

ZAH RAT AL WAHA FOR TRADING COMPANY

(A Saudi Joint Stock Company)

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30
SEPTEMBER 2023**

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

ZAH RAT AL WAHA FOR TRADING COMPANY

(A Saudi Joint Stock Company)

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

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **ZAHRAT AL WAHA FOR TRADING COMPANY** - a Saudi Joint Stock Company - "The Company" as of 30 September 2023 and the related interim condensed statements of profit or loss and other comprehensive income for three month and nine month period then ended and the interim condensed statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard (IAS 34) – "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard No. (34) that is endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
License No. 362



Date: 11 Rabi' al Thani 1445 (H)
Corresponding to: 26 October 2023 (G)

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

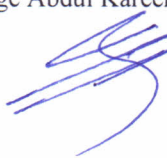
		30 September 2023 (Unaudited)	31 December 2022 (Audited)
	Note	(Saudi Riyals)	
ASSETS			
Non-current assets			
Property, plant and equipment, net	5	226,560,435	219,141,011
Investment property, net	6	1,674,000	1,674,000
Intangible assets, net	7	1,302,384	1,459,011
Total Non-current assets		229,536,819	222,274,022
Current assets			
Inventories, net	8	84,561,516	97,587,857
Investments at fair value through profit or loss	9	20,059,272	18,163,446
Trade receivables, net	10	183,501,034	195,720,141
Prepayments and other receivables		11,886,171	48,767,926
Cash and cash equivalents		15,240,448	1,792,722
Total current assets		315,248,441	362,032,092
Total Assets		544,785,260	584,306,114
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	225,000,000	225,000,000
Statutory reserve		25,903,683	25,903,683
Retained earnings		47,809,518	44,384,175
Other reserves		522,234	476,919
Total equity		299,235,435	295,764,777
Non-current Liabilities			
Long-term loans	12	38,029,808	10,530,000
Employees' end of service benefits		2,532,813	2,243,626
Total Non-current liabilities		40,562,621	12,773,626
Current liabilities			
Short-term loans	12	150,226,842	230,968,712
Long-term loans – current portion	12	11,218,751	12,623,280
Trade payables		20,259,536	18,366,466
Accrued expenses and other payables		17,236,875	6,750,564
Zakat Provision	13	5,882,546	6,896,035
Dividend payables		162,654	162,654
Total current liabilities		204,987,204	275,767,711
Total liabilities		245,549,825	288,541,337
Total equity and liabilities		544,785,260	584,306,114

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


ZAHRAAT 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		For The Nine-Month Period Ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
		(Saudi Riyals)			
Sales	18	156,449,120	171,498,537	463,719,133	507,600,510
Cost of sales	18	(139,538,626)	(162,144,591)	(419,007,136)	(471,155,592)
Gross profit		16,910,494	9,353,946	44,711,997	36,444,918
Other income		677,373	566,789	999,611	1,034,194
Selling and distribution expenses		(3,407,745)	(2,838,090)	(9,232,733)	(7,922,774)
General and administrative expenses		(1,763,129)	(1,637,738)	(6,182,453)	(5,968,996)
Impairment on trade receivables	10	-	(242,003)	(514,286)	(417,003)
Operating profit		12,416,993	5,202,904	29,782,136	23,170,339
Unrealized Loss / gains from investments at FVTPL	9	(796,101)	(396,834)	1,671,279	(1,488,180)
Realized gain from sale of investments at FVTPL	9	51,523	(144,293)	366,536	(144,293)
Dividends received	9	143,360	110,141	296,465	220,283
Finance costs		(3,988,529)	(3,383,129)	(12,739,128)	(8,532,760)
Profit before Zakat		7,827,246	1,388,789	19,377,288	13,225,389
Zakat		(662,965)	(966,994)	(2,451,945)	(2,888,226)
Profit for the period		7,164,281	421,795	16,925,343	10,337,163
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Remeasurements of employees end of service benefits		(88,436)	208,232	45,315	693,910
Total other comprehensive income		(88,436)	208,232	45,315	693,910
Total comprehensive income		7,075,845	630,027	16,970,658	11,031,073
Basic and diluted earnings per share (SR)	16	0.32	0.02	0.75	0.46

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

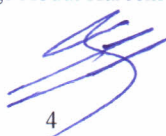
Chairman

Ahmed Hamoud Al-Thiab




Chief Executive Officer

George Abdul Kareem Moussa



Chief Financial Officer

Mahmoud Mohammad Zaky



ZAHRAAT 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
For the Nine-month period ended 30 September 2023					
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	-	-	16,925,343	-	16,925,343
Other comprehensive income for the period	-	-	-	45,315	45,315
Total comprehensive income for the period	-	-	16,925,343	45,315	16,970,658
Cash Dividends (Note 14)	-	-	(13,500,000)	-	(13,500,000)
Balance as at 30 September 2023 (Unaudited)	225,000,000	25,903,683	47,809,518	522,234	299,235,435
For the Nine-month period ended 30 September 2022					
Balance as at 1 January 2022 (Audited)	150,000,000	24,329,766	127,718,929	(140,344)	301,908,351
Profit for the period	-	-	10,337,163	-	10,337,163
Other comprehensive income for the period	-	-	-	693,910	693,910
Total comprehensive income for the period	-	-	10,337,163	693,910	11,031,073
Capital increase	75,000,000	-	(75,000,000)	-	-
Cash Dividends (Note 14)	-	-	(22,500,000)	-	(22,500,000)
Balance as at 30 September 2022 (Unaudited)	225,000,000	24,329,766	40,556,092	553,566	290,439,424

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



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

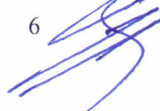
		For the nine-month period ended	
		30 September 2023	30 September 2022
		(Unaudited)	(Unaudited)
		(Saudi Riyals)	
		Note	
<u>OPERATING ACTIVITIES</u>			
Profit before zakat		19,377,288	13,225,389
Adjustments for:			
Depreciation and amortization		22,634,965	22,990,085
Unrealized gains on investments at fair value through profit or loss	9	(1,671,279)	1,488,180
Realized gains / loss from sale of investments	9	(366,536)	144,293
Gains on disposal of property, plant and equipment		(225)	(131,735)
Dividends received		-	(220,283)
Employees' end of service benefits		334,502	346,060
Finance costs		12,739,128	8,532,760
Impairment of trade receivables	10	-	417,003
		<u>53,047,843</u>	<u>46,791,752</u>
Changes in:			
Inventories, net		13,026,341	9,781,676
Trade receivables, net		12,219,107	(70,325,749)
Prepayments and other receivables, net		36,881,755	14,882,197
Trade payables		1,893,070	546,218
Accrued expenses and other payables		10,486,311	1,034,876
Cash generated from operating activities		<u>127,554,427</u>	<u>2,710,970</u>
Finance costs paid	12	(3,465,434)	(965,993)
Zakat paid		(410,659)	(4,385,460)
Net cash flow generated / (used in) from operating activities		<u>123,678,334</u>	<u>(2,640,483)</u>
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		225	131,735
Additions to property, plant and equipment and intangible assets		(29,897,761)	(18,278,646)
Purchase of investments at fair value through profit or loss		(2,647,183)	(21,847,321)
Proceeds from sale of investments at fair value through profit or loss		2,789,171	1,028,531
Net cash flow (used in) investing activities		<u>(29,755,548)</u>	<u>(38,965,701)</u>
Cash flows from financing activities			
Proceeds from loans	12	473,705,810	530,557,974
Repayments of loans	12	(540,680,870)	(510,065,855)
Dividends paid		(13,500,000)	(22,500,000)
Net cash (used in) / generated from financing activities		<u>(80,475,060)</u>	<u>(2,007,881)</u>
Net change in cash and cash equivalents		<u>13,447,726</u>	<u>(43,614,065)</u>
Cash and cash equivalent at the beginning of the period		<u>1,792,722</u>	<u>48,740,619</u>
Cash and cash equivalents at end of the period		<u>15,240,448</u>	<u>5,126,554</u>
<u>Significant non-cash transactions:</u>			
Remeasurements of employees' end of service benefits		45,315	693,910

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

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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 and nine-month period ended 30 September 2023

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

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 nine-month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the year ended 31 December 2023.

2 BASIS OF ACCOUNTING (Continued)

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.

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

There are no new standards issued, however, several amendments to the standards are in effect from 1 January 2023, which have been explained in the Company's annual financial statements and that have no impact on the Company's interim condensed financial statements.

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

For the three-month and nine-month period ended 30 September 2023

5 PROPERTY, PLANT AND EQUIPMENT

- The total cost of property, plant and equipment as on September 30, 2023, amounted to 447.19 million Saudi riyals (December 31, 2022: 417.41 million Saudi riyals) and the aggregate depreciation amounted to 220.63 million Saudi riyals (December 31, 2022: 198.27 million Saudi riyals). During the nine-month period ending on September 30, 2023, the company added Machinery, buildings, projects under implementation, and transportation at an amount of 29.87 million Saudi riyals (September 30, 2022: 18.43 million Saudi riyals), mainly represented in the production line for miniature plastic bottles, printing lines for packaging materials, auxiliary equipment for the production process, and transportation means.
- As at September 30, 2023, the loans referred to in note (12) are secured by lands, buildings and machinery, and their net book value amounted to 89.04 million Saudi riyals. (December 31, 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 December 31, 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 December 31, 2022.

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

Independent Valuer	City	Qualifications	Fair Value as of 31 December 2023
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

7 INTANGIBLE ASSETS

The total cost of intangible assets as at 30 September 2023 amounted to SR 2.20 million and represented by the accounting program (December 31, 2022: SR 2.17 million) and the accumulated amortization of intangible assets amounted to SR 0.898 million (December 31, 2022: SR 0.713 million).

8 INVENTORIES

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Raw, packing and packaging materials	35,458,866	37,884,113
Finished goods	46,041,493	52,732,452
Goods in transit	129,749	8,732,385
Spare parts, supplies and oils	2,931,408	2,742,235
	84,561,516	102,091,185
Decrease in inventory value*	-	(4,503,328)
	84,561,516	97,587,857

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

For the three-month and nine-month period ended 30 September 2023

9 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2023 (Unaudited)	31 December 2022 (audited)
Investments in shares of listed companies	11,866,524	11,060,478
Investments in an investment fund	8,192,748	7,102,968
Total investments	20,059,272	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 366,536 SAR and unrealized gains amounted to 1,671,279 SAR and dividends received during the year amounted to 296,465 SAR which were presented in the profit or loss statement. The investment movement for the nine months period ended September 30, 2023 is as follows:

	30 September 2023 (Unaudited)	31 December 2022 (audited)
Cost of investment as at January 1	18,163,446	-
Purchase of investment units	2,647,182	23,905,034
Sale of invested units	(2,789,171)	(2,789,172)
Realized (Loss) / gains on sale of investments	366,536	(184,522)
Fair value differences for units	1,671,279	(2,767,894)
Balance as at period-end / year-end	20,059,272	18,163,446

10 TRADE RECEIVABLES

	30 September 2023 (Unaudited)	31 December 2022 (audited)
Trade receivables	153,870,366	159,363,044
Due from related parties (note 17)	55,196,242	63,854,435
	209,066,608	223,217,479
Less: Expected Credit Loss of trade receivables	(25,565,574)	(27,497,338)
	183,501,034	195,720,141

The movement in impairment of trade receivables is as follows:

	30 September 2023 (Unaudited)	31 December 2022 (audited)
Balance at beginning of the period / year	27,497,338	25,064,817
Net Movement during the period / year	514,286	2,432,521
Provision made during the period / year	(2,446,050)	-
Balance at end of the period / year	25,565,574	27,497,338

- 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.

- During the nine-month period ending on September 30, 2023, the company's management executed clients' debts in the amount of 2.45 million Saudi riyals, after taking all procedures and approvals in accordance with the company's policy on executing those debts.

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

For the three-month and nine-month period ended 30 September 2023

11 SHARE CAPITAL

As at September 30, 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**

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Short-term loans (*)	150,226,842	230,968,712
	150,226,842	230,968,712

* 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).

b) Long-term loans

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Local banks	-	838,939
Saudi Industrial Development Funds (SIDF)	51,385,000	23,280,000
	51,385,000	24,118,939
Less: deferred interests	(2,136,441)	(965,659)
	49,248,559	23,153,280
Presented in the statement of financial position as follows:		
Non-current portion shown under non-current liabilities	38,029,808	10,530,000
Current portion shown under current liabilities	11,218,751	12,623,280
	49,248,559	23,153,280
Total loans	199,475,401	254,121,992

- (1) The Company has obtained loan from the Saudi Industrial Development Fund dated 13 January 2021, in the amount of 12,650,000 SAR. The balance amounted to 11,385,000 SAR as of September 30, 2023. the loan is repayable in semi-annual installments and are repayable over a period of 5 years.
- (2) The Company has obtained loan from the Saudi Industrial Development Fund dated August 27, 2023, in the amount of 40,000,000 SAR. The loan to be repaid in equal installment where the first installment will be twelve months from the first disbursement date. Second installment after sixteen months from the first disbursement date. Third installment after twenty months from the first disbursement date. Fourth installment after twenty-four months from the first disbursement date.
- (3) The loan is secured against the lands, as on September 30, 2023 the buildings and machines of the Company's plant with a book value of 89,042,025 SAR (December 31, 2022: SR 99,535,331).

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

For the three-month and nine-month period ended 30 September 2023

c) Total movement in loans:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Balance as at 1 January	254,121,992	226,191,021
Proceeds from loans	473,705,810	718,353,730
Repayment of loans	(540,680,870)	(701,706,987)
Finance costs	12,739,128	12,575,607
Finance costs (paid)	(410,659)	(1,291,379)
Balance as at period-end / year-end	199,475,401	254,121,992

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 341.39 SAR million. These facilities were obtained under Murabaha and Tawarruq agreements to finance working capital and some expansions and capital expenditure requirements and amounted to 50 SAR million for general investments.
- As at September 30, 2023, unused facilities and open letters of credit amounted to 138.72 SAR million (December 31, 2022: 57.7 SAR 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 September 30, 2023, the Company renewed Agreements with local bank with values up to 290.44 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.
- 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 October 13, 2021, the Company received Zakat assessments from the Zakat, Tax and Customs Authority (ZATCA) for the financial years ended December 31, 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.

ZAH RAT AL WAHA FOR TRADING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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13 ZAKAT (Continued)

- 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 February 14, 2022, the Company received amendment notices from ZATCA related to Zakat assessments for the financial years ended December 31, 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 objection was rejected for the years 2019 and 2020, and the company appealed this rejection during the statutory period.
- The Company filed the Zakat declaration for the year 2022, the Zakat payable has been paid based on this declaration, A Zakat certificate was issued for year 2022, and it is valid until April 30, 2024.

14 DIVIDENDS

- i. The extraordinary general assembly meeting held on 21 May 2023 (corresponding to 1 Dul-Qaeda 1444) based on the recommendation of the Company's Board of Directors held on 2 March 2023, (corresponding to 10 Shaban 1444) approved to distribute cash dividends of SR 13.5 million for the financial year 2022 amounting to 60 Halala per share. It is due to the shareholders who own shares at the end of trading on the day of the assembly meeting and who are registered in the Company's shareholders' register with the Depository Center Company at the end of the second trading day following the due date. It was paid in full on 4 June 2023, noting that there is a balance remaining from the distributions of previous years whose beneficiaries have not yet applied for collection, in the amount of 162,654 Saudi riyals.

15 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND OTHER LIABILITIES

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be reasonably measured. Contingent assets are not recognized but are disclosed where an inflow of economic benefits is probable.

As September 30, 2023, contingent liabilities related to uncovered letter of credit for purchasing raw materials amounted to 13.87 SAR million (December 31, 2022: 57.7 million Saudi Riyals).

As at September 30, 2023, the capital commitments related to projects under implementation amounted to 20.67 million Saudi riyals, mainly represented in contracting two production lines for plastic caps, production line for Preform, printing lines, backing lines, injection molds, machines, equipment and buildings (December 31, 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.

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

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16 EARNING PER SHARE**Basic and diluted earnings per share**

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

	For The Three-Month Period Ended		For The Nine-Month Period Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income for the year	7,164,281	421,795	16,925,343	10,337,163
<u>No. of shares</u>				
Weighted average number of shares	22,500,000	22,500,000	22,500,000	22,500,000
Basic and diluted earnings per share (Saudi Riyals) *	0.32	0.02	0.75	0.46

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

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:

	30 September 2023	30 September 2022
	(Unaudited)	(Unaudited)
<u>Transactions:</u>		
Sales to Hana Water Company	24,311,307	50,940,348
Purchases from Hana Water Company	-	74,721
Salaries, allowances and remuneration of Key Management Personnel	2,373,056	2,118,092
Allowance to attend meetings of the Company's Board of Directors and Committees	192,000	207,000
Board members remuneration	530,000	430,000
<u>Balances</u>		
	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Due from related parties included in trade receivables. (Hana Water Company) (note 10)	55,196,242	63,854,435
Key Management Personnel included in other receivables	95,320	67,340
Key Management Personnel End of Service Benefits	1,161,049	981,070
Allowance to attend meetings of the Company's Board of Directors and Committees included under accrued expense	116,000	200,000
Board of Directors remuneration included under accrued expenses	397,500	530,000

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

For the three-month and nine-month period ended 30 September 2023

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.

Industry Group	Nature of segment's businesses
Plastic bottles preform	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:

18-2 Information about reporting segments

SR	Reporting segments		
	Plastic bottles preform segment	Plastic caps segment	Total
<u>For The Nine-Month Period Ended September 30, 2023 (Unaudited)</u>			
Sales	390,930,902	72,788,231	463,719,133
Cost of sales	(362,472,653)	(56,534,483)	(419,007,136)
Gross profit	28,458,249	16,253,748	44,711,997
Other income	833,609	166,002	999,611
Selling and distribution expenses	(6,876,694)	(2,356,039)	(9,232,733)
General and administrative expenses	(5,356,119)	(826,334)	(6,182,453)
Impairment of trade receivables	(454,899)	(59,387)	(514,286)
Operating profit	16,604,146	13,177,990	29,782,136
Finance costs	(11,016,772)	(1,722,356)	(12,739,128)
Profit before zakat	5,587,374	11,455,634	17,043,008
<u>As at September 30, 2023 (Unaudited)</u>			
Segments net assets	73,892,715	35,419,916	109,312,631
<u>For The Nine -Month Period Ended September 30, 2022 (Unaudited)</u>			
Sales	437,640,256	69,960,254	507,600,510
Cost of sales	(412,684,821)	(58,470,771)	(471,155,592)
Gross profit	24,955,435	11,489,483	36,444,918
Other income	887,722	146,472	1,034,194
Selling and distribution expenses	(5,923,499)	(1,999,275)	(7,922,774)
General and administrative expenses	(5,224,367)	(744,729)	(5,968,996)
Impairment of trade receivables	(364,823)	(52,180)	(417,003)
Operating profit	14,330,568	8,839,771	23,170,339
Finance costs	(7,466,661)	(1,066,099)	(8,532,760)
Profit before zakat	6,863,907	7,773,672	14,637,579
<u>As at September 30, 2022 (Unaudited)</u>			
Segments net assets	85,150,990	32,535,666	117,686,656

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

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18 SEGMENT INFORMATION (Continued)**18-2 Information about reporting segments (Continued)**

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

<u>Sales for the period ended</u>	<u>Local sales</u>	<u>Export sales</u>	<u>Total sales</u>
<u>September 30, 2023 (Unaudited)</u>	<u>367,846,913</u>	<u>95,872,220</u>	<u>463,719,133</u>
September 30, 2022 (Unaudited)	383,254,393	124,346,117	507,600,510

Balances of the Company's customers in the local and export market are allocated as follows:

<u>Clients balances as at</u>	<u>Local customers</u>	<u>Export customers</u>	<u>Total</u>
<u>September 30, 2023 (Unaudited)</u>	<u>164,861,721</u>	<u>44,204,887</u>	<u>209,066,608</u>
December 31, 2022 (Audited)	191,499,500	31,717,979	223,217,479

18-3 The main customer and supplier

As at September 30, 2023, the company sales to the company's two largest customers represent 38.59% of the company's net sales of 178.95 SAR million (September 30, 2022, 34.48% of the company's net sales of 175.00 SAR million).

As at September 30, 2023, the company purchases from the company's largest supplier represented 78.65% of the total purchases of raw materials amounting to 290.16 million Saudi riyals (September 30, 2022 90.83% with an amount of 382.31 million Saudi Riyals) of the company's total purchases.

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 9 Rabi II 1445 (H) corresponding to 24 October 2023 (G).