financial information for the three-month period ended  
30 June 2022 (Unaudited)**

(All amounts in Saudi Riyals unless otherwise stated)

**16 Basic and diluted earning per share**

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue during the period. As the Company does not have any dilutive potential shares, the diluted earnings per share is the same as the basic earnings per share.

	<b>For the three-month period ended 30 June</b>	
	<b>2022 (Unaudited)</b>	<b>2021 (Unaudited)</b>
Profit for the period	<b>6,232,810</b>	2,147,886
Weighted average number of ordinary shares for basic and diluted earning per share	<b>21,000,000</b>	21,000,000
Earning per share	<b>0.30</b>	0.10

**17 Contingencies and commitments**

- i) As at 30 June 2022, the Company was contingently liable for letters of credits and guarantees in the normal course of business amounting to Saudi Riyals 473.0 million (31 March 2022: Saudi Riyals 448.5 million).
- ii) During the year ended 31 March 2022, Zakat, Tax and Customs Authority (“ZATCA”) issued the final assessment for the year ended 31 March 2016 with an additional income tax and zakat liability of Saudi Riyals 4.6 million. The Company settled an amount of Saudi Riyals 10,825 and filed an appeal against the remaining additional income tax and zakat liability. The management of the Company believes that no material additional liability will arise upon the ultimate resolution of such assessment. Accordingly, no adjustment has been made in the condensed interim financial information.
- iii) During the three-month period ended 30 June 2022, ZATCA issued the final assessment for the year ended 31 March 2017 with an additional zakat liability of Saudi Riyals 2.2 million. The management of the Company filed an appeal against the assessment. The Company settled an amount of Saudi Riyals 3,698 and filed an appeal against the remaining additional income tax and zakat liability. The management of the Company believes that no material additional liability will arise upon the ultimate resolution of such assessment. Accordingly, no adjustment has been made in the condensed interim financial information.
- iv) During the three-month period ended 30 June 2022, ZATCA issued the final assessment for the year ended 31 March 2018, 2019 & 2020 with an additional tax and zakat liability of Saudi Riyals 6,680, Saudi Riyals 95,719 and Saudi Riyals 2.6 million respectively. The Company settled an amount of Saudi Riyals 285,117 for these years and is currently in the process of submitting its objections over the assessment with ZATCA. The management of the Company believes that no material liability will arise upon the ultimate resolution of such assessment. Accordingly, no adjustment has been made in condensed interim financial information.

**18 Fair value of assets and liabilities**

As at 30 June 2022 and 31 March 2022, the fair values of the Company’s financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of condensed statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

**19 Events after the reporting date**

No event has arisen subsequent to 30 June 2022 and before the date of approval of this condensed interim financial information, that could have a significant effect on the condensed interim financial information as at 30 June 2022.