

NAQI WATER COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND SIX MONTH PERIOD ENDED 30 June 2023
AND INDEPENDENT AUDITOR'S REVIEW REPORT

NAQI WATER COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND SIX MONTH PERIOD ENDED 30 June 2023 (UNAUDITED)

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**PKF**Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS****TO THE SHAREHOLDERS OF NAQI WATER COMPANY****INTRODUCTION**

We have reviewed the accompanying interim condensed statement of financial position of **Naqi Water Company** ("The Company") as at 30 June 2023, and the related interim condensed statements of profit or loss and other comprehensive income, interim condensed statements of changes in equity and interim condensed statements of cash flows for the three-month and six month periods 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 Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of Interim Condensed 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 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 is not prepared, in all material respects, in accordance with IAS 34, that is endorsed in the Kingdom of Saudi Arabia.

OTHER MATTERS

The company's financial statements for the year ending on December 31, 2022 AD, and the interim condensed financial statements for the three and six-month periods ending on June 30, 2022 AD, were reviewed and audited by another auditor, who expressed an unmodified conclusion regarding them, according to his report issued on April 4, 2023 AD, corresponding to Ramadan 13, 1444 AH. AD and August 24, 2022 AD, corresponding to Muharram 26, 1444 AH, respectively.

For Al-Bassam & Co.



Ahmed A. Mohandis
Certified Public Accountant
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Corresponding to: 10 August 2023

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NAQI WATER COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

(All expressed in Saudi riyal, unless otherwise specified)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Non current assets			
Property, plant and equipment	5	135,488,067	146,387,220
payments for the purchase of property, plant and equipment	6	9,082,741	1,380,000
Right of use assets,net	7	5,124,829	2,911,197
Intangible assets,net	8	955,005	1,016,233
Total non current assets		150,650,642	151,694,650
Current assets			
Inventory	9	20,833,935	22,681,031
Trade and other receivables,net	10	19,368,113	16,292,673
Due from related parties	16	2,342	1,985,882
Prepaid expenses and other receivables,net	11	5,698,966	10,311,781
Cash and cash equivalents	12	100,706,837	88,057,270
Total current assets		146,610,193	139,328,637
TOTAL ASSETS		297,260,835	291,023,287
EQUITY AND LIABILITIES			
Equity			
Share capital	13	200,000,000	200,000,000
Statutory reserve		12,598,306	12,598,306
Retained earnings		41,628,737	36,883,080
Total Equity		254,227,043	249,481,386
Liabilities			
Non-Current liabilities			
Lease liability – noncurrent portion	7	3,765,087	1,740,678
Long term loan – noncurrent portion	14	6,781,825	8,241,864
Employees’ end of service benefits	15	4,194,741	3,744,106
Total non-Current liabilities		14,741,653	13,726,648
Current liabilities			
Trade and other payables		15,342,293	14,686,444
Lease liability – current portion	7	763,349	788,922
Long term loan –current portion	14	4,202,635	4,755,671
Accrued expenses and other credit balances	17	6,097,559	3,728,230
Due to related parties	16	686,303	707,876
Zakat	18	1,200,000	3,148,110
Total Current liabilities		28,292,139	27,815,253
TOTAL LIABILITIES		43,033,792	41,541,901
TOTAL EQUITY AND LIABILITIES		297,260,835	291,023,287

Chief financial
Officer



CEO & Managing Director



The accompanying form an integral part of these Interim Condensed Financial Statements

NAQI WATER COMPANY
(A Saudi Joint Stock Company)

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTH AND SIX MONTH PERIOD PERIOD ENDED 30 June 2023**

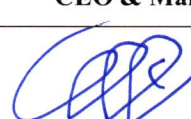
(All expressed in Saudi riyal, unless otherwise specified)

		Three-month period for the period ended		Six-month period for the period ended	
		30 June 2023 Unaudited	30 June 2022 Unaudited	30 June 2023 Unaudited	30 June 2022 Unaudited
Sales	19	59,763,356	78,768,721	119,103,760	138,988,293
Cost of sales	20	(36,324,755)	(48,697,112)	(75,116,361)	(90,643,544)
Gross profit		23,438,601	30,071,609	43,987,399	48,344,749
Selling and distribution expenses		(7,761,533)	(6,861,761)	(15,866,332)	(13,119,848)
General and administrative expenses		(3,539,986)	(2,381,837)	(6,534,274)	(4,489,562)
Other income, net		1,903,717	1,478,699	4,531,973	2,223,551
Operatig profit		14,040,799	22,306,710	26,118,766	32,958,890
Finance cost		(217,047)	(237,460)	(523,674)	(478,573)
Profit before zakat		13,823,752	22,069,250	25,595,092	32,480,317
Zakat expense	18	(600,000)	(776,439)	(1,200,000)	(1,239,536)
Net profit for the period		13,223,752	21,292,811	24,395,092	31,240,781
Other comprehensive income					
Re-measurment gain of employees end of service benefits allowance	15	172,947	88,578	350,565	88,578
Total comprehensive income for the period		13,396,699	21,381,389	24,745,657	31,329,359
Earnings per share	21	0.66	1.06	1.22	1.56

Chief financial
Officer



CEO & Managing Director



The accompanying notes form an integral part of these Interim Condensed Financial Statements.

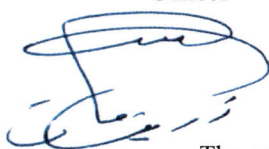
NAQI WATER COMPANY
(A Saudi Joint Stock Company)

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH AND SIX MONTH PERIOD ENDED 30 June 2023**

(All expressed in Saudi riyal, unless otherwise specified)

	Share capital	Statutory reserve	Retained earnings	Total
As at 1 January 2022 (Audited)	200,000,000	7,727,599	206,346	207,933,945
Net profit for the period	--	--	31,240,781	31,240,781
Other Comprehensive income	--	--	88,578	88,578
Dividends paid	--	--	(10,000,000)	(10,000,000)
As at 30 June 2022 (Unaudited)	<u>200,000,000</u>	<u>7,727,599</u>	<u>21,535,705</u>	<u>229,263,304</u>
 As at 1 January 2023 (Audited)	 200,000,000	 12,598,306	 36,883,080	 249,481,386
Net profit for the period	--	--	24,395,092	24,395,092
Dividends paid	--	--	(20,000,000)	(20,000,000)
Other Comprehensive income	--	--	350,565	350,565
As at 30 June 2023 (Unaudited)	<u>200,000,000</u>	<u>12,598,306</u>	<u>41,628,737</u>	<u>254,227,043</u>

Chief financial
Officer



CEO & Managing Director



The accompanying notes form an integral part of these Interim Condensed Financial Statements

NAQI WATER COMPANY
(A Saudi Joint Stock Company)

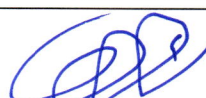
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH AND SIX MONTH PERIOD ENDED 30 June 2023
(All expressed in Saudi riyal, unless otherwise specified)

	Notes	30 June 2023 Unaudited	30 June 2022 Unaudited
OPERATING ACTIVITIES:			
profit before Zakat		25,595,092	32,480,317
Adjustments for the net profit for the period before zakat to the net cash flow generated from operating activities:			
Depreciation of property, plant and equipment	5	11,096,515	10,657,429
Amortization of intangible assets		66,711	65,621
Amortization on right-of-use asset	7	482,647	141,888
Provision for employees' end of service benefits	15	810,262	507,432
Finance cost		523,674	478,573
Provision for expected credit losses		91,326	--
Changes in working capital		38,666,227	44,331,260
Inventories		1,847,099	(4,003,369)
Trade and other receivables		(3,166,766)	(1,110,545)
Prepayments and other debt balances		4,612,816	(6,629,784)
Due from related parties		1,983,540	(882,492)
Trade and other payables		655,849	4,765,468
Accrued liabilities and other credit balances		2,369,324	(237,989)
Due to related parties		(21,571)	1,618,553
Cash generated from operating activities		46,946,518	37,851,102
Employees' benefits paid		(9,062)	(25,804)
Zakat		(3,148,110)	(1,912,122)
Net cashflows generated from operating activities		43,789,346	35,913,176
INVESTING ACTIVITIES:			
Additions to property, plant and equipment	5	(871,766)	(1,919,548)
Advances for the purchase of property, plant and equipment	6	(7,702,741)	--
Additions to intangible assets		(5,483)	(4,756)
Proceeds from sale of property, plant and equipment		674,404	--
Net cash flows used in investing activities		(7,905,586)	(1,924,304)
FINANCING ACTIVITIES:			
Payments from loans		(2,013,075)	(1,698,744)
Finance costs paid		(446,117)	(478,573)
Payments for lease liability		(775,000)	(130,588)
Dividends paid		(20,000,000)	(10,000,000)
Net cash flows used in financing activities		(23,234,192)	(12,307,905)
Net change in cash and cash equivalents		12,649,568	21,680,967
Cash and cash equivalent at the beginning of the period		88,057,269	37,860,998
Cash and cash equivalents at end of the period		100,706,837	59,541,965
Non-cash transactions			
Advances for the purchase of property, plant and equipment		--	602,250
Remeasurment of end of service benefits		350,565	88,578

Chief financial Officer



CEO & Managing director



The accompanying notes form an integral part of these Interim Condensed Financial Statements

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 June 2023
(All expressed in Saudi riyal, unless otherwise specified)

1. ORGANISATION AND ACTIVITIES

Naqi Water Company (the “Company”), a joint stock company, registered in the city of Unaizah, Kingdom of Saudi Arabia, under Commercial Registration No. 1128018184 dated 27 Jumada Al-Akhir 1435AH corresponding to 27 April 2014.

The company’s activity is in the production and bottling of pure filtered water. On 7 Jumada al-Awwal 1443AH corresponding to 11 December 2021, the Board of Directors approved the company’s initial public offering plan by offering 30% of the company’s shares for initial public subscription by submitting an application and registering the securities to the Capital Market Authority and the company in the market and listing them in the financial market (“Tadawul”). On 24 Shawwal 1443AH, corresponding to 25 May 2022, the Capital Market Authority announced its approval to offer 6,000,000 shares for public subscription, representing (30%) of the company’s shares.

The Saudi Capital Market Authority approved the listing of the company in the Saudi Stock Exchange (Tadawul) on 17 Muharram 1444AH, corresponding to 15 August 2022.

The Regulatory procedures have been completed to amend the company’s articles of association to become a listed joint stock company on 26 Rabi’ Al-Awwal 1444AH. Corresponding to 26 October 2022, as well as Commercial Registration No. 1128018184.

The accompanying condensed preliminary financial statements include the following accounts of the company and its branches:

<u>Commercial Register Number</u>	<u>Branch Name</u>	<u>City</u>
1010603193	Naqi water company	Riyadh
1010460840	Qatrit Naqi water company	Riyadh
1128183653	Naqi water company	Unaizah
1128184884	Naqi water company	Unaizah
4030498557	Naqi water company	Jeddah

2. BASIS OF PREPARATION

a- Statement of compliance

These interim condensed financial statements for the six month period ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The attached interim condensed financial statements do not include all the information and disclosures required for the preparation of the annual financial statements, and they must be read in conjunction with the financial statements for the year ending on December 31, 2022, in addition to that the results of the operations of the initial periods do not necessarily represent an indication of the results of the operations of the full year.

b- Basis of measurement

The interim condensed financial statements have been prepared on the basis of historical cost except that the provision of defined benefit obligations are measured at the present value of the future obligations using the expected unit addition method. In addition, the interim condensed financial statements are prepared using the accrual basis of accounting and on the going concern principle.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the company’s annual financial statements for the year ended 31 December 2022.

c- Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals, which is the company's functional and presentation currency.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 June 2023**

(All expressed in Saudi riyal, unless otherwise specified)

3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities appearing in the interim condensed financial statements and the disclosures attached to the interim condensed financial statements, and disclosures of potential liabilities and potential assets.

The assumptions and estimates are continually evaluated and they are based on past experience and other factors, including expectations of future events that are relevant to the circumstances. The company based its assumptions and estimates on parameters available when the interim condensed financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

The significant judgments made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Going concern

The company's management has made an assessment of the company's ability to continue as a going concern, and is convinced that the company has sufficient resources to continue its business in the near future. In addition, the management has no material doubts about the Company's ability to continue as such. Therefore, the financial statements have been prepared on a going concern basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and has been explained in company issued annual Financial Statements for the year ended 31 December 2022, but they do not have a material effect on the company's interim condensed Financial Statements.

NAQI WATER COMPANY
(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 June 2023**

(All expressed in Saudi riyal, unless otherwise specified)

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Trucks	Cars	Furniture and fixtures	Machinery and equipment	Tools	Computers	Desalination plant and laboratory equipment	Total
Cost:										
As at 1 January 2023 (Audited)	4,750,000	35,832,164	20,250,000	10,861,231	4,112,045	121,051,134	170,028	464,289	16,162,471	213,653,362
Additions	--	94,271	--	--	121,187	258,800	--	57,649	339,859	871,766
Disposals	--	--	(810,000)	--	--	--	--	--	--	(810,000)
As at 30 June 2023 (Unaudited)	4,750,000	35,926,435	19,440,000	10,861,231	4,233,232	121,309,934	170,028	521,938	16,502,330	213,715,128
Accumulated depreciation:										
As at 1 January 2023	--	4,350,406	2,531,708	5,429,653	2,463,988	42,560,054	92,534	269,605	9,568,194	67,266,142
Depreciation for period	--	536,076	1,015,396	1,352,603	353,947	6,248,266	8,580	39,455	1,542,193	11,096,516
Accumulated depreciation of Disposals	--	--	(135,596)	--	--	--	--	--	--	(135,596)
As at 30 June 2023 (Unaudited)	--	4,886,482	3,411,508	6,782,256	2,817,935	48,808,320	101,114	309,060	11,110,387	78,227,062
Net book value:										
At 30 June 2023 (Unaudited)	4,750,000	31,039,953	16,028,492	4,078,975	1,415,297	72,501,614	68,914	212,878	5,391,943	135,488,066
At 31 December 2022 (Audited)	4,750,000	31,481,758	17,718,292	5,431,578	1,648,057	78,491,080	77,494	194,684	6,594,277	146,387,220

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 June 2023
(All expressed in Saudi riyal, unless otherwise specified)

6. ADVANCES FOR THE PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Prepayments – Production line	1,380,000	1,380,000
Prepayments for establishment of the Riyadh factory	6,150,000	--
Prepayments - Cars	1,552,741	--
	9,082,741	1,380,000

7. RIGHT OF USE ASSETS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cost:		
At 1 January	3,927,710	1,418,869
Additions period / year	2,696,279	2,366,332
Adjustment during the period / year	--	142,509
Balance on the end of period/year	6,623,989	3,927,710
Accumulated Depreciation:		
At 1 January	1,016,513	485,376
Depreciation during the period / year	482,647	531,137
Balance on the end of period/year	1,499,160	1,016,513
Net book value		
Balance at the end of the period/year	5,124,829	2,911,197

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period/year	2,529,600	913,553
Additions during the period/year	2,696,279	2,366,332
Adjustments during the period/year	77,557	69,561
Interest during the period/year	--	56,731
Payment during the period/year	(775,000)	(876,577)
	4,528,436	2,529,600
Current portion	763,349	788,922
Non-current portion	3,765,087	1,740,678

8. INTANGIBLE ASSETS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cost:		
At 1 January	1,355,478	1,334,378
Additions during the period/year	5,483	21,100
Balance at the end of the period/year	1,360,961	1,355,478
Accumulated Depreciation:		
At 1 January	339,245	207,384
Amortization for the period/year	66,711	131,861
Balance at the end of the period/year	405,956	339,245
Net book value		
Balance at the end of the period/year	955,005	1,016,233

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 June 2023
(All expressed in Saudi riyal, unless otherwise specified)

9. INVENTORY

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Raw materials	12,280,541	15,215,013
Finished goods	1,918,707	1,399,992
Spare parts	6,634,687	6,066,026
	20,833,935	22,681,031

10. TRADE RECEIVABLES, NET

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables	20,634,167	17,467,401
Less: provision for expected credit losses	(1,266,054)	(1,174,728)
	19,368,113	16,292,673

The movement of provision for expected credit losses during the year:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period/year	1,174,728	293,953
Additions during the period/year	91,326	880,775
Balance at the ending of the period/year	1,266,054	1,174,728

11. PREPAID EXPENSES AND OTHER RECEIVABLES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Advances to suppliers	2,216,692	1,721,364
Prepaid expenses	2,516,154	1,230,178
Staff receivables	509,101	608,094
Checks under collection	31,213	5,653,198
Petty cash	522,605	279,517
Other debit balances	892,822	892,821
Accrued income from time deposits	155,375	--
Deduct :		
Employee custody allowance	(892,821)	(892,821)
Other debit balances allowance	(252,175)	(252,175)
	5,698,966	10,311,781

The movement in the allowance for impairment in prepaid expenses and other receivables is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Movement of allowance of other debit balance		
Opening balance period/year	(1,144,996)	1,048,051
Addition period/year	--	252,175
Reversal of the provision period/year	--	(155,230)
Ending balance period/year	1,144,996	1,144,996

12. CASH AND CASH EQUIVALENTS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Time deposits	*45,000,000	60,000,000
Cash at banks	54,814,877	27,482,312
Cash on hand	891,251	574,958
Credit Card	709	--
	100,706,837	88,057,270

* The maturity period of deposits is less than three months from the date of acquisition according to the Islamic sharia.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 June 2023
(All expressed in Saudi riyal, unless otherwise specified)

13. SHARE CAPITAL

The company's capital has been set at 20,000,000 share, the value of each share is SAR 10 (31 December 2022: 20,000,000 share, the value of each share is SAR 10).

On May 6, 2023 , the Board of Directors took its decision to submit a recommendation to the General Assembly of the company to divide the nominal value of the share from SAR 10 per share to SAR 1 per share, while keeping the company's capital unchanged.

14. LONG TERM LOANS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Non-Current portion	6,781,825	8,241,864
Current portion	4,202,635	4,755,671
	10,984,460	12,997,535

The movement of the loan during the period/ year is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period/ year	12,997,535	16,851,005
Payments during period/ the year	(2,013,075)	(3,853,470)
Balance at the end of the period/ year	10,984,460	12,997,535

During the year 2020, the company entered into an islamic commercial financing agreement with a bank in the amount of SAR 20,500,000. The company used this loan to finance the acquisition of cars. The loan is subject to the interest rate of SIBOR plus 4% annually. The loan is repayable in 20 quarterly installments of equal amount for a period of 5 years. The value of the cars amounting to SAR 20,250,000 was mortgaged as a security for financing, in addition to promissory notes to the order of the lending bank, amounting to SAR 24,600,000, which were signed by the shareholders of the company. The loan does not include financial covenants.

15. EMPLOYEES' END OF SERVICE BENEFITS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Salary growth rate	4%	4%
Discount rate	4.2%	4.35%

The following are the significant actuarial assumptions:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current service cost at the beginning of period/ year	3,744,106	2,283,822
Formed during the period/ year	728,926	1,239,035
Finance cost for the period/year	81,336	59,053
paid during period/year	(9,062)	(193,315)
Actuarial (gains)/losses from remeasurement of employee end-of-service benefits during period/year	(350,565)	355,511
	4,194,741	3,744,106

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15. EMPLOYEES' END OF SERVICE BENEFITS (CONTINUES)

The sensitivity of the employee benefit obligation obligation to changes in weighted average key assumptions is:

Factor	Change in assumption	30 June 2023 (Unaudited)	31 December 2022 (Audited)
discount rate	%1	3,873,821	3,214,725
	%1-	4,542,348	3,769,509
salary Long term	%1	4,542,248	3,769,426
	%1-	3,873,773	3,214,686
Deaths rate	%1	4,153,311	3,446,663
	%1-	4,234,772	3,514,264
turnover rates Employee	%10	4,089,802	3,388,984
	%10-	4,304,852	3,577,448

16. TRANSACTIONS WITH RELATED PARTIES

Name of related parties	Nature of Relation	Nature of transaction	For the three-month period ended 30 June 2023 (Unaudited)	2022 (Unaudited)
Seqa united group (previously Al Sadd Modern advanced company)	shareholder	Raw material purchases	38,665,984	47,984,948
		Payments	(36,399,449)	(47,920,837)
		expenses on behalf	(238,812)	
		Collection of expenses paid on behalf	238,812	
		Service invoices	18,411	
		Payment of Service invoices	(18,411)	
Zulal Water Factory Company	Associate	Payment	--	(579,671)
Amin Al Mallah/shareholder	shareholder	Payment Expences	5,392	--
		Cash Support	--	260,969
		Purchase of property, plant and equipments	--	4,408,097
Middle East Machinery Factory Co. Ltd.	Associate	Payments	(2,461,531)	(1,193,659)
		Spare parts purchase	2,075,765	--
		Expenses	75,805	--

Due from Related parties:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Seqa united group (previously Al Sadd Modern advanced company)	--	1,978,147
Zulal Water Factory Company	2,342	7,735
	2,342	1,985,882

Due to related parties

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Seqa united group (previously Al Sadd Modern advanced company)	288,388	--
Al Sharq Factory Steel Industries Co. Ltd. (ASF)	397,915	707,876
	686,303	707,876

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17. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Accrued Expenses	3 3,542,00	2,929,148
VAT	0 1,934,40	799,082
Advance payments	621,156	--
	6,097,559	3,728,230

18. ZAKAT PROVISION

18/1 Tax position

The company received tax differences resulting from the examination of the Zakat, Tax and Customs Authority ("ZATCA") with amount to SAR 5,281,971 for the value added tax returns for the months from September 2020 to December 2020 (of which SAR 3,504,899 are the original tax due, and an amount of SAR 1,777,072 represents the value of fines and penalties).

The company submitted objections to these differences, and these objections were not accepted by the Zakat, Tax and Customs Authority "the Authority", and accordingly a letter of guarantee was submitted in the amount of SAR 5,294,902 in favor of the Authority for those differences drawn on Riyadh Bank.

The company submitted an objection for the General Secretariat of Zakat, Tax and Customs Committees "the Secretariat". During the month of October 2022, and for the purpose of reducing the risks of failure of the objection submitted by the company to the Secretariat, the company paid the principal amount of the due tax amounting to 3,504,899 riyals in exchange for canceling the full value of fines and penalties imposed by the Authority, according to what was included in the initiative to cancel fines and exemption from Financial penalty.

On 20 December 2022, the letter of guarantee was settled and the amount of SAR 5,294,902 was returned to the company's account, and the amount of the letter of guarantee was fully recovered, and the company asked the old shareholders to pay the total value of amounts paid by the company, amounting to SAR 3,504,899. The amounts paid to the Zakat, Tax and Customs Authority was collected from the old shareholders of Company before the company was listed on the stock market, as it relates to tax differences prior to the public offering process, and this process did not result in any financial impact on the profit or loss statement amounts of the company.

18/2 Zakat provision movement

Zakat provision movement during the period / year is as follow:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period/ year	3,148,110	1,912,122
Formed during the period/ year	1,200,000	3,148,110
Paid during the period/ year	(3,148,110)	(1,912,122)
Balance at the end of the period/ year	1,200,000	3,148,110

19. SALES

	For the Six-month period ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Wholesale sales	59,041,272	65,823,551
Retail sales	57,154,489	70,840,276
Export sales	2,907,999	2,324,466
	119,103,760	138,988,293

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20. COST OF SALES

	For the Six-month period ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Raw materials and inventory change	54,407,314	69,437,760
Depreciation	8,619,039	8,567,198
Salaries and other benefits	6,556,226	6,337,167
Operating expenses	5,533,782	6,261,419
	75,116,361	90,603,544

21. EARNINGS PER SHARE

	For the three-month period ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Net profit for the period	24,395,092	31,240,781
Weighted average number of shares	20,000,000	20,000,000
Earnings per share	1.22	1.56

Diluted earnings per share is the same as basic earnings per share since the company does not have any dilutive instruments.

22-. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Liquidity Risk

Liquidity risk is the difficulty that an entity encounters in raising funds to meet commitments related to financial instruments. Below are the contractual maturities of financial obligations at the end of the financial year. Amounts are shown in total and not discounted.

<u>As at 30 June 2023 (Unaudited)</u>	<u>less than one year</u>	<u>From 1 to 5 years</u>	<u>Total</u>
Loan	4,202,635	6,781,825	10,984,460
Due to related parties	686,303	--	686,303
Trade and other payables	852,43921,	--	21,439,852
Lease liability	763,349	3,765,087	4364,528,
	27,092,139	10,546,912	37,639,051

<u>As At 31 December 2022 (Audited)</u>	<u>less than one year</u>	<u>From 1 to 5 years</u>	<u>Total</u>
Loan	4,755,671	9,511,341	14,267,012
Due to related parties	707,876	-	707,876
Trade and other payables	18,414,674	-	18,414,674
Lease liability	876,577	1,929,731	2,806,308
	24,754,798	11,441,072	36,195,870

The company manages liquidity risk by maintaining adequate reserves, bank facilities and loans, and by continuously monitoring future cash flows, as well as by matching the maturity dates of cash assets and liabilities.

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22-. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Commission rate risk

Commission risk arises from the potential fluctuations in interest rates that would affect future profit or the fair values of financial instruments. The company is subject to commission risks on its commitments on which it pays commissions represented in loan balances. The company seeks to reduce the interest rate risks by monitoring potential fluctuations in interest rates and hedging these risks when needed.

Foreign exchange risk

The company's exposure to foreign currency risk is mainly limited to transactions in UAE dirhams, and the exchange rate for both the UAE dirham and the Saudi riyal is fixed against the US dollar. Thus, the risks are limited from changes in the foreign exchange rate. The following are the quantitative data related to the foreign exchange position:

	UAE dirham	The equivalent in Saudi Riyals
<u>As at 30 June, 2023 (Unaudited)</u>		
Trade payables	881,349	899,336
<u>As at 31 December, 2022 (Audited)</u>		
Trade payables	1,826,474	1,866,541

Credit Risk

Credit risk is the risk that the company will suffer financial loss if the customer or counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from receivables and bank balances. The carrying amount of each financial asset in the statement of financial position represents the maximum exposure to credit risk.

The company is exposed to credit risk on its bank balances and trade receivables as follows:

	30 June 2022 (Unaudited)	31 December 2022 (Audited)
Cash at bank	54,814,877	27,482,312
Time Deposits	45,000,000	60,000,000
Other debit balance	966,120	6,288,636
Trade receivables	20,634,167	17,467,401
	121,415,164	111,238,349

The carrying amount of the financial assets represents the maximum exposure to credit risk. The Company manages the credit risk related to the outstanding amounts of trade receivables by monitoring in accordance with the established policies and procedures. The company limits the credit risk related to trade receivables by setting credit limits for each customer and monitoring the outstanding trade receivables on an ongoing basis.

23. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

-The company has no contingent liabilities as of 30 June 2023 and 31 December 2022.

- The company has capital commitments related to contracts for the construction of property, machinery and equipment that the company's management expects to complete during 2023.

The following are the details of the capital commitments:

	30 June 2022 (Unaudited)	31 December 2022 (Audited)
Total capital contracts	21,502,741	13,800,000
Advance payments for the purchase of property, plant and equipment/projects under Construction	(9,082,741)	(1,380,000)
Capital commitments	12,420,000	12,420,000

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24. SEGMENT REPORTING

Operation segment

The company has one operational sector represented in the production and bottling of pure filtered water. The company's operating assets are located in its factory located in the city of Qassim, kingdom of Saudi Arabia. The main sectors of the company are presented according to the geographical sectors, The company operates in the Kingdom of Saudi Arabia and exports pure filtered bottled water to some Arab countries according to the data shown below:

Account Receivables As At	Local sales	Export sales	Total
30 June 2023(Unaudited)	19,888,424	745,743	20,634,167
31 June 2022(Audited)	10,935,227	418,457	11,353,684

Sales for the period ended	Local sales	Export sales	Total
30 June 2023(Unaudited)	116,195,764	2,907,996	60119,103,7
30 June 2022(Unaudited)	136,663,827	2,324,466	138,988,293

Sales By Region

Region	For the three-month period ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
South area	3,943,747	4,573,544
East area	8,649,372	10,713,350
North area	11,014,260	13,229,115
West area	11,839,467	14,986,369
Central area	80,748,915	93,161,449
Export sales	2,907,999	2,324,466
	119,103,760	138,988,293

25. DIVIDENDS DISTRIBUTION

On 8 January 2023, The Company's Ordinary General Assembly approved the Board of Directors' recommendation to distribute cash dividends in the amount of SAR 20,000,000, which represents 10% of the company's capital, to shareholders for the second and third interim periods of 2022, at an amount of SAR 1 per share. The cash dividends were disbursed during the first quarter in accordance with the decision of the General Assembly.

26. SUBSEQUENT EVENTS

On July 4, 2023 AD, the company concluded a contract to purchase an existing poultry project for egg production, at a value of 7,000,000 Saudi riyals (seven million Saudi riyals). An amount of 4,000,000 Saudi riyals (four million Saudi riyals) was paid upon signing the contract, and the rest of the amount will be paid upon completion of the procedures for transferring ownership of the project assets and all related legal procedures. Note that there are no related parties in this transaction.

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

28. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements for the period ended 30 June 2023 have been approved by the audit committee on 23 Muharram 1445 H corresponding to 10 August 2023.