

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 2023

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 2023

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

To the Shareholders,
The National Company for Glass Industries (Zoujaj)
(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 ("Zoujaj" or 'the Company') as at 30 June 2023 and the related interim condensed statement 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.

BAKER TILLY MKM & CO.
Certified Public Accountants

Majid Muneer Alnemer
License No. 381

Riyadh on 8 Muharram 1445H
Corresponding to 26 July 2023G



THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023
(SAUDI RIYALS)

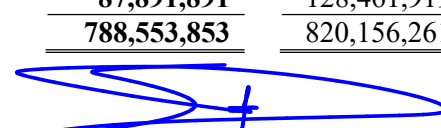
	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	168,024,055	179,741,110
Investment property		5,000,000	5,000,000
Right of use assets		2,729,877	1,663,488
Investments in joint ventures	7	499,876,977	532,530,044
Total non-current assets		675,630,909	718,934,642
Current assets			
Inventories	8	23,204,975	25,229,429
Prepayments and other debit balances		3,630,627	7,898,407
Contract assets		6,399,414	8,852,080
Trade receivables	9	59,660,524	42,381,056
Cash and cash equivalents		20,027,404	16,860,647
Total current assets		112,922,944	101,221,619
Total assets		788,553,853	820,156,261
EQUITY AND LIABILITIES			
EQUITY			
Share capital		329,000,000	329,000,000
Statutory reserve		98,700,000	98,700,000
Retained earnings		272,961,962	263,994,342
Total equity		700,661,962	691,694,342
LIABILITIES			
Non-current liabilities			
Lease liabilities		2,664,620	1,752,512
Employee's end of service benefits		6,440,800	6,609,781
Total non-current liabilities		9,105,420	8,362,293
Current liabilities			
Loans and borrowings	10	33,140,346	57,263,533
Lease liabilities		211,896	182,393
Contract liabilities		970,255	285,081
Trade payables		15,370,680	14,856,384
Accrued expenses and other credit balances		7,630,854	8,244,756
Zakat provision		6,807,623	8,767,990
Dividends payable		14,654,817	30,499,489
Total current liabilities		78,786,471	120,099,626
Total liabilities		87,891,891	128,461,919
Total equity and liabilities		788,553,853	820,156,261



CFO
Hatem Ayedh Alfadli



General Manager
Walid Afyouni



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 2023

(SAUDI RIYALS)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2023	2022	2023	2022
Continuing operations					
Revenue	12	39,399,407	22,697,733	76,489,869	50,973,416
Cost of revenue		(31,699,134)	(20,413,132)	(59,031,779)	(43,812,859)
Gross profit		7,700,273	2,284,601	17,458,090	7,160,557
Selling and distribution expenses		(865,549)	(561,211)	(1,748,840)	(1,366,764)
General and administrative expenses		(2,643,996)	(2,339,335)	(5,160,888)	(4,550,687)
Impairment on financial assets	9	-	(294,264)	-	(562,396)
Other income		828,743	275,766	1,575,154	327,959
Operating profit / (loss)		5,019,471	(634,443)	12,123,516	1,008,669
Finance cost		(890,976)	(769,242)	(1,973,627)	(1,426,412)
Share of profit from equity accounted joint ventures	7	(2,720,493)	43,197,375	1,006,933	79,183,056
Profit before zakat for the period		1,408,002	41,793,690	11,156,822	78,765,313
Zakat		(1,030,411)	(1,299,400)	(2,189,202)	(2,423,991)
Profit for the period from continuing operations		377,591	40,494,290	8,967,620	76,341,322
Loss from discontinued operations		-	(3,403,446)	-	(3,972,943)
Net profit for the period		377,591	37,090,844	8,967,620	72,368,379
Other comprehensive income					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		377,591	37,090,844	8,967,620	72,368,379
Basic and diluted earnings per share for profit from continuing operations attributable to the shareholders of the Company	11	0.01	1.23	0.27	2.32
Basic and diluted earnings per share attributable to the shareholder of the Company	11	0.01	1.13	0.27	2.20
CFO Hatem Ayedh Alfadli		General Manager Walid Afyouni		Chairman of Board of Directors Omar Riyadh Alhumaidan	

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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 2023
(SAUDI RIYALS)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance as at 1 January 2022	329,000,000	98,700,000	212,497,679	640,197,679
Total comprehensive income for the period	-	-	72,368,379	72,368,379
Dividend	-	-	(32,900,000)	(32,900,000)
Balance as at 30 June 2022	<u>329,000,000</u>	<u>98,700,000</u>	<u>251,966,058</u>	<u>679,666,058</u>
Balance as at 1 January 2023	329,000,000	98,700,000	263,994,342	691,694,342
Total comprehensive income for the period	-	-	8,967,620	8,967,620
Balance as at 30 June 2023	<u>329,000,000</u>	<u>98,700,000</u>	<u>272,961,962</u>	<u>700,661,962</u>



CFO
Hatem Ayedh Alfadli



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Walid Afyouni



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Omar Riyadh Alhumaidan

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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 PERIOD ENDED 30 JUNE 2023
(SAUDI RIYALS)

	30 June 2023	30 June 2022
Cash flows from operating activities		
Profit before zakat for the period	11,156,822	78,765,313
Loss from discontinued operations	-	(3,972,943)
Adjustments for:		
Depreciation of property, plant and equipment	15,891,852	16,021,161
Depreciation of right of use assets	115,207	86,560
Impairment loss on financial assets	-	562,396
Impairment loss on remeasurement of non-current assets held for sale	-	2,833,948
Finance cost	304,449	532,098
Share of profit from equity accounted joint ventures	(1,006,933)	(79,183,056)
Employee's end of service benefits	489,998	669,709
	26,951,395	16,315,186
Changes in working capital items:		
Inventories	2,024,454	(5,820,288)
Prepayments and other debit balances	4,267,780	(2,544,646)
Contract assets	2,452,666	(1,131,221)
Trade receivables	(17,279,468)	491,186
Contract liabilities	685,174	(219,762)
Trade payables	514,296	(6,886,990)
Accrued expenses and other credit balances	(613,902)	(959,206)
	19,002,395	(755,741)
Employees' end of service benefits paid	(658,979)	(72,383)
Zakat paid	(4,149,569)	(824,877)
Net cash generated from / (used in) operating activities	14,193,847	(1,653,001)
Cash flows from investing activities		
Additions to property, plant and equipment	(4,174,797)	(3,611,512)
Dividend received from joint ventures	33,660,000	52,173,000
Net cash generated from investing activities	29,485,203	48,561,488
Cash flows from financing activities		
Payment of long-term loans and borrowings	(1,008,783)	(4,619,783)
Net movement in short-term borrowings	(23,345,298)	7,577,274
Principal element of lease liabilities paid	(239,985)	-
Interest element of lease liabilities paid	(73,555)	-
Dividends paid	(15,844,672)	(32,196,081)
Net cash used in financing activities	(40,512,293)	(29,238,590)
Net change in cash and cash equivalents during the period	3,166,757	17,669,897
Cash and cash equivalents at the beginning of the period	16,860,647	14,215,788
Cash and cash equivalents at end of the period	20,027,404	31,885,685
Non-cash transactions		
Right of use asset capitalized	(1,181,597)	-
Addition to lease liabilities	1,181,597	-

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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 2023
(SAUDI RIYALS)

1. COMPANY 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 dated 20/6/1410 H (corresponding to 17 January 1990) in Riyadh, Kingdom of Saudi Arabia.

The registered address of the Company is building number 8317, unit number 5, Saudi Second Industrial City, PO Box 88646, Riyadh 11672, Kingdom of Saudi Arabia.

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

The Company owned 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 and was disposed off on August 14, 2022.

The interim condensed financial statements include the Company’s accounts and its following branches:

Branch name	CR Number	Issuance location	Registration date	Activity
The National Factory for Glass Bottles	1010088944	Riyadh	11/05/1412 (H)	Production of returnable and non-returnable glass bottles.
Dammam Factory for Glass Bottles*	2050023369	Dammam	28/11/1412 (H)	Production of glass bottles.
The National Factory for Glass Bottles	1010756334	Riyadh	05/04/1443 (H)	Operating sand and gravel mines, including crushers.

*This CR was cancelled by the management during the current period.

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 and Professional Accountants (SOCPA) and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2022. 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)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

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; and
- 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 2022, except for the application of the new standards that became effective on 1 January 2023. 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 that are effective for these interim condensed financial statements; however, there are number of amendments to standards which are effective from 1 January 2023 and have been explained in the 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

	30 June 2023	31 December 2022
Beginning balance for the period/ year	179,741,110	216,100,530
Additions/ disposals during the period/ year	4,174,797	6,964,110
Transfer to non-current assets held for sale	-	(5,333,948)
Transfer to investment property	-	(5,000,000)
Depreciation during the period/ year	(15,891,852)	(32,989,582)
Ending balance for the period/ year	168,024,055	179,741,110

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 2023
(SAUDI RIYALS)

7. INVESTMENTS IN JOINT VENTURES

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

	30 June 2023	31 December 2022
Beginning balance for the period/ year	532,530,044	460,892,677
Share of profit for the period/ year	1,006,933	126,780,166
Share of other comprehensive loss for the period/ year	-	(2,969,799)
Dividend received	(33,660,000)	(52,173,000)
Ending balance for the period/ year	499,876,977	532,530,044

The Company's share of the joint ventures' net profit for the six-month period ended 30 June is as follows:

	Ownership %	2023	2022
Saudi Guardian International Float Glass Company Ltd (Gulf Guard)	55%	(20,146,605)	37,173,792
Guardian Zoujaj International Float Glass Company LLC (Guardian Ras Al Khaimah)	55%	21,153,538	42,009,264
Saudi National Lamps and Electricals Company Ltd (SNLEC)**	50%	-	-
		1,006,933	79,183,056

** The equity method of accounting for the investment in SNLEC has been discontinued as the Company's share of losses exceeded the investment's carrying value.

8. INVENTORIES

	30 June 2023	31 December 2022
Spare parts	13,552,679	13,254,370
Raw materials	5,762,753	10,593,293
Finished goods	4,168,102	2,891,017
Consumable items	2,809,518	1,527,279
Packing materials	907,417	958,964
Gross value of inventories	27,200,469	29,224,923
Provision for non-moving or slow-moving inventories	(3,995,494)	(3,995,494)
Net value of inventories	23,204,975	25,229,429

9. TRADE RECEIVABLES

	30 June 2023	31 December 2022
Trade receivables	66,686,293	49,406,825
Provision for expected credit loss	(7,025,769)	(7,025,769)
	59,660,524	42,381,056

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

	30 June 2023	31 December 2022
Beginning balance for the period/ year	7,025,769	6,353,097
Charged during the period/ year	-	672,672
Ending balance for the period/ year	7,025,769	7,025,769

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 2023
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10. LOANS AND BORROWINGS

The Company has 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 break-up of different facilities as at the period/ year end:

	30 June 2023	31 December 2022
Current portion of long-term loans:		
Saudi Industrial Development Fund	12,433,483	12,361,589
Saudi Investment Bank	3,399,130	4,248,913
	15,832,613	16,610,502
Short term borrowings:		
Saudi Investment Bank	17,307,733	23,550,458
Banque Saudi Fransi	-	17,102,573
	17,307,733	40,653,031
Total loans and borrowings - current	33,140,346	57,263,533

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period attributable to the 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 the three-month period ended 30 June		For the six-month period ended 30 June	
	2023	2022	2023	2022
From continuing operations				
Net profit attributable to the shareholders of the Company	377,591	40,494,290	8,967,620	76,341,322
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	0.01	1.23	0.27	2.32
From discontinued operations				
Net loss attributable to the shareholders of the Company	-	(3,403,446)	-	(3,972,943)
Weighted average number of outstanding shares during the period	32,900,000	32,900,000	32,900,000	32,900,000
Basic and diluted loss per share	-	(0.10)	-	(0.12)
Total earnings per share – basic and diluted	0.01	1.13	0.27	2.20

The Board of Directors of the Company has recommended to split the nominal value of each share from SR 10 per share to SR 1 per share. However, this recommendation has not yet been approved by the General Assembly of the Company until the date of approval of these interim condensed financial statements.

THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
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12. 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".

The principal activity of the Company is production and sale of glass bottles. The Company had factories situated in Riyadh and Dammam, Saudi Arabia. However, the factory in Dammam, was permanently discontinued in the financial year ended 2019 and was disposed-off on August 14, 2022.

The following is a summary of revenue for the three and six-month periods ended 30 June 2023 and 2022 inside and outside the Kingdom of Saudi Arabia:

		For the three-month period ended 30 June			
		2023	%	2022	%
Inside the Kingdom of Saudi Arabia		20,582,135	52%	8,965,226	39%
Outside the Kingdom of Saudi Arabia		18,817,272	48%	13,732,507	61%
		39,399,407	100%	22,697,733	100%
		For the six-month period ended 30 June			
		2023	%	2022	%
Inside the Kingdom of Saudi Arabia		42,997,387	56%	24,049,341	47%
Outside the Kingdom of Saudi Arabia		33,492,482	44%	26,924,075	53%
		76,489,869	100%	50,973,416	100%

13. FINANCIAL INSTRUMENTS

13.1 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:

	30 June	31 December
	2023	2022
<u>Financial assets measured at amortized cost</u>		
Contract assets	6,399,414	8,852,080
Trade receivables	59,660,524	42,381,056
Cash and cash equivalents	20,027,404	16,860,647
Other debit balances	504,170	1,147,572
	86,591,512	69,241,355
<u>Financial liabilities measured at amortized cost</u>		
Non-current:		
Lease liabilities	2,664,620	1,752,512
Current:		
Loans and borrowings	33,140,346	57,263,533
Trade payables	15,370,680	14,856,384
Lease liabilities	211,896	182,393
Other credit balances	6,667,091	8,058,465
	58,054,633	82,113,287

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 2023
(SAUDI RIYALS)

13. FINANCIAL INSTRUMENTS (Continued)

13.2 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, contract assets, 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 2023 and 31 December 2022. 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 the 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.

14. PRIOR PERIOD ADJUSTMENTS

The Company has made reclassifications in its interim condensed statement of profit or loss and other comprehensive income for the three and six-month periods ended 30 June 2022. The reclassification pertains to the impairment loss on Dammam Factory for Glass Bottles that was classified under continuing operations in the comparative period. However, this loss has been reclassified to discontinued operations.

THE NATIONAL COMPANY FOR GLASS INDUSTRIES (ZOUJAJ)
(A SAUDI JOINT STOCK COMPANY)
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FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
(SAUDI RIYALS)

14. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

The following is a summary of adjustments to the three-month period ended 30 June 2022.

	30 June 2022 (Unaudited)	Reclassification	30 June 2022 (Adjusted)
Other (expenses) / income, net	(2,558,182)	2,833,948	275,766
Profit for the period from continuing operations	37,660,342	2,833,948	40,494,290
Loss from discontinued operations	(569,498)	(2,833,948)	(3,403,446)
Basic and diluted earnings per share from continuing operations	1.14	0.09	1.23
Basic and diluted loss per share from discontinued operations	(0.01)	(0.09)	(0.1)

The following is a summary of adjustments to the six-month period ended 30 June 2022.

	30 June 2022 (Unaudited)	Reclassification	30 June 2022 (Adjusted)
Other (expenses) / income, net	(2,505,989)	2,833,948	327,959
Profit for the period from continuing operations	73,507,374	2,833,948	76,341,322
Loss from discontinued operations	(1,138,995)	(2,833,948)	(3,972,943)
Basic and diluted earnings per share from continuing operations	2.23	0.09	2.32
Basic and diluted loss per share from discontinued operations	(0.03)	(0.09)	(0.12)

15. SUBSEQUENT EVENTS

The Board of Directors of the Company approved to distribute an interim dividend to the shareholders of the Company amounting to SR 16.45 million for the six-month period ended 30 June 2023 at a rate of SR 0.5 per share.

Furthermore, the Company has received dividend amounting to SR 20.5 million from Guardian Zoujaj International Float Glass Company LLC.

16. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 8 Muharram 1445H (corresponding to 26 July 2023G).