

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

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND INDEPENDENT**  
**AUDITOR'S REVIEW REPORT**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**

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**Independent Auditor's Review Report on the  
Interim Condensed Financial Statements****To the Shareholders,****The National Company for Glass Industries (Zoujaj)**(A Saudi Joint Stock Company)  
Riyadh, Kingdom of Saudi Arabia**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of The National Company for Glass Industries ("Zoujaj" or 'the Company') as of 31 March 2022 and the related interim condensed statement of profit or loss and other comprehensive income, the interim condensed statements of changes in equity and cash flows for the three month period then ended, and notes to the interim condensed financial statements, including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standards (IAS 34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of Review**

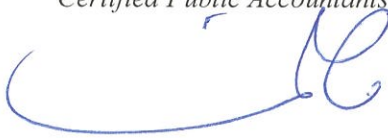
We conducted our review in accordance with International Standard on Review Engagements (2410), 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**Other matter**


The interim condensed financial statements of the Company for the three month period ended 31 March 2021 were reviewed by another auditor who expressed unmodified conclusion on 26 April 2021.

**Baker Tilly MKM & Co.**  
*Certified Public Accountants***Majed M. AlNemer**  
(License No. 381)  
Riyadh on 26 Ramadhan 1443H  
Corresponding to 27 April 2022G

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**  
**(SAUDIRIYALS)**

	<u>Note</u>	<u>31 March 2022 (Unaudited)</u>	<u>31 December 2021 (Audited)</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	209,151,794	216,100,530
Right of use assets		1,793,326	1,836,606
Investments in joint ventures	7	478,365,359	460,892,677
<b>Total non-current assets</b>		<b>689,310,479</b>	<b>678,829,813</b>
<b>Current assets</b>			
Inventories	8	20,240,132	23,444,174
Prepayments and other debit balances		3,992,759	1,494,593
Contract assets		10,772,387	8,552,150
Trade receivables	9	42,917,865	40,625,002
Cash and cash equivalents		18,340,610	14,215,788
<b>Total current assets</b>		<b>96,263,753</b>	<b>88,331,707</b>
<b>Total assets</b>		<b>785,574,232</b>	<b>767,161,520</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		329,000,000	329,000,000
Statutory reserve		98,700,000	98,700,000
Retained earnings		231,325,214	212,497,679
<b>Total equity</b>		<b>659,025,214</b>	<b>640,197,679</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	10	16,582,414	28,796,115
Lease liabilities		1,905,542	1,890,595
Employee's end of service benefits		6,494,539	6,124,978
<b>Total non-current liabilities</b>		<b>24,982,495</b>	<b>36,811,688</b>
<b>Current liabilities</b>			
Loans and borrowings	10	55,737,559	44,498,384
Lease liabilities		178,408	177,081
Contract liabilities		516,619	429,806
Trade payables		15,513,496	17,126,448
Accrued expenses and other credit balances		8,017,332	7,632,124
Zakat provision		7,840,344	6,715,753
Dividends payable		13,762,765	13,572,557
<b>Total current liabilities</b>		<b>101,566,523</b>	<b>90,152,153</b>
<b>Total liabilities</b>		<b>126,549,018</b>	<b>126,963,841</b>
<b>Total equity and liabilities</b>		<b>785,574,232</b>	<b>767,161,520</b>

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

  
**Member of Board of Directors &  
Managing Director**  
**Bassam Mohammed Albassam**

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

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

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**

(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**

**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**

**(SAUDI RIYALS)**

	Note	31 March 2022	31 March 2021 (Restated) (note 14)
Revenue		28,275,683	22,033,237
Cost of revenue		(23,969,224)	(20,492,192)
<b>Gross profit</b>		<b>4,306,459</b>	<b>1,541,045</b>
Selling and distribution expenses		(805,553)	(544,860)
General and administrative expenses		(2,211,352)	(1,963,016)
Impairment on financial assets	9	(268,132)	-
Other income		52,193	1,158,629
<b>Operating profit</b>		<b>1,073,615</b>	<b>191,798</b>
Finance cost		(657,170)	(588,885)
Share of profit from equity accounted joint ventures	7	35,985,681	11,043,395
<b>Profit before zakat for the period</b>		<b>36,402,126</b>	<b>10,646,308</b>
Zakat		(1,124,591)	(851,864)
<b>Net profit for the period</b>		<b>35,277,535</b>	<b>9,794,444</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>35,277,535</b>	<b>9,794,444</b>
<b>Basic and diluted earnings per share attributable to the shareholder of the Company</b>	<b>11</b>	<b>1.07</b>	<b>0.30</b>



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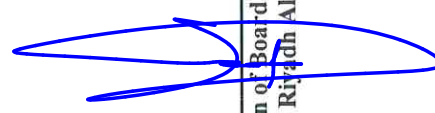


**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**  
**(SAUDI RIYALS)**

	Note	Share capital	Statutory reserve	Retained earnings	Total
Balance as at 1 January 2021		329,000,000	98,700,000	162,622,186	590,322,186
Total comprehensive income for the period (restated)		-	-	9,794,444	9,794,444
<b>Balance as at 31 March 2021 (restated)</b>		<b>329,000,000</b>	<b>98,700,000</b>	<b>172,416,630</b>	<b>600,116,630</b>
Balance as at 1 January 2022		329,000,000	98,700,000	212,497,679	640,197,679
Total comprehensive income for the period		-	-	35,277,535	35,277,535
Dividend	15	-	-	(16,450,000)	(16,450,000)
<b>Balance as at 31 March 2022</b>		<b>329,000,000</b>	<b>98,700,000</b>	<b>231,325,214</b>	<b>659,025,214</b>

  
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**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
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**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**  
**(SAUDI RIYALS)**

	31 March 2022	31 March 2021 (Restated)
<b>Cash flows from operating activities</b>		
Profit before zakat for the period	36,402,126	10,646,308
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	8,199,983	6,936,435
Depreciation of right of use assets	43,280	43,280
Gain on modification of financial liability	-	(1,068,168)
Impairment loss on financial assets	268,132	-
Interest expense on lease liabilities	16,274	17,563
Share of profit from equity accounted joint ventures	(35,985,681)	(11,043,395)
Employee's end of service benefits	419,241	259,103
	<b>9,363,355</b>	<b>5,791,126</b>
<b>Changes in working capital items:</b>		
Inventories	3,204,042	(1,922,946)
Prepayments and other debit balances	(2,498,166)	(765,616)
Contract assets	(2,220,237)	1,555,721
Trade receivables	(2,560,995)	(13,925,611)
Contract liabilities	86,813	662,103
Trade payables	(1,612,952)	3,563,492
Accrued expenses and other credit balances	385,208	468,223
	<b>4,147,068</b>	<b>(4,573,508)</b>
Employees' end of service benefits paid	(49,680)	(486,434)
<b>Net cash flows generated from / (used in) operating activities</b>	<b>4,097,388</b>	<b>(5,059,942)</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(1,251,247)	(1,499,268)
Dividend received from joint ventures	18,512,999	-
<b>Net cash flows generated from / (used in) investing activities</b>	<b>17,261,752</b>	<b>(1,499,268)</b>
<b>Cash flows from financing activities</b>		
Net movement in loans and borrowings	(974,526)	5,677,767
Lease liabilities paid	-	(4,144)
Dividends paid	(16,259,792)	(382)
<b>Net cash flows (used in)/ generated from financing activities</b>	<b>(17,234,318)</b>	<b>5,673,241</b>
<b>Net change in cash and cash equivalents during the period</b>	<b>4,124,822</b>	<b>(885,969)</b>
Cash and cash equivalents at the beginning of the period	14,215,788	24,737,983
<b>Cash and cash equivalents at end of the period</b>	<b>18,340,610</b>	<b>23,852,014</b>



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

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**  
**(SAUDI RIYALS)**

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**1. COMPANY INFORMATION AND PRINCIPAL ACTIVITIES**

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

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

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

The Company owns two factories in Riyadh and Dammam. Riyadh factory began its commercial production during the first quarter of 1991, while Dammam factory began its commercial production in January 1994. The financial statements include the Company's accounts and its following branches:

<b>Branch name</b>	<b>CR Number</b>	<b>Issuance Location</b>	<b>Registration date</b>	<b>Activity</b>
The National Factory for Glass Bottles	1010088944	Riyadh	11/05/1412 (H)	Production of returnable and non-returnable glass bottles.
Dammam Factory for Glass Bottles	2050023369	Dammam	28/11/1412 (H)	Production of glass bottles.

**2. STATEMENT OF COMPLIANCE WITH IFRS**

These interim condensed financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS 34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2021. These interim condensed financial statements do not include all the information and disclosures required in a full set of financial statements prepared in accordance with International Financial Reporting Standards. Specific accounting policies and explanatory disclosures have been included in order to explain the significant events and transactions behind the changes in the Company's financial position and financial performance since the preparation of the prior year financial statements.

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

**3. BASIS OF PREPARATION**

**3.1 Overall considerations**

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

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

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



**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
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**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**  
**(SAUDI RIYALS)**

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

**3.1 Overall considerations (Continued)**

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

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

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

**3.2 Functional and presentation currency**

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

**4. USE OF JUDGMENTS AND ESTIMATES**

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

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

**5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and calculation methods applied in preparing the interim condensed financial statements are consistent with those followed in preparing the Company's annual financial statements for the year ended 31 December 2021, except for the application of the new standards that became effective on 1 January 2022. The Company did not early adopt any other standard, interpretation or amendment issued but not yet effective.

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

There are no new standards issued; however, there are number of amendments to standards which are effective from 1 January 2022 and have been explained in the Company's annual financial statements, but they do not have a material effect on the Company's interim condensed financial statements.

**6. PROPERTY, PLANT AND EQUIPMENT**

	<b>31 March 2022</b>	<b>31 December 2021</b>
Beginning balance for the period/ year	<b>216,100,530</b>	237,077,122
Additions/ disposals during the period/ year	<b>1,251,247</b>	9,092,192
Depreciation and impairment during the period/ year	<b>(8,199,983)</b>	(30,068,784)
Ending balance for the period/ year	<b>209,151,794</b>	216,100,530

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
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**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**  
**(SAUDI RIYALS)**

**7. INVESTMENTS IN JOINT VENTURES**

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

	<b>31 March 2022</b>	<b>31 December 2021</b>
Beginning balance for the period/ year	<b>460,892,677</b>	389,004,147
Share of profit for the period/ year	<b>35,985,681</b>	73,239,898
Share of other comprehensive loss for the period/ year	-	(1,351,368)
Dividend received	<b>(18,512,999)</b>	-
Ending balance for the period/ year	<b>478,365,359</b>	460,892,677

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

	<b>Ownership %</b>	<b>2022</b>	<b>2021</b>
Saudi Guardian International Float Glass Company Ltd (Gulf Guard)	%55	<b>14,668,792</b>	7,699,670
Guardian Zoujaj International Float Glass Company LLC (Guardian Ras Al Khaimah)	%55	<b>21,316,889</b>	3,343,725
Saudi National Lamps and Electricals Company Ltd (SNLEC)**	%50	-	-
		<b>35,985,681</b>	11,043,395

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

**8. INVENTORIES**

	<b>31 March 2022</b>	<b>31 December 2021</b>
Spare parts	<b>11,725,958</b>	11,566,426
Raw materials	<b>6,287,054</b>	3,623,979
Finished goods	<b>4,193,721</b>	4,656,177
Consumable items	<b>1,379,911</b>	1,361,158
Packing materials	<b>648,982</b>	465,740
Goods in transit	-	5,766,188
<b>Gross value of inventories</b>	<b>24,235,626</b>	27,439,668
Provision for non-moving or slow-moving inventories	<b>(3,995,494)</b>	(3,995,494)
<b>Net value of inventories</b>	<b>20,240,132</b>	23,444,174

**9. TRADE RECEIVABLES**

	<b>31 March 2022</b>	<b>31 December 2021</b>
Account receivables	<b>49,539,094</b>	46,978,099
Provision for expected credit loss	<b>(6,621,229)</b>	(6,353,097)
	<b>42,917,865</b>	40,625,002

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**  
**(SAUDI RIYALS)**

**9. TRADE RECEIVABLES (Continued)**

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

	<b>31 March 2022</b>	<b>31 December 2021</b>
Beginning balance for the period/ year	<b>6,353,097</b>	1,244,937
Charged during the period/ year	<b>268,132</b>	5,108,160
Ending balance for the period/ year	<b>6,621,229</b>	6,353,097

**10. LOANS AND BORROWINGS**

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

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Non-current portion of long-term loans:</b>		
Saudi Industrial Development Fund	<b>12,333,501</b>	24,547,202
Saudi Investment Bank	<b>4,248,913</b>	4,248,913
<b>Loans and borrowings – non-current</b>	<b>16,582,414</b>	28,796,115
<b>Current portion of long-term loans:</b>		
Saudi Industrial Development Fund	<b>15,742,507</b>	6,760,873
Saudi Investment Bank	<b>1,699,565</b>	1,699,565
	<b>17,442,072</b>	8,460,438
<b>Short term borrowings:</b>		
Saudi Investment Bank	<b>21,725,919</b>	18,678,911
Banque Saudi Fransi	<b>16,569,568</b>	17,359,035
	<b>38,295,487</b>	36,037,946
<b>Loans and borrowings – current</b>	<b>55,737,559</b>	44,498,384
<b>Total loans and borrowings</b>	<b>72,319,973</b>	73,294,499

**11. EARNINGS PER SHARE**

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

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

	<b>31 March 2022</b>	<b>31 March 2021 (Restated)</b>
Net profit attributable to the shareholders of the Company	<b>35,277,535</b>	9,794,444
Weighted average number of outstanding shares during the period	<b>32,900,000</b>	32,900,000
<b>Basic and diluted earnings per share</b>	<b>1.07</b>	0.30

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**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**  
**(SAUDI RIYALS)**

**12. SEGMENT INFORMATION**

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

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

The following is a summary of revenue for the three month period ended 31 March 2022 and 2021 inside and outside the Kingdom of Saudi Arabia:

	<b>31 March 2022</b>		<b>31 March 2021</b>	
	<b>SR</b>	<b>%</b>	<b>SR</b>	<b>%</b>
			<b>(Restated)</b>	
Inside the Kingdom of Saudi Arabia	<b>15,084,115</b>	<b>53%</b>	14,019,448	64%
Outside the Kingdom of Saudi Arabia	<b>13,191,568</b>	<b>47%</b>	8,013,789	36%
	<b>28,275,683</b>	<b>100%</b>	22,033,237	100%

**13. FINANCIAL INSTRUMENTS**

**13.1 Principal financial instruments**

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

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

<b><u>Financial assets measured at amortized cost</u></b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Contract assets	<b>10,772,387</b>	8,552,150
Trade receivables	<b>42,917,865</b>	40,625,002
Cash and cash equivalents	<b>18,340,610</b>	14,215,788
Other debit balances	<b>876,798</b>	235,083
	<b>72,907,660</b>	63,628,023



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**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**  
**(SAUDI RIYALS)**

**13. FINANCIAL INSTRUMENTS (Continued)**

**13.1 Principal financial instruments (Continued)**

	<b>31 March</b>	<b>31 December</b>
<b><u>Financial liabilities measured at amortized cost</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Non-current:</b>		
Loans and borrowings	<b>16,582,414</b>	28,796,115
Lease liabilities	<b>1,905,542</b>	1,890,595
<b>Current:</b>		
Loans and borrowings	<b>55,737,559</b>	44,498,384
Trade payables	<b>15,513,496</b>	17,126,448
Lease liabilities	<b>178,408</b>	177,081
Other credit balances	<b>8,017,332</b>	7,628,536
	<b><u>97,934,751</u></b>	<b><u>100,117,159</u></b>

**13.2 Financial Instruments – risk management**

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

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

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

**Credit risk**

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

**Commission Rate Risk**

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Company has no significant variable commission bearing long-term assets, but has variable commission bearing liabilities as at 31 March 2022 and 31 December 2021. The Company manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

**Currency risk**

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

**Liquidity risk**

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

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**  
**(SAUDI RIYALS)**

**14. PRIOR PERIOD'S ADJUSTMENTS**

The Company has restated its interim condensed statement of profit or loss and other comprehensive income for the three month period ended 31 March 2021 and the impact is stated as follows:

	Note	31 March 2021 (Unaudited)	Reclassification	Remeasurement	31 March 2021 (Restated)
Revenue	A	23,588,958	-	(1,555,721)	22,033,237
Cost of revenue	A, B, F	(20,553,920)	(1,092,408)	1,154,136	(20,492,192)
Inventories written off	F	(1,092,408)	1,092,408	-	-
General and administrative expenses	D	(1,916,465)	(46,551)	-	(1,963,016)
Other income	D, E	25,701	64,760	1,068,168	1,158,629
Finance cost	C	(797,515)	-	208,630	(588,885)
Profit from discontinued operation	D	18,209	(18,209)	-	-
Net profit for the period		8,919,231	-	875,213	9,794,444

- A. The remeasurement represents the recognition of revenue over a period of time instead of at a point in time and accordingly, recognition of cost of revenue in interim condensed statement of profit or loss and other comprehensive income.
- B. Cost of revenue has been adjusted due to remeasurement of the depreciation expense related to the moulds, reversal of the depreciation on excessively capitalized borrowing cost and recognition of depreciation expense of assets previously classified as non-current assets held for sale.
- C. The remeasurement represents the impact of recognizing interest expense using the effective interest rate method instead of straight-line method and modification of financial liability.
- D. The remeasurement represents the re-clubbing of profit from discontinued operations with other incomes and expenses.
- E. The remeasurement represents the impact of recognition of gain on modification of financial liability.
- F. Certain comparative figures have been reclassified to comply with the current period presentation of these interim condensed financial statements.

**15. DIVIDEND**

The Company has decided to distribute cash dividend to the shareholders of the Company amounting to SR 16.45 million for the year ended 31 December 2021 at the rate of SR 0.5 per share.

On 29 March 2022, the Board of Directors recommended a distribution of cash dividend amounting to SR 16.45 million at the rate of SR 0.5 per share. The proposed dividend is subject to the approval of the General Assembly.

**16. SUBSEQUENT EVENTS**

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

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

The interim condensed financial statements have been approved by the Board of Directors on 26 Ramadhan 1443H (corresponding to 27 April 2022G).