

ZAH RAT AL WAHA FOR TRADING COMPANY

(A Saudi Joint Stock Company)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED

30 SEPTEMBER 2022

**AND REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL
STATEMENTS**

ZAH RAT AL WAHA FOR TRADING COMPANY

(A Saudi Joint Stock Company)

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AND NINE-MONTH PERIOD ENDED 30 September 2022**

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

To the shareholders of
ZAHRAT AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
Riyadh –Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **ZAHRAT AL WAHA FOR TRADING COMPANY** "A Saudi Joint Stock Company "The Company" as of 30 September 2022 and the related interim condensed statement of profit or loss and other comprehensive income for the three month and nine month period then ended , the interim condensed statements of changes in equity and cash flows for the nine -month period then ended , and 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" that is 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" that is 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 International Accounting Standard No. (34) endorsed in the Kingdom of Saudi Arabia.

Other Matter

The company's interim condensed financial statements for the three-month and nine-month period ended 30 September 2021 were reviewed by another auditor, who expressed an unmodified conclusion on those statements dated 20 Rabi al-Awal 1443 corresponding to 26 October 2021. The company's financial statements for the year ended 31 December 2021 were also audited by another auditor, who expressed an unmodified opinion on these financial statements in his report dated 30 Rajab 1443 corresponding to 3 March 2022.

For Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
Registration No. 362



Riyadh on 6 Rabi II 1444 (H)
Corresponding to: 31 October 2022 (G)

ZAH RAT AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Unaudited)

	Note	30 September 2022 (Unaudited)	31 December 2021 (Audited)
		(Saudi Riyals)	
ASSETS			
Non-current assets			
Property, plant and equipment, net	5	215,684,061	220,237,506
Investment property, net	6	1,674,000	1,674,000
Intangible assets, net	7	1,309,982	1,467,976
Total Non-current assets		218,668,043	223,379,482
Current assets			
Inventories, net	8	71,239,648	81,021,324
Investments at fair value through profit or loss	9	19,406,601	-
Trade receivables & notes receivables, net	10	255,110,721	185,201,975
Prepayments and other receivables		14,038,407	28,920,605
Cash and cash equivalents		5,126,554	48,740,619
Total current assets		364,921,931	343,884,523
Total assets		583,589,974	567,264,005
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	225,000,000	150,000,000
Statutory reserve		24,329,766	24,329,766
Retained earnings		40,556,092	127,718,929
Other reserves		553,566	(140,344)
Total equity		290,439,424	301,908,351
Non-current Liabilities			
Long-term loans	12	10,530,000	23,153,280
Employees' end of service benefits		2,068,357	2,416,207
Total Non-current liabilities		12,598,357	25,569,487
Current liabilities			
Short-term loans	12	228,713,475	166,313,802
Long-term loans – current portion	12	15,006,432	36,723,939
Trade payables		23,650,518	23,104,300
Accrued expenses and other payables		7,223,584	6,188,708
Provision for Zakat	13	5,795,530	7,292,764
Dividend payables		162,654	162,654
Total current liabilities		280,552,193	239,786,167
Total liabilities		293,150,550	265,355,654
Total equity and liabilities		583,589,974	567,264,005

The accompanying notes from (1) to (22) form an integral part of these Interim condensed financial statements and to be read therewith.

Chairman

Ahmed Hamoud Al-Thiab

Chief Executive Officer

George Abdul Kareem Moussa

Chief Financial Officer

Mahmoud Mohammad Zaki

ZAHRAAT AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)

		For The Three-Month Period Ended		For The Nine-Month Period Ended	
	Notes	30 September 2022	30 September 2021	30 September 2022	30 September 2021
		(Saudi Riyals)			
Sales	19	171,498,537	165,487,538	507,600,510	408,215,747
Cost of sales	19	(162,144,591)	(149,453,230)	(471,155,592)	(349,791,816)
Gross profit		9,353,946	16,034,308	36,444,918	58,423,931
Other income	17	566,789	82,739	1,034,194	1,903,974
Selling and distribution expenses		(2,838,090)	(3,515,367)	(7,922,774)	(7,817,489)
General and administrative expenses		(1,637,738)	(1,896,498)	(5,968,996)	(5,112,321)
Impairment on trade receivables & notes receivables	10	(242,003)	-	(417,003)	(1,739,670)
Operating profit		5,202,904	10,705,182	23,170,339	45,658,425
Unrealized (Loss) / gains from investments at FVTPL	9	(396,834)	(495,189)	(1,488,180)	904,040
Realized (Loss) / gains from sale of investments at FVTPL	9	(144,293)	27,491	(144,293)	5,989,285
Dividends received	9	110,141	1,033	220,283	293,056
Finance costs		(3,383,129)	(1,673,910)	(8,532,760)	(5,836,062)
Profit before Zakat		1,388,789	8,564,607	13,225,389	47,008,744
Zakat		(966,994)	(1,094,501)	(2,888,226)	(2,938,308)
Profit for the period		421,795	7,470,106	10,337,163	44,070,436
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Remeasurements of employees end of service benefits		208,232	60,504	693,910	(21,286)
Total other comprehensive income for the period		208,232	60,504	693,910	(21,286)
Total comprehensive income for the period		630,027	7,530,610	11,031,073	44,049,150
Basic and diluted earnings per share (SR)	16	0.02	0.33	0.46	1.96

The accompanying notes from (1) to (22) form an integral part of these Interim condensed financial statements and to be read therewith.

Chairman
Ahmed Hamoud Al-Thiab

Chief Executive Officer
George Abdul Kareem Moussa

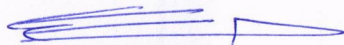
Chief Financial Officer
Mahmoud Mohammad Zaki

ZAH RAT AL WAHA FOR TRADING COMPANY
A Saudi Joint Stock Company
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Unaudited)

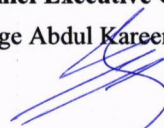
	Share Capital	Statutory Reserve	Retained Earnings	Other Reserves	Total
<u>For the nine-month period ended 30 September 2022</u>					
Balance as at 1 January 2022 (Audited)	150,000,000	24,329,766	127,718,929	(140,344)	301,908,351
Profit for the period	-	-	10,337,163	-	10,337,163
Other comprehensive income for the period	-	-	-	693,910	693,910
Total comprehensive income for the period	-	-	10,337,163	693,910	11,031,073
Capital increase	75,000,000	-	(75,000,000)	-	-
Cash Dividends (Note 14)	-	-	(22,500,000)	-	(22,500,000)
Balance as at 30 September 2022 (Unaudited)	225,000,000	24,329,766	40,556,092	553,566	290,439,424
<u>For the nine-month period ended 30 September 2021</u>					
Balance as at 1 January 2021 (Audited)	150,000,000	17,872,598	84,604,414	(138,114)	252,338,898
Profit for the period	-	-	44,070,436	-	44,070,436
Other comprehensive income for the period	-	-	-	(21,286)	(21,286)
Total comprehensive income for the period	-	-	44,070,436	(21,286)	44,049,150
Cash Dividends (Note 14)	-	-	(15,000,000)	-	(15,000,000)
Balance as at 30 September 2021 (Unaudited)	150,000,000	17,872,598	113,674,850	(159,400)	281,388,048

The accompanying notes from (1) to (22) form an integral part of these Interim condensed financial statements and to be read therewith.

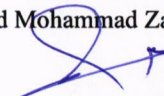
Chairman
Ahmed Hamoud Al-Thiab



Chief Executive Officer
George Abdul Kareem Moussa



Chief Financial Officer
Mahmoud Mohammad Zaki



ZAHRAAT AL WAHA FOR TRADING COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

		For the nine-month period ended	
		30 September	30 September 2021
		2022 (Unaudited)	(Unaudited)
		(Saudi Riyals)	
<u>OPERATING ACTIVITIES</u>			
Profit before zakat		13,225,389	47,008,744
Adjustments for:			
Depreciation and amortization		22,990,085	23,100,603
Unrealized losses / (gains) on investments at FVTPL	9	1,488,180	(904,040)
Realized losses / (gains) from sale of investments at FVTPL	9	144,293	(5,989,285)
Gains on disposal of investment property		-	(1,443,000)
(Gains) / Losses on disposal of property, plant and equipment	17	(131,735)	5,512
Dividends Received		(220,283)	(293,056)
Employees' end of service benefits		346,060	368,417
Finance costs		8,532,760	5,836,062
Impairment of trade receivables & notes receivables	10	417,003	1,739,670
Changes in:			
Inventories, net		9,781,676	8,664,420
Trade receivables & notes receivables, net		(70,325,749)	(36,777,803)
Prepayments and other receivables, net		14,882,197	17,400,554
Trade payables		546,218	(11,354,586)
Accrued expenses and other payables		1,034,876	2,066,546
Cash generated from operating activities		2,710,970	49,428,758
Finance costs paid	12	(965,993)	(1,675,981)
Zakat paid		(4,385,460)	(3,163,481)
Net cash flow (used in) / generated from operating activities		(2,640,483)	44,589,296
Cash flows from investing activities			
Additions to property, plant and equipment and intangible assets		(18,146,911)	(9,248,995)
Purchase of investments at FVTPL		(21,847,321)	(21,262,244)
Proceeds from sale of investments at FVTPL		1,028,531	43,189,199
Proceeds from sale of investment property		-	2,418,000
Net cash flow (used in) / generated from investing activities		(38,965,701)	15,095,960
Cash flows from financing activities			
Proceeds from loans	12	530,557,974	400,855,897
Repayments of loans	12	(510,065,855)	(451,439,545)
Dividends paid		(22,500,000)	(14,999,334)
Net cash used in financing activities		(2,007,881)	(65,582,982)
Net change in cash and cash equivalents		(43,614,065)	(5,897,726)
Cash and cash equivalent at the beginning of the period		48,740,619	9,805,193
Cash and cash equivalents at end of the period		5,126,554	3,907,467
<u>Significant non-cash transactions:</u>			
Remeasurements of employees' end of service benefits		693,910	(21,286)

The accompanying notes from (1) to (22) form an integral part of these Interim condensed financial statements and to be read therewith.

Chairman
Ahmed Hamoud Al-Thiab

Chief Executive Officer
George Abdul Kareem Moussa

Chief Financial Officer
Mahmoud Mohammad Zaki

ZAH RAT AL WAHA FOR TRADING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month period ended 30 September 2022

1 REPORTING ENTITY

Zahrat Al Waha For 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 Extraordinary general assembly meeting held on 9 May 2022 (corresponding to 8 shawwal 1443 H) approved the recommendation of the company's board of directors held on 15 November 2021 (corresponding to 10 Rabie' II 1443 H) to increase the company's capital from SR 150 million to be SR 225 million divided into 22.5 million ordinary shares with a nominal value of SR 10 per share by granting free shares to the company's shareholders as a transfer from the retained earnings.

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

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

ZAH RAT AL WAHA FOR TRADING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month period ended 30 September 2022

2 BASIS OF ACCOUNTING

2-1 Statement of compliance

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 2021 (“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 2022 are not necessarily indicative of the results that may be expected for the year ended 31 December 2022.

2-2 Base of preparation

These condensed interim financial statements have been prepared on a going concern basis and according to historical cost principal except for the employee defined benefit liabilities, which is measured at the present value of future obligations using the Projected Unit Credit Method and investments at fair value through profit or loss, which are measured at fair value.

2-3 Functional and presentation currency

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

3 USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the Company’s financial statements requires management in accordance with International Accounting Standard No. (34) “Initial Financial Reporting” 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 financial statements for the year ended 31 December 2021.

The objectives and policies of the company’s financial risk management and methods for determining fair values are in line with those disclosed in the last issued financial statements for the year ended 31 December 2021.

ZAH RAT AL WAHA FOR TRADING COMPANY**(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and nine-month period ended 30 September 2022

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used when preparing these condensed interim 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 2021.

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 2022, which have been explained in the Company's annual financial statements and that have no impact on the Company's interim condensed financial statements.

5 PROPERTY, PLANT AND EQUIPMENT

- The total cost of property, plant and equipment as on September 30, 2022, amounted to 406,37 million Saudi riyals (December 31, 2021: 388.89 million Saudi riyals) and the aggregate depreciation amounted to 190,69million Saudi riyals (31 December 2021: 168.65 million Saudi riyals). During the nine-month period ending on September 30, 2022, the company added projects under implementation, transportation, and electronic devices at an amount of 18,43 million Saudi riyals (30 September 2021: 9,24 million Saudi riyals), mainly represented in the production line of plastic bottle caps, the printing line, and auxiliary equipment for the production process and means of transportation.
- As at 30 September 2022, the loans referred to in note (12) are secured by lands, buildings and machinery, and their net book value amounted to 102,86 million Saudi riyals. (31 December 2021: 113.64 million Saudi riyals)

6 INVESTMENT PROPERTIES

Investment property comprises of plots of land in Muzahmiya recognized at cost. The fair value of these lands as at 31 December 2021 amounted to SR 4.21 million, the management does not expect a material difference in the fair value of the land compared to what was estimated on 31 December 2021.

The fair value of the real estate investment was determined as of the financial statements for the year ended 31 December 2021 by an external real estate valuer independent from the company.

Independent Valuer		City		Qualifications		Fair Value as of 31 December 2021
Qiam Real Estate Company		Riyadh		An approved resident from the Saudi Authority for Accredited Valuers and the Ministry of Investment (License no 1210000052)		4.21 SR Million

7 INTANGIBLE ASSETS

The total cost of intangible assets as at 30 September 2022 amounted to SR 1.96 million and represented by the accounting program (31 December 2021: SR 1,96 million) and the accumulated amortization of intangible assets amounted to SR 0.652 million (31 December 2021: SR 0.49 million).

ZAHRAAT AL WAHA FOR TRADING COMPANY**(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and nine-month period ended 30 September 2022

8 INVENTORIES

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Raw, packing and packaging materials	29,748,781	40,045,027
Finished goods	38,531,353	38,408,399
Spare parts, supplies and oils	2,959,514	2,567,898
	71,239,648	81,021,324

9 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Investments in an equity investment portfolio		
The number of units invested in	325,286	-
Average unit price (SR)	59.660	-
Total value of investments	19,406,601	-

The company invested in a portfolio of investment shares that are traded in the Saudi Stock Exchange (Tadawul), represented by investing in the equity of a diversified group of listed companies.

The portfolio is managed through the Investment Company for Securities and Brokerage - Alistithmar Capital, in accordance with the concluded management contract.

Equity investments of 325,286 units are valued at fair value based on the traded prices of shares in the Saudi stock exchange (Tadawul) on 30 September 2022 and this resulted in unrealized losses of 1.49 million Saudi riyals and realized losses of 0.14 million Saudi riyals for the nine-month period ended on 30 September 2022, which were presented in the statement of profit or loss.

All investment shares are mortgaged in favor of the Saudi Investment Bank in return for the renewal of the credit facility agreement with a financing value of 115.6 million Saudi riyals for the period from 3 April 2022 until 31 July 2022 (note 12).

which were presented in the statement of profit or loss. The following is the movement of investments:

	30 September 2022 (Unaudited)	31 December 2021 (audited)
Cost of investment at beginning of the period / year	-	22,336,709
Purchase of investment units	21,847,322	21,705,707
Sale of invested units	(1,028,531)	(50,210,248)
Realized gains on sale of investments at FVTPL	(144,293)	6,167,832
Unrealized gains from investments at FVTPL	(1,488,180)	-
Dividends received	220,283	-
Balance at end of the period / year	19,406,601	-

ZAHRAAT AL WAHA FOR TRADING COMPANY**(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and nine-month period ended 30 September 2022

10 TRADE RECEIVABLES & NOTES RECEIVABLES

	September 2022 (Unaudited)	31 December 2021 (audited)
Trade receivables & Notes receivables (note 18)	210,717,481	160,067,358
Due from related parties (note 18)	69,875,060	50,199,434
	280,592,541	210,266,792
Less: Provision for impairment loss	(25,481,820)	(25,064,817)
	255,110,721	185,201,975

The movement in Provision for impairment loss is as follows:

	September 2022 (Unaudited)	31 December 2021 (audited)
Balance at the beginning of the period / year	25,064,817	23,325,147
Provided during the period / year	417,003	1,739,670
Balance at end of the period/year	25,481,820	25,064,817

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.

11 SHARE CAPITAL

As at 30 September 2022, the Company's authorized and fully paid-up share capital amounted to SR 225 million (31 December 2021: SR 15 million), divided by 22.5 million ordinary shares of SR 10 per share (31 December 2021: SR 10 per share).

The extraordinary general assembly meeting (the meeting) held on 9 May 2022 (corresponding to 8 Shawwal 1443) approved the recommendation of the Company's Board of Directors held on 15 November 2021 (corresponding to 10 Rabi' al-Thani 1443) to increase the Company's capital from SR 150 million to be SR 225 million. The allocation of the free shares will happen by granting one share for every two shares to the shareholders who own the shares at the end of trading on the day of the meeting and who are registered in the company's shareholders register at the Depository Center at the end of the second trading day following the date of the meeting.

The Capital Market Authority approved the company's request to increase the capital on 28 March 2022. The company completed the procedures related to the capital increase on 1 June 2022, after fulfilling the regulatory requirements.

12 LOANS**a) Short-term loans**

	September 2022 (Unaudited)	31 December 2021 (Audited)
Short-term loans (*)	228,713,475	166,313,802
	228,713,475	166,313,802

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

ZAH RAT AL WAHA FOR TRADING COMPANY**(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and nine-month period ended 30 September 2022

b) Long-term loans

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Local banks	3,247,477	12,929,257
Saudi Industrial Development Funds (SIDF)	23,280,000	48,280,000
	26,527,477	61,209,257
Less: deferred interests	(991,045)	(1,332,038)
	25,536,432	59,877,219
Presented in the statement of financial position as follows:		
Non-current portion shown under non-current liabilities	10,530,000	23,153,280
Current portion shown under current liabilities	15,006,432	36,723,939
	25,536,432	59,877,219
Total loans	254,249,907	226,191,021

The Saudi Industrial Development Fund loan is secured against the company's factory lands, buildings and machinery with a book value of 102,86 million Saudi riyals as on 30 September 2022 (31 December 2021: 113.64 million Saudi riyals) and is repayable over a period of 1 to 5 years. (Note 5).

c) Total movement in loans:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at beginning of the period / year	226,191,021	249,964,932
Proceeds from loans	530,557,974	589,841,900
Repayment of loans	(510,065,855)	(619,035,956)
Finance costs	8,532,760	7,615,435
Finance costs (paid)	(965,993)	(2,195,290)
Balance at end of the period / year	254,249,907	226,191,021

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 417,55 million. These facilities were obtained under Murabaha and Tawarruq agreements to finance working capital and some expansions and capital expenditure requirements and general investments.

As at 30 September 2022, unused facilities and open letters of credit amounted to SR 100,05 million (31 December 2021: SR 23.39 million).

The credit facility agreements are secured by promissory notes issued by the Company.

The facility agreements include covenants relating to restrictions on dividends and other matters that require a minimum net worth and certain financial ratios that must be maintained accordingly.

At the beginning of 2022, the Company obtained approval from the bank to breach one of the bank's covenants.

During the financial period ending on 30 September 2022, financing agreements were concluded with some local banks with values of up to 60 million Saudi riyals. Agreements were renewed with some local banks with values up to 264,30 million riyals, with the aim of purchasing and importing raw materials and financing working capital. General assets and investments. These agreements were concluded by guaranteeing promissory notes issued by the company and pledging the shares of the company's investment portfolio.

The Company has obtained credit facilities from the Saudi Industrial Development Fund. 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.

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13 ZAKAT

- Zakat declarations were filed for the years from 2012 to 2015, and the Zakat, Tax and Customs Authority (ZATCA) (the Authority) has assessed these years with 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. Furthermore, the Company 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 declarations were filed for the years from 2016 to 2018, and (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.
- On 13 October 2021, the Company received Zakat assessments from the Zakat, Tax and Customs Authority (ZATCA) for the financial years ended 31 December 2019 and 2020 which included a claim to pay additional Zakat amounts of SR 3.5 million. These Zakat differences resulted substantially from ZATCA's assumption that short-term loans are revolving loans and are therefore long-term loans. The Company's management does not agree with this assumption in accordance with the evidentiary documents available supporting its point of view, especially since there are similar cases whereas the taxpayers' viewpoint was supported before the tax committees. Based on the above and the facts available to the Company, the Company has appealed the Zakat assessments of these years during the statutory period.
- On 14 February 2022, the Company received amendment notices from ZATCA related to Zakat assessments for the financial years ended 31 December 2019 and 2020 which included a claim to the Company to pay additional Zakat amounts of SR 3.48 million. The Company will appeal ZATCA's amended assessments and escalate the matter to General Secretariat of Tax Committees (GSTC) during the statutory period, as the management of the Company does not agree with the ZATCA's amended assessments in accordance with the evidentiary documents available to it as indicated earlier. The Company has provided an additional zakat provision of SR 1.8 million against this assessment. Furthermore, the Company paid SR 883 thousand as an advance (to ZATCA) upon filing the appeal with ZATCA.
- The Company filed the Zakat declaration for the year 2021, the Zakat payable has been paid based on this declaration, A Zakat certificate was issued for year 2021, and it is valid until 30 April 2023.

14 DIVIDENDS

The extraordinary general assembly meeting held on 9 May 2022 (corresponding to 8 Shawwal 1443) based on the recommendation of the Company's Board of Directors held on 15 November 2021, (corresponding to 10 Rabi' al Thani 1443 H) approved to distribute cash dividends of SR 22.5 million for the financial year 2021 amounting to SR 1.5 per share. It is due to the shareholders who own shares at the end of trading on the day of the assembly meeting and who are registered in the company's shareholders register with the Depository Center Company at the end of the second trading day following the due date.

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 2022, contingent liabilities related to uncovered letter of credit for purchasing raw materials amounted to SR 34.23 million (31 December 2021: SR 48.7 million).

As at 30 September 2022, the capital commitments related to projects under implementation amounted to 43,54 million Saudi riyals, mainly represented in contracting production lines for covers, printing, miniature plastic bottles "preform", injection molds, machines, equipment and buildings (31 December 2021: 1.3 million Saudi riyals).

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.

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16 EARNING 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.

	For The Three-Month Period Ended		For The Nine-Month Period Ended	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Income for the year	421,795	7,470,106	10,337,163	44,070,436
No. of shares				
Weighted average number of shares	22,500,000	22,500,000	22,500,000	22,500,000
Basic and diluted earnings per share (Saudi Riyals) *	0.02	0.33	0.46	1.96

* The weighted average number of shares as on 30 September 2022, after increasing the capital by granting bonus shares to shareholders, amounted to 22,500,000 shares. The weighted average number of shares was applied retrospectively to the comparison periods for the purposes of calculating earnings per share.

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

17 OTHER INCOME

	For the Nine-Month Period Ended	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Gains/(Losses) on disposal of property, plant and equipment	131,735	(5,512)
Gains on disposal of investment properties	-	1,443,000
Others	902,459	466,486
	1,034,194	1,903,974

18 RELATED PARTY TRANSACTIONS

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 2022 (Unaudited)	30 September 2021 (Unaudited)
Transactions:		
Sales to Hana Water Company	50,940,348	53,100,768
Purchases from Hana Water Company	74,721	99,096
Salaries, allowances and remuneration of Key Management Personnel	2,118,092	2,369,106
Allowance to attend meetings of the Company's Board of Directors and Committees	207,000	144,000
Board members remuneration	430,000	130,000

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Balances

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Due from related parties included in trade receivables (Hana Water Company) (note 10)	69,875,060	50,199,434
Notes Receivables due from related party (Hana Water Company) (note 10)	14,000,000	15,000,000
Key Management Personnel included in other receivables	428,860	89,130
Key Management Personnel End of Service Benefits	944,439	845,288
Allowance to attend meetings of the Company's Board of Directors and Committees included under accrued expense	131,000	208,000
Board of Directors remuneration included under accrued expenses	397,500	430,000

19 SEGMENT INFORMATION

19-1 Basis for segmentation

The Company has the following 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.

<u>Industry Group</u>	<u>Nature of segment's businesses</u>
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.

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

<u>SR</u>	<u>Reporting segments</u>		
	<u>Plastic bottles preforms segment</u>	<u>Plastic caps segment</u>	<u>Total</u>
<u>For The Nine-Month Period Ended 30 September 2022 (Unaudited)</u>			
Sales	437,640,256	69,960,254	507,600,510
Cost of sales	(412,684,821)	(58,470,771)	(471,155,592)
Gross profit	24,955,435	11,489,483	36,444,918
Other income	887,722	146,472	1,034,194
Selling and distribution expenses	(5,923,499)	(1,999,275)	(7,922,774)
General and administrative expenses	(5,224,267)	(744,729)	(5,968,996)
Impairment of trade receivables	(364,823)	(52,180)	(417,003)
Operating profit	14,330,568	8,839,771	23,170,339
Finance costs	(7,466,661)	(1,066,099)	(8,532,760)
Profit before zakat	6,863,907	7,773,672	14,637,579
<u>As at 30 September 2022 (Unaudited)</u>			
Segments net assets	85,150,990	32,535,666	117,686,656

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For The Nine -Month Period Ended
30 September 2021 (Unaudited)

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
Finance costs	(5,088,903)	(747,159)	(5,836,062)
Profit before zakat	29,346,814	10,475,549	39,822,363
As at 30 September 2021(Unaudited)			
Segments net assets	100,807,918	36,154,208	136,962,126

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>
<u>30 September 2022 (Unaudited)</u>	383,254,393	124,346,117	507,600,510
<u>30 September 2021 (Unaudited)</u>	300,431,948	107,783,799	408,215,747

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>
<u>30 September 2022 (Unaudited)</u>	239,774,370	40,818,171	280,592,541
31 December 2021 (Audited)	189,738,137	20,528,655	210,266,792

19-3 The main customer and supplier

As at 30 September 2022, the company sales to the company's two largest customers represent 34.48% of the company's net sales of SR 175.00 million (30 September 2021, 41% of the company's net sales of SR 170.64 million).

As at 30 September 2022, the company purchases from the company's largest supplier represented 90.83% of the total purchases of raw materials amounting to 382.31 million Saudi riyals (30 September 2021 86.69 % with an amount of 259.19 million Saudi riyals) of the company's total purchases.

ZAH RAT AL WAHA FOR TRADING COMPANY**(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**For the three-month and nine-month period ended 30 September 2022

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 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period classification

22 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Board of Directors on 2 Rabi II 1444 (H) corresponding to 27 October 2022 (G).
