

ZAHRA AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
Condensed Interim Financial Statements
For the three-month and nine-month periods ended
30 September 2021
Together with the
Independent Auditor's Review Report



KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarter

Commercial Registration No. 10104245494

كي بي إم جي للاستشارات المهنية
وأجحة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent auditor's report on review of condensed interim financial statements

To the Shareholders of Zahra Al Waha For Trading Company

A Saudi Joint Stock Company

Introduction

We have reviewed the accompanying 30 September 2021 condensed interim financial statements of **Zahra Al Waha for Trading Company** ("the Company"), which comprise:

- the condensed statement of financial position as at 30 September 2021;
- the condensed statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2021;
- the condensed statement of changes in equity for the nine-month period ended 30 September 2021;
- the condensed statement of cash flows for the nine-month period ended 30 September 2021;
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements 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 condensed interim financial statements as at 30 September 2021 of **Zahra Al Waha for Trading Company** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Dr. Abdullah Hamad Al Fozan
License No. 348

Al Riyadh, 20 Rabi' Al-Awwal 1443H
Corresponding to: 26 October 2021




KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR (15,000,000). Previously known as "KPMG Al Fozan & Partners Certified Public Accountants". A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.


كي بي إم جي للاستشارات المهنية شركة مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (١٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة التابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

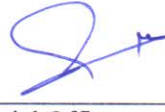
ZAHRA AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 September 2021
(Saudi Riyals)

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Property, plant and equipment	6	226,646,996	240,346,123
Investment property	7	1,674,000	2,649,000
Intangible assets	8	1,520,640	1,678,633
Non-current assets		229,841,636	244,673,756
Inventories	9	68,832,844	77,497,264
Investments at FVTPL	10	7,596,135	22,336,709
Trade receivables	11	202,093,161	167,055,028
Prepayments and other receivables		5,329,142	22,729,696
Cash and cash equivalents		3,907,467	9,805,193
Current assets		287,758,749	299,423,890
Total assets		517,600,385	544,097,646
EQUITY			
Share capital		150,000,000	150,000,000
Statutory reserve		17,872,598	17,872,598
Retained earnings		113,674,850	84,604,414
Other reserves		(159,400)	(138,114)
Total equity		281,388,048	252,338,898
Liabilities			
Long-term loans and borrowings	12	21,755,255	48,177,220
Employee benefits		2,310,646	1,920,943
Non-current liabilities		24,065,901	50,098,163
Short-term loans	12	142,681,830	162,069,666
Long-term loans – current portion	12	39,104,280	39,718,046
Trade payables		18,267,014	29,621,600
Accrued expenses and other payables		7,884,231	5,817,685
Provision for Zakat	13	4,046,427	4,271,600
Dividend payables		162,654	161,988
Current liabilities		212,146,436	241,660,585
Total liabilities		236,212,337	291,758,748
Total equity and liabilities		517,600,385	544,097,646

These financial statements have been approved by the Board of Directors on 18 Rabi' Al-Awwal 1443H (corresponding to 24 October 2021) and signed on its behalf by:


Chairman
Ahmed Hamoud Al-Thiab


Chief Executive Officer
George Abdul Kareem Moussa


Chief Financial Officer
Mahmoud Mohammad Zaki

The accompanying notes 1 to 21 form an integral part of these condensed interim financial statements.


ZAHRA AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)**


For the three-month and nine-month periods ended 30 September 2021
(Saudi Riyals)

	Note	For the three-month period ended		For the nine-month period ended	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
Sales	19	165,487,538	101,537,386	408,215,747	333,799,752
Cost of sales	19	(149,453,230)	(86,606,539)	(349,791,816)	(283,255,245)
Gross profit		16,034,308	14,930,847	58,423,931	50,544,507
Other income / (expenses)	17	82,739	(97,772)	1,903,974	18,750
Selling and distribution expenses		(3,515,367)	(2,302,227)	(7,817,489)	(7,469,922)
General and administrative expenses		(1,896,498)	(1,776,766)	(5,112,321)	(5,468,682)
Impairment of trade receivables	11	--	--	(1,739,670)	--
Operating profit		10,705,182	10,754,082	45,658,425	37,624,653
Unrealized (loss) / gains on investments at FVTPL	10	(495,189)	--	904,040	--
Realized gains on sale of investments	10	27,491	--	5,989,285	--
Dividend received	10	1,033	--	293,056	--
Finance costs		(1,673,910)	(2,412,763)	(5,836,062)	(7,815,876)
Profit before zakat		8,564,607	8,341,319	47,008,744	29,808,777
Zakat	13	(1,094,501)	(1,144,220)	(2,938,308)	(3,079,160)
Profit for the period		7,470,106	7,197,099	44,070,436	26,729,617
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Re-measurement of defined benefit liability		60,504	(23,778)	(21,286)	(178,833)
Total other comprehensive income		60,504	(23,778)	(21,286)	(178,833)
Total comprehensive income		7,530,610	7,173,321	44,049,150	26,550,784
Basic and diluted earnings per share (SR)	16	0.50	0.48	2.94	1.78

These financial statements have been approved by the Board of Directors on 18 Rabi' Al-Awwal 1443H (corresponding to 24 October 2021) and signed on its behalf by:


Chairman
Ahmed Hamoud Al-Thiab


Chief Executive Officer
George Abdul Kareem
Moussa


Chief Financial Officer
Mahmoud Mohammad Zaki

The accompanying notes 1 to 21 form an integral part of these condensed interim financial statements.

ZAHRA AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the nine-month period ended 30 September 2021
(Saudi Riyals)

For the nine-month period ended 30 September 2020
Balance as at 1 January 2020 (Audited)

	Share capital	Statutory reserve	Retained earnings	Other reserves	Total
Profit for the period	--	--	59,339,206	28,810	223,183,368
Other comprehensive income	--	--	26,729,617	--	26,729,617
Total comprehensive income	--	--	--	(178,833)	(178,833)
Transactions with shareholders of the Company			26,729,617	(178,833)	26,550,784
Dividends (Note 14)	--	--	(11,250,000)	--	(11,250,000)
Total transactions with shareholders of the Company	--	--	(11,250,000)	--	(11,250,000)
Balance as at 30 September 2020 (Unaudited)	150,000,000	13,815,352	74,818,823	(150,023)	238,484,152

For the six-month period ended 30 September 2021
Balance as at 1 January 2021 (Audited)

Profit for the period	--	--	44,070,436	--	44,070,436
Other comprehensive income	--	--	--	(21,286)	(21,286)
Total comprehensive income	--	--	44,070,436	(21,286)	44,049,150
Transactions with shareholders of the Company			(15,000,000)	--	(15,000,000)
Dividends (Note 14)	--	--	(15,000,000)	--	(15,000,000)
Total transactions with shareholders of the Company	--	--	113,674,850	(159,400)	281,388,048
Balance as at 30 September 2021 (Unaudited)	150,000,000	17,872,598	84,604,414	(138,114)	252,338,898

These financial statements have been approved by the Board of Directors on 18 Rabi' Al-Awwal 1443H (corresponding to 24 October 2021) and signed on its behalf by:


Chairman
Ahmed Hamoud Al-Thiab


Chief Executive Officer
George Abdul Kareem Moussa


Chief Financial Officer
Mahmoud Mohammad Zaki

The accompanying notes 1 to 21 form an integral part of these condensed interim financial statements.

ZAHRA AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
For the nine-month period ended 30 September 2021
(Saudi Riyals)

	Note	30 September 2021	30 September 2020
Cash flows from operating activities			
Profit before zakat		47,008,744	29,808,777
Adjustments for:			
Depreciation and amortization		23,100,603	21,670,245
Unrealized gains on investments at FVTPL	10	(904,040)	--
Realized gains on sale of investments	10	(5,989,285)	--
Gains on disposal of investment property	17	(1,443,000)	--
Losses on disposal of property, plant and equipment	17	5,512	--
Dividend received	10	(293,056)	--
Employees' benefits		368,417	304,654
Finance costs		5,836,062	7,815,876
Impairment of trade receivables	11	1,739,670	--
		<u>69,429,627</u>	<u>59,599,552</u>
Changes in:			
Inventories		8,664,420	(241,897)
Trade receivables		(36,777,803)	(7,787,577)
Prepayments and other receivables		17,400,554	14,085,064
Trade payables		(11,354,586)	30,054,490
Accrued expenses and other payables		2,066,546	1,716,444
Cash generated from operating activities		<u>49,428,758</u>	<u>97,426,076</u>
Finance costs paid	12	(1,675,981)	(4,611,468)
Zakat paid		(3,163,481)	(3,157,723)
Net cash from operating activities		<u>44,589,296</u>	<u>89,656,885</u>
Cash flows from investing activities			
Additions to property, plant and equipment and intangible assets		(9,248,995)	(27,850,129)
Purchase of investments at FVTPL		(21,262,244)	--
Proceeds from sale of investments at fair value through profit or loss		43,189,199	--
Proceeds from sale of investment property		2,418,000	--
Net cash flow generated from / (used in) investing activities		<u>15,095,960</u>	<u>(27,850,129)</u>
Cash flows from financing activities			
Proceeds from loans and borrowings	12	400,855,897	228,407,766
Repayments of loans and borrowings	12	(451,439,545)	(267,164,896)
Dividends paid		(14,999,334)	(11,220,712)
Net cash used in financing activities		<u>(65,582,982)</u>	<u>(49,977,842)</u>
Net change in cash and cash equivalents		<u>(5,897,726)</u>	<u>11,828,914</u>
Cash and cash equivalent at the beginning of the period		9,805,193	25,376,554
Cash and cash equivalents at end of the period		<u>3,907,467</u>	<u>37,205,468</u>
Significant non-cash transactions:			
Actuarial valuation losses on employees' defined benefit liabilities		<u>(21,286)</u>	<u>(178,833)</u>

These financial statements have been approved by the Board of Directors on 18 Rabi' Al-Awwal 1443H (corresponding to 24 October 2021) and signed on its behalf by:

Chairman
Ahmed Hamoud Al-Thiab

Chief Executive Officer
George Abdul Kareem Moussa

Chief Financial Officer
Mahmoud Mohammad Zaki

The accompanying notes 1 to 21 form an integral part of these condensed interim financial statements.

ZAHRA AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2021

1 REPORTING ENTITY

Zahra Al Waha Trading Company ("the Company") is a Saudi Joint Stock Company established under the Regulations for Companies in the Kingdom of Saudi Arabia on 10 Sha'aban 1424H (corresponding to 6 October 2003). The Company was converted from a sole proprietorship to a Limited Liability Company with a capital of 50 million Saudi Riyals on 27 Safar 1437H (corresponding to 9 December 2015). In addition, it was converted from a Limited Liability Company to a Saudi Closed Joint Stock Company with a capital of SR 80 million on 3 Rabi' II 1438H (corresponding to 1 January 2017). It was converted from a Saudi Closed Joint Stock Company to a Saudi Public Joint Stock Company with a capital of SR 150 million on 26 Dhul-Hijjah 1438H corresponding to 17 September 2017. The Company operates under Commercial Registration No. 1010190390 issued in Riyadh on 10 Sha'aban 1424H (corresponding to 6 October 2003) in the Kingdom of Saudi Arabia.

The Saudi Capital Market Authority approved the listing of the Company in the Saudi Stock Exchange (Tadawul) on 26 Dhul-Hijjah 1438H (corresponding to 17 September 2017). Formal procedures to amend the Company's bylaws to convert it from a Saudi Closed Joint Stock Company into a Saudi Public Joint Stock Company were completed on 12 Rabi I 1439H (corresponding to 30 November 2017).

The Company carries out its activities through its branch in Al-Kharj under Commercial Registration No. 1011014061 issued in Riyadh on 22 Jumada II 1431H (corresponding to 4 June 2010).

The principal activities of the Company include the manufacture of semi-finished products from plastics, the manufacture of cans and boxes from plastics, the manufacture of bottles of various forms from plastics, the manufacture of products from plastics using the Roto mold method, under the industrial license No. 421102107495 dated 28 Safar 1442H (corresponding to 15 October 2020).

The Company's registered head office is located in the following address:

Zahra Al Waha For Trading Company
7449 Al Ihsa Street, Al Rabwa
P.O. Box 2980
Riyadh 12814
Kingdom of Saudi Arabia

2 BASIS OF ACCOUNTING

These Condensed Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Company's financial statements for the year ended 31 December 2020 ("the financial statements of the previous year"). These financial statements do not include all the required information to prepare a full set of financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia; however, certain accounting policies and selected explanatory notes are included to explain events and transactions that are significant during the period for understanding of the changes in the Company's financial position and performance since the previous year financial statements.

Further, the results for the nine-month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the year ended 31 December 2021.

These financial statements were authorized for issuance by the Board of Directors on 18 Rabi' Al-Awwal 1443H (corresponding to 24 October 2021).

ZAHRA AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2021

3. FUNCTIONAL AND PRESENTATION CURRENCY

These condensed interim financial statements are prepared in Saudi Arabian Riyals (“SAR”) which is Company’s functional and presentation currency.

4- USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, costs, assets and liabilities, and the disclosure of contingent liabilities, at the financial period date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and liabilities affected in the future.

These estimates and assumptions are based on historical experience and factors including expectations of future events that are appropriate in the circumstances and are used to determine the carrying amounts of assets and liabilities that are not independent from other sources. The estimates and assumptions are reviewed on an ongoing basis.

Accounting estimates recognized in the period in which the estimates are reviewed in the reviewing period and future periods are reviewed if the changed estimates affect both current and future periods.

The significant estimates and judgements made by management in applying the Company’s accounting policies are consistent with those disclosed in the previous year's financial statements.

5- SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used when preparing these financial statements are in line with what is stated in the notes to the financial statements of the Company for the year ended 31 December 2020.

The principal accounting policies have been consistently applied to all periods presented in these condensed interim financial statements.

New standards and amendment to standards and interpretations

There are no new standards issued, however, several amendments to the standards are in effect from 1 January 2021, which have been explained in the Company's annual financial statements and that have no impact on the Company's interim condensed financial statements.

6- PROPERTY, PLANT AND EQUIPMENT

- The total cost of property, plant and equipment as at 30 September 2021 amounted to SR 387.61 million (31 December 2020: SR 378.61 million) and the accumulated depreciation amounted to SR 160.96 million (31 December 2020: SR 138.27 million). During the nine-month period ended 30 September 2021, the Company has purchased property, plant, equipment and projects in progress of SR 9.24 million which mainly represented in production lines of plastic bottle caps, printing line, auxiliary equipment for the production process, means of transportation, and lands.
- As at 30 September 2021, the loans referred to in Note (12) are secured by lands, buildings and machinery for which their net carrying value amounted to SR 117,322,318 (31 December 2020: SR 95,635,226).

ZAHRA AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2021

7- INVESTMENT PROPERTIES

Investment property comprises of plots of land in Muzahmiya recognized at cost. The fair value of these lands as at 31 December 2020 amounted to SR 1,970,000.

During the nine-month period ended 30 September 2021, the company sold investment properties (3 plots of land) having cost of SR 975 thousand resulting in gains on sale of investment properties amounting to SR 1,44 million (note 17).

8- INTANGIBLE ASSETS

The total cost of intangible assets as at 30 September 2021 amounted to SR 1.96 million and represented by the accounting program (31 December 2020: SR 1.96 million) and the accumulated amortization of intangible assets amounted to SR 441.58 thousand (31 December 2020: SR 283,59 thousand).

9- INVENTORIES

	30 September 2021 (Unaudited)	31 December 2020 (audited)
Raw, packing and packaging materials	39,655,558	50,351,242
Finished goods	26,596,365	25,157,156
Spare parts, supplies and oils	2,580,921	1,988,866
	68,832,844	77,497,264

10- INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2021 (Unaudited)	31 December 2020 (audited)
Investments in an equity investment portfolio		
The number of units invested in	243,290	1,120,703
Average unit price (SR)	31.223	19.931
Total value of investments	7,596,135	22,336,709

These represented Investments in equity investment portfolio traded in the Saudi Stock Exchange (Tadawul), which represent investing in the equity of a diversified group of listed companies.

The portfolio is managed by company specialized in the investment in securities and brokerage - Alistithmar Capita according to a management contract concluded between the aforementioned company and the company.

Equity investments of 243,290 shares were measured at fair value, based on quoted market prices for shares on the Saudi Stock Exchange (Tadawul). This valuation at fair value resulted in unrealized gains of SR 904,040 and realized profits of SR 5,989,285 for the nine-month period ended 30 September 2021, which were presented in the statement of profit or loss. Movement in investments is as follows:

	30 September 2021 (Unaudited)	31 December 2020 (audited)
Cost of investment at beginning of the period / year	22,336,709	--
Purchase of investment units	21,262,244	34,385,978
Sale of invested units	(43,189,199)	(11,679,515)
Realized gains on sale of investments	5,989,285	354,618
Fair value differences for units	904,040	(724,372)
Dividend received	293,056	--
Balance at end of the period / year	7,596,135	22,336,709

ZAHRA AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2021

11- TRADE RECEIVABLES

	30 September 2021 (Unaudited)	31 December 2020 (audited)
Trade receivables	165,326,059	147,674,928
Due from related parties (note 18)	61,831,919	42,705,247
	227,157,978	190,380,175
Less: impairment of trade receivables	(25,064,817)	(23,325,147)
	202,093,161	167,055,028

The movement in impairment of trade receivables is as follows:

	30 September 2021 (Unaudited)	31 December 2020 (audited)
Balance at the beginning of the period / year	23,325,147	23,325,147
Provided during the period / year	1,739,670	--
Balance at end of the period/year	25,064,817	23,325,147

Management believes that the amounts that have not been impaired and that are past due for more than 90 days are still fully collectible based on the previous payment behavior and comprehensive analysis of the customer's credit risk, including the customer's underlying credit ratings, if available. The Company establishes a provision for all balances past due for more than 360 days (2020: 270 days).

12- LOANS AND BORROWINGS

a) Short-term loans

	30 September 2021 (Unaudited)	31 December 2020 (audited)
Short-term loans (*)	142,681,830	162,069,666
	142,681,830	162,069,666

This represents loans from local banks and these loans are mainly used to finance the working capital requirements of the Company.

* These short-term loans are mainly used to finance the working capital requirements of the Company. The companies did not use these loans to finance capital expansions (purchase of property, plant and equipment).

b) Long-term loans

	30 September 2021 (Unaudited)	31 December 2020 (audited)
Local banks	44,871,113	32,821,593
Saudi Industrial Development Funds (SIDF)	17,272,764	56,630,000
	62,143,877	89,451,593
Less: deferred interests	(1,284,342)	(1,556,327)
	60,859,535	87,895,266
Presented in the statement of financial position as follows:		
Non-current portion shown under non-current liabilities	21,755,255	48,177,220
Current portion shown under current liabilities	39,104,280	39,718,046
	60,859,535	87,895,266
Total loans (a + b)	203,541,365	249,964,932

ZAHRA AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2021

12. LOANS AND BORROWINGS (CONTINUED)

These loans are secured against land, buildings and company's factory machinery with a carrying amount of SR117,322,318 as at 30 September 2021 (31 December 2020: 95,635,226) and payable on a period from 1-4 years.

c) Total movement in loans and borrowings:

	30 September 2021 (Unaudited)	31 December 2020 (audited)
Balance at beginning of the period / year	249,964,932	241,962,652
Proceeds from loans	400,855,897	355,742,372
Repayment of loans	(451,439,545)	(352,274,339)
Finance costs	5,836,062	9,886,763
Finance costs (paid)	(1,675,981)	(5,352,516)
Balance at end of the period / year	203,541,365	249,964,932

d) Bank facility agreements

- The Company obtained credit facilities from local banks, long term and short term loans and letters of credit with a financing ceiling of SR 252.14 million. These facilities were obtained under Murabaha and Tawarruq agreements to finance working capital and some expansions and capital expenditure requirements. Unutilized facilities and opened letters of credit as at 30 September 2021 amount to SR 46.87 million. The credit facility agreements are secured by promissory notes issued by the Company. The facilities carry financial charges at prevailing market prices of SIBOR plus margin as specified in the facility agreements. Facility agreements include covenants relating to, among others, dividends restrictions and require a minimum limit of net value and certain financial ratios to be maintained accordingly.

As at 30 September 2021, the Company obtained credit facilities from the Saudi Industrial Development Fund amounting to SR 12.65 million, and SR 9.24 million was received during the nine-month period ended 30 September 2021 (31 December 2020: SR 33.5 million). The borrowings include certain covenants, breach of these covenants in the future may lead to renegotiation, the management monitors covenants on a monthly basis, and in the event of a breach expected in the future, the management takes the necessary measures to ensure compliance.

All of the borrowings mentioned above are borrowings that comply with the provisions of Islamic Sharia.

13- ZAKAT - SUBSEQUENT EVENTS

Zakat returns were filed for the years from 2012 to 2015, and the Zakat, Tax and Customs Authority (ZATCA) has assessed these years in the amount of SR 1,026,375. These objections are still pending with the General Secretariat of Tax Committees until the date of preparing these financial statements. The Company also made a provision for the total amount of these Zakat assessments and believes that the outcome of these objections will be in its favor.

Zakat returns were filed for the years from 2016 to 2018, and the Zakat, Tax and Customs Authority (ZATCA) has assessed these years with the amount of SR 11,083,063. The company objected to the Zakat assessments for these years during the regulatory period. ZATCA partially accepted the objection, and accordingly, after studying the objection, it issued an amended assessment of SR 3,586,926, the Company agreed to the amended assessment and paid the amount due under the amended assessment.

The Company filed the Zakat return for the year 2020, the Zakat payable has been paid based on this return. A Zakat certificate was issued for the year 2020, and it is valid until 30 April 2022.

ZAHRA AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2021

13- ZAKAT - SUBSEQUENT EVENTS

13-1 Subsequent events

On 13 October 2021 The company received from Zakat, Tax and Customs Authority (ZATCA) a zakat assessment for the financial years ended 31 December 2019 and 2020, which included the company's claim to pay additional zakat of SR 3.5 million, these zakat differences resulted from the ZATCA assumption that the Short-term loans are revolving loans, therefore, they are considered as long-term loans, the company's management does not agree with this assumption according to the supporting documents available to the company, therefore, and based on the above and the available facts to the company, the company considers that no additional zakat provision has been created because of this assessment. The company's zakat advisor also supported the company's view that no provision should be made to meet these differences.

Based on the above, the company's management also does not expect any additional zakat differences that may result from the same above mentioned assumption for the year 2021, therefore does not require the creation of an additional zakat provision.

Finally, the company will object to the ZATCA assessments for the years 2019 and 2020 within the ZATCA period specified for the objection, which is 60 days from the date of receipt of the assessment.

14- DIVIDENDS

The General Assembly in its meeting held on 14 Ramadan 1441H (corresponding to 26 April 2021), based on the Board of Directors recommendation at its meeting held on 12 Rajab 1442H (corresponding to 24 February 2021), approved the distribution of cash dividends amounting to SR 15 million for the fiscal year 2020 at SR 1 per share (2020: SR 11,250 million at SR 0.75 per share).

15- CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND OTHER LIABILITIES

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be reasonably measured. Contingent assets are not recognized but are disclosed where an inflow of economic benefits is probable.

As 30 September 2021, contingent liabilities related to uncovered letter of credit for purchasing raw materials amounted to SR 31,084,254 (31 December 2020: SR 46,198,340).

As at 30 September 2021, the capital commitments related to projects in progress amounted to SR 1,453,688 mainly represented in contracting on plant and machinery (31 December 2020: SR 1,881,513).

The loans referred to in Note (12) are secured by promissory notes by the Company with the full value of the funds granted to the Company.

16- EARNINGS PER SHARE

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing income for the period attributable to the Company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share are the same as the basic earnings per share as the company has no diluted instruments.

	For the three-month period ended (unaudited)		For the nine-month period ended (unaudited)	
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Profit for the period	7,470,106	7,197,099	44,070,436	26,729,617
Number of shares				
Weighted average number of shares	15,000,000	15,000,000	15,000,000	15,000,000
Basic and diluted earnings per share (SAR)	0.50	0.48	2.94	1.78

ZAHRA AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2021

17- OTHER INCOME

	For nine-month period ended	
	30 September 2021	30 September 2020
	(Unaudited)	(Unaudited)
Loss on disposal of property, plant and equipment	(5,512)	--
Gains on disposal of investment properties (note 7)	1,443,000	--
Others	466,486	18,750
	1,903,974	18,750

18- RELATED PARTY TRANSACTIONS

18.1 In the ordinary course of its activities, the Company transacts with related parties including companies owned/related to some of the Company's shareholders, its Board of directors and key management personnel. Related party transactions entered during the period/ year and related balances as included in the statement of financial position are as follows:

	30 September 2021	30 September 2020
	(Unaudited)	(Unaudited)
<u>Transactions:</u>		
Sales to Hana Water company	53,100,768	32,735,954
Purchases from Hana Water Company	99,096	82,490
Salaries, allowances and remuneration of Key Management Personnel	2,369,106	2,162,835
Allowance to attend meetings of the Company's Board of Directors and Committees	144,000	120,000
Board members remuneration	130,000	272,500

Balances

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Due from related parties included in trade receivables (Hana Water Company) (note 11)	61,831,919	42,705,247
Key Management Personnel included in other receivables	101,400	78,479
Key management personnel included under other payables	(73,000)	(47,000)
Key Management Personnel End of Service Benefits	(806,405)	(640,215)
Allowance to attend meetings of the Company's Board of Directors and Committees included under accrued expense	(109,000)	(144,000)
Board of Directors remuneration included under accrued expenses	(247,500)	(355,000)
Total	60,697,414	41,597,511

19- SEGMENT INFORMATION

19.1 Basis for segmentation

The Company has the following two strategic sectors, which are its reportable segments. These segments offer different products and services and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reporting segment.

Industry Group	Nature of segment's businesses
Plastic bottles preforms	The principal activity includes manufacturing and selling of plastic preforms.
Plastic caps	The principal activity includes manufacturing and selling of plastic caps.

The Company's chief executive officer reviews the internal management reports of each segment on monthly basis.

ZAHRA AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2021

19- SEGMENT REPORTING (CONTINUED)

19.1 Basis for segmentation (continued)

Information related to each reportable segment is set out below. Segment profit (loss) before Zakat is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries:

19.2 Information about reporting segments

SR	Reporting segments		
	Plastic bottles preforms segment	Plastic caps segment	Total
<u>For the nine-month period ended 30 September 2021</u>			
Sales	349,909,579	58,306,168	408,215,747
Cost of sales	(305,009,910)	(44,781,906)	(349,791,816)
Gross profit	44,899,669	13,524,262	58,423,931
Other income	1,632,738	271,236	1,903,974
Selling and distribution expenses	(6,136,696)	(1,680,793)	(7,817,489)
General and administrative expenses	(4,457,819)	(654,502)	(5,112,321)
Impairment of trade receivables	(1,502,175)	(237,495)	(1,739,670)
Operating profit	34,435,717	11,222,708	45,658,425
Unrealized losses from investments at FVTPL	--	--	904,040
Realized gains on sale of investments	--	--	5,989,285
Dividend received	--	--	293,056
Finance costs	(5,088,903)	(747,159)	(5,836,062)
Profit before zakat	29,346,814	10,475,549	47,008,744
<u>As at 30 September 2021</u>			
Segments net assets	100,807,918	36,154,208	136,962,126
<u>For the nine-month period ended 30 September 2020</u>			
Sales	279,021,784	54,777,968	333,799,752
Cost of sales	(245,717,130)	(37,538,115)	(283,255,245)
Gross profit	33,304,654	17,239,853	50,544,507
Other income	15,658	3,092	18,750
Selling and distribution expenses	(5,737,835)	(1,732,087)	(7,469,922)
General and administrative expenses	(4,744,903)	(723,779)	(5,468,682)
Operating profit	22,837,574	14,787,079	37,624,653
Finance costs	(6,770,723)	(1,045,153)	(7,815,876)
Profit before zakat	16,066,851	13,741,926	29,808,777
<u>As at 30 September 2020</u>			
Segments net assets	122,132,690	39,202,714	161,335,404
Company's sales in the local market and export sales are allocated as follows:			
<u>Sales for the period ended</u>	<u>Local sales</u>	<u>Export sales</u>	<u>Total sales</u>
30 September 2021 (Unaudited)	300,431,948	107,783,799	408,215,747
30 September 2020 (Unaudited)	242,811,895	90,987,857	333,799,752
Balances of the Company's customers in the local and export market are allocated as follows:			
<u>Clients balances as at</u>	<u>Local customers</u>	<u>Export customers</u>	<u>Total</u>
30 September 2021 (Unaudited)	195,903,210	31,254,768	227,157,978
31 December 2020 (audited)	157,414,945	32,965,230	190,380,175

ZAHRA AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2021

19- SEGMENT REPORTING (CONTINUED)

19.3 The main customer and supplier

As at 30 September 2021, sales to the two largest customers of the Company represent 41.80% of the Company's net sales amounting to SR 170,635,607 (30 September 2020: 43% amounting to SR 98,797,330).

As at 30 September 2021, purchases from the Company's largest supplier represent 86.69% of total purchases of raw materials amounting to SR 259,189,979 (30 September 2020: 88.46% amounting to SR 216,660,428) of the Company's total purchases.

20- SEASONAL CHANGES

The revenues of the Company are affected by seasonal factors based on the variation of consumption and demand between the seasons. The Company's management seeks to reduce the seasonal impact on the Company's revenues, and the results of the current period should not be taken as an indicator of the Company's annual results.

21- KEY MATTERS

The spread and continuity of the coronavirus pandemic (COVID-19) resulted in disruption in the economic and commercial sectors in general. The Company's management has proactively assessed the impact on its operations and has taken a series of preventive measures to ensure the health and safety of its employees. Despite these challenges, the Company's business and operations remain significantly unaffected, although there is a decrease in demand during certain seasons of the year. Based on these factors, the Company's management believes that the Covid-19 pandemic did not have a material impact on the financial results for the period ended 30 September 2021.

The Company continues to closely monitor the development of the pandemic even though the management at this time is not aware of any expected factors that may change the impact of the pandemic on the Company's operations during or after 2021. The Company's management also conducted an assessment on its ability to continue as a going concern, and it believes that the Company has sufficient resources to continue its business in the near future. Moreover, the management does not have any significant doubts on the ability of the Company to continue as a going concern. Accordingly, the Company is still preparing the financial statements on the going concern basis. The management of the Company is currently monitoring the situation and its impact on the Company's operation, cash flows and financial position. Management believes, based on their assessment, that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future as and when they become due.