

**WAJA COMPANY**  
**(Saudi Joint-Stock Company)**  
**RIYADH – SAUDI ARABIA**  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED) AND INDEPENDENT AUDITOR'S REPORT**  
**FOR SIX-MONTH PERIOD ENDED 30 JUNE 2023**

# WAJA COMPANY

(Riyadh – Saudi Arabia)

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## Interim condensed financial statements and auditor's report for the six-month period ended 30 June 2023

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**INDEPENDENT AUDITOR'S REVIEW REPORT FOR  
THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS,  
WAJA COMPANY  
(A SAUDI JOINT-STOCK COMPANY)  
RIYADH - SAUDI ARABIA**

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position for Waja Company - a Saudi joint stock company - (the "Company") as at June 30, 2023, the interim condensed statements of profit or loss and other comprehensive income and changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes forming an integral part of these interim condensed financial statements.

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the International Accounting Standard (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 (ISRE) 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, as endorsed in the Kingdom of Saudi Arabia. Consequently, we are not able to reach 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 have not been prepared in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**Other matter related to comparison numbers**

The financial statements for the year ended December 31, 2022 were audited by another auditor and he expressed an unqualified opinion on those financial statements on April 09, 2023 (corresponding to 18 Ramadan 1444 H). The interim condensed financial statements were reviewed by another auditor for the six-month period ended June 30, 2022, who showed an unmodified review result on those interim condensed financial statements on September 15, 2022 (corresponding to Safar 19, 1444 H).

**For El Sayed El Ayouty & Co.**

**Jeddah: 20 August 2023  
Corresponding to: 4 Safar 1445 H**



**A. Balamesh**

**Abdullah A. Balamesh  
Certified Public Accountant  
License No. (345)**

**WAJA COMPANY**

(A Saudi joint-stock company)

**Interim condensed statement of financial position (unaudited)****As at 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	30 June 2023 (unaudited)	31 December 2022 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	5	2,110,679	2,336,343
Intangible assets		24,566	32,666
Right-of-use assets		537,772	667,879
Investments in associate	6	3,419,055	3,023,748
Financial assets at fair value through other comprehensive income	7	3,168,081	3,168,081
<b>Total non-current assets</b>		<b>9,260,153</b>	<b>9,228,717</b>
<b>Current assets</b>			
Inventory		5,942,367	6,710,387
Trade receivables	8	26,101,657	24,302,102
Accrued revenue	9	60,129,314	47,191,717
Due from related parties	10	364,660	364,660
Prepayments and other account receivables		8,076,460	3,628,292
Cash and cash equivalent		2,045,405	5,855,534
<b>Total current assets</b>		<b>102,659,863</b>	<b>88,052,692</b>
<b>Total assets</b>		<b>111,920,016</b>	<b>97,281,409</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	12	35,000,000	35,000,000
Statutory reserve		3,905,715	3,905,715
Actuary reserve		352,957	352,957
Reserve of financial assets at fair value through other comprehensive income		1,168,081	1,168,081
Retained earnings		37,224,008	31,867,005
<b>Total Shareholders' equity</b>		<b>77,650,761</b>	<b>72,293,758</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Lease liabilities - non-current portion		412,724	412,724
Employees' defined benefit obligations		1,148,282	943,066
<b>Total non-current liabilities</b>		<b>1,561,006</b>	<b>1,355,790</b>
<b>Current Liabilities</b>			
Short-term Murabaha	13	10,000,000	4,063,392
Lease liabilities – current portion		126,990	250,142
Trade payables		4,486,697	1,737,580
Due to related parties	10	-	116,986
Accrued expenses and other credit balances	14	15,353,646	15,336,936
Zakat Provision	15	2,740,916	2,126,825
<b>Total current liabilities</b>		<b>32,708,249</b>	<b>23,631,861</b>
<b>Total liabilities</b>		<b>34,269,255</b>	<b>24,987,651</b>
<b>Total Shareholders' equity and liabilities</b>		<b>111,920,016</b>	<b>97,281,409</b>

The accompanying notes from (1) to (22) form an integral part of these interim condensed financial statements which were approved by the Company's Board of Directors and signed on behalf of them by the following:

**Ibrahim Abdullah Abdulaziz Abdulsalam**

Chairman of Board of Directors

**Mohamed Mohi Abbas Alhindawi**

Chief Financial Officer

**WAJA COMPANY**

(A Saudi joint-stock company)

**Interim condensed statement of profit or loss and other comprehensive income (unaudited)****For the three-month and six-month periods ended 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	FOR SIX-MONTH PERIOD ENDED 30 JUNE	
		2023	2022
		(unaudited)	(unaudited)
Revenue	16	41,007,306	43,966,099
Cost of revenue		(31,465,482)	(32,123,630)
<b>Gross profit</b>		<b>9,541,824</b>	<b>11,842,469</b>
General and administrative expenses	17	(2,660,935)	(2,235,063)
Expected credit losses	8	(395,142)	(498,561)
<b>Income from operating activities</b>		<b>6,485,747</b>	<b>9,108,845</b>
Share of profits from investments in an associate		395,305	74,973
Finance charges		(366,231)	(24,205)
<b>Net profit for the period before Zakat</b>		<b>6,514,821</b>	<b>9,159,613</b>
Zakat		(1,157,818)	(864,382)
<b>Net profit for the period</b>		<b>5,357,003</b>	<b>8,295,231</b>
<b>Other comprehensive income</b>			
Items that will not be subsequently reclassified to profit or loss		-	-
<b>Comprehensive income for the period</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>5,357,003</b>	<b>8,295,231</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share from net profit for the period	18	<b>0,077</b>	<b>0,119</b>

The accompanying notes from (1) to (22) form an integral part of these interim condensed financial statements which were approved by the Company's Board of Directors and signed on behalf of them by the following:

**Ibrahim Abdullah Abdulaziz Abdulsalam****Mohamed Mohi Abbas Alhindawi****Chairman of Board of Directors**

**Chief Financial Officer**


**WAJA COMPANY**

(A Saudi joint-stock company)

**Interim condensed statement of changes in Shareholders' equity (unaudited)****For the six-month period ended 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Actuarial gains	Reserve of financial assets at fair value through other comprehensive income	Retained earnings	Total
<b>At 1 January 2022 (audited)</b>	35,000,000	2,079,639	68,265	12,112	17,366,755	54,526,771
Net profit for the period	-	-	-	-	8,295,231	8,295,231
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	8,295,231	8,295,231
<b>At 30 June 2022 (unaudited)</b>	<u>35,000,000</u>	<u>2,079,639</u>	<u>68,265</u>	<u>12,112</u>	<u>25,661,986</u>	<u>62,822,002</u>
<b>At January 01, 2023 (audited)</b>	35,000,000	3,905,715	352,957	1,168,081	31,867,005	72,293,758
Net profit for the period	-	-	-	-	5,357,003	5,357,003
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	5,357,003	5,357,003
<b>At 30 June 2023 (unaudited)</b>	<u>35,000,000</u>	<u>3,905,715</u>	<u>352,957</u>	<u>1,168,081</u>	<u>37,224,008</u>	<u>77,650,761</u>

The accompanying notes from (1) to (22) form an integral part of these interim condensed financial statements which were approved by the Company's Board of Directors and signed on behalf of them by the following:

Ibrahim Abdullah Abdulaziz Abdulsalam

Chairman of Board of Directors


Mohamed Mohi Abbas Alhindawi

Chief Financial Officer



**WAJA COMPANY**

(A Saudi joint-stock company)

**Interim condensed statement of cash flows (unaudited)****For the six-month period ended 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

	30 JUNE 2023 (unaudited)	30 JUNE 2022 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit for the period before Zakat	6,514,821	9,159,613
<b>Adjustments:</b>		
Depreciation on property, plant, and equipment	392,706	379,499
Depreciation of right-of-use assets	130,107	130,107
Depreciation of intangible assets	8,100	-
Employees' defined benefits	214,046	217,027
Profits from investments in an associate	(395,305)	(74,973)
Finance interests	366,231	24,205
Provision for expected credit losses during the period	395,142	498,561
	<b>7,625,848</b>	<b>10,334,039</b>
<b>Changes in:</b>		
Inventory	768,020	(1,079,381)
Trade receivables	(2,194,697)	(2,055,584)
Accrued revenue	(12,937,597)	(23,685,112)
Prepayments and other account receivables	(4,448,168)	9,884,604
Related Parties	(116,986)	-
Trade payables	2,749,117	299,958
Accrued expenses and other credit balances	16,710	2,443,705
Finance Interest paid	(8,829)	-
Employees' defined benefit obligations paid	(429,627)	(28,726)
Zakat provision paid	(543,727)	(484,352)
<b>Net cash (used in) operating activities</b>	<b>(9,519,936)</b>	<b>(4,370,849)</b>
<b>Cash flows from investing activities:</b>		
Additions to property, plant, and equipment	(167,041)	(141,184)
<b>Net cash (used in) investing activities:</b>	<b>(167,041)</b>	<b>(141,184)</b>
<b>Cash flows from financing activities:</b>		
Received from Short-term Murabaha	8,000,000	-
Short-term Murabaha paid	(2,000,000)	-
Lease liabilities paid	(123,152)	(140,029)
<b>Net cash generated From/(used in) financing activities</b>	<b>5,876,848</b>	<b>(140,029)</b>
Net change in cash and cash equivalent	(3,810,129)	(4,652,062)
Cash and cash equivalents at beginning of the period	5,855,534	10,470,122
<b>Cash and cash equivalents at end of the period</b>	<b>2,045,405</b>	<b>5,818,060</b>

The accompanying notes from (1) to (22) form an integral part of these interim condensed financial statements which were approved by the Company's Board of Directors and signed on behalf of them by the following:

Ibrahim Abdullah Abdulaziz Abdulsalam

Chairman of Board of Directors


Mohamed Mohi Abbas Alhindawi

Chief Financial Officer





# **WAJA COMPANY**

(A Saudi joint-stock company)

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## **Notes to the interim condensed financial statements**

### **For the six-month periods ended 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

#### **1. General**

##### **1.1 Corporate information**

"Waja Company" ("the Company") is a Saudi joint-stock company incorporated under Commercial Registration Number 1010366065 issued by the city of Riyadh on 22 Rabi' al-Thani 1434 H (corresponding to March 4, 2013).

On 8 Sha'ban 1442 H (corresponding to March 21, 2021), the shareholders resolved to convert the legal entity of the Company from a limited liability company to a closed Saudi joint-stock company with the same capital (35 million Saudi Riyals). Therefore, the Company's name became "Waja" instead of "Waja Limited". The necessary legal procedures were completed, the Company's Articles of Association were issued, and the commercial registration was updated.

On 4 Jumada al-Thani 1444 H (corresponding to December 28, 2022), the Board of Directors of the Capital Market Authority (CMA) approved the Company's request to register its shares and offer 455,000 shares, representing 13% of the Company's shares, on the parallel market (Nomu). The Company's shares were listed and trading commenced on the Saudi Stock Exchange under the symbol (9650).

The Company's activities include furniture and wood-based furnishings manufacturing, general construction for residential and non-residential buildings including hotels, schools, hospitals, etc. It also involves the construction and repair of water distribution stations and main pipelines, system analysis, design and programming of proprietary software, artificial intelligence technologies, advertising agencies, and interior decoration design.

The Company's headquarters is located in Al-Anoud Tower 2 - King Fahd Road - Olaya - Riyadh - Kingdom of Saudi Arabia.

##### **1.2 Fiscal period:**

1.4 The Company's fiscal year begins on January 1st and ends on December 31st of each calendar year. The interim condensed financial statements are presented for the period from January 01, 2023 to June 30, 2023.

#### **2. Basis of preparation of financial statements**

##### **2.1 Basis of preparation**

The interim condensed financial statements for the six-month periods ended 30 June 2023 have been prepared in accordance with International Accounting Standard No. (34) "Interim Financial Reporting" approved in the Kingdom of Saudi Arabia (the International Financial Reporting Standard that specifies the minimum contents of an interim financial report) and other standards and pronouncements issued by the Saudi Organization for Auditors and Accountants.

The interim condensed financial statements do not include all the required information and disclosures in accordance with International Financial Reporting Standards and must be read in accordance with the annual financial statements of the Company as of December 31, 2022. In addition, the results of the initial period ended June 30, 2023 may not be considered an accurate indication of the expected results for the fiscal year ending on December 31, 2023.

##### **2.2 BASIS OF MEASUREMENT**

The financial statements have been prepared on a historical cost basis using the accrual accounting principle, except for the employee defined benefit obligation, which is measured on the basis of the present value of the defined benefit obligation using the projected unit credit method.

##### **2.3 Functional and presentation currency**

The financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Company.

##### **2.4 Going concern Basis**

When preparing the accompanying financial statements, the Company's management has made an assessment of its ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to twelve months after the end of the reporting period.



**Notes to the interim condensed financial statements**

**For the six-month periods ended 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

**2. Basis of preparation of financial statements (Continued)**

**2.5 Use of Judgments and Estimates**

The preparation of these interim financial statements in accordance with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards endorsed by the Saudi Organization for Auditors and Accountants (referred to collectively as "IFRS") requires management to make judgments, estimates, and assumptions that affect the application of accounting policies to the amounts reported for assets and liabilities, as well as disclosures of certain contingent assets and liabilities on the date of the balance sheet. Estimates and assumptions impact the balances of assets and liabilities, as well as the amounts reported for revenues and expenses. Although these estimates have been prepared based on the best available information to management about events or current circumstances, the actual results may differ from these estimates. Significant assumptions are continuously reviewed. Adjustments to estimates are recognized prospectively.

**Fulfillment of performance obligations**

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. The Company assessed that one performance obligations is related to maintenance services can be measured reliably.

**Determination of transaction prices**

The Company is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Company assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration, if any.

**Impairment of financial assets**

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is arrived based

on available data from binding sales transactions at arm's length, for similar assets. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

**Useful lives and residual value of of property and equipment**

The Company's management estimates the useful lives of its property and equipment for calculating depreciation. Such estimates are updated after considering the expected use of the assets, obsolescence, and wear and tear. The management periodically reviews estimated useful lives, the residual values and depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

**Lease term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the option to extend or terminate. The assessment is reviewed if a material event or a significant change in circumstances has occurred that affects this assessment. During the current financial period, there was no material financial impact of revising the terms of the lease contracts to reflect the impact of exercising extension or termination options.

**Depreciation and amortization on non-current assets**

Depreciation and amortization are recognized to write off the cost of assets less their residual value over their useful lives using the appropriate method. The Company's management estimates useful lives, residual values and depreciation method and reviews them at the end of each reporting period. The impact of any changes in estimate is calculated on a prospective basis.

**Notes to the interim condensed financial statements**

**For the six-month periods ended 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

**2. Basis of preparation of financial statements (Continued)**

**2.5 Significant accounting judgments and - estimates (continued)**

**ECL allowance for trade and other receivables**

The Company uses a provision matrix to calculate expected credit losses on trade receivables and contract assets. Provision ratios are determined based on days past due for different groups of customer segments with similar loss patterns (ie geographic region, product type, customer type, price, coverage by letters of credit and other forms of credit guarantee).

Determining expected credit losses for trade and other receivables requires the Company to take into account certain estimates of forward-looking factors when calculating the probability of default. These estimates may differ from actual circumstances. The matrix is based on past default experience monitored by the Company. The company will calibrate the table in order to adjust the historical credit loss experience with forecast information, for example, if economic conditions (i.e. GDP) are expected to deteriorate over the next year which could lead to an increasing number of defaults in the tourism and services sector, then previous default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The company assessed the growth rate of the gross domestic product, a macroeconomic factor closely tied to future information, which has the potential to impact the credit risk of customers. Based on this assessment, the company made adjustments to the historical loss by considering the expected changes in this factor through various scenarios. An assessment of the relationship between historically observed rates of default, expected economic conditions and expected credit losses is an important estimate.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's previous credit losses and expected economic conditions may not be an indication of the customer's actual default in the future. Information about expected credit losses on trade receivables and contract assets of the company has been disclosed in the related notes.

**Provision for Zakat and VAT**

When the amount of zakat is an uncertain liability or asset, the Company recognizes the provision that reflects management's best estimate as a more probable outcome based on facts known in the relevant period. Any differences between the zakat estimates and final zakat assessments are charged to the statement of profit or loss in the period in which they are incurred.

**Impairment of financial assets**

At the end of each reporting period, the Company estimates the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. in the event of this indication, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

**Contingent liabilities**

By default, contingent liabilities will only be resolved upon the occurrence or non-occurrence of one or more future events. The assessment of such contingencies inherently involves exercise of significant judgment and estimates of the outcome of future events.

**Employees defined benefit obligations**

The cost of employees' terminal benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover (employment, termination, resignations).

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each period end. The most sensitive parameters are discount rate and future salary increases. In determining the appropriate discount rate, Management considers the market yield on high quality corporate/government bonds. Future salary increases are based on the expected future inflation rates, seniority, promotion, demand, and supply in the employment market. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes.

**Notes to the interim condensed financial statements**

**For the six-month periods ended 30 June 2023**

(All amounts in Saudi Riyals unless otherwise stated)

**2. Basis of preparation of financial statements (Continued)**

**2.5 Significant accounting judgments and estimates... (Continued)**

**Fair value measurement of financial instruments**

The company measures some financial instruments and non-financial assets according to the fair value at the statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- Sale or transfer in the principal market for the asset or liability, or
- A sale or transfer in a market other than the principal, i.e. in the most advantageous market for the asset or liability.

The company must have access to the principal market or the most favorable market. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate for the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1:** Inputs are quoted prices asset markets for identical assets (unadjusted) of similar obligations,
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is not observable.

The Company's management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Company identified classes of assets and liabilities based on their nature, characteristics and risks of the asset or liabilities and the level of the fair value hierarchy, as described above.

**3. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (- IFRSs), AMENDMENTS TO IFRS AND INTERPRETATION**

No new accounting standards and interpretations were issued. However, a number of changes to the standards are effective as of January 1, 2023 which were explained in the financial statements of the Company. These standards and interpretations do not have a material impact on the interim condensed financial statements of the Company.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the company's annual financial statements for the year ended December 31, 2022.

# WAJA COMPANY

(A Saudi joint-stock company)

## Notes to the interim condensed financial statements

For the three-month and six-month periods ended 30 June 2023

(All amounts in Saudi Riyals unless otherwise stated)

### 5. Property, plant and equipment - net

	Motor Vehicles	Furniture and Fixtures	Computer	Tools and equipment	Total
<b>Cost:</b>					
<b>At January 01, 2022 (audited)</b>	818,105	1,661,815	337,730	2,049,641	<b>4,867,291</b>
Additions during the year	-	17,402	90,767	69,000	<b>177,169</b>
<b>At 31 December 2022 (audited)</b>	<b>818,105</b>	<b>1,679,217</b>	<b>428,497</b>	<b>2,118,641</b>	<b>5,044,460</b>
<b>At January 01, 2023 (audited)</b>	818,105	1,679,217	428,497	2,118,641	<b>5,044,460</b>
Additions during the period	45,000	-	112,661	9,380	<b>167,041</b>
<b>At 30 June 2023 (unaudited)</b>	<b>863,105</b>	<b>1,679,217</b>	<b>541,158</b>	<b>2,128,021</b>	<b>5,211,501</b>
<b>Accumulated depreciation</b>					
<b>At January 01, 2022 (audited)</b>	427,956	479,139	164,074	887,494	<b>1,958,663</b>
Deprecation during the year	110,700	149,583	69,450	419,721	<b>749,454</b>
<b>At 31 December 2022 (audited)</b>	<b>538,656</b>	<b>628,722</b>	<b>233,524</b>	<b>1,307,215</b>	<b>2,708,117</b>
<b>At January 01, 2023 (audited)</b>	538,656	628,722	233,524	1,307,215	<b>2,708,117</b>
Depreciation during the period	59,418	74,961	46,016	212,310	<b>392,705</b>
<b>At 30 June 2023 (unaudited)</b>	<b>598,074</b>	<b>703,683</b>	<b>279,540</b>	<b>1,519,525</b>	<b>3,100,822</b>
<b>Net book value:</b>					
<b>At 30 June 2023 (unaudited)</b>	<b>265,031</b>	<b>975,534</b>	<b>261,618</b>	<b>608,496</b>	<b>2,110,679</b>
<b>At 31 December 2022 (audited)</b>	<b>279,449</b>	<b>1,050,495</b>	<b>194,973</b>	<b>811,426</b>	<b>2,336,343</b>

**Notes to the interim condensed financial statements**  
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**5. Property, plant and equipment - net (continued)**

5.1 - The depreciation on property, plant, and equipment has been charged as follows:

	<b>30 JUNE 2023</b> <b>(unaudited)</b>	<b>31 December 2022</b> <b>(audited)</b>
Cost of sales	278,658	528,077
General and administrative expenses	114,047	221,377
<b>Total</b>	<b>392,705</b>	<b>749,454</b>

5.2 There are no mortgages or restrictions on property, plant and equipment against loans. The company also has no financial commitments to purchase property, plant and equipment.

**6. Investment in an associate using equity method of accounting**

	<b>Shareholding %</b>		<b>30 JUNE 2023</b> <b>(unaudited)</b>	<b>31 December 2022</b> <b>(audited)</b>
	<b>30 JUNE 2023</b>	<b>31 December 2022</b>		
Aquatreat Water Purification Company	25%	25%	3,419,055	3,023,748
			<b>3,419,055</b>	<b>3,023,748</b>

Below is the movement in investments in an associate company during the period/year as follows:

	<b>30 JUNE 2022</b> <b>(unaudited)</b>	<b>31 December 2022</b> <b>(audited)</b>
At beginning of the year	3,023,748	2,984,854
Company's share in gains from an associate	395,307	303,457
impairment of investment during the period / year	-	(264,563)
	<b>3,419,055</b>	<b>3,023,748</b>

Aquatreat Water Purification Company is a foreign limited liability company that was established in Riyadh, the Kingdom of Saudi Arabia, under Commercial Registration Number 1010227077 on 26 Dhul-Hijjah 1427 H (corresponding to January 15, 2007). Initially, it was established as a foreign individual establishment under the name "Hussein Rafai Mohammed Hamed Contracting, Operation, and Maintenance Establishment." The company acquired a 25% ownership shares in this establishment. In 2021, the establishment was converted into a company, and it commenced its activities on 26 Jumada al-Awwal 1442 H (corresponding to February 8, 2021). The primary activity of the associate company is in the field of water projects construction and maintenance.

The company determined the fair value of its share of the invested entity's assets and identifiable liabilities through an independent valuation expert (Ahmed Mohamed Al-Faraj for Establishments Valuation). The expert holds recognized professional qualifications and relevant expertise in economic entity valuation, registered under the Saudi Organization for Auditors and Accountants as a licensed valuer with license number 4112000053. Based on the independent valuation conducted on the agreed acquisition date (the date of commencement of the company's activities), the fair value of the company's share of the net assets of the invested entity amounted to SR 2.6 million according to the income approach. As a result, the company recognized a gain from the acquisition amounting to SR 1.65 million, which was recorded in the income statement for the year ended December 31, 2021.

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**7. Financial assets at fair value through other comprehensive income**

	Shareholding %		30 JUNE 2023 (unaudited)	31 December 2022 (audited)
	30 JUNE 2023	31 December 2022		
Bloom Educational Fund	4.88%	4.88%	3,168,081	3,168,081
			<b>3,168,081</b>	<b>3,168,081</b>

Below is a summary of investment activity through other comprehensive income during the period/year:

	30 JUNE 2023 (unaudited)	31 December 2022 (audited)
Balance beginning of the period / year	3,168,081	2,012,112
Gains from revaluation of Investments at fair value through other comprehensive income	-	1,155,969
	<b>3,168,081</b>	<b>3,168,081</b>

**8. Trade receivables**

	30 JUNE 2023 (unaudited)	31 December 2022 (audited)
Trade receivables	27,136,208	24,941,511
Less: Provision for expected credit loss	(1,034,551)	(639,409)
	<b>26,101,657</b>	<b>24,302,102</b>

The trade payables are generally not associated with commissions and their repayment period typically ranges from 30 to 60 days. It is not the company's policy to obtain guarantees for trade payables; therefore, the majority of them are unsecured.

Below is the movement on provision for expected credit loss during the period/year:

	30 JUNE 2023 (unaudited)	31 December 2022 (audited)
Balance beginning of the period / year	639,409	125,945
Charged during the period/year	395,142	513,464
Balance at end of the period/year	<b>1,034,551</b>	<b>639,409</b>

**9. Accrued revenue**

	30 JUNE 2023 (unaudited)	31 December 2022 (audited)
Accrued revenue	61,577,222	48,639,625
Less: Provision for expected credit loss	(1,447,908)	(1,447,908)
	<b>60,129,314</b>	<b>47,191,717</b>

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#### 10. Related party transactions and balances

The related parties consist of shareholders, key management personnel, directors, and companies that are controlled directly or indirectly, or influenced by shareholders, directors, or key management personnel. The company engages with various related parties. In the ordinary course of business, transactions with related parties are conducted in accordance with terms and conditions approved by the company's management or its board of directors.

##### a) Related party transactions

	Nature of transaction	30 JUNE 2023 (unaudited)	31 December 2022 (audited)
Mr. Ibrahim Abdulsalam	Finance to shareholder	-	(1,400,000)
	Expenses paid on behalf of the shareholder	(2,036,736)	(1,919,750)
	Payment from shareholder	1,919,750	-
Riyadh Window Company	Payment / expenses paid	(3,160,990)	(6,294,681)
	Services	3,160,990	5,663,684

##### b- Due from related parties

Related party	Nature of relationship	30 JUNE 2023 (unaudited)	31 December 2022 (audited)
Aquatreat Water Purification Company	Associate	501,000	501,000
Less: Provision for expected credit loss		(136,340)	(136,340)
		<b>364,660</b>	<b>364,660</b>

##### c) Due to related parties

Related party	Nature of relationship	30 JUNE 2023 (unaudited)	31 December 2022 (audited)
Mr. Ibrahim Abdullah Abdulsalam	Chairman of Board of Directors	-	116,986
		-	116,986

#### 11. Key Management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any director (whether executive or otherwise).

	30 JUNE 2023 (unaudited)	31 December 2022 (audited)
Salaries, allowances and incentives	339,157	646,257
Balance of employee defined benefit obligations	22,052	184,167

#### 12. Share capital

The authorized and paid-up capital of the company amounted to 35,000,000 Saudi Riyals as of June 30, 2023 (December 31, 2022: 35,000,000 million Saudi Riyals), divided into 70,000,000 shares with a par value of 0.5 Saudi Riyals per share (December 31, 2022: 3,500,000 shares, par value of 10 Saudi Riyals per share).

On 8 Dhu al-Qi'dah 1444H, corresponding to May 28, 2023, the shareholders in the extraordinary general assembly meeting approved the stock split, whereby the nominal value of each share after the adjustment became 0.5 Saudi Riyals per share instead of the previous 10 Saudi Riyals per share. The number of shares after the adjustment became 70,000,000 shares instead of 3,500,000 shares. It is important to note that there is no change in the company's capital before and after the stock split.



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#### 13. Banking facilities

##### 13.1 Short-term Murabaha

The company entered into a debt instruments issuance agreement on September 19, 2022, with a financing company, backed by a promissory note signed by the major shareholder, Ibrahim Abdulsalam, with a total value of 11,500,000 Saudi Riyals.

During the period, the company also entered into a debt instruments issuance agreement on January 30, 2023, with a financing company, backed by a promissory note signed by the major shareholder, Ibrahim Abdulsalam, with a total value of 12,650,000 Saudi Riyals.

Under the terms and conditions of these agreements, the company arranges for the beneficiary a program for issuing debt instruments (Murabaha debt instruments). The total amount of the program is a maximum of 10 million Saudi Riyals, provided that the total nominal value of issuances within one year does not exceed 10 million Saudi Riyals, and the amount for each issuance does not exceed 5 million Saudi Riyals. Below is the movement in the short-term Murabaha during the year:

	30 JUNE 2023 (unaudited)	31 December 2022 (audited)
Balance of Murabaha at the beginning of the period / year	4,063,392	-
Murabaha proceeds during the period / year	8,000,000	4,000,000
Murabaha paid during the period / year	(2,429,623)	-
Financing costs during the period / year	1,391,808	339,542
Total Murabaha during the period / year	<b>11,025,577</b>	<b>4,339,542</b>
Less: Deferred finance costs during the period / year	(1,025,577)	(276,150)
	<b>10,000,000</b>	<b>4,063,392</b>

##### 13.2 Credit facilities

The company has banking facilities in the form of letters of guarantee from local banks with a maximum limit of SAR 33,158,000 as of June 30, 2023 (December 31, 2022: SR 33,158,000) during its regular business cycle. The total utilized facilities amounted to SR 22,362,882 as of June 30, 2023 (December 31, 2022: SR 22,749,137).

These facilities are primarily secured as follows:

- A guarantee pledge and solidarity performance from the major shareholder, Ibrahim Abdulsalam.
- Promissory note from the company guaranteed by the major shareholder, Ibrahim Abdulsalam.
- Promissory note from the major shareholder, Ibrahim Abdulsalam.
- Asset assignment in favor of some banks for the benefit of the funded project contracts.
- Any other guarantees required by the banks.

#### 14. Accrued expenses and other credit balances

	30 JUNE 2023 (unaudited)	31 December 2022 (audited)
Advances from customers	11,566,034	8,976,858
Accrued expenses	406,854	2,965,842
Value Added Tax (VAT)	1,682,986	2,035,881
Due to employees	521,802	499,381
Provision for expected guarantee liabilities for contracts	1,175,970	858,974
	<b>15,353,646</b>	<b>15,336,936</b>

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(All amounts in Saudi Riyals unless otherwise stated)

#### 15. Zakat provision

##### 15.1 Movement on zakat

Below is the movement in Zakat provision

	30 JUNE 2023 (unaudited)	31 December 2022 (audited)
Balance beginning of the period / year	2,126,825	1,302,766
Provided during the period/year	1,157,818	2,034,939
Paid during the period/year	(543,727)	(1,210,880)
Balance at end of the period/ year	<b>2,740,916</b>	<b>2,126,825</b>

##### 15.2 Zakat status

The General Authority of Zakat and Tax (the "Authority") has not assessed the previous periods of the company up to the date reporting.

The company has submitted its returns to the General Authority of Zakat and Tax ("the Authority") until the year ended December 31, 2022, and the company has obtained a valid certificate from the General Authority of Zakat and Tax until 21/10/1445H corresponding to 30/4/2024.

#### 16. Revenue

Below are income details:

Revenue	30 JUNE 2023 (unaudited)	30 JUNE 2022 (unaudited)
Revenues from contracts (short-term and long-term)	36,138,367	38,650,751
Maintenance and operation service contract revenue	4,868,939	5,315,348
<b>Total revenues according to the Interim statement of profit or loss and other comprehensive income</b>	<b>41,007,306</b>	<b>43,966,099</b>

Timing of revenue recognition	30 JUNE 2023 (unaudited)	30 JUNE 2022 (unaudited)
Revenues recognized over a point in time	36,138,367	38,650,751
Revenues recognized at point in time	4,868,939	5,315,348
<b>Total revenues according to the timing of revenue recognition</b>	<b>41,007,306</b>	<b>43,966,099</b>

Revenue by customer category	30 JUNE 2023 (unaudited)	30 JUNE 2022 (unaudited)
Government entities	35,655,572	27,999,236
Semi-government entities	2,285,612	5,763,899
Private sector customers	3,066,122	10,202,964
<b>Total revenues according to the revenue by customer category</b>	<b>41,007,306</b>	<b>43,966,099</b>

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## Notes to the interim condensed financial statements

### For the six-month periods ended 30 June 2023

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#### 17. General and administrative expenses:

	30 JUNE 2023 (unaudited)	30 JUNE 2022 (unaudited)
Salaries, wages and related expenses	958,998	1,286,647
Banking expenses	670,949	255,519
Performance obligation provision expense	316,996	-
Professional fees	217,016	166,530
Depreciation on property, plant and equipment (note 5.1)	114,047	118,683
Amortization of right-of-use assets	130,107	130,107
Government fees	63,914	85,982
Depreciation of intangible assets	2,025	-
Other	186,883	191,595
<b>Total</b>	<b>2,660,935</b>	<b>2,235,063</b>

#### 18. Earnings per share

Earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue and outstanding for the period. Earnings per share are accounted for as follows:

	30 JUNE 2023 (unaudited)	30 JUNE 2022 (unaudited)
Net profit for the period	5,357,003	8,295,231
Weighted average number of ordinary shares	70,000,000	70,000,000
<b>Basic and diluted earnings per share</b>	<b>0,077</b>	<b>0,119</b>

#### 19. Segment information

For administrative purposes, the company consists of business segments as follows:

- Construction Segment
- Maintenance and operation sector

All of the company's operations and activities take place within the Kingdom of Saudi Arabia. These operating segments are aggregated, and reports are filed regarding them.

The company's Board of Directors and executive management monitor the results of the operating units independently to make decisions regarding resource allocation and performance assessment. Segment performance is evaluated based on income and is measured similarly to the income presented in the financial statements.

Transfer prices between operating segments are determined based on normal business terms and are treated similarly to transactions with external parties.

Below are the financial details of sectors:

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## Notes to the interim condensed financial statements

### For the six-month periods ended 30 June 2023

(All amounts in Saudi Riyals unless otherwise stated)

#### 19. Segment information (continued)

##### Statement of profit or loss for the period ended 30 June 2023

	Construction Segment SAR	Maintenance and operation sector SAR	Other SAR	Total SAR
Revenue	36,142,769	4,864,537	-	41,007,306
Cost of revenue	(28,104,355)	(3,361,127)	-	(31,465,482)
<b>Net profit</b>	<b>8,038,414</b>	<b>1,503,410</b>	-	<b>9,541,824</b>
General and administrative expenses	(2,345,279)	(315,656)	-	(2,660,935)
Expected credit losses	(348,268)	(46,874)	-	(395,142)
<b>Operating profit</b>	<b>5,344,867</b>	<b>1,140,880</b>	-	<b>6,485,747</b>
Company's share in results of an associate	-	-	395,305	395,305
Finance costs	(322,786)	(43,445)	-	(366,231)
<b>Profit before Zakat</b>	<b>5,022,081</b>	<b>1,097,435</b>	<b>395,305</b>	<b>6,514,821</b>
Zakat	(892,525)	(195,036)	(70,257)	(1,157,818)
<b>Profit for the year</b>	<b>4,129,556</b>	<b>902,399</b>	<b>325,048</b>	<b>5,357,003</b>

##### Statement of profit or loss for the period ended 30 June 2022

	Construction Segment SAR	Maintenance and operation sector SAR	Other SAR	Total SAR
Revenue	38,650,750	5,315,349	-	43,966,099
Cost of revenue	(28,075,649)	(4,047,981)	-	(32,123,630)
<b>Net profit</b>	<b>10,575,101</b>	<b>1,267,368</b>	-	<b>11,842,469</b>
General and administrative expenses	(1,964,852)	(270,211)	-	(2,235,063)
Expected credit losses	(438,287)	(60,274)	-	(498,561)
<b>Operating profit</b>	<b>8,171,962</b>	<b>936,883</b>	-	<b>9,108,845</b>
Company's share in results of an associate	-	-	74,973	74,973
Finance costs	(21,279)	(2,926)	-	(24,205)
<b>Profit before Zakat</b>	<b>8,150,683</b>	<b>933,957</b>	<b>74,973</b>	<b>9,159,613</b>
Zakat	(769,171)	(88,136)	(7,075)	(864,382)
<b>Profit for the year</b>	<b>7,381,512</b>	<b>845,821</b>	<b>67,898</b>	<b>8,295,231</b>

##### Assets and liabilities as at 30 June 2023

	Construction Segment SAR	Maintenance and operation sector SAR	Other SAR	Total SAR
Total assets	89,585,088	14,818,931	7,515,997	111,920,016
Total liabilities	32,425,676	1,280,235	563,344	34,269,255

##### Assets and liabilities as at 30 June 2022

	Construction Segment SAR	Maintenance and operation sector SAR	Other SAR	Total SAR
Total assets	75,642,924	5,812,200	6,376,772	87,831,896
Total liabilities	19,186,840	1,578,657	4,244,397	25,009,894

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#### 20. Contingent liabilities and capital commitments

##### 20.1 Contingent liabilities

	30 JUNE 2023 (unaudited)	31 December 2022 (audited)
Letters of guarantee	22,362,882	22,749,137
	<b>22,362,882</b>	<b>22,749,137</b>

##### 20.2 Capital commitments

The company does not have any future contingent capital commitments as at 30 June 2023.

#### 21. SUBSEQUENT EVENTS

The Management believes there are no significant events as of the date of the financial position on March 31, 2023 and until the date of preparing these interim condensed financial statements that may have a significant impact on the Company's financial position reported.

#### 22. Approval of financial statements:

These financial statements for the period ended 30 June 2023 were approved and authorized for issuance by the Board of Directors on 01 Safar 1445 H corresponding to 17 August 2023.