

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND INDEPENDENT**  
**AUDITOR'S REVIEW REPORT**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**

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**Independent Auditor's Review Report on the  
Interim Condensed Financial Statements**

**To the Shareholders,**

**The National Company for Glass Industries (Zoujaj)**

(A Saudi Joint Stock Company)

Riyadh, Kingdom of Saudi Arabia

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of The National Company for Glass Industries ("Zoujaj" or 'the Company') as at 31 March 2023 and the related interim condensed statement of profit or loss and other comprehensive income, the interim condensed statements of changes in equity and cash flows for the three month period then ended, and notes to the interim condensed financial statements, including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard (IAS 34) "Interim Financial Reporting" 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 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**BAKER TILLY MKM & CO.**  
*Certified Public Accountants*

**Majid Muneer Alnemer**  
License No. 381


Riyadh on 17 Shawwal 1444H  
Corresponding to 7 May 2023G



**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**  
**(SAUDI RIYALS)**

	<b>Note</b>	<b>31 March 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	173,135,013	179,741,110
Investment property		5,000,000	5,000,000
Right of use assets		2,789,147	1,663,488
Investments in joint ventures	7	502,597,470	532,530,044
<b>Total non-current assets</b>		<b>683,521,630</b>	<b>718,934,642</b>
<b>Current assets</b>			
Inventories	8	23,847,181	25,229,429
Prepayments and other debit balances		5,008,837	7,898,407
Contract assets		4,934,051	8,852,080
Trade receivables	9	60,114,221	42,381,056
Cash and cash equivalents		32,137,777	16,860,647
<b>Total current assets</b>		<b>126,042,067</b>	<b>101,221,619</b>
<b>Total assets</b>		<b>809,563,697</b>	<b>820,156,261</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		329,000,000	329,000,000
Statutory reserve		98,700,000	98,700,000
Retained earnings		272,584,371	263,994,342
<b>Total equity</b>		<b>700,284,371</b>	<b>691,694,342</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		2,822,393	1,752,512
Employee's end of service benefits		6,323,667	6,609,781
<b>Total non-current liabilities</b>		<b>9,146,060</b>	<b>8,362,293</b>
<b>Current liabilities</b>			
Loans and borrowings	10	50,915,054	57,263,533
Lease liabilities		328,849	182,393
Contract liabilities		285,081	285,081
Trade payables		13,245,256	14,856,384
Accrued expenses and other credit balances		10,773,482	8,244,756
Zakat provision		9,926,781	8,767,990
Dividends payable		14,658,763	30,499,489
<b>Total current liabilities</b>		<b>100,133,266</b>	<b>120,099,626</b>
<b>Total liabilities</b>		<b>109,279,326</b>	<b>128,461,919</b>
<b>Total equity and liabilities</b>		<b>809,563,697</b>	<b>820,156,261</b>

  
**CFO**  
**Hatem Ayedh Alfadli**

  
**Acting General Manager**  
**Khalid Mohammed Alqaisi**

  
**Chairman of Board of Directors**  
**Omar Riyadh Alhumaidan**

The accompanying notes form an integral part of these interim condensed financial statements

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**  
**(SAUDI RIYALS)**

	<b>Note</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Continuing operations</b>			
Revenue	12	37,090,462	28,275,683
Cost of revenue		(27,332,645)	(23,399,727)
<b>Gross profit</b>		<b>9,757,817</b>	<b>4,875,956</b>
Selling and distribution expenses		(883,291)	(805,553)
General and administrative expenses		(2,516,892)	(2,211,352)
Impairment loss on financial assets	9	-	(268,132)
Other income		746,411	52,193
<b>Operating profit</b>		<b>7,104,045</b>	<b>1,643,112</b>
Finance cost		(1,082,651)	(657,170)
Share of profit from equity accounted joint ventures	7	3,727,426	35,985,681
<b>Profit before zakat for the period</b>		<b>9,748,820</b>	<b>36,971,623</b>
Zakat		(1,158,791)	(1,124,591)
<b>Profit for the period from continuing operations</b>		<b>8,590,029</b>	<b>35,847,032</b>
Loss from discontinued operations		-	(569,497)
<b>Net profit for the period</b>		<b>8,590,029</b>	<b>35,277,535</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>8,590,029</b>	<b>35,277,535</b>
<b>Basic and diluted earnings per share for profit from continuing operations attributable to the shareholders of the Company</b>	11	<b>0.26</b>	<b>1.09</b>
<b>Basic and diluted earnings per share for profit attributable to the shareholders of the Company</b>	11	<b>0.26</b>	<b>1.07</b>



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**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**  
**(SAUDI RIYALS)**

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance as at 1 January 2022	329,000,000	98,700,000	212,497,679	640,197,679
Total comprehensive income for the period	-	-	35,277,535	35,277,535
Dividend	-	-	(16,450,000)	(16,450,000)
<b>Balance as at 31 March 2022</b>	<u>329,000,000</u>	<u>98,700,000</u>	<u>231,325,214</u>	<u>659,025,214</u>
Balance as at 1 January 2023	<b>329,000,000</b>	<b>98,700,000</b>	<b>263,994,342</b>	<b>691,694,342</b>
Total comprehensive income for the period	-	-	<b>8,590,029</b>	<b>8,590,029</b>
<b>Balance as at 31 March 2023</b>	<u><b>329,000,000</b></u>	<u><b>98,700,000</b></u>	<u><b>272,584,371</b></u>	<u><b>700,284,371</b></u>



**CFO**  
**Hatem Ayedh Alfadli**



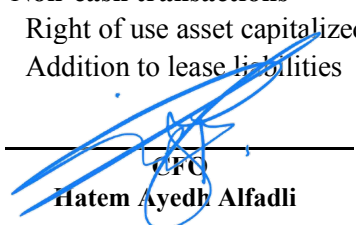


**Acting General Manager**  
**Khalid Mohammed Alqaisi**



**Chairman of Board of Directors**  
**Omar Riyadh Alhumaidan**

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**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**  
**(SAUDI RIYALS)**

	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Cash flows from operating activities</b>		
Profit before zakat for the period	<b>9,748,820</b>	36,971,623
Loss from discontinued operations	-	(569,497)
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	<b>7,769,072</b>	8,199,983
Depreciation of right of use assets	<b>55,938</b>	43,280
Impairment loss on financial assets	-	268,132
Finance cost	<b>143,223</b>	284,207
Share of profit from equity accounted joint ventures	<b>(3,727,426)</b>	(35,985,681)
Employee's end of service benefits	<b>239,233</b>	419,241
	<b>14,228,860</b>	9,631,288
<b>Changes in working capital items:</b>		
Inventories	<b>1,382,248</b>	3,204,042
Prepayments and other debit balances	<b>2,889,570</b>	(2,498,166)
Contract assets	<b>3,918,029</b>	(2,220,237)
Trade receivables	<b>(17,733,165)</b>	(2,560,995)
Contract liabilities	-	86,813
Trade payables	<b>(1,611,128)</b>	(1,612,952)
Accrued expenses and other credit balances	<b>2,528,726</b>	385,208
	<b>5,603,140</b>	4,415,001
Employees' end of service benefits paid	<b>(525,347)</b>	(49,680)
<b>Net cash flows generated from operating activities</b>	<b>5,077,793</b>	4,365,321
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	<b>(1,162,975)</b>	(1,251,247)
Dividend received from joint ventures	<b>33,660,000</b>	18,512,999
<b>Net cash flows generated from investing activities</b>	<b>32,497,025</b>	17,261,752
<b>Cash flows from financing activities</b>		
Payment of long-term loans and borrowings	-	(3,500,000)
Net movement in short-term borrowings	<b>(6,456,962)</b>	2,257,541
Dividends paid	<b>(15,840,726)</b>	(16,259,792)
<b>Net cash flows used in financing activities</b>	<b>(22,297,688)</b>	(17,502,251)
<b>Net change in cash and cash equivalents during the period</b>	<b>15,277,130</b>	4,124,822
Cash and cash equivalents at the beginning of the period	<b>16,860,647</b>	14,215,788
<b>Cash and cash equivalents at end of the period</b>	<b>32,137,777</b>	18,340,610
<b>Non-cash transactions</b>		
Right of use asset capitalized	<b>(1,181,597)</b>	-
Addition to lease liabilities	<b>1,181,597</b>	-
		
<b>Hatem Ayedh Alfadli</b>	<b>Acting General Manager Khalid Mohammed Alqaisi</b>	<b>Chairman of Board of Directors Omar Riyadh Alhumaidan</b>

The accompanying notes form an integral part of these interim condensed financial statements



**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**  
**(SAUDI RIYALS)**

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## **1. COMPANY INFORMATION AND PRINCIPAL ACTIVITIES**

The National Company for Glass Industries (Zoujaj) (hereinafter “The Company”) is a Saudi Joint Stock company, established under the Commercial Register No. 1010075300 dated 20/6/1410 H (corresponding to 17 January 1990) in Riyadh, Kingdom of Saudi Arabia.

The registered address of the Company is building number 8317, unit number 5, Saudi Second Industrial City, PO Box 88646, Riyadh 11672, Kingdom of Saudi Arabia.

The principal activity of the Company is production and sale of returnable and non-returnable glass bottles and float glass.

The Company owned two factories in Riyadh and Dammam. Riyadh factory began its commercial production during the first quarter of 1991, while Dammam factory began its commercial production in January 1994 and was disposed off on August 14, 2022.

The interim condensed financial statements include the Company’s accounts and its following branches:

<b>Branch name</b>	<b>CR Number</b>	<b>Issuance location</b>	<b>Registration date</b>	<b>Activity</b>
The National Factory for Glass Bottles	1010088944	Riyadh	11/05/1412 (H)	Production of returnable and non-returnable glass bottles.
Dammam Factory for Glass Bottles*	2050023369	Dammam	28/11/1412 (H)	Production of glass bottles.
The National Factory for Glass Bottles	1010756334	Riyadh	05/04/1443 (H)	Operating sand and gravel mines, including crushers.

\*This CR has been expired and the management is working on cancelling it.

## **2. STATEMENT OF COMPLIANCE WITH IFRS**

These interim condensed financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS 34) “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2022. These interim condensed financial statements do not include all the information and disclosures required in a full set of financial statements prepared in accordance with International Financial Reporting Standards. Specific accounting policies and explanatory disclosures have been included in order to explain the significant events and transactions behind the changes in the Company's financial position and financial performance since the preparation of the prior year financial statements.

The interim period is considered to be an integral part of the full fiscal year; still, the results of operations for the interim periods may not be a fair indication of the results for the full-year operations.

## **3. BASIS OF PREPARATION**

### **3.1 Overall considerations**

These interim condensed financial statements have been prepared using the measurement bases specified by IFRS for each type of assets, liabilities, income and expenses. The measurement bases are further fully described in the accounting policies.

The principal accounting policies adopted in the preparation of these interim condensed financial statements have been consistently applied to all the years presented unless otherwise stated.

The preparation of these interim condensed financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Company’s management to exercise judgment in applying the Company’s accounting policies. The areas where significant judgments and estimates have been made in preparing these interim condensed financial statements and their effect are disclosed in note (4).



**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**  
**(SAUDI RIYALS)**

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**3. BASIS OF PREPARATION (Continued)**

**3.1 Overall considerations (Continued)**

These interim condensed financial statements have been prepared on the historical cost basis, except for the following:

- Defined benefits plan measured at the present value of future obligations using the Projected Unit Credit Method; and
- Investments in joint ventures using the equity method of accounting.

Furthermore, these interim condensed financial statements are prepared using the accrual basis of accounting and the going concern basis.

**3.2 Functional and presentation currency**

The interim condensed financial statements are presented in Saudi Riyal, which is the Company's functional currency.

**4. USE OF JUDGMENTS AND ESTIMATES**

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

The significant estimates made by the Company for managing the Company's accounting policies and the primary sources of estimating the unreliability were the same as those that were applied in the last annual financial statements.

**5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and calculation methods applied in preparing the interim condensed financial statements are consistent with those followed in preparing the Company's annual financial statements for the year ended 31 December 2022, except for the application of the new standards that became effective on 1 January 2023. The Company did not early adopt any other standard, interpretation or amendment issued but not yet effective.

**New Standards, Amendment to Standards and Interpretations**

There are no new standards issued that are effective for these interim condensed financial statements; however, there are number of amendments to standards which are effective from 1 January 2023 and have been explained in the Company's annual financial statements, but they do not have a material effect on the Company's interim condensed financial statements.

**6. PROPERTY, PLANT AND EQUIPMENT**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Beginning balance for the period/ year	<b>179,741,110</b>	216,100,530
Additions/ disposals during the period/ year	<b>1,162,975</b>	6,964,110
Transfer to non-current assets held for sale	-	(5,333,948)
Transfer to investment property	-	(5,000,000)
Depreciation and impairment during the period/ year	<b>(7,769,072)</b>	(32,989,582)
Ending balance for the period/ year	<b>173,135,013</b>	179,741,110

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**  
**(SAUDI RIYALS)**

**7. INVESTMENTS IN JOINT VENTURES**

The movement in investments in joint ventures during period/ year is as follows:

	<b>31 March 2023</b>	<b>31 December 2022</b>
Beginning balance for the period/ year	<b>532,530,044</b>	460,892,677
Share of profit for the period/ year	<b>3,727,426</b>	126,780,166
Share of other comprehensive loss for the period/ year	-	(2,969,799)
Dividend received	<b>(33,660,000)</b>	(52,173,000)
Ending balance for the period/ year	<b>502,597,470</b>	532,530,044

The Company's share of the joint ventures' net profit for the three-month period ended 31 March is as follows:

	<b>Ownership %</b>	<b>2023</b>	<b>2022</b>
Saudi Guardian International Float Glass Company Ltd (Gulf Guard)	%55	<b>(11,528,175)</b>	14,668,792
Guardian Zoujaj International Float Glass Company LLC (Guardian Ras Al Khaimah)	%55	<b>15,255,601</b>	21,316,889
Saudi National Lamps and Electricals Company Ltd (SNLEC)**	%50	-	-
		<b>3,727,426</b>	35,985,681

\*\* The equity method of accounting for the investment in SNLEC has been discontinued as the Company's share of losses exceeded the investment's carrying value.

**8. INVENTORIES**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Spare parts	<b>13,285,310</b>	13,254,370
Raw materials	<b>7,274,210</b>	10,593,293
Finished goods	<b>4,823,807</b>	2,891,017
Consumable items	<b>1,610,114</b>	1,527,279
Packing materials	<b>849,234</b>	958,964
<b>Gross value of inventories</b>	<b>27,842,675</b>	29,224,923
Provision for non-moving or slow-moving inventories	<b>(3,995,494)</b>	(3,995,494)
<b>Net value of inventories</b>	<b>23,847,181</b>	25,229,429

**9. TRADE RECEIVABLES**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Trade receivables	<b>67,139,990</b>	49,406,825
Provision for expected credit loss	<b>(7,025,769)</b>	(7,025,769)
	<b>60,114,221</b>	42,381,056

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**  
**(SAUDI RIYALS)**

**9. TRADE RECEIVABLES (Continued)**

The movement in the expected credit loss on trade receivables during the period / year is as follows:

	<b>31 March 2023</b>	31 December 2022
Beginning balance for the period/ year	<b>7,025,769</b>	6,353,097
Charged during the period/ year	-	672,672
Ending balance for the period/ year	<b>7,025,769</b>	7,025,769

**10. LOANS AND BORROWINGS**

The Company has obtained Islamic bank facilities from local banks and local development funds in the form of letter of credit and term loans (Murabaha and Tawarruq). These facilities were made in accordance with the conditions stipulated in the facilities' contracts. The following is the break-up of different facilities as at the period/ year end:

	<b>31 March 2023</b>	31 December 2022
<b>Current portion of long-term loans:</b>		
Saudi Industrial Development Fund	<b>12,470,072</b>	12,361,589
Saudi Investment Bank	<b>4,248,913</b>	4,248,913
	<b>16,718,985</b>	16,610,502
<b>Short term borrowings:</b>		
Saudi Investment Bank	<b>21,137,476</b>	23,550,458
Banque Saudi Fransi	<b>13,058,593</b>	17,102,573
	<b>34,196,069</b>	40,653,031
<b>Total loans and borrowings - current</b>	<b>50,915,054</b>	57,263,533

**11. EARNINGS PER SHARE**

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

There were no diluted shares outstanding at any time during the period, therefore, the diluted earnings per share is equal to the basic earnings per share.

	<b>31 March 2023</b>	31 March 2022
<b>From continuing operations</b>		
Net profit attributable to the shareholders of the Company	<b>8,590,029</b>	35,847,032
Weighted average number of outstanding shares during the period	<b>32,900,000</b>	32,900,000
Basic and diluted earnings per share	<b>0.26</b>	1.09
<b>From discontinuing operations</b>		
Net loss attributable to the shareholders of the Company	-	(569,497)
Weighted average number of outstanding shares during the period	<b>32,900,000</b>	32,900,000
Basic and diluted earnings per share	-	(0.02)
<b>Total earnings per share – basic and diluted</b>	<b>0.26</b>	1.07

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**  
**(SAUDI RIYALS)**

**12. SEGMENT INFORMATION**

A segment is a separate and distinct part of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating segments are disclosed on the basis of internal reports that are reviewed by the chief operating decision-maker, who is responsible for allocating resources, assessing performance and making strategic decisions about the operating segments. The operating sectors that show similar economic characteristics, products, services, and similar customer categories, whenever possible, are grouped and recorded as segments that are reported in accordance with International Financial Reporting Standard (8) "Operating Segments".

The principal activity of the Company is production and sale of glass bottles. The Company has factories situated in Riyadh and Dammam, Saudi Arabia. However, the factory in Dammam, was permanently discontinued in the financial year ended 2019 and was disposed-off on August 14, 2022.

The following is a summary of revenue for the three month period ended 31 March 2023 and 2022 inside and outside the Kingdom of Saudi Arabia:

	<b>31 March 2023</b>		<b>31 March 2022</b>	
	<b>SR</b>	<b>%</b>	<b>SR</b>	<b>%</b>
Inside the Kingdom of Saudi Arabia	<b>22,415,252</b>	<b>60%</b>	15,084,115	53%
Outside the Kingdom of Saudi Arabia	<b>14,675,210</b>	<b>40%</b>	13,191,568	47%
	<b>37,090,462</b>	<b>100%</b>	28,275,683	100%

**13. FINANCIAL INSTRUMENTS**

**13.1 Principal financial instruments**

The Company's financial instruments are measured at amortized cost. Due to their short-term nature, the carrying value of these financial instruments approximates their fair value.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b><u>Financial assets measured at amortized cost</u></b>		
Contract assets	<b>4,934,051</b>	8,852,080
Trade receivables	<b>60,114,221</b>	42,381,056
Cash and cash equivalents	<b>32,137,777</b>	16,860,647
Other debit balances	<b>687,103</b>	1,147,572
	<b>97,873,152</b>	69,241,355
<b><u>Financial liabilities measured at amortized cost</u></b>		
<b>Non-current:</b>		
Lease liabilities	<b>2,822,393</b>	1,752,512
<b>Current:</b>		
Loans and borrowings	<b>50,915,054</b>	57,263,533
Trade payables	<b>13,245,256</b>	14,856,384
Lease liabilities	<b>328,849</b>	182,393
Other credit balances	<b>8,638,366</b>	8,058,465
	<b>75,949,918</b>	82,113,287

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**  
**(SAUDI RIYALS)**

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**13. FINANCIAL INSTRUMENTS (Continued)**

**13.2 Financial Instruments – risk management**

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the interim condensed financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The company is exposed through its operations to the following financial risks:

**Credit risk**

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss and arises principally from payments and other debit balances, contract assets, trade receivables and cash and cash equivalents. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date.

**Commission Rate Risk**

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Company has no significant variable commission bearing long-term assets, but has variable commission bearing liabilities as at 31 March 2023 and 31 December 2022. The Company manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

**Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises from recognized assets and liabilities which are denominated in currency that is not the Company's functional currency. The Company does not believe that it is substantially exposed to currency risk as the majority of the Company's transactions and balances are denominated in Saudi Riyals or U.S. Dollar. The Company's functional currency is pegged to U.S. Dollars. The company's transactions in currencies other than the Saudi riyal or the US dollar are not significant.

**Liquidity risk**

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

**14. SUBSEQUENT EVENTS**

There are no subsequent events that require disclosure or amendment to the accompanying interim condensed financial statements.

**15. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the Board of Directors on 17 Shawwal 1444H (corresponding to 7 May 2023G).