

**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 AND SIX-MONTH PERIODS ENDED
30 SEPTEMBER 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 and six-month periods ended 30 September 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 (Listed Joint Stock Company) (the "Company") as at 30 September 2024, and the related interim condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 September 2024, and the related interim condensed statements of changes in equity and cash flows for the six-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 Jumada Al-Ula 1446H
03 November 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 and six-month periods ended 30 September 2024

	Notes	Three-month period ended 30 September		Six-month period ended 30 September	
		2024	2023	2024	2023
		SR	SR	SR	SR
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers	4	540,154,282	230,267,231	904,573,195	269,113,516
Cost of revenue	5	(406,391,354)	(197,157,529)	(684,393,060)	(242,260,734)
GROSS PROFIT		133,762,928	33,109,702	220,180,135	26,852,782
General and administrative expenses	6	(6,294,006)	(4,592,247)	(12,126,620)	(9,230,387)
Selling and marketing expenses	7	(995,921)	(745,571)	(1,898,903)	(1,516,458)
Reversal of /(allowance for) expected credit losses	11.1	(444,895)	(398,347)	559,754	(148,185)
Other operating income		1,070,965	632,903	7,173,698	127,071
OPERATING PROFIT		127,099,071	28,006,440	213,888,064	16,084,823
Finance costs		(4,190,722)	(5,238,655)	(8,080,702)	(10,981,573)
PROFIT BEFORE ZAKAT AND INCOME TAX		122,908,349	22,767,785	205,807,362	5,103,250
Zakat	17.1	(4,034,245)	(1,725,477)	(7,785,137)	(3,117,663)
Income tax	17.5	(6,024,969)	(248,953)	(13,928,389)	246,509
PROFIT FOR THE PERIOD		112,849,135	20,793,355	184,093,836	2,232,096
OTHER COMPREHENSIVE INCOME					
<i>Other comprehensive (loss)/income that will not to be reclassified to profit or loss in subsequent periods:</i>					
Remeasurement (loss) / gain on employees' defined benefit liabilities		(3,623,665)	43,051	(3,675,999)	349,657
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		109,225,470	20,836,406	180,417,837	2,581,753
Earnings per share					
Basic and diluted	8	3.58	0.66	5.84	0.07

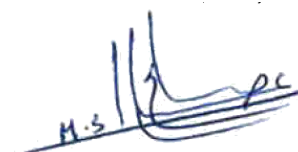
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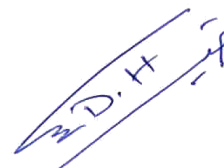
Chairman
Vipul Shiv Sahai Mathur



Chief Executive Officer
Mohammed Al Shaheen



Chief Financial Officer
Mohamed Saleh Ali Darweesh



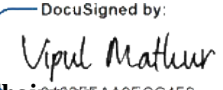
The attached notes 1 to 23 form part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2024

	Notes	30 September 2024 SR (Unaudited)	31 March 2024 SR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	226,647,007	233,003,228
Right-of-use assets		19,865,911	7,189,711
Intangible assets		1,162,034	1,215,227
TOTAL NON-CURRENT ASSETS		247,674,952	241,408,166
CURRENT ASSETS			
Inventories	10	326,381,585	255,904,448
Trade receivables	11	620,511,723	810,021,716
Prepayments and other current assets	12	375,738,908	102,810,700
Advances for income tax	17.3	9,679,578	10,661,328
Cash and cash equivalents	13	44,891,461	66,001,206
TOTAL CURRENT ASSETS		1,377,203,255	1,245,399,398
TOTAL ASSETS		1,624,878,207	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		598,332,723	465,164,886
TOTAL EQUITY		985,081,083	851,913,246
NON-CURRENT LIABILITIES			
Lease liabilities		14,189,796	6,566,080
Deferred tax liabilities	17.4	11,901,388	8,010,046
Long-term borrowing	16.2.3	61,696,541	98,501,241
Employees' defined benefit liabilities		26,281,739	21,068,136
TOTAL NON-CURRENT LIABILITIES		114,069,464	134,145,503
CURRENT LIABILITIES			
Accrued expenses and other current liabilities	15	379,941,755	272,902,473
Current portion of long-term borrowing	16.2.3	72,225,000	32,288,550
Short-term borrowings	16.1	46,365,691	156,806,946
Trade payables		9,742,600	17,290,911
Current portion of lease liabilities		5,698,946	885,614
Zakat and income tax provision	17	11,753,668	20,574,321
TOTAL CURRENT LIABILITIES		525,727,660	500,748,815
TOTAL LIABILITIES		639,797,124	634,894,318
TOTAL EQUITY AND LIABILITIES		1,624,878,207	1,486,807,564

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 Vipul Shiv Sahai Mathur


 Chief Executive Officer
 Mohammed Al Shaheen


 Chief Financial Officer
 Mohamed Saleh Ali Darweesh

The attached notes 1 to 23 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 six-month period ended 30 September 2024

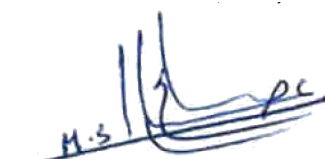
	Notes	Six-month period ended 30 September	
		2024 SR (Unaudited)	2023 SR (Unaudited)
Operating activities			
Profit before zakat and income tax		205,807,362	5,103,250
<i>Adjustments to reconcile profit before zakat and income tax to net cash flows from operating activities:</i>			
Depreciation of property, plant, and equipment	9	9,804,981	9,751,415
Depreciation of right-of-use assets		3,018,973	2,901,453
Amortization of intangible assets		194,301	116,141
Gain on sales of property, plant and equipment		(6,500)	-
Provision for inventory obsolescence	10.2	1,325,452	(433,084)
(Reversal of)/ allowance for expected credit losses	11.1	(559,754)	148,185
Finance costs		8,080,702	10,981,573
Provision for employees end of service benefits		1,262,894	1,613,996
		228,928,411	30,182,929
<i>Working capital changes:</i>			
Inventories		(71,802,589)	(259,782,159)
Trade receivables		190,069,747	268,671,779
Prepayments and other current assets		(272,928,208)	(162,582,099)
Trade payables		(7,548,311)	(19,943,804)
Accrued expenses and other current liabilities		107,039,282	121,671,883
Cash from/(used in) operations		173,758,332	(21,781,471)
Employees' end of service benefits paid		(268,169)	(182,371)
Finance costs paid		(4,133,787)	(11,214,663)
Zakat and tax paid		(21,842,720)	(12,761,157)
Advance tax paid		(3,818,367)	-
Net cash from / (used in) operating activities		143,695,289	(45,939,662)
Investing activities			
Purchase of property, plant and equipment	9	(3,448,760)	(1,573,818)
Proceeds from sales of property, plant and equipment		6,500	-
Purchases of intangible assets		(141,108)	(474,816)
Net cash used in investing activities		(3,583,368)	(2,048,634)
Financing activities			
Proceeds from short-term borrowings		642,374,761	696,722,348
Repayments of short-term borrowings		(752,597,575)	(617,081,285)
Dividends paid	20	(47,250,000)	(31,500,000)
Payments of lease liabilities		(3,748,852)	(3,105,000)
Net cash (used in) / from financing activities		(161,221,666)	45,036,063
Net increase in cash and cash equivalents		(21,109,745)	(2,952,233)
Cash and cash equivalents at the beginning of the period	13	66,001,206	53,393,601
Cash and cash equivalents at the end of the period	13	44,891,461	50,441,368
Non-cash transactions			
Advances from customers recognized against trade receivables		-	87,204,838
Initial recognition of lease		15,695,174	-

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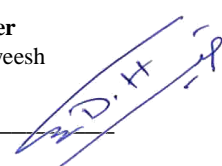
Chairman
Vipul Shiv Sahai Mathur



Chief Executive Officer
Mohammed Al Shaheen



Chief Financial Officer
Mohamed Saleh Ali Darweesh



The attached notes 1 to 23 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 (UNAUDITED)

For the six-month period ended 30 September 2024

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
As at 1 April 2023 (Audited)	315,000,000	44,997,572	255,443,234	615,440,806
Profit for the period	-	-	2,232,096	2,232,096
Other comprehensive income for the period	-	-	349,657	349,657
Total comprehensive income for the period	-	-	2,581,753	2,581,753
Dividends paid (Note 20)	-	-	(31,500,000)	(31,500,000)
As at 30 September 2023 (Unaudited)	<u>315,000,000</u>	<u>44,997,572</u>	<u>226,524,987</u>	<u>586,522,559</u>
As at 1 April 2024 (Audited)	315,000,000	71,748,360	465,164,886	851,913,246
Profit for the period	-	-	184,093,836	184,093,836
Other comprehensive loss for the period	-	-	(3,675,999)	(3,675,999)
Total comprehensive income for the period	-	-	180,417,837	180,417,837
Dividends paid (Note 20)	-	-	(47,250,000)	(47,250,000)
As at 30 September 2024 (Unaudited)	<u>315,000,000</u>	<u>71,748,360</u>	<u>598,332,723</u>	<u>985,081,083</u>

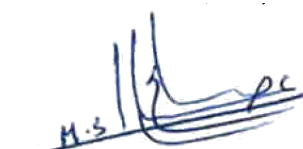
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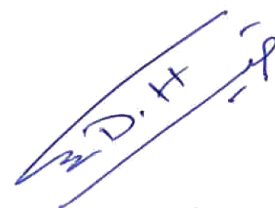
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The attached notes 1 to 23 form part of these interim condensed financial statements.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

At 30 September 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 September 2024 were authorised for issuance by the Board of Directors on 28 Rabi Al-Thani 1446 H (corresponding to 31 October 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 Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

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 September 2024 do not necessarily represent an indicator for the results of the operations for the year ending 31 March 2025.

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 September 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 September 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 September 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Other Standards issued but not yet effective

Following are the new IFRS sustainability disclosure standards effective for the annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA.

IFRS S1 General requirements for disclosure of sustainability-related financial information

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

IFRS S2 Climate-related disclosures

This is the first thematic standard issued that set out requirements for entities to disclose information about climate related risks and opportunities.

4 REVENUE FROM CONTRACT WITH CUSTOMERS

	For the three-month period ended 30 September		For the six-month period ended 30 September	
	2024	2023	2024	2023
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Type of goods or service</i>				
Revenue from sale of goods	535,390,884	221,685,422	875,027,380	251,143,756
Revenue from rendering of services	4,763,398	8,581,809	29,545,815	17,969,760
	<u>540,154,282</u>	<u>230,267,231</u>	<u>904,573,195</u>	<u>269,113,516</u>
<i>Geographical markets</i>				
Kingdom of Saudi Arabia	<u>540,154,282</u>	<u>230,267,231</u>	<u>904,573,195</u>	<u>269,113,516</u>
<i>Timing of revenue recognition</i>				
Revenue recognized at a point in time	535,390,884	221,685,422	875,027,380	251,143,756
Revenue recognized overtime	4,763,398	8,581,809	29,545,815	17,969,760
	<u>540,154,282</u>	<u>230,267,231</u>	<u>904,573,195</u>	<u>269,113,516</u>

5 COST OF REVENUE

	For the three-month period ended 30 September		For the six-month period ended 30 September	
	2024	2023	2024	2023
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of materials	365,689,398	167,806,372	605,756,534	185,919,802
Salaries and employees' benefits	22,590,872	15,666,707	42,915,177	30,982,980
Short-term rent expenses	6,594,821	3,903,299	11,763,698	6,682,652
Depreciation of property, plant and equipment	4,761,947	4,634,020	9,563,571	9,523,532
Utilities expenses	2,685,317	1,780,470	4,964,147	3,041,245
Provision for/(reversal of) inventory obsolescence	(164,596)	(433,085)	1,325,452	(433,085)
Depreciation of right-of-use assets	1,535,822	1,655,970	3,018,973	2,901,453
Packing material	1,385,005	700,099	2,533,181	1,148,514
Repair expenses	795,166	855,212	1,299,874	1,477,582
Amortisation of intangible assets	55,607	46,657	136,011	81,299
Others	461,995	541,808	1,116,442	934,760
	<u>406,391,354</u>	<u>197,157,529</u>	<u>684,393,060</u>	<u>242,260,734</u>

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

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

At 30 September 2024

6 GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 30 September		For the six-month period ended 30 September	
	2024	2023	2024	2023
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and employees' benefits	3,991,995	2,729,557	7,437,987	5,699,232
Professional fees	780,058	761,351	1,733,914	910,448
Directors' fees	683,750	255,085	1,371,633	1,064,500
Utilities expenses	372,097	326,485	677,172	534,391
Repair expenses	218,569	277,601	314,835	445,044
Depreciation of property, plant and equipment	85,646	81,550	164,913	161,943
Short-term rent expenses	32,221	16,110	80,550	64,440
Travelling expenses	27,715	30,654	59,640	51,348
Amortisation of intangible assets	15,887	13,330	38,860	23,228
Others	86,068	100,524	247,116	275,813
	6,294,006	4,592,247	12,126,620	9,230,387

7 SELLING AND MARKETING EXPENSES

	For the three-month period ended 30 September		For the six-month period ended 30 September	
	2024	2023	2024	2023
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and employees' benefits	661,203	472,464	1,267,211	986,176
Travelling expenses	46,107	86,470	113,524	127,986
Sales and promotions expenses	111,785	3,078	163,663	143,458
Depreciation of property, plant and equipment	39,989	33,211	76,497	65,940
Repair expenses	47,219	52,907	61,538	82,155
Amortisation of intangible assets	7,944	6,665	19,430	11,614
Others	81,674	90,776	197,040	99,129
	995,921	745,571	1,898,903	1,516,458

8 EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit of the Company for the period by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	For the three-month period ended 30 September		For the six-month period ended 30 September	
	2024	2023	2024	2023
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	112,849,135	20,793,355	184,093,836	2,232,096
Weighted average number of ordinary shares	31,500,000	31,500,000	31,500,000	31,500,000
Basic and diluted earnings per share	3.58	0.66	5.84	0.07

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of this 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 September 2024

9 PROPERTY, PLANT AND EQUIPMENT

	For the period ended 30 September 2024 (Unaudited)					
	<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>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cost:						
At 1 April 2024 (Audited)	74,945,665	563,779,952	6,808,242	1,559,416	44,500	647,137,775
Additions	8,300	66,000	268,044	634,120	2,472,296	3,448,760
Disposals	-	-	-	(123,723)	-	(123,723)
At 30 September 2024 (Unaudited)	74,953,965	563,845,952	7,076,286	2,069,813	2,516,796	650,462,812
Accumulated depreciation:						
At 1 April 2024 (Audited)	48,680,191	359,675,935	4,377,121	1,401,300	-	414,134,547
Charge for the period	2,042,695	7,421,314	283,521	57,451	-	9,804,981
Relating to disposals	-	-	-	(123,723)	-	(123,723)
At 30 September 2024 (Unaudited)	50,722,886	367,097,249	4,660,642	1,335,028	-	423,815,805
Net book amounts:						
At 30 September 2024 (Unaudited)	24,231,079	196,748,703	2,415,644	734,785	2,516,796	226,647,007

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.

9.3 Depreciation of property, plant and equipment is allocated in the interim condensed statement of profit and loss as follows:

	For the three-month period ended 30 September		For the six-month period ended 30 September	
	2024	2023	2024	2023
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
- Cost of revenue (Note 5)	4,761,947	4,634,020	9,563,571	9,523,532
- General and administrative expenses (Note 6)	85,646	81,550	164,913	161,943
- Selling and marketing expenses (Note 7)	39,989	33,211	76,497	65,940
	4,887,582	4,748,781	9,804,981	9,751,415

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

At 30 September 2024

9 PROPERTY, PLANT AND EQUIPMENT (continued)

For the year ended 31 March 2024 (Audited)

	<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>	<i>Total</i>
	SR	SR	SR	SR	SR	SR
Cost:						
At 1 April 2023 (Audited)	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 (Audited)	74,945,665	563,779,952	6,808,242	1,559,416	44,500	647,137,775
Accumulated depreciation:						
At 1 April 2023 (Audited)	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 (Audited)	48,680,191	359,675,935	4,377,121	1,401,300	-	414,134,547
Net book amounts:						
At 31 March 2024 (Audited)	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 September 2024

10 INVENTORIES

	<i>Notes</i>	30 September 2024 SR (Unaudited)	31 March 2024 SR (Audited)
Raw materials	10.1	252,145,825	206,488,289
Work-in-progress		11,747,019	5,939,162
Finished products		48,432,836	27,045,308
Spare parts and supplies, held not for sale		19,498,529	20,548,861
		<u>331,824,209</u>	<u>260,021,620</u>
Less: provision for inventory obsolescence	10.2	(5,442,624)	(4,117,172)
		<u><u>326,381,585</u></u>	<u><u>255,904,448</u></u>

10.1 All raw material purchases are primarily against confirmed orders.

10.2 Movement in provision for inventory obsolescence is as follows:

	30 September 2024 SR (Unaudited)	31 March 2024 SR (Audited)
At the beginning of the period / year	4,117,172	4,837,645
Additions/(reversals)	<u>1,325,452</u>	<u>(720,473)</u>
At the end of the period / year	<u><u>5,442,624</u></u>	<u><u>4,117,172</u></u>

11 TRADE RECEIVABLES

	<i>Notes</i>	30 September 2024 SR (Unaudited)	31 March 2024 SR (Audited)
Trade receivables		621,643,567	811,713,314
Less: Allowance for expected credit losses (ECL)	11.1	(1,131,844)	(1,691,598)
		<u><u>620,511,723</u></u>	<u><u>810,021,716</u></u>

11.1 Movement in allowance for ECL is as follows:

	30 September 2024 SR (Unaudited)	31 March 2024 SR (Audited)
At the beginning of the period / year	1,691,598	563,487
Additions	444,895	1,378,273
Reversals	<u>(1,004,649)</u>	<u>(250,162)</u>
At the end of the period / year	<u><u>1,131,844</u></u>	<u><u>1,691,598</u></u>

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

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

At 30 September 2024

12 PREPAYMENTS AND OTHER CURRENT ASSETS

	<i>Note</i>	30 September 2024 SR (Unaudited)	31 March 2024 SR (Audited)
Advances to suppliers	12.1	346,507,169	79,095,979
Margin against letters of guarantee		17,772,910	12,855,855
Contract assets		5,491,613	6,263,626
Prepaid expenses		3,881,273	2,061,207
Others		2,085,943	2,534,033
		375,738,908	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 September 2024 SR (Unaudited)	31 March 2024 SR (Audited)
Cash in hand	12,782	2,225
Cash at bank	6,628,679	20,998,981
Short-term deposits	38,250,000	45,000,000
	44,891,461	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. 5.45% per annum (31 March 2024: 5.71% per annum).

14 SHARE CAPITAL

As at 30 September 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:

	<i>Notes</i>	Shareholding % 30 September 2024 SR (Unaudited)	31 March 2024 SR (Audited)
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 the remaining 50% to other private investors.

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

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

At 30 September 2024

15 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

		30 September 2024	31 March 2024
	Note	SR (Unaudited)	SR (Audited)
Goods received invoice not received	15.1	237,690,711	64,035,334
Advances from customers		98,207,207	106,811,801
Accrued expenses		7,719,165	20,356,242
Value added tax payable		24,711,400	63,563,879
Accrued salaries and benefits		10,573,660	15,587,377
Other		1,039,612	2,547,840
		379,941,755	272,902,473

15.1 Represents goods received to execute confirmed orders.

16 BORROWINGS

16.1 Short-term borrowings

		30 September 2024	31 March 2024
		SR (Unaudited)	SR (Audited)
Short-term borrowings		46,349,523	156,588,505
Accrued finance costs		16,168	218,441
		46,365,691	156,806,946

16.2 Long-term borrowing

		30 September 2024	31 March 2024
		SR (Unaudited)	SR (Audited)
Long-term borrowing		135,000,000	135,000,000
Accrued evaluation fees	16.2.1	1,841,146	261,496
less: transaction cost	16.2.2	(2,919,605)	(4,471,705)
		133,921,541	130,789,791

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

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

At 30 September 2024

16 Borrowings (continued)

16.2.1 Evaluation fees

	30 September 2024	31 March 2024
	SR	SR
	(Unaudited)	(Audited)
Opening balance	261,496	-
Charged to profit or loss	1,579,650	261,496
	<u>1,841,146</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 September 2024	31 March 2024
	SR	SR
	(Unaudited)	(Audited)
Opening balance	4,471,705	-
Initial recognition	-	4,725,000
Charged to profit or loss	(1,552,100)	(253,295)
	<u>2,919,605</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 September 2024	31 March 2024
	SR	SR
	(Unaudited)	(Audited)
Non-current portion	61,696,541	98,501,241
Current portion	72,225,000	32,288,550
	<u>133,921,541</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 (LISTED JOINT STOCK COMPANY)

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

At 30 September 2024

17 ZAKAT AND INCOME TAX MATTERS

17.1 Zakat and income tax provision

	Zakat SR	Income tax SR	Total SR
At 1 April 2024	11,750,690	8,823,631	20,574,321
Provisions:			
Current year	8,166,457	10,038,129	18,204,586
Prior year adjustments	(381,320)	(1,082)	(382,402)
Payment	(11,369,370)	(10,473,350)	(21,842,720)
Adjusted against advance	-	(4,800,117)	(4,800,117)
At 30 September 2024 (Unaudited)	<u>8,166,457</u>	<u>3,587,211</u>	<u>11,753,668</u>
	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)
Payment	(6,492,223)	(6,400,155)	(12,892,378)
At 31 March 2024 (Audited)	<u>11,750,690</u>	<u>8,823,631</u>	<u>20,574,321</u>

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 September 2024 advance income tax amounts to SR 9.6 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 2024. The Company has obtained Zakat and income tax certificates for the years till 31 March 2024. ZATCA has finalized the income tax and zakat assessments until the years ended 31 March 2014, 2017, 2018 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 September 2024 SR (Unaudited)	31 March 2024 SR (Audited)
At 1 April	10,661,328	5,861,211
Adjusted against advance	(4,800,117)	4,800,117
Payments	3,818,367	-
	<u>9,679,578</u>	<u>10,661,328</u>

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

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

At 30 September 2024

17 ZAKAT AND INCOME TAX MATTERS (continued)

17.4 Deferred tax liabilities

At 30 September 2024 (Unaudited)

	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 (Audited)	-	(1,316,582)	(259,382)	9,703,201	(117,191)	8,010,046
Charged (credited) / debited to:						
Profit or loss	4,540,697	(355,524)	(83,492)	(327,993)	117,654	3,891,342
At 30 September 2024 (Unaudited)	4,540,697	(1,672,106)	(342,874)	9,375,208	463	11,901,388

At 31 March 2024 (Audited)

	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 (Audited)	(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

17.5 Income tax charge

	For the three-month period ended 30 September		For the six-month period ended 30 September	
	2024 SR (Unaudited)	2023 SR (Unaudited)	2024 SR (Unaudited)	2023 SR (Unaudited)
Current income tax	4,665,573	588,905	10,038,129	588,905
Adjustment related to prior year	(1,082)	(50,763)	(1,082)	(50,763)
Deferred tax (expense) / income	1,360,478	(289,189)	3,891,342	(784,651)
	6,024,969	248,953	13,928,389	(246,509)

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

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

At 30 September 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 September 2024 and 31 March 2024, there is no due from or due to related parties balances. No significant transactions with related parties occurred during the period ended 30 September 2024 and 30 September 2023.

18.1 Key management personnel compensation:

	For the three-month period ended 30 September		For the six-month period ended 30 September	
	2024	2023	2024	2023
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits	1,439,557	1,439,557	2,879,114	2,879,114
Post-employment benefits	58,238	58,238	116,476	116,476
Remuneration and compensation of board members and other related committees	683,750	643,750	1,366,500	643,750
	<u>2,181,545</u>	<u>2,141,545</u>	<u>4,362,090</u>	<u>3,639,340</u>

19 CONTINGENCIES AND COMMITMENTS

As at 30 September 2024, the Company was contingently liable for letters of credit and guarantee in the normal course of business amounting to SR 831 million (31 March 2024: SR 768 million).

20 DIVIDENDS

On 15 Dhu al-Qi'dah 1445H (corresponding to 23 May 2024), the Board of Directors, resolved to distribute cash dividends of SR 1.5 per share amounting to SR 47.25 million for the year ended 31 March 2024. These dividends were paid during the period.

On 5 Dhu al-Qi'dah 1444H (corresponding to 25 May 2023), the Board of Directors, resolved to distribute cash dividends of SR 1 per share amounting to SR 31.5 million for the year ended 31 March 2023. These dividends were paid during the year.

21 FAIR VALUE OF ASSETS AND LIABILITIES

As at 30 September 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.

22 COMPARATIVE FIGURES

The interim condensed financial statements provide comparative information in respect of previous period. Where necessary, certain comparative figures have been reclassified to conform to the current period's presentation. There is no effect of these reclassifications on the previously reported equity as at 31 March 2024 and profit for the period then ended. Such reclassifications have been made to improve the quality of information presented.

23 EVENTS AFTER THE REPORTING DATE

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