

**EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(LISTED JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)**

**AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED
30 JUNE 2024**

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

**INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW
REPORT (UNAUDITED)**

For the three-month period ended 30 June 2024

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF East Pipes Integrated Company for Industry
(LISTED JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of East Pipes Integrated Company for Industry (the "Company"), Listed Joint Stock Company as at 30 June 2024, and the related interim condensed statement of profit or loss and other comprehensive income for the three-month period ended 30 June 2024, and the related interim condensed statements of changes in equity and cash flows for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.


Scope of Review

We conducted our review in accordance with International 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 that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

for Ernst & Young Professional Services


Ahmed Ibrahim Reda
Certified Public Accountant
Registration No. 356

Al Khobar: 1 Safar 1446H
5 August 2024

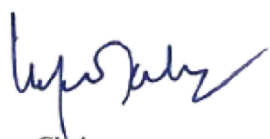


EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three-month period ended 30 June 2024

	Note	<i>Three-month period ended 30 June</i>	
		<i>2024</i>	<i>2023</i>
		<i>SR</i>	<i>SR</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue from contracts with customers	4	364,418,913	38,846,285
Cost of revenue	5	(278,001,706)	(45,167,644)
GROSS PROFIT / (LOSS)		86,417,207	(6,321,359)
General and administrative expenses	6	(5,832,614)	(4,573,701)
Selling and marketing expenses	7	(902,982)	(770,887)
Reversal of expected credit losses	11.2	1,004,649	250,162
Other operating income / (expense) - net		6,102,733	(505,832)
OPERATING PROFIT / (LOSS)		86,788,993	(11,921,617)
Finance costs		(3,889,980)	(5,742,918)
PROFIT / (LOSS) BEFORE ZAKAT AND INCOME TAX		82,899,013	(17,664,535)
Zakat	17.1	(3,750,892)	(1,392,186)
Income tax	17.5	(7,903,420)	495,462
PROFIT / (LOSS) FOR THE PERIOD		71,244,701	(18,561,259)
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income that will not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement (loss)/gain on employees' defined benefit liabilities		(52,334)	306,606
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		71,192,367	(18,254,653)
Earnings per share			
Basic and diluted	8	2.26	(0.59)



Chairman
Vipul Shiv Sahai Mathur



Chief Executive Officer
Mohammed Al Shaheen



Chief Financial Officer
Mohamed Saleh Ali Darweesh

The attached notes 1 to 21 form part of these interim condensed financial statements.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	<i>As at 30 June 2024 SR (Unaudited)</i>	<i>As at 31 March 2024 SR (Audited)</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	228,668,827	233,003,228
Right-of-use assets		21,401,734	7,189,711
Intangible assets		1,209,231	1,215,227
TOTAL NON-CURRENT ASSETS		251,279,792	241,408,166
CURRENT ASSETS			
Inventories	10	284,020,988	255,904,448
Trade receivables	11	469,675,058	810,021,716
Prepayments and other current assets	12	251,764,179	102,810,700
Advance for income tax		10,661,328	10,661,328
Cash and cash equivalents	13	199,635,649	66,001,206
TOTAL CURRENT ASSETS		1,215,757,202	1,245,399,398
TOTAL ASSETS		1,467,036,994	1,486,807,564
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	315,000,000	315,000,000
Statutory reserve		71,748,360	71,748,360
Retained earnings		536,357,253	465,164,886
TOTAL EQUITY		923,105,613	851,913,246
NON-CURRENT LIABILITIES			
Lease liabilities		14,651,871	6,566,080
Deferred tax liabilities	17.4	10,540,910	8,010,046
Long-term borrowing	16.2.3	60,121,403	98,501,241
Employees' defined benefit liabilities		21,858,089	21,068,136
TOTAL NON-CURRENT LIABILITIES		107,172,273	134,145,503
CURRENT LIABILITIES			
Accrued expenses and other current liabilities	15	312,676,699	272,902,473
Current portion of long-term borrowing	16.2.3	72,225,000	32,288,550
Short-term borrowings	16.1	-	156,806,946
Trade payables		16,234,408	17,290,911
Current portion of lease liabilities		5,925,232	885,614
Zakat and income tax provision	17	29,697,769	20,574,321
TOTAL CURRENT LIABILITIES		436,759,108	500,748,815
TOTAL LIABILITIES		543,931,381	634,894,318
TOTAL EQUITY AND LIABILITIES		1,467,036,994	1,486,807,564

Chairman

Vipul Shiv Sahai Mathur

Chief Executive Officer

Mohammed Al Shaheen

Chief Financial Officer

Mohamed Saleh Ali Darweesh

The attached notes 1 to 21 form part of these interim condensed financial statements.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

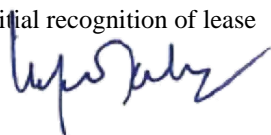
For the three-month period ended 30 June 2024

	<i>Three-month period ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Operating activities		
Profit / (loss) before zakat and income tax	82,899,013	(17,664,535)
<i>Adjustments to reconcile profit / (loss) before zakat and income tax to net cash flows from operating activities:</i>		
Depreciation of property, plant, and equipment	4,917,400	4,926,676
Depreciation of right-of-use assets	1,483,151	1,450,031
Amortization of intangible assets	114,863	49,489
Provision for inventory obsolescence	1,490,048	-
Reversal of expected credit losses allowance	(1,004,649)	(250,162)
Finance costs	3,889,980	5,742,918
Provision for employees end of service benefits	645,252	617,666
	94,435,058	(5,127,917)
<i>Working capital changes:</i>		
Inventories	(29,606,588)	(144,521,829)
Trade receivables	361,547,592	255,668,207
Prepayments and other current assets	(148,953,479)	(59,240,880)
Trade payables	(1,056,503)	(22,947,643)
Accrued expenses and other current liabilities	19,577,941	34,995,813
Cash from operations	295,944,021	58,825,751
Employees' end of service benefits paid	(179,825)	(139,613)
Finance costs paid	(1,830,941)	(5,146,196)
Net cash from operating activities	293,933,255	53,539,942
Investing activities		
Purchase of property, plant and equipment	(582,999)	(371,724)
Purchases of intangible assets	(108,867)	(130,420)
Net cash used in investing activities	(691,866)	(502,144)
Financing activities		
Proceeds from short-term borrowings	-	272,863,284
Repayments of short-term borrowings	(156,806,946)	(229,829,512)
Payments of lease liabilities	(2,800,000)	(2,400,000)
Net cash (used in) / from financing activities	(159,606,946)	40,633,772
Net increase in cash and cash equivalents	133,634,443	93,671,570
Cash and cash equivalents at the beginning of the period	66,001,206	53,393,601
Cash and cash equivalents at the end of the period	199,635,649	147,065,171

Non-cash transactions

Advances from customers recognized against trade receivables
Initial recognition of lease

20,196,285	91,013,049
15,695,174	-



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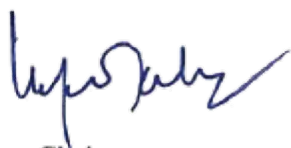
The attached notes 1 to 21 form part of these interim condensed financial statements.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 30 June 2024

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Total</i>
	SR	SR	SR	SR
As at 1 April 2023 (audited)	315,000,000	44,997,572	255,443,234	615,440,806
Loss for the period	-	-	(18,561,259)	(18,561,259)
Other comprehensive income for the period	-	-	306,606	306,606
Total comprehensive loss for the period	-	-	(18,254,653)	(18,254,653)
As at 30 June 2023 (unaudited)	315,000,000	44,997,572	237,188,581	597,186,153
As at 1 April 2024 (audited)	315,000,000	71,748,360	465,164,886	851,913,246
Profit for the period	-	-	71,244,701	71,244,701
Other comprehensive loss for the period	-	-	(52,334)	(52,334)
Total comprehensive income for the period	-	-	71,192,367	71,192,367
As at 30 June 2024 (unaudited)	315,000,000	71,748,360	536,357,253	923,105,613



Chairman
Vipul Shiv Sahai Mathur



Chief Executive Officer
Mohammed Al Shaheen



Chief Financial Officer
Mohamed Saleh Ali Darweesh

The attached notes 1 to 21 form part of these interim condensed financial statements.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY

(Listed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

At 30 June 2024

1 CORPORATE INFORMATION

East Pipes Integrated Company for Industry (the “Company”) is a listed joint stock company licensed under foreign investment license number 121031118992 issued by the Ministry of Investment on 22 Rajab 1431H (corresponding to 4 July 2010) operating under Commercial Registration (“CR”) number 2050071522 issued in Dammam on 22 Rajab 1431H (corresponding to 4 July 2010). The Company is engaged in manufacturing of pipes, tubes, hollow shapes from iron and steel, and the processing and painting metals by refinement and polishing.

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 interim condensed financial statements include the operations of the Company and its branch operating under CR number 2050071524 issued in Dammam on 22 Rajab 1431H (corresponding to 4 July 2010).

The interim condensed financial statements of the Company as of 30 June 2024 were authorised for issuance by the Board of Directors on 25 Muharram 1446 H (corresponding to 31 July 2024).

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”) as 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”).

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, these interim condensed financial statements is to be read in conjunction with the annual financial statements for the year ended 31 March 2024. In addition the results of the operations for the period ended 30 June 2024 do not necessarily represent an indicator for the results of the operations for the year ending 31 March 2024.

2.2 Basis of measurement

The interim condensed financial statements are prepared under the historical cost convention using the accruals basis of accounting. For employees' post-employment benefits, actuarial present value calculations are used.

2.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals (“SR”) which is also the functional currency of the Company.

2.4 Seasonality of the Company’s business

The Company is a project based Company engaged in manufacturing of pipes and tubes from iron and steel as well as the processing and painting metals by refinement and polishing. Due to the project based nature of this industry, higher revenues and operating profits are usually expected when the Company has ongoing projects and the revenue recognition criteria is met.

This information is provided to allow for a better understanding of the results, however, management has concluded that this is not ‘highly seasonal’ in accordance with IAS 34.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of the Company’s interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of the asset or liability affected in the future.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY

(Listed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2024

2 BASIS OF PREPARATION (continued)

2.5 Significant accounting judgements, estimates and assumptions (continued)

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

As at 30 June 2024, management believes that, all judgments and sources of estimation uncertainty remain similar to those disclosed in the Company's annual financial statements for the year ended 31 March 2024.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 March 2024 except as mentioned below.

3.1 New standards, interpretations and amendments 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 2024:

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Company's interim condensed financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Company's interim condensed financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Company's interim condensed financial statements.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2024

4 REVENUE FROM CONTRACT WITH CUSTOMERS

	For the three-month period ended 30 June	
	2024	2023
	SR	SR
	(Unaudited)	(Unaudited)
Revenue recognized at a point in time		
Revenue from sale of goods	339,636,496	29,458,334
Revenue recognized overtime		
Revenue from rendering of services	24,782,417	9,387,951
	364,418,913	38,846,285

5 COST OF REVENUE

	For the three-month period ended 30 June	
	2024	2023
	SR	SR
	(Unaudited)	(Unaudited)
Cost of materials	240,067,136	18,113,430
Salaries and employees' benefits	20,324,304	15,316,262
Short-term rent expenses	5,168,877	2,844,199
Depreciation of property, plant and equipment	4,801,624	4,813,553
Utilities expenses	2,278,831	1,260,776
Provision for inventory obsolescence	1,490,048	-
Depreciation of right-of-use assets	1,483,151	1,450,031
Packing material	1,148,176	448,415
Repair expenses	504,707	622,368
Amortisation of intangible assets	80,404	39,591
Others	654,448	259,019
	278,001,706	45,167,644

6 GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 30 June	
	2024	2023
	SR	SR
	(Unaudited)	(Unaudited)
Salaries and employees' benefits	3,445,992	2,969,679
Professional fees	953,856	149,097
Directors' fees	687,883	809,415
Utilities expenses	305,074	207,905
Repair expenses	96,266	167,449
Depreciation of property, plant and equipment	79,267	80,394
Short-term rent expenses	48,329	32,219
Travelling expenses	31,924	20,693
Amortisation of intangible assets	22,973	9,898
Others	161,050	126,952
	5,832,614	4,573,701

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2024

7 SELLING AND MARKETING EXPENSES

	For the three-month period ended 30 June	
	2024	2023
	SR	SR
	(Unaudited)	(Unaudited)
Salaries and employees' benefits	606,008	513,712
Travelling expenses	67,417	41,516
Sales and promotions expenses	51,878	140,380
Depreciation of property, plant and equipment	36,509	32,729
Repair expenses	14,319	29,248
Amortisation of intangible assets	11,486	4,949
Others	115,365	8,353
	902,982	770,887

8 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit / (loss) for the periods ended 30 June 2024 and 30 June 2023, by the weighted average number of shares outstanding at the end of the respective period.

The Company does not have any dilutive potential shares during the period, the diluted earnings per share is the same as the basic earnings per share.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	For the three-month period ended 30 June	
	2024	2023
	SR	SR
Profit / (loss) for the period	71,244,701	(18,561,259)
Weighted average number of ordinary shares	31,500,000	31,500,000
Basic and diluted earnings per share	2.26	(0.59)

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2024

9 PROPERTY, PLANT AND EQUIPMENT

	For the period ended 30 June 2024				
	<i>Buildings and leasehold improvements</i>	<i>Plant and machinery</i>	<i>Furniture, fixtures and office equipment</i>	<i>Vehicles</i>	<i>Capital work- in-progress</i>
	SR	SR	SR	SR	SR
Cost:					
At 1 April 2024	74,945,665	563,779,952	6,808,242	1,559,416	44,500
Additions	-	66,000	131,253	211,300	174,446
Disposals	-	-	-	(123,723)	-
At 30 June 2024	74,945,665	563,845,952	6,939,495	1,646,993	218,946
Accumulated depreciation:					
At 1 April 2024	48,680,191	359,675,935	4,377,121	1,401,300	-
Charge for the period	1,015,734	3,747,398	138,771	15,497	-
Disposals	-	-	-	(123,723)	-
At 30 June 2024	49,695,925	363,423,333	4,515,892	1,293,074	-
Net book amounts:					
At 30 June 2024	25,249,740	200,422,619	2,423,603	353,919	218,946
					228,668,827

9.1 Entire property, plant and equipment are mortgaged as security against loan obtained from SIDF (refer note 16.2.4).

9.2 The production facilities and buildings of the Company are constructed on land leased at a nominal rent from the Saudi authority for industrial cities and technology zones (modon) for a period of 7-15 years.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2024

9 PROPERTY, PLANT AND EQUIPMENT (continued)

For the year ended 31 March 2024						
	<i>Buildings and leasehold improvements SR</i>	<i>Plant and machinery SR</i>	<i>Furniture, fixtures and office equipment SR</i>	<i>Vehicles SR</i>	<i>Capital work- in-progress SR</i>	<i>Total SR</i>
Cost:						
At 1 April 2023	74,938,865	557,503,900	5,341,896	1,559,416	143,771	639,487,848
Additions	6,800	1,388,454	1,390,260	-	1,355,709	4,141,223
Transfers from inventories	-	3,508,704	-	-	-	3,508,704
Transfers	-	1,378,894	76,086	-	(1,454,980)	-
At 31 March 2024	74,945,665	563,779,952	6,808,242	1,559,416	44,500	647,137,775
Accumulated depreciation:						
At 1 April 2023	44,588,974	343,878,160	3,932,575	1,340,951	-	393,740,660
Charge for the year	4,091,217	15,797,775	444,546	60,349	-	20,393,887
At 31 March 2024	48,680,191	359,675,935	4,377,121	1,401,300	-	414,134,547
Net book amounts:						
At 31 March 2024	26,265,474	204,104,017	2,431,121	158,116	44,500	233,003,228

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2024

10 INVENTORIES

	<i>Note</i>	30 June 2024 <i>SR</i> <i>(Unaudited)</i>	31 March 2024 <i>SR</i> <i>(Audited)</i>
Raw materials	10.1	166,363,309	206,488,289
Work-in-progress		32,182,053	5,939,162
Finished products		72,564,840	27,045,308
Spare parts and supplies, held not for sale		18,518,006	20,548,861
		289,628,208	260,021,620
Less: provision for inventory obsolescence	10.2	(5,607,220)	(4,117,172)
		284,020,988	255,904,448

10.1 All raw material purchases are primarily against confirmed orders.

10.2 Movement in provision for inventory obsolescence is as follows:

	30 June 2024 <i>SR</i> <i>(Unaudited)</i>	31 March 2024 <i>SR</i> <i>(Audited)</i>
At the beginning of the period / year	4,117,172	4,837,645
Additions/(reversals)	1,490,048	(720,473)
At the end of the period / year	5,607,220	4,117,172

11 TRADE RECEIVABLES

	<i>Note</i>	30 June 2024 <i>SR</i> <i>(Unaudited)</i>	31 March 2024 <i>SR</i> <i>(Audited)</i>
Trade receivables	11.1	470,362,007	811,713,314
Less: Expected credit losses (ECL) allowance	11.2	(686,949)	(1,691,598)
		469,675,058	810,021,716

11.1 Includes SR 20.2 million advance invoices issued as per the agreements with the customers (refer to note 15).

11.2 Movement in ECL allowance is as follows:

	30 June 2024 <i>SR</i> <i>(Unaudited)</i>	31 March 2024 <i>SR</i> <i>(Audited)</i>
At the beginning of the period / year	1,691,598	563,487
Additions	-	1,378,273
Reversal	(1,004,649)	(250,162)
At the end of the period / year	686,949	1,691,598

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2024

12 PREPAYMENTS AND OTHER CURRENT ASSETS

		30 June 2024	31 March 2024
		SR	SR
		(Unaudited)	(Audited)
Advances to suppliers	12.1	211,024,979	79,095,979
Margin against letters of guarantee		16,750,497	12,855,855
Contract assets		16,374,021	6,263,626
Prepaid expenses		5,354,723	2,061,207
Others		2,259,959	2,534,033
		251,764,179	102,810,700

12.1 Pertains to advances paid to suppliers for purchases of materials and services which are primarily against confirmed orders.

13 CASH AND CASH EQUIVALENTS

		30 June 2024	31 March 2024
		SR	SR
		(Unaudited)	(Audited)
Cash in hand		5,993	2,225
Cash at bank		169,629,656	20,998,981
Short-term deposits		30,000,000	45,000,000
		199,635,649	66,001,206

Short-term deposits represent placements with a commercial bank for a period of less than three months and yield financial income at prevailing market rates i.e. 5.71% per annum (31 March 2024: 5.71% per annum).

14 SHARE CAPITAL

As at 30 June 2024, the authorised, issued and fully paid-up share capital comprised of 31,500,000 ordinary shares (31 March 2024: 31,500,000 ordinary shares) of SR 10 each.

Following are the major shareholders of the Company:

		Shareholding %	
	Note	30 June 2024	31 March 2024
		SR	SR
Welspun Mauritius Holdings Company Ltd.	14.1	31.50%	31.50%
Vision International Investment Company		11.55%	11.55%
Saleh Muhammad Hamad Al-Hammadi	14.2	9.98%	9.98%

14.1 On 14 Safar 1445H (corresponding to 30 August 2023G), Welspun Mauritius Holdings Company Ltd. sold 3.51% of its shareholding to Al-Haitam for Industries and Economic Development.

14.2 On 15 Rabi' al-Thani 1445H (corresponding to 30 October 2023G), Aziz Company for Contracting & Industrial Investment sold 50% of its shareholding to Saleh Muhammad Hamad Al-Hammadi and 50% to other private investors.

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2024

15 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>Note</i>	30 June 2024	31 March 2024
		<i>SR</i>	<i>SR</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
Goods received invoice not received	<i>15.1</i>	153,557,570	64,035,334
Advances from customers	<i>15.2</i>	124,086,583	106,811,801
Accrued expenses		12,032,111	20,356,242
Value added tax payable		14,125,435	63,563,879
Accrued salaries and benefits		7,835,388	15,587,377
Other		1,039,612	2,547,840
		312,676,699	272,902,473

15.1 Represents goods received to perform confirmed orders.

15.2 Includes SR 20.2 million advances against invoices issued as per the agreements with the customers. As at 30 June 2024, these advances have not yet been collected and hence these have been recorded under trade receivables (note 11).

16 BORROWINGS

16.1 Short-term borrowings

	30 June 2024	31 March 2024
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Short term borrowings	-	156,588,505
Accrued finance costs	-	218,441
	-	156,806,946

16.2 Long-term borrowings

	30 June 2024	31 March 2024
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Long-term borrowing	135,000,000	135,000,000
Accrued evaluation fees	<i>16.2.1</i> 1,049,028	261,496
less: transaction cost	<i>16.2.2</i> (3,702,625)	(4,471,705)
	132,346,403	130,789,791

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2024

16 Borrowings (continued)

16.2.1 Evaluation fees

	30 June 2024	31 March 2024
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Opening balance	261,496	-
Charged to profit or loss	787,532	261,496
	<u>1,049,028</u>	<u>261,496</u>

16.2.1.1 The loan carries evaluation fees amounting to SR 4.7 million. The loan is repayable within 2 years from the disbursement date in 4 equal installments.

16.2.2 Transaction cost

	30 June 2024	31 March 2024
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Opening balance	4,471,705	-
Initial recognition	-	4,725,000
Charged to profit or loss	(769,080)	(253,295)
	<u>3,702,625</u>	<u>4,471,705</u>

16.2.2.1 This represents upfront commitment fees which is paid at the acquisition of the loan and being amortized over the term of the loan at effective interest rate of 0.4%.

16.2.3 Long term borrowing is presented in the financial statements as follows:

	30 June 2024	31 March 2024
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Non-current portion	60,121,403	98,501,241
Current portion	72,225,000	32,288,550
	<u>132,346,403</u>	<u>130,789,791</u>

16.2.4 During the year ended 31 March 2024, the Company signed a long term loan agreement of SR 135 million with Saudi Industrial Development Fund ("SIDF") to finance its working capital. The loan is secured by mortgage of the Company's plant and all property and equipment on the Company's leased land from Modon (Note 9).

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2024

17 ZAKAT AND INCOME TAX MATTERS

17.1 Zakat and income tax payable

	Zakat SR	Income tax SR	Total SR
At 1 April 2024	11,750,690	8,823,631	20,574,321
Provision for the period	3,750,892	5,372,556	9,123,448
At 30 June 2024 (unaudited)	15,501,582	14,196,187	29,697,769

	Zakat SR	Income tax SR	Total SR
At 1 April 2023	6,451,873	-	6,451,873
Provisions:			
Current year	11,791,040	15,274,549	27,065,589
Prior year adjustments	-	(50,763)	(50,763)
	11,791,040	15,223,786	27,014,826
Payment	(6,492,223)	(6,400,155)	(12,892,378)
At 31 March 2024 (audited)	11,750,690	8,823,631	20,574,321

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 profit attributable to the foreign shareholder. As at 30 June 2024 advance income tax amounts to SR 10.6 million (31 March 2024: SR 10.6 million).

17.2 Status of assessments

i) The Company has submitted its zakat and income tax returns for the years up to 31 March 2023. The Company has obtained zakat and income tax certificates for the years till 31 March 2023. ZATCA has finalized the income tax and zakat assessments until the years ended 31 March 2014 and 2016 through 2020.

ii) ZATCA has not issued final assessments for the year 2015, accordingly this year is deemed assessed based on the relevant time barred provisions in the Income Tax and Zakat Regulations.

iii) The years ended 31 March 2021 to 31 March 2023 are under review by ZATCA, and ZATCA did not issue assessments for the subjective years yet.

17.3 Advance income tax

	30 June 2024 SR (Unaudited)	31 March 2024 SR (Audited)
At 1 April	10,661,328	5,861,211
Payments	-	4,800,117
	10,661,328	10,661,328

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2024

17 Zakat and income tax matters (continued)

17.4 Deferred tax liabilities

At 30 June 2024

	Carried forward losses SR	Employee benefits obligations SR	Provision for inventory obsolescence SR	Property, plant and equipment SR	Other SR	Total SR
At 1 April 2024	-	(1,316,582)	(259,382)	9,703,201	(117,191)	8,010,046
Charged (credited) / debited to:						
Profit or loss	2,576,608	(60,434)	(93,862)	(33,210)	141,762	2,530,864
At 30 June 2024 (Unaudited)	2,576,608	(1,377,016)	(353,244)	9,669,991	24,571	10,540,910

At 31 March 2024

	Carried forward losses SR	Employee benefits obligations SR	Provision for inventory obsolescence SR	Property, plant and equipment SR	Other SR	Total SR
At 1 April 2023	(3,926,396)	(1,309,287)	(561,049)	11,470,555	(2,292)	5,671,531
Charged (credited) / debited to:						
Profit or loss	3,926,396	(7,295)	301,667	(1,767,354)	(114,899)	2,338,515
At 31 March 2024 (Audited)	-	(1,316,582)	(259,382)	9,703,201	(117,191)	8,010,046

Upon merger of the Company with Welspun Middle East Pipes Coating Company (“WMEPC”) in 2020, the unused tax losses of WMEPC amounting to SR 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.

17.5 Income tax

	For the three-month period ended 30 June	
	2024	2023
	SR	SR
	(Unaudited)	(Unaudited)
Current income tax	(5,372,556)	-
Deferred tax (expense) / income	(2,530,864)	495,462
	(7,903,420)	495,462

EAST PIPES INTEGRATED COMPANY FOR INDUSTRY
(Listed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2024

18 RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties. The Company in the normal course of business carries out transactions with various related parties.

As of 30 June 2024, there is no due from or due to related parties. No significant transactions with related parties occurred during the period.

18.1 Key management personnel compensation:

	For the three-month period ended 30 June	
	2024	2023
	SR	SR
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits	1,439,557	1,439,557
Post-employment benefits	58,238	58,238
Remuneration and compensation of board members and other related committees	682,750	643,750
	<u>2,180,545</u>	<u>2,141,545</u>

19 CONTINGENCIES AND COMMITMENTS

As at 30 June 2024, the Company was contingently liable for letters of credit and guarantee in the normal course of business amounting to SR 889 million (31 March 2024: SR 768 million).

20 FAIR VALUE OF ASSETS AND LIABILITIES

As at 30 June 2024 and 31 March 2024, 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.

21 EVENTS AFTER THE REPORTING DATE

No events have arisen subsequent to 30 June 2024 and before the date of issuing the financial statements that could have a significant effect on the financial statements as at 30 June 2024.