

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND INDEPENDENT AUDITOR'S  
REVIEW REPORT  
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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**Independent Auditor's Review Report on the  
Interim Condensed Financial Statements**

**To the Shareholders,  
The National Company for Glass Industries (Zouja)**

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

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of The National Company for Glass Industries ("Zouja" or "the Company") as of 30 June 2021 and the related interim condensed statements of profit or loss and other comprehensive income for the three and six-month periods then ended and the interim condensed statements of changes in equity and cash flows for the six-month period then ended, and notes to the interim condensed financial statements, including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standards (IAS 34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of Review**

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

**Conclusion**

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

**Other matter**

The financial statements for the year ended 31 December 2020 and the interim condensed financial statements of the Company for the three and six-month periods ended 30 June 2020 were audited and reviewed by another auditor who expressed unmodified opinion and conclusion on 9 March 2021 and 28 July 2021 respectively.

**Baker Tilly MKM & Co.**  
*Certified Public Accountants*



**Majed M. Al Nemer**  
(License No. 381)  
Riyadh on 10 Muharram 1443H  
Corresponding to 18 August 2021G

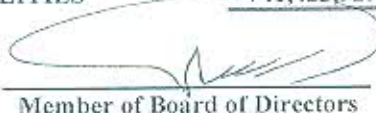




THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021  
(SAUDI RIYALS)

	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited), (restated) (note 16)	1 January 2020 (Audited), (restated) (note 16)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	216,789,767	224,689,701	238,448,050
Right of use assets		1,923,165	2,009,725	2,182,844
Investments in joint ventures	7	414,900,322	389,004,147	409,788,770
<b>Total non-current assets</b>		<b>633,613,254</b>	<b>615,703,573</b>	<b>650,419,664</b>
<b>Current assets</b>				
Inventories	8	27,869,071	24,171,540	24,371,421
Prepayments and other debit balances		2,129,662	1,910,942	1,589,089
Trade receivables	9	35,919,253	26,848,915	36,457,785
Cash and cash equivalents		25,405,551	24,737,983	9,371,349
Assets held for sale	10	16,487,138	16,487,138	16,487,138
<b>Total current assets</b>		<b>107,810,675</b>	<b>94,156,518</b>	<b>88,276,782</b>
<b>TOTAL ASSETS</b>		<b>741,423,929</b>	<b>709,860,091</b>	<b>738,696,446</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital		329,000,000	329,000,000	329,000,000
Statutory reserve		98,700,000	98,700,000	98,700,000
Retained earnings		185,214,034	165,982,575	163,900,871
<b>TOTAL EQUITY</b>		<b>612,914,034</b>	<b>593,682,575</b>	<b>591,600,871</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Long term loans	11	5,098,695	5,219,909	29,763,636
Lease liabilities		2,047,624	2,111,985	2,283,908
Special obligations provision		-	-	10,744,543
Employee's end of service benefits		6,543,766	6,991,358	9,122,531
<b>Total non-current liabilities</b>		<b>13,690,085</b>	<b>14,323,252</b>	<b>51,914,618</b>
<b>Current liabilities</b>				
Short term loans	11	80,758,305	69,489,945	48,950,483
Lease liabilities		174,502	127,614	127,614
Zakat provision	12	4,324,454	5,400,413	5,715,549
Dividends payable		13,574,089	13,575,665	13,722,386
Accrued expenses and other credit balances		7,728,956	6,467,551	6,673,881
Trade payables		8,259,504	6,793,076	19,991,044
<b>Total current liabilities</b>		<b>114,819,810</b>	<b>101,854,264</b>	<b>95,180,957</b>
<b>TOTAL LIABILITIES</b>		<b>128,509,895</b>	<b>116,177,516</b>	<b>147,095,575</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>741,423,929</b>	<b>709,860,091</b>	<b>738,696,446</b>

  
CFO  
Hafem Ayedh Alfadli


  
Member of Board of Directors  
Bassam Mohammed Albassam


  
Chairman of Board of Directors  
Omar Riyadh Alhumaidan


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

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**  
**(SAUDI RIYALS)**

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2021	2020	2021	2020
<b>Continuing operations</b>					
Revenue		15,999,433	19,013,361	39,588,391	41,125,513
Cost of revenue		(15,742,178)	(18,114,594)	(37,388,506)	(37,740,668)
Gross profit		257,255	898,767	2,199,885	3,384,845
Selling and distribution expenses		(415,890)	(791,868)	(960,750)	(1,445,052)
General and administrative expenses		(2,002,562)	(1,679,348)	(3,919,027)	(3,448,641)
Impairment on trade receivables	9	(1,000,000)	-	(1,000,000)	-
Other income		83,215	40,037	108,916	114,642
Operation loss		(3,077,982)	(1,532,412)	(3,570,976)	(1,394,206)
Finance cost		(547,992)	(565,402)	(1,345,507)	(1,415,458)
Share from operations results of joint ventures	7	14,852,780	(7,231,165)	25,896,175	(3,295,228)
Income/(loss) before Zakat for the period		11,226,806	(9,328,979)	20,979,692	(6,104,892)
Zakat	12	(924,112)	(705,395)	(1,775,976)	(1,461,042)
Net income/(loss) from continuing operations for the period		10,302,694	(10,034,374)	19,203,716	(7,565,934)
<b>Discontinued operations</b>					
Income/(loss) from discontinued operations	10	9,534	(38,923)	27,743	(218,335)
Net income/(loss) for the period		10,312,228	(10,073,297)	19,231,459	(7,784,269)
<b>Other comprehensive income</b>					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income/(loss)		10,312,228	(10,073,297)	19,231,459	(7,784,269)
Basic and diluted earnings/(losses) per share attributable to the shareholder of the company	13	0.31	(0.31)	0.58	(0.24)
From continuing operations		0.31	(0.31)	0.58	(0.23)
From discontinued operations		0.00	(0.00)	0.00	(0.01)

  
**Hatem Ayedh Alfadli**  
 CFO

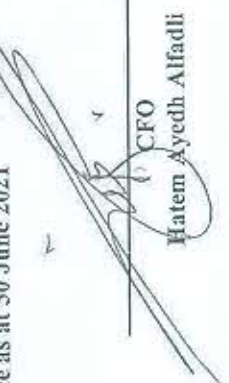

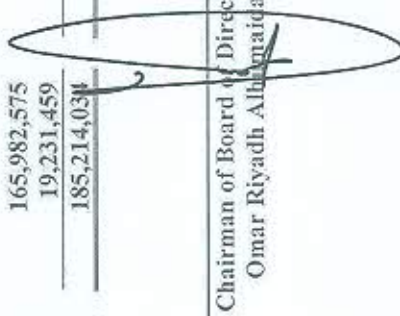
  
**Bassam Mohammed Albassam**  
 Member of Board of Directors

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

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



**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
**(SAUDI RIYALS)**


	Share capital	Statutory reserve	Retained earning	Total
Balance as at 1 January 2020 (restated)	329,000,000	98,700,000	163,900,871	591,600,871
Total comprehensive loss for the period	-	-	(7,784,269)	(7,784,269)
<b>Balance as at 30 June 2020</b>	<b>329,000,000</b>	<b>98,700,000</b>	<b>156,116,602</b>	<b>583,816,602</b>
Balance as at 1 January 2021 (restated)	329,000,000	98,700,000	165,982,575	593,682,575
Total comprehensive income for the period	-	-	19,231,459	19,231,459
<b>Balance as at 30 June 2021</b>	<b>329,000,000</b>	<b>98,700,000</b>	<b>185,214,034</b>	<b>612,914,034</b>
				
	<b>CFO</b> Hatem Ayedh Alfadli	<b>Member of Board of Directors</b> Bassam Mohammed Albassam	<b>Chairman of Board of Directors</b> Omar Riyadh Alhazaidan	

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THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2021  
(SAUDI RIYALS)

	30 June 2021	30 June 2020 (Restated)
<b>Cash flows from operating activities</b>		
Income/ (loss) before Zakat for the period	20,979,692	(6,104,892)
Income/ (loss) from discontinued operations	27,743	(218,335)
	<u>21,007,435</u>	<u>(6,323,227)</u>
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	12,768,217	12,758,030
Depreciation on right of use assets	86,560	86,560
Gain from disposal of property, plant and equipment	-	(4,000)
Impairment on trade receivables	1,000,000	-
Finance cost	1,345,507	1,415,458
Share from operations results of joint ventures	(25,896,175)	3,295,228
Employee's end of service benefits	472,992	434,517
	<u>10,784,536</u>	<u>11,662,566</u>
<b>Changes in working capital items:</b>		
Inventories	(3,697,531)	2,837,888
Prepayments and other debit balances	(218,720)	(1,087,925)
Trade receivables	(10,070,338)	(4,397,109)
Accrued expenses and other credit balances	1,261,405	(100,619)
Trade payables	1,466,428	3,722,939
	<u>(474,220)</u>	<u>12,637,740</u>
Employees' end of service benefits paid	(920,584)	(840,697)
Zakat paid	(2,851,935)	-
<b>Net cash flows (used in)/ generated from operating activities</b>	<u>(4,246,739)</u>	<u>11,797,043</u>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(4,868,283)	(7,432,442)
Proceeds from disposal property, plant and equipment	-	4,000
<b>Net cash flows used in investing activities</b>	<u>(4,868,283)</u>	<u>(7,428,442)</u>
<b>Cash flows from financing activities</b>		
Net movement on loans	11,147,146	5,382,138
Finance cost paid	(1,266,071)	(1,386,948)
Lease liabilities paid	(96,909)	(242,176)
Dividends paid	(1,576)	(146,721)
<b>Net cash flows generated from financing activities</b>	<u>9,782,590</u>	<u>3,606,293</u>
<b>Net change in cash and cash equivalents during the period</b>	<u>667,568</u>	<u>7,974,894</u>
Cash and cash equivalents at the beginning of the period	<u>24,737,983</u>	<u>9,371,349</u>
<b>Cash and cash equivalents at end of the period</b>	<u>25,405,551</u>	<u>17,346,243</u>

  
CFO  
Hatem Ayedh Alfadli

  
Member of Board of Directors  
Bassam Mohammed Albassam

  
Chairman of Board of Directors  
Omar Riyadh Alhumaidan

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



**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**  
**(SAUDI RIYALS)**

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**1. STATUS AND NATURE OF BUSINESS**

The National Company for Glass Industries (Zoujaj) is a Saudi joint stock company - (the "Company"), established under the commercial registration No. 1010075300 on 20/6/1410H (corresponding to 17 January 1990) in Riyadh.

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

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

The Company owns two factories in Riyadh and Dammam. Riyadh factory began its commercial production during the first quarter of 1991, while Dammam factory began its commercial production in January 1994. Dammam factory's production has been permanently stopped since 2019 (Note 10). The financial statements include the company's accounts and its following branches:

Branch name	CR Number	Location	Registration date
1- The National Factory for Glass Bottles	1010088944	Riyadh	11/05/1412 (H)
2- Dammam Factory for Glass Bottles	2050023369	Dammam	28/11/1412 (H)

**2. STATEMENT OF COMPLIANCE WITH IFRS**

These interim condensed financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS 34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered Professional Accountants (SOCPA) and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2020. These interim condensed financial statements do not include all the information and disclosures required in a full set of financial statements prepared in accordance with International Financial Reporting Standards. Specific accounting policies and explanatory disclosures have been included in order to explain the significant events and transactions behind the changes in the Company's financial position and financial performance since the preparation of the prior year financial statements.

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

**3. BASIS OF PREPARATION**

**3.1 Overall considerations**

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

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

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



**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**  
**(SAUDI RIYALS)**

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

**3.1 Overall considerations (Continued)**

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

- Defined benefits plan measured at the present value of future obligations using the projected unit credit method.
- Investments in joint ventures using the equity method of accounting.

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

**3.2 Functional and presentation currency**

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

**4. USE OF JUDGMENTS AND ESTIMATES**

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

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

**5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and calculation methods applied in preparing the interim condensed financial statements are consistent with those followed in preparing the Company's annual financial statements for the year ended 31 December 2020, except for the application of the new standards that became effective on 1 January 2021. The Company did not early adopt any other standard, interpretation or amendment issued but not yet effective.

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

There are no new standards issued; however, there are number of amendments to standards which are effective from 1 January 2021 and have been explained in Company's annual financial statements, but they do not have a material effect on the Company's interim condensed financial statements.

**6. PROPERTY, PLANT AND EQUIPMENT**

	<u>30 June 2021</u>	<u>31 December 2020</u>
Beginning balance for the period/ year	224,689,701	238,448,050
Additions/ disposals during the period/ year	4,868,283	11,506,930
Depreciation during the period/ year	<u>(12,768,217)</u>	<u>(25,265,279)</u>
Ending balance for the period/ year	<u>216,789,767</u>	<u>224,689,701</u>

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
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**FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**  
**(SAUDI RIYALS)**

**7. INVESTMENTS IN JOINT VENTURES**

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

	30 June 2021	31 December 2020
Beginning balance for the period/ year	389,004,147	409,788,770
The Company's share of the net profit	25,896,175	10,242,897
Received dividends	-	(31,027,520)
Ending balance for the period/ year	414,900,322	389,004,147

The Company's share of the joint ventures' net profit/ (loss) for the six-month period ended 30 June:

	Ownership %	2021	2020
Saudi Guardian International Float Glass Company Ltd (Gulf Guard)	%55	17,949,670	9,406,780
Guardian Zoujaj International Float Glass Company LLC (Guardian Ras Al Khaimah)	%55	7,946,505	(12,702,008)
Saudi National Lamps and Electricals Company Ltd (SANLEC)	%50	-	-
		25,896,175	(3,295,228)

\*\* The equity method of accounting for the investment in the Saudi National Lamps and Electricals Company Ltd has been discontinued as the Company's share of losses exceeded the investment's value.

**8. INVENTORIES**

	30 June 2021	31 December 2020
Finished goods	13,048,146	11,850,153
Spare parts	6,866,437	6,804,694
Raw materials	6,125,559	3,917,019
Consumable materials	1,699,383	1,470,128
Goods under process	129,546	129,546
	27,869,071	24,171,540

**9. TRADE RECEIVABLES**

	30 June 2021	31 December 2020
Account receivables	38,164,190	28,093,852
Expected credit losses provision	(2,244,937)	(1,244,937)
	35,919,253	26,848,915

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

	30 June 2021	31 December 2020
Beginning balance	1,244,937	290,588
Charged during the period/ year	1,000,000	954,349
Ending balance	2,244,937	1,244,937



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

**10. ASSETS HELD FOR SALE**

As disclosed in Note (1), the Company's Board of Directors resolved on 18 December 2019 to stop the production of Dammam Factory for Glass Bottles ("The Factory") permanently starting from 2019. The Company committed to a plan to sell the Factory, but due to (Covid-19) pandemic, the Company was unable to find a suitable buyer and complete the sale of the Factory.

The results of the Factory's operations for current and previous periods have been presented in the interim condensed statement of profit or loss and other comprehensive income as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2021	2020	2021	2020
General and administrative expenses	-	-	-	(218,938)
Other income/ (expenses)	9,534	(38,923)	27,743	603
Losses from discontinued operations for the period	9,534	(38,923)	27,743	(218,335)

The Factory's assets consist of the following:

	30 June 2021	31 December 2020
Land	5,000,000	5,000,000
Machinery and equipment	8,399,543	8,399,543
Buildings	3,078,413	3,078,413
Furniture and fixture	9,182	9,182
	<u>16,487,138</u>	<u>16,487,138</u>

**11. LOANS**

The Company obtained Islamic bank facilities from local banks and local development funds in the form of letter of credit and term loans (Murabaha and Tawarruq). These facilities were made in accordance with the conditions stipulated in the facilities contracts, the following is the movement in facilities during the period/ year:

	30 June 2021	31 December 2020
Beginning balance for the period/ year	74,709,854	78,714,119
Additions during the period/ year	20,815,580	32,960,600
Settled during the period/ year	(9,668,434)	(36,964,865)
Ending balance for the period/ year	<u>85,857,000</u>	<u>74,709,854</u>
Current portion	<u>(80,758,305)</u>	<u>(69,489,945)</u>
Non-current portion	<u>5,098,695</u>	<u>5,219,909</u>

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**  
**(SAUDI RIYALS)**

**12. ZAKAT**

	30 June 2021	31 December 2020
Beginning balance for the period/ year	5,400,413	5,715,549
Provision for the period/ year	1,775,976	2,851,936
Paid during the period/ year	(2,851,935)	(3,167,072)
Ending balance for the period/ year	4,324,454	5,400,413

**Zakat status**

The Company has filed its Zakat returns with Zakat, Tax and Customs Authority ("Authority") and obtained Zakat certificates up to year 2020. The Company received final assessment from the Authority up to 2018.

**13. EARNINGS PER SHARE**

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

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

	For three-month period ended 30 June		For six-month period ended 30 June	
	2021	2020	2021	2020
Net profit/ (loss) attributable to the shareholders of the Company	10,312,228	(10,073,297)	19,231,459	(7,784,269)
Weighted average number of outstanding shares during the period	32,900,000	32,900,000	32,900,000	32,900,000
Basic and diluted earnings per share	0.31	(0.31)	0.58	(0.24)

**14. SEGMENT INFORMATION**

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

For administrative purposes, the Company arranges its business through business units on the basis of segments. the segments activities are represented by inside and outside the Kingdom sales.

The principal activity of the Company is production and sale of glass bottles. The Company has a factory in Riyadh. Dammam factory has been closed permanently since 2019.



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**14. SEGMENT INFORMATION (Continued)**

The following is a summary of sales for the three and six-month period ended 30 June inside and outside the Kingdom of Saudi Arabia:

	For the three-month period ended 30 June			
	2021	%	2020	%
Sales within the Kingdom of Saudi Arabia	12,886,055	81%	15,242,542	80%
Sales outside the Kingdom of Saudi Arabia	3,113,378	19%	3,770,819	20%
	<u>15,999,433</u>	<u>100%</u>	<u>19,013,361</u>	<u>100%</u>

	For the six-month period ended 30 June			
	2021	%	2020	%
Sales within the Kingdom of Saudi Arabia	29,267,366	74%	34,430,312	84%
Sales outside the Kingdom of Saudi Arabia	10,321,025	26%	6,695,201	16%
	<u>39,588,391</u>	<u>100%</u>	<u>41,125,513</u>	<u>100%</u>

**15. FINANCIAL INSTRUMENTS**

**15.1 Principal financial instruments**

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

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

<u>Financial assets measured at cost</u>	<u>30 June 2021</u>	<u>31 December 2020</u>
Prepayments and other debit balances	482,761	353,492
Trade receivables	35,919,253	26,848,915
Cash and cash equivalents	25,405,551	24,737,983
	<u>61,807,565</u>	<u>51,940,390</u>

<u>Financial liabilities measured at cost</u>	<u>30 June 2021</u>	<u>31 December 2020</u>
Loans	85,857,000	74,709,854
Dividends payable	13,574,089	13,575,665
Accrued expenses and other credit balances	7,728,956	6,467,551
Trade payables	8,259,504	6,793,076
	<u>115,419,549</u>	<u>101,546,146</u>

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**15. FINANCIAL INSTRUMENTS (Continued)**

**15.2 Financial Instruments – risk management**

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

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

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

**Credit risk**

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

**Commission Rate Risk**

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Company has no significant variable commission bearing long-term assets, but has variable commission bearing liabilities as at 30 June 2021 and 31 December 2020. The Company manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

**Currency risk**

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

**Liquidity risk**

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

**16. PRIOR YEARS ADJUSTMENTS**

The Company has restated its financial information and the impact is stated as follows:

The following is a summary of the adjustments to the statement of financial position as at 1 January 2020:

Statement of financial position	Note	1 January 2020 (Audited)	Remeasurement	1 January 2020 (Restated)
Investments in joint ventures	A	410,246,037	(457,267)	409,788,770
Accrued expenses and other credit balances	B	4,807,477	1,866,404	6,673,881
Retained earnings		166,224,542	(2,323,671)	163,900,871



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**16. PRIOR YEARS ADJUSTMENTS (Continued)**

The following is a summary of the adjustments to the statement of financial position as at 31 December 2020:

Statement of financial position	Note	31 December 2020 (Audited)	Remeasurement	31 December 2020 (Restated)
Accrued expenses and other credit balances	C	4,867,551	1,600,000	6,467,551
Retained earnings		167,582,575	(1,600,000)	165,982,575

- A. Investments in joint ventures accounted using the equity method have been retrospectively adjusted due to the difference in the amount of the Company's share of the results of the joint ventures which represents less than 1% of the investments balance.
- B. The balance has been restated by SR 1,866,404 related to accrued expenses for prior years.
- C. The balance has been restated by SR 1,600,000 related to accrued expenses for the year ended 31 December 2020.

Certain comparative figures for the three and six-month periods ended 30 June 2020 have been reclassified to comply with the current period presentation of these interim condensed financial statements.

**17. IMPORTANT MATTERS DURING THE PERIOD AND THE RELATED FINANCIAL AND OPERATIONAL RISKS**

The emerging pandemic of the Coronavirus (COVID-19) continues to evolve and spread. The management of the Company has been monitoring the consequences of (COVID-19) and believe that there is no significant impact needed to reflect in the interim condensed financial statements for the current period.

The Company committed to a plan to sell Dammam Factory for Glass Bottles, but due to (Covid-19) pandemic, the Company was unable to find a suitable buyer and complete the sale of the Factory until the date of approval of these interim condensed financial statements. In addition, the plan of developing the machines and equipment was postponed and thus led to a decrease in productivity and reduction in the utilization as a result of the taken precautionary and preventive actions.

**18. SUBSEQUENT EVENTS**

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

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

The interim condensed financial statements have been approved by the Board of Directors on 10 Muharram 1443H (corresponding to 18 August 2021G).