

**The National Company for Glass Industries (Zoujaj)**  
**(Saudi Joint Stock Company)**  
**Condensed Interim Financial Statements and Review report**  
**for the three-month period ended 31, March 2021.**

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MARCH 31,2021**  
(All amounts expressed in Saudi Riyal unless otherwise stated)

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**REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

To the Shareholders of The National Company for Glass Industries (Zoujaj)

**Introduction**

We have reviewed the accompanying Statement of Financial Position of The National Company for Glass Industries (Zoujaj) (the "Company") as of March 31, 2021 and the related statements of Comprehensive Income, changes in equity and statement of cash flow position for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting standard 34 – "Interim Financial reporting" (IAS 34) as endorsed in Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim financial information 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". 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 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 condensed interim financial statement do not present fairly, the financial position of the company as at March 31, 2021, and of its financial performance and its cash flows for the three month period then ended in accordance with International Accounting standard 34- "Interim Financial reporting" (IAS 34), endorsed in the kingdom of Saudi arabia.


Al-Kharashi & Co.



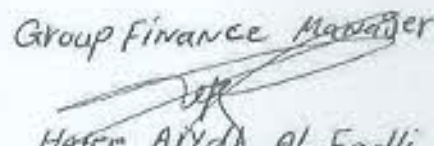
Sulejman Abdullah Al-Kharashi  
 License No. (91)

April 26, 2021  
 Ramadan 14, 1442



*Chairman Board of Directors*  
  
 Omar Riyadh Al-humaidan

*General Manager*  
  
 Youssef Mohammed  
 AL-Tuwaijri

*Group Finance Manager*  
  
 Hatem Ayadh AL Fndli

THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)  
A SAUDI JOINT STOCK COMPANY  
CONDENSED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021  
(All amounts expressed in Saudi Riyal unless otherwise stated)

	Notes	March 31, 2021	December 31, 2020
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment		219,832,264	224,689,701
Right to use Assets		1,966,445	2,009,725
Investments in Associated companies	4	400,047,542	389,004,147
<b>Total Non-Current Assets</b>		<b>621,846,251</b>	<b>615,703,573</b>
<b>Current Assets</b>			
Inventories		24,360,618	24,171,540
Trade receivables	5	40,112,423	26,848,915
Prepayment, deposit, and advances		2,676,276	1,910,942
Cash and Bank Balance	6	23,852,014	24,737,983
Non-Current Assets available for sale		16,487,138	16,487,138
<b>Total Current Assets</b>		<b>107,488,469</b>	<b>94,156,518</b>
<b>Total Assets</b>		<b>729,334,720</b>	<b>709,860,091</b>
<b>Equity and Liabilities</b>			
Share capital	7	329,000,000	329,000,000
Statutory Reserves		98,700,000	98,700,000
Retained earnings		176,501,806	167,582,575
<b>Total Equity</b>		<b>604,201,806</b>	<b>595,282,575</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Loans and Borrowings	8	6,156,640	5,219,909
Lease Liabilities		2,080,075	2,111,985
Employee Retirement Benefits		6,764,027	6,991,358
<b>Total Non-current Liabilities</b>		<b>15,000,742</b>	<b>14,323,252</b>
<b>Current Liabilities</b>			
Trade payables		10,356,567	6,793,076
Accrued expenses & other liabilities		5,602,491	4,867,551
Zakat		6,252,277	5,400,413
Dividends payable		13,575,283	13,575,665
Loans and Borrowings	8	74,172,611	69,489,945
Lease Liabilities		172,943	127,614
<b>Total Current Liabilities</b>		<b>110,132,172</b>	<b>100,254,264</b>
<b>Total Liabilities</b>		<b>125,132,914</b>	<b>114,577,516</b>
<b>Total Equity and Liabilities</b>		<b>729,334,720</b>	<b>709,860,091</b>

Chairman Board of Directors  
  
Onfar Riyadh Al humaidan

General Manager  
  
Yousef Mohammed Al-Fwairi

Group Finance Manager  
  
Hatem Alyah Al Fadli

THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)

A SAUDI JOINT STOCK COMPANY  
CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED  
MARCH 31, 2021

(All amounts expressed in Saudi Riyal unless otherwise stated)

	Notes	Period ended March 31, 2021	Period ended March 31, 2020
Revenue from sale of goods	9	23,588,958	22,112,151
Cost of sales		(20,553,920)	(19,626,073)
<b>Gross profit</b>		<b>3,035,038</b>	<b>2,486,078</b>
Selling and distribution expenses		(544,860)	(653,183)
General and administrative expenses		(1,916,465)	(1,769,293)
Inventory Written off		(1,092,408)	-
Other Income		25,701	74,604
<b>Profit (loss) from Operation</b>		<b>(492,994)</b>	<b>138,206</b>
Finance costs		(797,515)	(850,056)
Associated Company Profit share	4	11,043,395	3,935,937
<b>Profit before Zakat</b>		<b>9,752,886</b>	<b>3,224,087</b>
Zakat		(831,864)	(755,647)
<b>Net Profit after zakat</b>		<b>8,901,022</b>	<b>2,468,440</b>
Profit (loss) from discontinued operation		18,209	(179,412)
<b>Net Profit for the period</b>		<b>8,919,231</b>	<b>2,289,028</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the year</b>		<b>8,919,231</b>	<b>2,289,028</b>
Earnings per share	10		
From Continuing Operations			
Basic and Diluted earnings per share attributable to the shareholder of the company		0.27	0.08
From Discontinued Operations			
Basic and Diluted earnings per share attributable to the shareholder of the company		0.00	(0.01)
From Continuing and Discontinued Operations			
Basic and Diluted earnings per share attributable to the shareholder of the company		0.27	0.07

Chairman Board of Directors  
  
Omar Riyadh Al Humaidan

General Manager  
  
Yousef Mohammed ALTuwajri

Group Finance Manager  
  
Hatem Aiydh Al Fadli

THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)  
A SAUDI JOINT STOCK COMPANY  
CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED  
MARCH 31, 2021  
(All amounts expressed in Saudi Riyal unless otherwise stated)

	Share Capital	Statutory reserve	Retained Earning	Total
Balance as of January 1, 2021	329,000,000	98,700,000	167,582,575	595,282,575
Net profit for the year	-	-	8,919,231	8,919,231
Balance as of March 31, 2021	329,000,000	98,700,000	176,501,806	604,201,806

	Share Capital	Statutory reserve	Retained Earning	Total
Balance as of January 1, 2020	329,000,000	98,700,000	166,224,542	593,924,542
Net profit for the year			2,289,028	2,289,028
Prior year adjustment			(723,671)	(723,671)
Balance as of March 31, 2020	329,000,000	98,700,000	167,789,899	595,489,899

  
Chairman-Board of Directors  
Omar Riyadh Al Hachaidan

  
General Manager  
Yousef Mohammed ALFutaihi

  
Group Finance Manager  
Halem Aiydh Al Fadli

THE NATIONAL COMPANY FOR GLASS INDUSTRIES  
(ZOUJAJ)  
A SAUDI JOINT STOCK COMPANY  
CONDENSED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED MARCH 31, 2021.  
(All amounts expressed in Saudi Riyal unless otherwise stated)

	March 31, 2021	March 31, 2020
Net Profit for the Period	8,919,231	2,289,028
<b>Adjustment to reconcile Net Profit to net Cash provided by (used) in operating activities</b>		
Depreciation & Amortization	6,356,705	6,399,518
Zakat Expenses	851,864	755,647
Amortization Lease land	43,280	43,280
Share of Profit in Affiliate company	(11,043,395)	(3,935,937)
End of service Provision	260,007	233,421
Interest charges of Lease land	17,563	28,510
<b>Changes in Assets and Liabilities</b>		
(Increase) / Decrease in Accounts Receivable	(13,263,508)	(3,208,597)
(Increase) / Decrease in Inventory	(189,078)	1,749,964
Decrease / (Increase) in Pre-paid Expenses and other Debit balances	(765,334)	(511,206)
Increase / (Decrease) in Trade Accounts Payable	3,563,491	195,394
Increase / (Decrease) in Accrued Expenses and other Liabilities	734,940	774,520
End of service paid	(487,338)	(232,301)
<b>Net Cash Provided by Operating Expenses</b>	<b>(5,001,572)</b>	<b>4,581,241</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Property, Machinery & Equipment	(1,499,268)	(1,550,307)
Net Movement in Associate companies	-	457,267
<b>Net Cash (Used in) provided by Investing Activities</b>	<b>(1,499,268)</b>	<b>(1,093,040)</b>
<b>Cash Flows from Financing Activities</b>		
Net Movement in Loan and Borrowings	5,619,397	379,996
Dividend Paid to Share Holders	(382)	(4,250)
Prior Year Adjustment	-	(723,671)
Net change in Lease liability	(4,144)	(213,666)
<b>Net Cash (Used in) Financing Activities</b>	<b>5,614,871</b>	<b>(561,591)</b>
Net (Decrease) Increase in Cash	(885,969)	(2,926,610)
Cash At the Beginning of the Year	24,737,983	9,371,349
<b>Cash Balance</b>	<b>23,852,014</b>	<b>12,297,959</b>

Chairman Board of Directors

Omar Riyadh Al Humaidan

General Manager

Yousef Mohammed AlTuwaijri

Group Finance Manager

Hatem Aiydh Al Fadli

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MARCH 31,2021**

(All amounts expressed in Saudi Riyal unless otherwise stated)

**1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES**

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

The registered address of the Company is Building No 8317, Unit Number 5, Saudi Industrial City, PO Box 41619, Riyadh 11531, Kingdom of Saudi Arabia.

Principal activity of the company is manufacture of glass containers and glass related business activities. These financial statements comprise the results of the Company's operations in glass containers as well as its Investment in Associated companies.

The Company's operations comprise of two factories i.e., in Riyadh and Dammam. Riyadh factory began its commercial production during the first quarter of 1991, while Dammam factory began commercial production in 1994. However, in year 2019 Dammam factory discontinued its operation.

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

**2. BASIS OF PREPARATION**

**a. Statement of compliance**

These Condensed Interim Financial Statements of the company have been prepared in accordance with International Accounting standard 34 (IAS 34) "Interim Financial reporting " that is endorsed in Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Certified Public Accountants (SOCPA) and the provisions of the Saudi Companies' Law and the Company's Articles of Association as adopted in the Kingdom of Saudi Arabia should be read in conjunction with the Company's last annual Financial Statements for the year ended 31 December 2020. They do not include all the information normally required for a complete set of Financial Statements; however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since 31 December 2020.

**b. Basis of measurement**

These Condensed Interim Financial Statements have been prepared on a historical cost basis, except for the following:

- Lease liability measured at present value of contractual payment due.
- Assets held for sale – measured at fair value less costs to sell, and
- Defined benefit pension Plans – plan assets measured at fair value.

**c. Functional and presentation currency**

These Condensed Interim Financial Statements are presented in Saudi Riyals (SAR), which is the company's functional and presentation currency.



**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MARCH 31,2021**  
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**2. BASIS OF PREPARATION**

**d. Newly effective amendments to standards**

There are no new standards issued as on March 31, 2021, however, there are number of amendments to standards which are effective from 1 January 2021 and has been explained in last Annual audited Financial Statements, but they do not have a material effect on the Company's Condensed Interim Financial Statements.

**e. Critical Accounting Judgment and Key Sources of Estimation Uncertainty:**

In the application of the Company's accounting policies for these condensed Financial Statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities and that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments, estimates, and assumptions made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Financial Statements for the year ended December 31, 2020.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies of the company applied in the preparation of Condensed Interim Financial Statements are in consistent with last annual financial statement for the year ended December 31, 2020. These policies have been applied consistently and there are no changes in accounting policies as on March 31, 2021.

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)  
A SAUDI JOINT STOCK COMPANY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2021**

(All amounts expressed in Saudi Riyal unless otherwise stated)

**4. INVESTMENT IN ASSOCIATED COMPANIES**

The Company have 55% investment each in Guardian Zoujaj International Float Glass Co (Guardian Ras Al Khaimah) and Saudi Guardian International Float Glass Company Limited (Gulf Guard). Both the Companies are separate legal entities (limited liability companies), further there is no contractual arrangement or any other facts and circumstances that indicate that the parties to joint arrangement have rights to the individual assets and liabilities of the joint arrangement. Accordingly, the parties to joint arrangement consider their rights to the net assets of the investees.

Guardian Ras Al Khaimah is managed by Board of Director "BoD". BoD has substantive powers. However, the company cannot pass any resolution without the consent of the other Partner. Accordingly, the Company has concluded it has a joint control over Guardian Ras Al Khaimah. The powers of the General Assembly are protective in nature.

Gulf Guard is managed by Board of Directors "BOD". The BOD has substantive powers; However, the company cannot pass any resolution without the consent of the other Partner. The powers in the General Assembly are protective in nature.

The Company (Zoujaj) also has 50% investment in The Saudi National Lamps and Electricals Company Limited (SANLEC). However, as the Zoujaj share of the losses exceeded its net investment in SANLEC, accordingly the use of equity method of accounting was discontinued and also SANLEC is under liquidation process as on March 31, 2021.

The following table summarises the financial information of Associated companies as included in its own financial statements, adjusted for fair value adjustments at acquisition. The table also reconciles the summarised financial information to the carrying amount of the company's interest in Associated companies

The company	Ownership ratio	Balances on		Dividend received	March 31,
		January 1,	share of Profit (loss) for the year		
Saudi Guardian International Float Glass Company Ltd (Gulf Guard)	55%	175,118,330	7,699,670	-	182,818,000
Guardian Zoujaj International Float Glass Company L.L.C (Guardian Ras Al Khaimah)	55%	213,885,816	3,343,725	-	217,229,541
Saudi National Lamps and Electricals Company Ltd (SANLEC)	50%	-	-	-	-
<b>Total</b>		<b>389,004,147</b>	<b>11,043,395</b>	<b>-</b>	<b>400,047,542</b>

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)  
A SAUDI JOINT STOCK COMPANY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2021**

(All amounts expressed in Saudi Riyal unless otherwise stated)

**Movement of Investment in Associated companies as on  
December 2020**

The company	Ownership ratio	Balances on January 1, 2020	share of Profit for the year	Prior Year Adjustment for the year	Dividend received for the year	December 31, 2020
Saudi Guardian International Float Glass Company Ltd (Gulf Guard)	55%	178,837,000	27,373,630	(64,780)	(31,027,520)	175,118,330
Guardian Zoujaj International Float Glass Company LLC (Guardian Ras Al Khaimah )	55%	231,409,036	(17,130,733)	(392,487)	-	213,885,816
Saudi National Lamps and Electricals Company Ltd (SANLEC)	50%	1	-	-	-	1
<b>Total</b>		<b>410,246,037</b>	<b>10,242,897</b>	<b>(457,267)</b>	<b>(31,027,520)</b>	<b>389,004,147</b>

**Company's share of total Profit (loss) in Associated  
companies**

	March 31, 2021	March 31, 2020
Saudi Guardian International Float Glass Company Ltd (Gulf Guard)	7,699,670	5,948,831
Guardian Zoujaj International Float Glass Company LLC (Guardian Ras Al Khaimah)	3,343,725	(2,012,894)
<b>Total</b>	<b>11,043,395</b>	<b>3,935,937</b>

The Associated company's Profit (loss) share has been calculated and shown in the results of the investee company (Zoujaj) based on unaudited financial statements.

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MARCH 31,2021**

(All amounts expressed in Saudi Riyal unless otherwise stated)

**5. TRADE RECEIVABLE**

	<b>Mar-21</b>	<b>Dec-20</b>
Trade receivable	41,357,360	28,093,852
Provision for doubtful debts	<u>(1,244,937)</u>	<u>(1,244,937)</u>
<b>Total</b>	<b><u>40,112,423</u></b>	<b><u>26,848,915</u></b>

Movement in provision for doubtful debts was as below:

	<b>Mar-21</b>	<b>Dec-20</b>
Provision as at January 1	1,244,937	290,588
Addition during the year	<u>-</u>	<u>954,349</u>
<b>Total</b>	<b><u>1,244,937</u></b>	<b><u>1,244,937</u></b>

**6. CASH AND BANK BALANCE**

	<b>Mar-21</b>	<b>Dec-20</b>
Current Account with Banks	23,768,805	24,722,983
Cash Balance in Hand	83,509	15,000
<b>Total</b>	<b><u>23,852,014</u></b>	<b><u>24,737,983</u></b>

**7. SHARE CAPITAL**

	<b>Mar-21</b>	<b>Dec-20</b>
Authorised and issued		
Equity shares of 32,900,000 of 10 Riyal each	329,000,000	329,000,000
<b>Total</b>	<b><u>329,000,000</u></b>	<b><u>329,000,000</u></b>

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

**8. LOANS AND BORROWING:**

	<b>Mar-21</b>	<b>Dec-20</b>
<b>Non-current Portion of loans</b>		
Saudi Investment Bank	6,156,640	5,219,909
<b>Sub Total</b>	<b><u>6,156,640</u></b>	<b><u>5,219,909</u></b>
<b>Current Portion of loans</b>		
Banque Saudi Fransi	8,897,179	8,897,179
Banque Saudi Fransi	8,000,000	8,000,000
Saudi Investment Bank	24,499,483	20,037,727
Saudi Investment Bank	1,491,403	1,491,403
Saudi Industrial Development Fund	<u>31,284,546</u>	<u>31,063,636</u>
<b>Sub Total</b>	<b><u>74,172,611</u></b>	<b><u>69,489,945</u></b>
<b>Total</b>	<b><u>80,329,251</u></b>	<b><u>74,709,854</u></b>

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MARCH 31,2021**

(All amounts expressed in Saudi Riyal unless otherwise stated)

**8. LOANS AND BORROWING (Continued):**

The terms of Banque Saudi Fransi borrowings are as follows:

The company signed a Tawarruq / Murabaha Financing letter of agreement of 26,000,000 (working capital facility – SAR 10,000,000 and Dividend loan facility 16,000,000) with a carrying amount of 16,897,179 at 31 March 2021 and December 2020.

The borrowing is charged at SAIBOR plus a predetermined rate per annum on 10,000,000 (Tenor 270 days ) credit facility under Tawarruq or Murabaha for direct payment to supplier. The carrying amount of the working capital loan of 8,897,179 as of 31 March 2021 was extended from its initial due dates in year 2020 without any charges under the Saudi Government Covid 19 relief measures to Saudi companies.

The borrowing is charged at SAIBOR plus a predetermined rate per annum on 16,000,000 (Tenor 360 Days) credit facility under Tawarruq. The carrying amount of the Loan of 8,000,000 was extended by the bank after the initial payment date in April 2020 without any charges under the Saudi Government Covid 19 relief measures to Saudi companies.

The Company has issued an order note of 26,000,000 by signing this Financing letter of Agreement facilities to be effective.

**The terms of Saudi Industrial Development funds are as follows.**

The company has a obtained a term loan of 108,500,000 for expanding its production capacity of glass containers with a carrying amount of 31,284,546 on 31 March 2021 maturing on 22nd September 2021. (2020: 31,063,636)

The term Loan has been taken against mortgage of Plant and Machinery of the company which will be released after meeting the loan obligation."

**The terms of Saudi Investment Bank (SAIB) are as follows.**

The company has also signed a Murabaha/Tawarruq Facilities letter of Agreement for 38,000,000 out of which 8,000,000 is for capital expenditure for non-routine spare parts and equipment's for glass container production improvement and 30,000,000 for working capital facility, with a carrying amount of 7,648,043 for capital expenditure and 24,499,483 for working capital as of 31 March 2021. The Capex loan shall be settled in 9 semi-annual instalments whereas the working capital loan must be settled over 270 days' time period.

The borrowing is charged at SAIBOR plus a predetermined rate per annum for capital expenditure loan and working capital loan.

The company has issued the order note of 38,000,000 by signing this facility to be effective.

**9. REVENUE FROM SALE OF GOODS:**

	Mar-21	Mar-20
Sales within the Kingdom of Saudi Arabia	16,381,311	19,187,769
Sales outside the Kingdom of Saudi Arabia	7,207,647	2,924,382
<b>Total</b>	<b>23,588,958</b>	<b>22,112,151</b>

**THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)**  
**A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MARCH 31, 2021**  
(All amounts expressed in Saudi Riyal unless otherwise stated)

**9. REVENUE FROM SALE OF GOODS (Continued):**

The revenue represents the fair value of consideration received or receivable from sale of goods net of returns, volume, and cash discounts. The company recognizes revenue when the goods are delivered to customer i.e., on delivery duly acknowledged by the customer. Glass containers are sold on sale or return basis. Allowances for expected returns are made based on experience against individual customer contracts. The expected trade returns are adjusted against revenue with corresponding effect to trade receivable in the case of credit sales or in other trade payable in the case of cash sales.

**10. EARNING PER SHARE**

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the year. There were no potentially diluted shares outstanding at any time during the year and, therefore, the diluted earnings per share is equal to the basic earnings per share.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

	2021	2020
<b>From Continuing Operations</b>		
Net profit attributable to equity holders of the company for basic earning	8,901,022	2,468,440
Ordinary shares issued and fully paid	32,900,000	32,900,000
Less: Treasury shares	-	-
Weighted average number of shares outstanding during the year	32,900,000	32,900,000
Basic and diluted earnings per share attributable to the shareholder of the company	0.27	0.08
<b>From Discontinued Operations</b>		
Net profit attributable to equity holders of the company for basic earning	18,209	(179,412)
Ordinary shares issued and fully paid	32,900,000	32,900,000
Less: Treasury shares	-	-
Weighted average number of shares outstanding during the year	32,900,000	32,900,000
Basic and diluted earnings per share attributable to the shareholder of the company	0.00	(0.01)
<b>From Continuing and Discontinued Operations</b>		
Net profit attributable to equity holders of the company for basic earning	8,919,231	2,289,028
Ordinary shares issued and fully paid	32,900,000	32,900,000
Less: Treasury shares	-	-
Weighted average number of shares outstanding during the year	32,900,000	32,900,000
Basic and diluted earnings per share attributable to the shareholder of the company	0.27	0.07

**11. SEGMENT INFORMATION**

The company's principal business activity is manufacturing and sale of glass containers. The company has the manufacturing Plant at Riyadh, Saudi Arabia. The other glass manufacturing Plant at Dammam, Saudi Arabia was permanently closed in year 2019. Selected Financial information for the period ended 31 March 2021 and 31 March 2020 are as follows.

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	March 2021	March 2020
Revenue	23,588,958	22,112,151
Depreciation and amortization	5,730,657	5,715,978
Profit (loss)	(1,018,570)	(424,863)
Total Assets	305,669,770	304,826,030
Total Liabilities	95,081,878	106,253,397

The following is a summary of annual sales inside and outside the Kingdom:

	March 2021		March 2020	
Sales within the Kingdom of Saudi Arabia	16,381,311	69%	19,187,769	87%
Sales outside the Kingdom of Saudi Arabia	7,207,647	31%	2,924,382	13%
	<u>23,588,958</u>	100%	<u>22,112,151</u>	100%

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses. Operating segments' results are reviewed regularly by the company's Management to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the company Management include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

The company's operating segments are analyzed and aggregated based on the nature of products and uniformity in the production processes.

The Company has one operating segment Viz., glass containers' operation from its manufacturing Plant in Riyadh, Saudi Arabia and provides products in local and international market.

## **12. FINANCIAL RISK MANAGEMENT**

### **12.1 Principal financial instruments**

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

- Trade receivables
- Cash and cash equivalents
- Advances and other receivable
- Trade and other payables
- Floating-rate bank loans
- Dividend payable
- Accrual and other liabilities

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**12. FINANCIAL RISK MANAGEMENT (Continued):**

**12.2 Financial instruments by category**

<b>Financial Assets (At Amortised cost)</b>		
	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Financial assets at book value:</b>		
Trade receivables	40,112,423	26,848,915
Advances and other receivable	28,628	28,628
Cash and cash equivalents	23,852,014	24,737,983
<b>Total</b>	<b>63,993,065</b>	<b>51,615,526</b>
<b>Financial Liabilities (At Amortised cost)</b>		
	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Financial Liabilities at book value:</b>		
Long term Loans	6,156,640	5,219,909
Current Portion of Long-Term Loans	32,775,949	32,555,039
Short Term Borrowings	41,396,652	36,934,906
Dividends payable	13,575,243	13,575,665
Trade payables	10,356,567	6,793,076
Accrued expenses & other liabilities	5,602,491	4,867,551
Zakat Provision	6,252,277	5,400,413
<b>Total</b>	<b>116,115,869</b>	<b>105,346,559</b>

The company's short-term borrowings are revolving facilities with banks' credit facilities for 40,000,000.

**12.3** The Company is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Foreign exchange risk; and
- Liquidity risk.



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**12. FINANCIAL RISK MANAGEMENT (Continued):**

**12.3 The Company is exposed through its operations to the following financial risks (Continued):**

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 these risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these 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.

**12.4 Credit risk:**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The company is exposed to credit risk from its operating activities, primarily from Accounts Receivable. The company ensures that outstanding trade receivable are regularly monitored, and any credit concern highlighted to the management. Cash are substantially placed with commercial banks with sound credit rating. The company's maximum credit exposure are as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>
Trade receivable	40,112,423	26,848,915
Advances, and other receivables	28,628	28,628
Cash and cash equivalents	23,852,014	24,737,983
<b>Total</b>	<b><u>63,993,065</u></b>	<b><u>51,615,526</u></b>

**12.5 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowing which expose the Company to cash flow interest rate risk.

The company is not exposed to cash flow interest rate risk from long-term & short-term borrowings at variable rate.

**12.6 Foreign exchange risk**

Currency risk arises from the possibility that changes in foreign exchange rates will affect the value of the financial assets and liabilities denominated in foreign currencies. The Company does not believe it is materially exposed to currency risk as most of the Company's transactions and the balances are denominated in Saudi Riyals or in US Dollars. US dollar rate is fixed with the Saudi Riyal. Company's transaction in non-USD and non-Saudi Riyal are immaterial.

**12.7 Liquidity risk:**

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, management monitors the maturity profile of its financial assets and liabilities to ensure that adequate liquidity is maintained.

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**12. FINANCIAL RISK MANAGEMENT (Continued):**

**12.8 Fair value of financial instruments:**

Management believes that the fair values of the Company's financial assets and liabilities measure at amortized cost are not materially different from their carrying values as these are relatively short-term in nature.

**13. COVID-19 IMPACT**

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and declared as Public Health Emergency of International Concern on January 30, 2020 by World Health Organization. Covid-19 has spread across multiple geographic regions around the world, causing disruptions to businesses and economic activity. The spread of Covid-19 was reported in Saudi Arabia in March 2020, resulting in lockdown of major cities. Company has evaluated the Covid-19 related effects in respect of current and future operation. Based on the assessment performed, adjustments where necessary and quantifiable have been recognized in these condensed financial statements. As the situation is fluid and rapidly evolving, accordingly the estimates, assumptions and judgments made by the Company in respect of the carrying amounts of assets and liabilities as presented in these financial statements represent their best estimate under the current circumstances.

**14. COMPARATIVE INFORMATION**

Previous year figures have been reclassified / regrouped wherever necessary to confirm to the current year presentation.

**15. SUBSEQUENT EVENTS**

In the opinion of the management, there have been no significant subsequent events since the period-end that require disclosure or adjustment in these Condensed Interim Financial Statements.

**16. BOARD OF DIRECTORS APPROVAL**

The Board of Directors approved the Condensed Interim Financial report and statements as of 31 march 2021 on behalf of their shareholders on 25 April 2021.