

**ZAHRAT AL WAHA FOR TRADING COMPANY**

**(A Saudi Joint Stock Company)**

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

**FOR THE THREE-MONTH PERIOD ENDED**

**31 MARCH 2023**

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

**ZAHRAT AL WAHA FOR TRADING COMPANY**

**(A Saudi Joint Stock Company)**

**INDEX TO THE INTERIM CONDENSED FINANCIAL STATEMENTS 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 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 31 March 2023 and the related interim condensed statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three -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) that is endorsed in the Kingdom of Saudi Arabia.

### Other Matter

The Company's interim condensed financial statements for the three-month period ended 31 March 2022 were reviewed by another auditor, who expressed an unmodified conclusion on those statements dated 15 Shawwal 1443 corresponding to 15 May 2022.

**For Dr. Mohamed Al-Amri & Co.**



Gihad Al-Amri  
Certified Public Accountant  
Registration No. 362



Riyadh on 14 Shawwal 1444 (H)  
Corresponding to: 4 May 2023 (G)

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

	Note	31 March 2023 (Unaudited)	31 December 2022 (Audited)
		(Saudi Riyals)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	5	215,596,843	219,141,011
Investment property, net	6	1,674,000	1,674,000
Intangible assets, net	7	1,397,943	1,459,011
<b>Total Non-current assets</b>		<b>218,668,786</b>	<b>222,274,022</b>
<b>Current assets</b>			
Inventories, net	8	72,795,691	97,587,857
Investments at fair value through profit or loss	9	16,689,242	18,163,446
Trade receivables, net	10	229,188,190	195,720,141
Prepayments and other receivables		25,860,462	48,767,926
Cash and cash equivalents		3,655,210	1,792,722
<b>Total current assets</b>		<b>348,188,795</b>	<b>362,032,092</b>
<b>Total Assets</b>		<b>566,857,581</b>	<b>584,306,114</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	11	225,000,000	225,000,000
Statutory reserve		25,903,683	25,903,683
Retained earnings		46,309,100	44,384,175
Other reserves		540,828	476,919
<b>Total equity</b>		<b>297,753,611</b>	<b>295,764,777</b>
<b>Non-current Liabilities</b>			
Long-term loans	12	9,360,000	10,530,000
Employees' end of service benefits		2,306,833	2,243,626
<b>Total Non-current liabilities</b>		<b>11,666,833</b>	<b>12,773,626</b>
<b>Current liabilities</b>			
Short-term loans	12	194,010,109	230,968,712
Long-term loans – current portion	12	2,777,368	12,623,280
Trade payables		44,356,673	18,366,466
Accrued expenses and other payables		8,376,807	6,750,564
Zakat Provision	13	7,753,526	6,896,035
Dividend payables		162,654	162,654
<b>Total current liabilities</b>		<b>257,437,137</b>	<b>275,767,711</b>
<b>Total liabilities</b>		<b>269,103,970</b>	<b>288,541,337</b>
<b>Total equity and liabilities</b>		<b>566,857,581</b>	<b>584,306,114</b>

The accompanying notes from (1) to (20) 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 Karim Moussa



**Chief Financial Officer**  
Mahmoud Mohammad Zaky





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

	Notes	For The Three-Month Period Ended	
		31 March 2023	31 March 2022
Sales	18	156,787,817	151,836,277
Cost of sales	18	(144,920,591)	(139,429,751)
<b>Gross profit</b>		<b>11,867,226</b>	<b>12,406,526</b>
Other income	16	281,524	148,095
Selling and distribution expenses		(2,781,282)	(2,402,714)
General and administrative expenses		(2,366,551)	(2,088,920)
Expected credit losses on trade receivables	10	(514,286)	(175,000)
<b>Operating profit</b>		<b>6,486,631</b>	<b>7,887,987</b>
Unrealized losses from revaluation of investments at fair value through profit or loss	9	237,226	1,419,681
Realized (loss)/gain from sale of investments at fair value through profit or loss	9	86,936	-
Dividends received from investments at fair value through profit or loss	9	95,151	-
Finance costs		(4,123,528)	(2,263,878)
<b>Profit before Zakat</b>		<b>2,782,416</b>	<b>7,043,790</b>
Zakat		(857,491)	(1,135,569)
<b>Profit for the period</b>		<b>1,924,925</b>	<b>5,908,221</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurements of employees end of service benefits		63,909	253,347
<b>Total other comprehensive income for the period</b>		<b>63,909</b>	<b>253,347</b>
<b>Total comprehensive income for the period</b>		<b>1,988,834</b>	<b>6,161,568</b>
Basic and diluted earnings per share (SR)	15	0.09	0.39

The accompanying notes from (1) to (20) form an integral part of these Interim condensed financial statements and to be read therewith.


**Chairman**

Ahmed Hamoud Al-Thiab



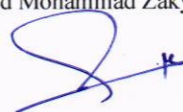
**Chief Executive Officer**

George Abdul Kareem Moussa



**Chief Financial Officer**

Mahmoud Mohammad Zaky



**ZHRAT 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
<b><u>For the three-month period ended 31 March 2022</u></b>					
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	-	-	5,908,221	-	5,908,221
Other comprehensive income for the period	-	-	-	253,347	253,347
<b>Total comprehensive income for the period</b>	-	-	5,908,221	253,347	6,161,568
<b>Balance as at 31 March 2022 (Unaudited)</b>	<b>150,000,000</b>	<b>24,329,766</b>	<b>133,627,150</b>	<b>113,003</b>	<b>308,069,919</b>
<b><u>For the three-month period ended 31 March 2023</u></b>					
Balance as at 1 January 2023 (Audited)	225,000,000	25,903,683	44,384,175	476,919	295,764,777
Profit for the period	-	-	1,924,925	-	1,924,925
Other comprehensive income for the period	-	-	-	63,909	63,909
<b>Total comprehensive income for the period</b>	-	-	1,924,925	63,909	1,988,834
<b>Balance as at 31 March 2023 (Unaudited)</b>	<b>225,000,000</b>	<b>25,903,683</b>	<b>46,309,100</b>	<b>540,828</b>	<b>297,753,611</b>

The accompanying notes from (1) to (20) 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 Zaky



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

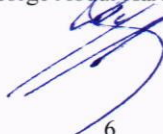
		For the three-month period ended	
		31 March 2023	31 March 2022
		(Unaudited)	(Unaudited)
		(Saudi Riyals)	
	Note		
<b>OPERATING ACTIVITIES</b>			
Profit before zakat		2,782,416	7,043,790
<b>Adjustments for:</b>			
Depreciation and amortization		7,681,111	7,737,236
Unrealized losses / (gains) on investments at FVTPL	9	(237,226)	(1,419,681)
Dividends received from investments at FVTPL	9	(86,936)	-
Employees' end of service benefits		127,116	130,906
Finance costs		4,123,528	2,263,878
Impairment of trade receivables & notes receivables	10	514,286	175,000
		<b>14,904,295</b>	<b>15,931,129</b>
<b>Changes in:</b>			
Inventories, net		24,792,166	(60,911,591)
Trade receivables, net		(33,982,335)	(9,467,905)
Prepayments and other receivables, net		22,907,464	(8,173,989)
Trade payables		25,990,207	3,080,245
Accrued expenses and other payables		1,626,243	1,716,105
<b>Cash generated from / (used in) operating activities</b>		<b>56,238,040</b>	<b>(57,826,006)</b>
Finance costs paid	12	(310,025)	(532,368)
Zakat paid		-	-
<b>Net cash flow (used in) / generated from operating activities</b>		<b>55,928,015</b>	<b>(58,358,374)</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment and intangible assets		(4,075,875)	(2,525,597)
Purchase of investments at FVTPL		(8,206,566)	(7,139,325)
Proceeds from sale of investments at FVTPL		10,004,932	-
<b>Net cash flow generated from / (used in) investing activities</b>		<b>(2,277,509)</b>	<b>(9,664,922)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans	12	122,318,283	206,081,497
Repayments of loans	12	(174,106,301)	(145,785,683)
<b>Net cash used in financing activities</b>		<b>(51,788,018)</b>	<b>60,295,814</b>
Net change in cash and cash equivalents		1,862,488	(7,727,482)
Cash and cash equivalent at the beginning of the period		1,792,722	48,740,619
<b>Cash and cash equivalents at end of the period</b>		<b>3,655,210</b>	<b>41,013,137</b>
<b>Significant non-cash transactions:</b>			
Remeasurements of employees' end of service benefits		<b>63,909</b>	<b>253,347</b>

The accompanying notes from (1) to (20) 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 Zaky





## **ZAH RAT AL WAHA FOR TRADING COMPANY**

**(A Saudi Joint Stock Company)**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month period ended 31 March 2023

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#### **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



## **ZAHRAAT AL WAHA FOR TRADING COMPANY**

**(A Saudi Joint Stock Company)**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month period ended 31 March 2023

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## **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 2022 (“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 three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the year ended 31 December 2023.

### **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 2022.

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 2022.

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

For the three-month period ended 31 March 2023

**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 2022.

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**

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted, however the Company has not early adopted them in preparing these financial statements.

- Amendments to IAS 1 "Presentation of Financial Statements", on the classification of liabilities:

These amendments to IAS 1 "Presentation of Financial Statements", clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period, classification is unaffected by the entity's expectations or events after the reporting date.

- Amendments to IAS 1, Practice Statement 2 and IAS 8:

The amendments aim to improve accounting policy disclosures and help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

- Amendments to IAS 12 "Deferred Tax" related to assets and liabilities arising from a single transaction:

These amendments require companies to record deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

**5 PROPERTY, PLANT AND EQUIPMENT**

- The total cost of property, plant and equipment as on March 31, 2023, amounted to 421,89 million Saudi riyals (December 31, 2022: 417.41 million Saudi riyals) and the aggregate depreciation amounted to 205,89 million Saudi riyals (31 December 2022: 198.27 million Saudi riyals). During the three-month period ending on March 31, 2023, the Company added projects under construction, equipment, and electronic devices at an amount of 4,08 million Saudi riyals (31 March 2022: 2.53 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 31 March 2023, the loans referred to in note (12) are secured by lands, buildings and machinery, and their net book value amounted to 96,09 million Saudi riyals. (31 December 2022: 99.54 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 2022 amounted to SR 4.65 million, the management does not expect a material difference in the fair value of the land compared to what was estimated on 31 December 2022.

The fair value of the real estate investment was determined as of the financial statements for the year ended 31 December 2022 by an external real estate valuer independent from the Company.

Independent Valuer	City	Qualifications	Fair Value as of 31 December 2022
Qiam Real Estate Company	Riyadh	An approved resident from the Saudi Authority for Accredited Valuers and the Ministry of Investment (License no 804/18/323)	4.65 SR Million

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

For the three-month period ended 31 March 2023

**7 INTANGIBLE ASSETS**

The total cost of intangible assets as at 31 March 2023 amounted to SR 2.17 million and represented by the accounting program (31 December 2022: SR 2.17 million) and the accumulated amortization of intangible assets amounted to SR 0.774 million (31 December 2022: SR 0.713 million).

**8 INVENTORIES**

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Raw, packing and packaging materials	34,259,135	37,884,113
Finished goods	35,486,555	52,732,452
Goods in transit	-	8,732,385
Spare parts, supplies and oils	3,050,001	2,742,235
	72,795,691	102,091,185
Decrease in inventory value*	-	(4,503,328)
	72,795,691	97,587,857

**9 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	31 March 2023 (Unaudited)	31 December 2022 (audited)
Investments in shares of listed companies	9,620,574	11,060,478
Investments in an investment fund	7,068,668	7,102,968
<b>Total investments</b>	16,689,242	18,163,446

During the previous year, 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 companies.

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

Equity investments are valued at fair value based on the traded prices of shares on the Saudi Stock Exchange (Tadawul). This resulted in realized gains of SAR 86,936 and unrealized gains amounted to SAR 237,226 and dividends received during the year amounted to SAR 95,151 which were presented in the profit or loss statement. The investment movement for the three months period ended March 31, 2023 is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (audited)
Cost of investment as at January 1	18,163,446	-
Purchase of investment units	8,206,566	23,905,034
Sale of invested units	(10,004,932)	(2,789,172)
Realized (Loss) / gains on sale of investments	86,936	(184,522)
Fair value differences for units	237,226	(2,767,894)
Balance as at period-end / year-end	16,689,242	18,163,446

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

For the three-month period ended 31 March 2023

**10 TRADE RECEIVABLES**

	<b>31 March 2023</b> <b>(Unaudited)</b>	31 December 2022 (audited)
Trade receivables	<b>193,444,761</b>	<b>159,363,044</b>
Due from related parties (note 17)	<b>62,450,394</b>	<b>63,854,435</b>
	<b>255,895,155</b>	<b>223,217,479</b>
Less: Expected Credit Loss of trade receivables	<b>(26,706,965)</b>	<b>(27,497,338)</b>
	<b>229,188,190</b>	<b>195,720,141</b>

The movement in Expected Credit Loss of trade receivables is as follows:

	<b>31 March 2023</b> <b>(Unaudited)</b>	31 December 2022 (audited)
Balance at beginning of the period / year	<b>27,497,338</b>	<b>25,064,817</b>
Net Movement during the period / year	<b>514,286</b>	<b>2,432,521</b>
Provision made during the period / year	<b>(1,304,659)</b>	-
<b>Balance at end of the period / year</b>	<b>26,706,965</b>	<b>27,497,338</b>

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 impairs in full all balances past due for more than 360 days.

**11 SHARE CAPITAL**

As at 31 March 2023, the Company's authorized and fully paid-up share capital amounted to SR 225 million (31 December 2022: SR 225 million), divided by 22.5 million ordinary shares of SR 10 per share (31 December 2022: 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**

	<b>31 March 2023</b> <b>(Unaudited)</b>	31 December 2022 (Audited)
Short-term loans (*)	<b>194,010,109</b>	<b>230,968,712</b>
	<b>194,010,109</b>	<b>230,968,712</b>

\* 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).



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

For the three-month period ended 31 March 2023

**b) Long-term loans**

	<b>31 March 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Local banks	<b>443,002</b>	<b>838,939</b>
Saudi Industrial Development Funds (SIDF)	<b>12,650,000</b>	<b>23,280,000</b>
	<b>13,093,002</b>	<b>24,118,939</b>
<b>Less: deferred interests</b>	<b>(955,634)</b>	<b>(965,659)</b>
	<b>12,137,368</b>	<b>23,153,280</b>
<b>Presented in the statement of financial position as follows:</b>		
Non-current portion shown under non-current liabilities	<b>9,360,000</b>	<b>10,530,000</b>
Current portion shown under current liabilities	<b>2,777,368</b>	<b>12,623,280</b>
	<b>12,137,368</b>	<b>23,153,280</b>
<b>Total loans</b>	<b>206,147,477</b>	<b>254,121,992</b>

(1) Local Banks balance is represented in a balance with the Saudi Investment bank amounted to SR 443,002.

(2) The Company has obtained loan from the Saudi Industrial Development Fund dated 13 January 2021. The balance amounted to SR 12,650,000 as of 31 March 2023. the loan is repayable in semi-annual installments and are repayable over a period of 5 years. the loan is secured against the lands, buildings and machines of the Company's plant with a book value of SR 96,094,455 (31 December 2022: SR 99,535,331).

**c) Total movement in loans:**

	<b>31 March 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Balance as at 1 January	<b>254,121,992</b>	<b>226,191,021</b>
Proceeds from loans	<b>122,318,283</b>	<b>718,353,730</b>
Repayment of loans	<b>(174,106,301)</b>	<b>(701,706,987)</b>
Finance costs	<b>4,123,528</b>	<b>12,575,607</b>
Finance costs (paid)	<b>(310,025)</b>	<b>(1,291,379)</b>
Balance as at period-end / year-end	<b>206,147,477</b>	<b>254,121,992</b>

**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 303,09 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 31 March 2023, unused facilities and open letters of credit amounted to SR 83,57 million (31 December 2022: SR 57.7 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.

During the period ending on 31 March 2023, the Company renewed Agreements with local bank with values up to 60 million riyals, with the aim of purchasing and importing raw materials and financing working capital.

These agreements were concluded by guaranteeing promissory notes issued by the company.

**ZAHRAAT AL WAHA FOR TRADING COMPANY****(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**For the three-month period ended 31 March 2023

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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.

**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. The company objected to the General Secretariat of the Zakat, Tax and Customs Committees, and the 2012 objection was accepted, the 2013 objection was partially accepted, and the objection was rejected for the years 2014 and 2015. The company appealed this rejection during the statutory period. Furthermore, the company made a provision for the total amount of these zakat assessments, and the company believes that the results of this appeal 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 2022.

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

For the three-month period ended 31 March 2023

**14 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 31 March 2023, contingent liabilities related to uncovered letter of credit for purchasing raw materials amounted to SR 25.22 million (31 December 2022: SR 57.7 million).

As of 31 March 2023, the capital commitments related to projects under implementation amounted to 28,77 million Saudi riyals, mainly represented in contracting production lines for covers, miniature plastic bottles "preform", injection molds, machinery and equipment, printing lines and packaging lines (31 December 2022: 32.94 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.

**15 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.

	<b>For The Three-Month Period Ended</b>	
	<b>31 March 2023 (Unaudited)</b>	<b>31 March 2022 (Unaudited)</b>
Income for the year	<b>1,924,925</b>	<b>5,908,221</b>
<b>No. of shares</b>		
Weighted average number of shares	<b>22,500,000</b>	<b>22,500,000</b>
<b>Basic and diluted earnings per share (Saudi Riyals) *</b>	<b>0.09</b>	<b>0.26</b>

\* The weighted average number of shares as on 31 March 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.

**16 OTHER INCOME**

	<b>For the Three-Month Period Ended</b>	
	<b>31 March 2023 (Unaudited)</b>	<b>31 March 2022 (Unaudited)</b>
Foreign currencies exchange differences	<b>249,569</b>	<b>133,437</b>
others	<b>31,955</b>	<b>14,658</b>
	<b>281,524</b>	<b>148,095</b>

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

For the three-month period ended 31 March 2023

**17 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:

	<b>31 March 2023</b> <b>(Unaudited)</b>	31 March 2022 (Unaudited)
<b><u>Transactions:</u></b>		
Sales to Hana Water Company	7,465,459	12,416,653
Purchases from Hana Water Company	-	13,438
Salaries, allowances and remuneration of Key Management Personnel	684,099	573,845
Allowance to attend meetings of the Company's Board of Directors and Committees	36,000	72,000
Board members remuneration	132,500	132,500

**Balances**

	<b>31 March 2023</b> <b>(Unaudited)</b>	31 December 2022 (Audited)
Due from related parties included in trade receivables. (Hana Water Company) (note 10)	62,450,394	63,854,435
Key Management Personnel included in other receivables	62,360	67,340
Key Management Personnel End of Service Benefits	784,328	981,070
Allowance to attend meetings of the Company's Board of Directors and Committees included under accrued expense	236,000	200,000
Board of Directors remuneration included under accrued expenses	662,500	530,000

**18 SEGMENT INFORMATION****18-1 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.

<b>Industry Group</b>	<b>Nature of segment's businesses</b>
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:



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

For the three-month period ended 31 March 2023

**18-2 Information about reporting segments**

<b>SR</b>	<b>Reporting segments</b>		
	<b>Plastic bottles preforms segment</b>	<b>Plastic caps segment</b>	<b>Total</b>
<b><u>For The Three-Month Period Ended 31 March 2023 (Unaudited)</u></b>			
Sales	136,520,963	20,266,854	156,787,817
Cost of sales	(128,504,612)	(16,415,979)	(144,920,591)
<b>Gross profit</b>	<b>8,016,351</b>	<b>3,850,875</b>	<b>11,867,226</b>
Other income	247,840	33,684	281,524
Selling and distribution expenses	(2,184,906)	(596,376)	(2,781,282)
General and administrative expenses	(2,098,581)	(267,970)	(2,366,551)
Impairment of trade receivables	(454,899)	(59,387)	(514,286)
<b>Operating profit</b>	<b>3,525,805</b>	<b>2,960,826</b>	<b>6,486,631</b>
Finance costs	(3,656,487)	(467,041)	(4,123,528)
<b>Profit before zakat</b>	<b>(130,682)</b>	<b>2,493,785</b>	<b>2,363,103</b>
<b>As at 31 March 2023 (Unaudited)</b>			
<b>Segments net assets</b>	<b>77,118,259</b>	<b>29,177,908</b>	<b>106,296,167</b>
<b><u>For The three -Month Period Ended 31 March 2022 (Unaudited)</u></b>			
Sales	131,493,330	20,342,947	151,836,277
Cost of sales	(122,257,548)	(17,172,203)	(139,429,751)
<b>Gross profit</b>	<b>9,235,782</b>	<b>3,170,744</b>	<b>12,406,526</b>
Other income	127,386	20,709	148,095
Selling and distribution expenses	(1,840,245)	(562,469)	(2,402,714)
General and administrative expenses	(1,832,564)	(256,356)	(2,088,920)
Impairment of trade receivables	(151,846)	(23,154)	(175,000)
<b>Operating profit</b>	<b>5,538,513</b>	<b>2,349,474</b>	<b>7,887,987</b>
Finance costs	(1,984,066)	(279,812)	(2,263,878)
<b>Profit before zakat</b>	<b>3,554,447</b>	<b>2,069,662</b>	<b>5,624,109</b>
<b>As at 31 March 2022 (Unaudited)</b>			
<b>Segments net assets</b>	<b>90,089,120</b>	<b>32,615,246</b>	<b>122,704,366</b>

The Company's sales in the local market and export sales are allocated as follows:

<b><u>Sales for the period ended</u></b>	<b><u>Local sales</u></b>	<b><u>Export sales</u></b>	<b><u>Total sales</u></b>
<b><u>31 March 2023 (Unaudited)</u></b>	<b><u>121,227,125</u></b>	<b><u>35,560,692</u></b>	<b><u>156,787,817</u></b>
<b><u>31 March 2022 (Unaudited)</u></b>	<b><u>105,068,938</u></b>	<b><u>46,767,339</u></b>	<b><u>151,836,277</u></b>

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

For the three-month period ended 31 March 2023

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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>
<b>31 March 2023 (Unaudited)</b>	210,880,275	45,014,880	255,895,155
31 December 2022 (Audited)	191,499,500	31,717,978	223,217,479

**18-3 The main customer and supplier**

As at 31 March 2023, the Company's sales to the two largest customers represent 39% of the Company's net sales of SR 61.09 million (31 March 2022, 37.8% of the Company's net sales of SR 57.4 million).

As at 31 March 2023, the Company's purchases from the largest supplier represented 73.68% of the total purchases of raw materials amounting to 84.16 million Saudi riyals (31 March 2022, 94 % of the Company's total purchases with an amount of SR 174.9 million).

**19 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.

**20 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements were approved by the Board of Directors on 11 Shawwal 1444 (H) corresponding to 1 May 2023 (G).

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