

NATIONAL ENVIRONMENTAL RECYCLING COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024
AND INDEPENDENT AUDITOR'S REVIEW REPORT

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Independent auditor's review report on the interim condensed financial statements

To the Shareholders of National Environmental Recycling Company

(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of National Environmental Recycling Company (Joint Stock Company) (the "Company") as at 30 June 2024, and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the six-month period then ended, and material 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", 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 the 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 IAS 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.

Other Matter

The interim condensed financial statements of the Company for the six-month period ended 30 June 2023 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed financial statements on 13 August 2023 (corresponding to 26 Muharram 1445H). Further, the financial statements of the Company for the year ended 31 December 2023 were audited by the same other auditor who expressed an unmodified opinion on those financial statements on 28 March 2024 (corresponding to 18 Ramadhan 1445H).

Alzoman, Alfahad & Alhajjaj Professional Services

Zaner Abdullah Alhajjaj
Certified Public Accountant
License no. (562)

Riyadh: 25 Safar 1446
(Corresponding to: 29 August 2024)



NATIONAL ENVIRONMENTAL RECYCLING COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	5	130,218,718	98,867,439
Right of use assets		10,911,148	14,101,830
Total non - current Assets		141,129,866	112,969,269
Current Assets			
Inventories	6	103,698,534	96,733,607
Trade receivables	7	55,680,448	53,126,061
Prepayments and other assets		30,989,562	52,034,267
Cash and cash equivalents	8	9,081,987	9,803,459
Total current assets		199,450,531	211,697,394
Total assets		340,580,397	324,666,663
EQUITY AND LIABILITIES			
Equity			
Share capital	10	58,080,000	58,080,000
Treasury shares	12	(2,000,000)	(2,000,000)
Statutory reserve		6,261,941	6,261,941
Share premium		67,838,889	67,838,889
Share based payment reserve	16	302,878	201,730
Retained earnings		80,474,491	69,561,350
Total Equity		210,958,199	199,943,910
Liabilities			
Non-current liabilities			
Long-term loans	9	7,558,224	9,898,014
Lease liabilities		6,817,568	8,652,281
Employees benefits obligations		1,849,294	1,598,753
Total Non - Current Liabilities		16,225,086	20,149,048
Current Liabilities			
Short-term loans	9	75,099,100	63,290,233
Long-term loans – current portion	9	8,525,782	5,224,672
Lease liabilities – current portion		5,326,606	5,693,521
Trade payables		17,531,912	21,846,572
Accrued expenses and other liabilities		5,661,784	6,198,992
Zakat provision	14	1,251,928	2,319,715
Total current liabilities		113,397,112	104,573,705
Total liabilities		129,622,198	124,722,753
Total equity and liabilities		340,580,397	324,666,663

Chairman of Board of Directors

Eyad Abdulaziz Alnafei

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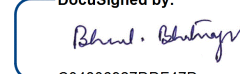

Managing Director

Nasser bin Mohammed Al-Dueb

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Chief Financial Officer

Bharat Bhatnagar

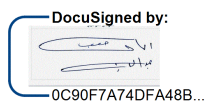
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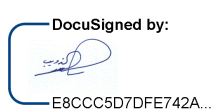
NATIONAL ENVIRONMENTAL RECYCLING COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	For the six-month period ended June 30,	
		2024 (Unaudited)	2023 (Unaudited)
Revenue	13	396,891,320	257,993,851
Cost of revenue		(376,817,702)	(240,856,199)
Gross profit		20,073,618	17,137,652
General and administrative expenses		(4,780,670)	(4,030,476)
Expected credit loss	7	(1,312,338)	-
Operating profit		13,980,610	13,107,176
Other income, net		1,150,320	269,382
Finance cost		(3,025,811)	(1,969,178)
Profit before zakat		12,105,119	11,407,380
Zakat	14	(1,079,065)	(1,500,000)
Net profit for the period from continuing operations		11,026,054	9,907,380
Profit from discontinued operations	11	-	241,793
Profit for the period		11,026,054	10,149,173
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent period			
Remeasurement of employee's post-employment benefit		(112,913)	-
Total comprehensive income for the period		10,913,141	10,149,173
Earnings per share for the period:	15		
Basic		0.20	0.18
Diluted		0.19	0.17

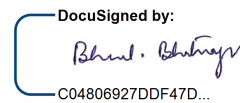
Chairman of Board of Directors
Eyad Abdulaziz Alnafei

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Managing Director
Nasser bin Mohammed Al-Dueb

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Chief Financial Officer
Bharat Bhatnagar


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NATIONAL ENVIRONMENTAL RECYCLING COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Share Capital	Treasury Shares	Statutory Reserve	Share Premium	Share-based Payment Reserve	Retained Earnings	Total Equity
<u>For the six-month period ended June 30, 2024:</u>							
Balance as at January 1, 2024 (Audited)	58,080,000	(2,000,000)	6,261,941	67,838,889	201,730	69,561,350	199,943,910
Net profit for the period	-	-	-	-	-	11,026,054	11,026,054
Other comprehensive loss	-	-	-	-	-	(112,913)	(112,913)
Total comprehensive income for the period	-	-	-	-	-	10,913,141	10,913,141
Share-based payment transactions (note 16)	-	-	-	-	101,148	-	101,148
Balance as at June 30, 2024 (Unaudited)	58,080,000	(2,000,000)	6,261,941	67,838,889	302,878	80,474,491	210,958,199
<u>For the six-month period ended June 30, 2023:</u>							
Balance as at January 1, 2023 (Audited)	58,080,000	(5,000,000)	3,880,133	67,838,889	-	31,674,267	156,473,289
Net profit for the period	-	-	-	-	-	10,149,173	10,149,173
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	10,149,173	10,149,173
Treasury shares reissued during the period (note 12)	-	3,000,000	-	-	-	16,417,394	19,417,394
Share-based payment transactions (note 16)	-	-	-	-	102,415	-	102,415
Balance as at June 30, 2023 (Unaudited)	58,080,000	(2,000,000)	3,880,133	67,838,889	102,415	58,240,834	186,142,271

Chairman of Board of Directors

Eyad Abdulaziz Alnafei

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Managing Director


Nasser bin Mohammed Al-Dueb

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Chief Financial Officer

Bharat Bhatnagar

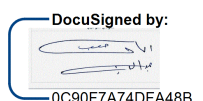
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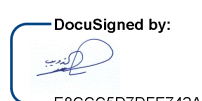
NATIONAL ENVIRONMENTAL RECYCLING COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	June 30, 2024	June 30, 2023
	(Unaudited)	(Unaudited)
Operating activities		
Net profit before zakat	12,105,119	11,407,380
Profit from discontinued operations	-	241,793
Adjustments for net profit for the period before zakat to net cash flows:		
Depreciation of property, plant, and equipment	2,092,090	1,187,247
Depreciation of right of use assets	3,367,888	2,187,774
Expected credit losses	1,312,338	-
Finance cost - Loans	2,348,529	1,662,658
Finance cost - Lease Liabilities	677,282	306,520
Share-based payment transactions	101,148	102,415
Employees' end of service benefits	257,098	105,782
	22,261,492	17,201,569
Changes in working capital items:		
Inventories	(6,964,927)	(13,657,764)
Trade receivables	(3,866,725)	(3,832,130)
Prepaid expenses and other debit balances	21,044,705	(1,881,740)
Trade payables	(4,314,660)	1,858,929
Accrued expenses and other liabilities	(537,208)	(1,324,253)
	27,622,677	(1,635,389)
Zakat Paid	(2,146,852)	(2,756,191)
Employees' end of service benefits paid	(119,470)	(33,000)
Payment of financing cost	(3,007,737)	(1,662,658)
Net cash generated from / (used in) operating activities	22,348,618	(6,087,238)
Investing activities		
Purchase of property, plant, and equipment	(32,784,161)	(13,308,052)
Proceeds from sale of property, plant, and equipment	-	2,792,460
Net cash used in investing activities	(32,784,161)	(10,515,592)
Financing activities		
Payment of lease liabilities	(3,056,116)	(1,080,095)
Proceeds from loans	89,384,814	33,267,255
Repayment of loans	(76,614,627)	(19,022,535)
Proceeds from reissuance of treasury shares	-	19,417,394
Net cash generated from financing activities	9,714,071	32,582,019
Net change in cash and cash equivalents	(721,472)	15,979,189
Cash and cash equivalents at beginning of the period	9,803,459	3,309,684
Cash and cash equivalents at end of the period	9,081,987	19,288,873

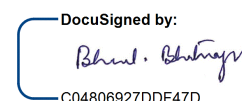
Chairman of Board of Directors
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Chief Financial Officer
Bharat Bhatnagar

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The accompanying notes (1) to (20) form part of these interim condensed financial statements.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

1. COMPANY INFORMATION

National Environmental Recycling Company (the "Company") is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under the Commercial Register No. 1010465140 dated Jumada Al- Thani 27, 1436H (corresponding to April 16, 2015). The Company began its operations on January 1, 2016.

The principal activities of the Company are in the export, wholesale and retail trade of scrap, aluminium, copper, plastic, electrical and electronic appliances, spare parts, tires, glass and all kinds of iron. Also in sorting, storing and distributing it.

The Company carries out its activities through the factory of National Environmental Recycling Company (the branch), which is registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010432838 on Muharram 29, 1438H (corresponding to October 30, 2016). The branch is engaged in the production of copper, aluminium and iron blocks, plastic granules and blocks containing precious metals under industrial license No. 634330.

The registered address of the Company is P.O Box 3431, Riyadh 13524, Wadi Hajr street, District Al-Malqa, Riyadh Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES

2-1 Statement of compliance with International Financial Reporting Standards

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia, these interim condensed financial statements do not include all the information required to prepare a complete set of financial statements prepared in accordance with International Financial Reporting Standards. These interim condensed financial statements should be read along with the Company's financial statements for the previous year ended on December 31, 2023.

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.

2-2 General considerations

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 December 31, 2023, except for the application of the new accounting standards that became effective on January 1, 2024. The Company did not early adopt any other accounting standard, interpretation or amendment issued but not yet effective. There are a number of amendments to standards which are effective from January 1, 2024, but they do not have a material effect on the Company's interim condensed financial statements.

The interim condensed financial statements have been prepared on the historical cost basis except for the employee defined benefit obligation that are measured using the Projected Unit Credit Method.

The interim condensed financial statements are presented in Saudi riyals, which is the Company's functional currency, and all amounts are rounded to the nearest Saudi riyal, unless otherwise indicated.

3. USE OF JUDGMENTS AND ESTIMATES

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The significant estimates made by management in applying the Company's accounting policies and the primary sources of estimation of uncertainty were the same as those that were applied in the financial statements for the year ended December 31, 2023, in addition to the following;

Existence and valuation of inventories

The nature of inventories means significant judgement is required to estimate the quantity of inventory on hand due to the use of a variety of estimation techniques, including observation, weighing and other industry methods and are subject to periodic physical verification.

The Company reviews its inventory at the end of each reporting period to determine if it is properly stated at the lower of cost or net realisable value. Net realisable value is based on estimated future selling prices less estimated cost to sell. Impairment losses may be recognised on inventory if management needs to revise its estimates of net realisable value in response to changing market conditions.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) –
(CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

4. NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATIONS

4.1 Several new amendments to standards, as listed below, are effective this year but do not have a material impact on the Company's interim condensed financial statements:

<u>Standard amendments</u>	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>	<u>Summary of amendments</u>
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
IFRS 16	Leases for Sale and Leaseback	1 January 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

4.2 The Company has not applied the following new IFRS standards and amendments issued but not yet effective:

<u>Standard amendment</u>	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>	<u>Summary of amendment</u>
IAS 21	Lack of Exchangeability	January 1, 2025	The amendment contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Management anticipates that this amendment will be adopted in the Company's interim condensed financial statements as and when it is applicable, and adoption of this amendment may have no material impact on the interim condensed financial statements of the Company in the period of initial application.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) –
(CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

5. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended June 30, 2024, addition in property, plant, and equipment is amounting SR 33,443,369 compared to SR 13,308,052 for the same period ended June 30, 2023. The primary addition was for work in progress on the construction of new production facility building, amounting to SR 31,909,048 during the current period.

6. INVENTORIES

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Work in progress	94,202,580	79,255,039
Raw materials	4,666,633	9,237,014
Finished goods	3,703,279	7,467,874
Spare parts	1,126,042	773,680
Total	103,698,534	96,733,607

7. TRADE RECEIVABLES

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Trade receivables	57,924,323	54,057,598
Less: provision for expected credit losses*	(2,243,875)	(931,537)
Total	55,680,448	53,126,061

*Movement in provision for expected credit losses

	June 30, 2024	December 31, 2023
Balance as at January 1	931,537	882,597
Charged during the period / year	1,312,338	118,593
Write-off during the period / year	-	(69,653)
Balance as at end of period / year	2,243,875	931,537

8. CASH AND CASH EQUIVALENTS

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Cash at banks	8,398,454	9,491,712
Cash in hand	683,533	311,747
Total	9,081,987	9,803,459

NATIONAL ENVIRONMENTAL RECYCLING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) –
(CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

9. BANK FACILITIES

A- Long term loans:

	<u>Note</u>	<u>June 30, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u>
Loans from local banks	9.1	13,355,583	11,094,227
Loans from Saudi Industrial Development Fund	9.2	2,728,423	4,028,459
		<u>16,084,006</u>	<u>15,122,686</u>
Long-term loans are classified and presented as follows:			
Long-term loans - non-current portion		7,558,224	9,898,014
Long-term loans - current portion		8,525,782	5,224,672
		<u>16,084,006</u>	<u>15,122,686</u>

B- Short term loans:

	<u>Note</u>	<u>June 30, 2024</u> <u>(Unaudited)</u>	<u>December 31, 2023</u> <u>(Audited)</u>
Loans from local banks	9.1	40,000,000	28,191,133
Loans from Saudi Industrial Development Fund	9.3	35,099,100	35,099,100
		<u>75,099,100</u>	<u>63,290,233</u>

9.1 The Company entered into an agreement to be granted Islamic facilities from Riyadh Bank during the year 2022 to 2024 where 53 million Saudi riyals were obtained at a profit rate of SIBOR +2.75% to finance capital expenditures and working capital.

9.2 On April 25, 2017, the Company agreed with Saudi Industrial Development Fund (SIDF) to obtain a loan with approved limit amounting to 13.8 million Saudi riyals to finance the purchase of machinery and equipment at a predetermined rate and Company obtained loan amounting to 10.14 million Saudi riyals.

9.3 The Company entered into an agreement to be granted Murabaha facilities from the Saudi Export-Import Bank during the year 2022 and 2023, where 36 million Saudi riyals were obtained at a 5% profit rate to finance working capital.

These loans are secured by a mortgage over the Company's property, plant and equipment and a promissory note covering the 100% value of the credit facility. The concluded agreement contains covenants that require, among other things, the maintenance of a certain level of financial ratios, a certain level of capital expenditures and other requirements which the Company was in compliance with at June 30, 2024.

10. SHARE CAPITAL

On Ramadan 14, 1444H (corresponding to April 5, 2023), the Extraordinary General Assembly of the Company's shareholders approved the recommendation of the Board of Directors to split the nominal value of the share from 10 Saudi riyals per share to 1 Saudi riyal per share, and as a result, the number of shares of the Company increased from 5,808,000 shares to 58,080,000 shares. The statutory procedures in this regard have been completed.

11. DISCONTINUED OPERATIONS

The Company sold its investment in the subsidiary "Safe Information Modem Systems FZE" during 2023 for an amount of 2 million Saudi riyals, which resulted in a profit amounted to 241,793 Saudi riyals.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) –
(CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

12. TREASURY SHARES

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Balance as at January 1	2,000,000	5,000,000
Number of shares reissued during the period / year	-	(3,000,000)
Balance as at end of period / year	2,000,000	2,000,000

The Company purchased part of its shares at a value of 2 million Saudi riyals (2 million shares / 200 thousand shares prior to the stock split) for the purpose of allocating them according to the following:

- 1- One million shares (100,000 shares prior to the stock split) for the purpose of exchange for the acquisition of shares, quotes, or the purchase of assets.
- 2- One million shares (100,000 shares prior to the stock split) for the purpose of allocating them to the long-term employee incentive program. The "Taqdeer" plan and program for employee incentive shares was approved by the Board of Directors.

During 2021, the shareholders waived 3 million shares (300,000 shares prior to the stock split) at a value of 3 million Saudi riyals, with the aim of selling them to a strategic partner or disposing of them by the Company. The shares have been registered with one of the managements, arranging, advising and custody companies in the securities business, where the benefit and ownership devolve in favor of the Company. During of the year 2023, the Company reissued the shares, and this resulted in a profit of 16,417,394 Saudi riyals, which was recognized in retained earnings directly.

13. REVENUES BY GEOGRAPHICAL REGION

	June 30, 2024	June 30, 2023
	(Unaudited)	(Unaudited)
Asia	202,733,203	84,492,175
Middle East	167,651,731	140,525,793
East Asia / Japan	22,597,302	18,983,061
Europe	3,909,084	13,992,822
	396,891,320	257,993,851

14. ZAKAT PROVISION

The Company submits its financial statements and Zakat returns to the Zakat, Tax and Customs Authority. Zakat is due at the rate of 2.5% of the approximate Zakat base or adjusted net profit, whichever is higher.

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

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Balance as at January 1	2,319,715	2,689,427
Charge during the period /year	1,079,065	2,386,479
Paid during the period / year	(2,146,852)	(2,756,191)
Balance as at the end of the period / year	1,251,928	2,319,715

The Company submitted its zakat returns to the Zakat, Tax and Customs Authority for all the years until December 31, 2023. The Company is still awaiting final assessments from the Zakat, Tax and Customs Authority.

NATIONAL ENVIRONMENTAL RECYCLING COMPANY
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15. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the period profit attributable to shareholders by the weighted average number of common shares outstanding during the period.

	June 30, 2024	June 30, 2023
	(Unaudited)	(Unaudited)
Net profit:		
Continuing operations (Saudi riyals)	11,026,054	9,907,380
Discontinued operations (Saudi riyals)	-	241,793
Number of shares:		
Weighted average number of shares for purposes of calculating basic earnings per share (share)	56,080,000	55,580,000
Weighted average number of shares repurchased (share)	2,000,000	2,500,000
Weighted average number of shares for purposes of calculating diluted earnings per share (share)	58,080,000	58,080,000
Earnings per share from continuing operations		
Basic	0.20	0.18
Diluted	0.19	0.17

16. SHARE-BASED PAYMENT

Share-based payment is one of the employee incentive programs. The program provides a share-based payment plan for eligible employees participating in the program so that they are given shares in the Company upon meeting the conditions of duration of service and performance. Expenses associated with the program are included in general and administrative expenses with the corresponding amount recorded under the share-based payment reserve in equity.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below shows book values and fair values of financial assets and liabilities including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities that are not measured at fair value if the book value reasonably approximates fair value.

	June 30, 2024 (Unaudited)				
	Book value		Fair value		
	Fair value	Amortized cost	Level 1	Level2	Level3
Financial assets at amortized cost					
Trade receivables	-	55,680,448	-	-	-
Cash and cash equivalents	-	9,081,987	-	-	-
Total financial assets	-	64,762,435	-	-	-
Financial liabilities at amortized cost					
Loans	-	91,183,106	-	-	-
Trade payables	-	17,531,912	-	-	-
Accrued expenses and other liabilities	-	5,661,784	-	-	-
Total financial liabilities	-	114,376,802	-	-	-

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17. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	December 31, 2023 (Audited)				
	Book value		Fair value		
	Fair value	Amortized cost	Level 1	Level2	Level3
Financial assets at amortized cost					
Trade receivables	-	53,126,061	-	-	-
Cash and cash equivalents	-	9,803,459	-	-	-
Total financial assets	-	62,929,520	-	-	-
Financial liabilities at amortized cost					
Loans	-	78,412,919	-	-	-
Trade payables	-	21,846,572	-	-	-
Accrued expenses and other credit balances	-	6,198,992	-	-	-
Total financial liabilities	-	106,458,483	-	-	-

The risk management policies of financial instruments during the period did not change from those followed by management during the year ended December 31, 2023.

18. SEGMENT INFORMATION

The Company has one business sector mainly represented in the export, wholesale and retail trade in scrap, aluminium, copper, plastic, electrical and electronic appliances, spare parts, tires, glass and all types of iron and also in sorting, storing and distributing it. The Company exports to various geographical locations as stated in note 13.

19. SUBSEQUENT EVENTS

Management believes that there have been no significant subsequent events since June 30, 2024, up to the date of approval of these interim condensed financial statements that may have a material impact on the Company's interim condensed financial statements.

20. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Company's Board of Directors on Safar 25,1446 (corresponding to August 29, 2024).