

NAQI WATER COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

NAQI WATER COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

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INDEPENDENT AUDITOR'S REVIEW ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF NAQJ WATER COMPANY REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

INTRODUCTION

We have reviewed the accompanying interim Condensed statement of financial position of **NAQJ WATRE COMPANY** (the "Company") as at 31 March 2024 and the related interim Condensed statements of comprehensive income for the three-month period then ended, and statements of changes in shareholders' equity and cash flows 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 presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is 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 Engagement 2410, "Review of Interim Condensed Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed 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 that is endorsed in the Kingdom of Saudi Arabia.

OTHER MATTERS

The company's financial statement for the period ended 31 March 2023 were audited by another auditor Who expressed unmodified opinion and conclusion Theron dated 25 May 2023 corresponding to 5 Dhu al-Qadah 1444H.

For Al-Bassam & Co.

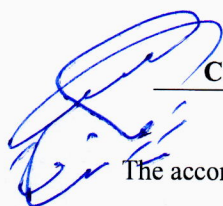
Ahmed A. Mohandis
Certified Public Accountant
License No. (477)
Qassim: 11 Dhu al-Qadah 1445H
Corresponding to: 19 May 2024



NAQI WATER COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 MARCH 2024
(Expressed in Saudi Arabian Riyals)

	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Assets			
Non-current assets			
Property, plant and equipment, net	4	132,213,536	137,183,701
Advance payments for the purchase of property, plant and equipment	5	1,381,479	8,440,314
Biological assets, net	6	2,270,070	1,850,513
Right of use assets, net	7	4,517,202	4,462,430
Intangible assets, net	8	7,995,530	4,903,880
Non-current assets		148,377,817	156,840,838
Current assets			
Assets held for sale	9	5,934,610	--
Trade receivables, net	10	26,721,321	22,667,904
Inventory	11	23,248,510	22,210,632
Due from related parties	12	4,041,868	4,805,893
Prepaid expenses and other receivables, net	13	6,478,016	7,180,338
Cash and cash equivalents	14	93,306,399	78,797,294
Current Assets		159,730,724	135,662,061
Total Assets		308,108,541	292,502,899
Shareholders' equity and liabilities			
Shareholders' Equity			
Share capital	15	200,000,000	200,000,000
Statutory reserve		16,893,318	16,893,318
Retained earnings		44,414,362	36,238,434
Total shareholder's equity		261,307,680	253,131,752
Liabilities			
Non-current liabilities			
Employees' end of service benefits	16	4,441,290	4,390,338
Long term loan – noncurrent portion	17	4,289,405	4,157,968
Lease liability – noncurrent portion	2/2/7	3,418,625	3,063,508
Non-current liabilities		12,149,320	11,611,814
Current liabilities			
Trade payables		16,384,910	13,132,764
Lease liability – current portion	1/2/7	936,528	878,810
Long term loan –current portion	17	3,566,753	4,755,671
Accrued expenses and other credit balances	18	6,158,573	3,986,780
Due to related parties	12	3,975,386	1,975,917
Zakat provision	19	3,629,391	3,029,391
Current liabilities		34,651,541	27,759,333
Total Liabilities		46,800,861	39,371,147
Total equity and liabilities		308,108,541	292,502,899



Chief Financial Officer

Dr. Qasim Zureigat

Chief Executive Officer

Mr. Abdulaziz Alsayegh



The accompanying notes form an integral part of these financial statements.

NAQI WATER COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)**

FOR THE THREE-MONTH PERIOD ENDED ON 31 MARCH 2024

(Expressed in Saudi Arabian Riyals)

	Note	For the three-month period ended 31 MARCH	
		31 MARCH 2024 (Unaudited)	31 MARCH 2023 (Unaudited)
Revenues, net	20	57,705,083	61,332,866
Cost of sales	21	(38,552,297)	(40,249,032)
Gross profit		19,152,786	21,083,834
Selling and Distribution expenses		(8,311,768)	(7,358,105)
Administrative expenses		(3,194,730)	(2,994,288)
Expected credit losses Provision – Trade receivables	10	--	(91,325)
Profit from operation		7,646,288	10,640,117
Finance costs		(242,711)	(306,627)
Other income	22	1,109,226	1,437,850
Profit before zakat		8,512,803	11,771,340
Zakat	19	(600,000)	(600,000)
Net profit for the period		7,912,803	11,171,340
Other comprehensive income:			
Items that will not be reclassified under profit or loss:			
Re-measurement of employee benefit liabilities	16	263,125	177,618
Total comprehensive income		8,175,928	11,348,958
Earnings per share:			
Basic and Diluted	23	0.40	0.56

Chief Financial Officer

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Chief Executive Officer

Mr. Abdulaziz Alsayegh

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NAQI WATER COMPANY
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INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

(Expressed in Saudi Arabian Riyals)

	<u>Note</u>	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>
2023:					
Balance at 1 January 2023 (Unaudited)		200,000,000	12,598,306	36,883,080	249,481,386
Net profit for the period		--	--	11,171,340	11,171,340
Other comprehensive income		--	--	177,618	177,618
Dividends	(28)	--	--	(20,000,000)	(20,000,000)
Balance at 31 March 2023 (Unaudited)		<u>200,000,000</u>	<u>12,598,306</u>	<u>28,232,038</u>	<u>240,830,344</u>
2024:					
Balance at 1 January 2024 (Unaudited)		<u>200,000,000</u>	<u>16,893,318</u>	<u>36,238,434</u>	<u>253,131,752</u>
Net income for the period		--	--	7,912,803	7,912,803
Other comprehensive income		--	--	263,125	263,125
Balance at 31 March 2024 (Unaudited)		<u>200,000,000</u>	<u>16,893,318</u>	<u>44,414,362</u>	<u>261,307,680</u>

Chief Financial Officer

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Chief Executive Officer

Mr. Abdulaziz Alsayegh

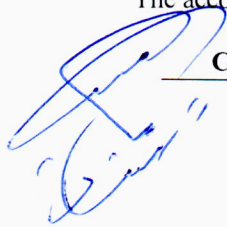
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NAQI WATER COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(Expressed in Saudi Arabian Riyals)

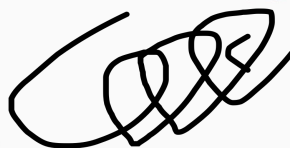
	Note	31 MARCH 2024 (Unaudited)	31 MARCH 2023 (Unaudited)
<u>Cash flows from operating activities</u>			
Profit for the period before zakat		8,512,803	11,771,340
Adjustments:			
Depreciation of Property, Plant and Equipment	4	5,055,551	5,549,113
Amortization of intangible assets	8	136,368	33,309
Amortization of biological assets	6	473,810	--
Amortization of right-of-use assets	7	337,705	196,385
Provisions for employees' end of service benefits	16	368,699	364,463
Provision for expected credit losses for trade receivables	10	--	91,326
Finance costs		189,156	306,627
Loss on disposals on biological assets	6	88,488	--
		15,162,580	18,312,563
<u>Changes in operating assets and liabilities</u>			
Inventories		(1,037,878)	2,744,756
Trade receivables		(4,053,417)	(5,564,415)
Prepayments and other receivables		702,322	5,777,155
Due from related party		764,025	893,894
Trade payable		3,252,146	(2,183,651)
Accrued expenses and other payables		2,171,793	2,437,653
Due to related party		1,999,469	236,958
Cash generated from operating activities		18,961,040	22,654,912
Employee's end -of-service benefits paid	16	(54,622)	(3,806)
Net cash generated from operating activities		18,906,418	22,651,106
<u>Investing activities</u>			
Purchase of property, plant and equipment	4	(2,013,776)	(597,118)
Payments for purchase of biological assets	6	(981,855)	--
Advanced payments for the purchase of property, plant and equipment	5	--	(1,545,600)
Payments for Purchase of Intangible assets	8	(175,403)	(5,484)
Net cash used in investing activities		(3,171,034)	(2,148,202)
<u>Financing activities</u>			
Repayment of loans	17	(1,057,481)	(997,262)
Finance costs paid		(131,438)	(23,995)
Payment of lease liabilities	7	(37,360)	(175,000)
Dividends paid		--	(19,993,057)
Net cash used in financing activities		(1,226,269)	(21,396,314)
Net change in cash and cash equivalents		14,509,105	(893,410)
Cash and cash equivalent at the beginning of the period		78,797,294	88,057,270
Cash and cash equivalents at end of the period		93,306,399	87,163,860

The accompanying notes form an integral part of these financial statements



Chief Financial Officer
Dr. Qasim Zureigat

Chief Executive Officer
Mr. Abdulaziz Alsayegh



NAQI WATER COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(Expressed in Saudi Arabian Riyals)

<u>Non-cash transaction</u>	Note	31 MARCH 2024 (Unaudited)	31 MARCH 2023 (Unaudited)
Right of use assets	7	392,477	--
Statutory reserve		263,125	177,618
Advance payments for the purchase of property, plant and equipment	5	7,058,835	--
Assets held for sale	9	5,934,610	--

Chief Financial Officer
Dr. Qasim Zureigat

Chief Executive Officer
Mr. Abdulaziz Alsayegh

The accompanying notes form an integral part of these financial statements

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(Expressed in Saudi Arabian Riyals)

1. BRIEF ABOUT THE COMPANY AND ACTIVITIES

Naqi Water Company is a Saudi joint stock company registered in the city of Unaizah in Qassim, Saudi Arabia under commercial registration number 1128018184 issued on 27 Jumada Al-Thani 1435H corresponding to April 27, 2014, and its subsequent amendments.

Head Office Address: Al-Obsah District, P.O. Box 5228, Qassim, Unaizah, Kingdom of Saudi Arabia.

On 7 Jumada al-Ula 1443 AH, corresponding to December 11, 2021 AD, the Board of Directors approved the company's initial public offering plan by offering 30% of the company's shares for initial year subscription by submitting an application and registering the securities to the Capital Market Authority and placing the company on the market and listing the Company on the financial market (Tadawul). On Shawwal 24, 1443 AH, corresponding to May 25, 2022 AD, the Capital Market Authority announced its approval to offer 6,000,000 shares for public subscription this year, representing 30% of the company's shares. The Saudi Capital Market Authority approved the company's listing on the Saudi Stock Exchange (Tadawul) on Muharram 17, 1444 AH, corresponding to August 15, 2022 AD.

Date of completion of the regulatory procedures for amending the company's articles of association to become a listed joint stock company: 26 Rabi' Al-Awwal 1444H corresponding to October 26, 2022 along with the commercial register number 1128018184.

The Company Activities are:

- Production and bottling of filtered pure water.
- Wholesaling of bottled water, soft drinks, and juices.
- Retailing of beverages in specialized stores.
- Land transportation of goods.
- Raising and producing broiler breeder hens, operating their hatcheries, and producing eggs.

The Company operates through its branches in the following cities in the Kingdom and these factories operate under the following commercial registrations and their dates:

Factory	City/Place	CR Number	Hijri Date of CR	Gregorian Date of CR
NAQI WATER COMPANY	Riyadh	1010603193	13/3/1441H	10/11/2019
NAQI's Qatra WATER COMPANY	Riyadh	1010460840	17/1/1440H	24/9/2018
NAQI WATER COMPANY	Unaizah	1128183653	18/5/1444H	11/12/2022
NAQI WATER COMPANY	Unaizah	1128184884	14/3/1442H	29/11/2020
NAQI WATER COMPANY	Jeddah	4030498557	27/6/1444H	19/1/2023
NAQI WATER COMPANY	Unaizah	1128189986	29/1/1445H	15/8/2023
NAQI WATER COMPANY	Dammam	2050180099	12/6/1445H	24/12/2023
NAQI WATER COMPANY	Jeza	5900145516	16/5/1445H	28/11/2023

2. BASIS OF PREPARATION

2/1 Statement of compliance

The financial statement (hereinafter referred to as "financial statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants.

2/2 Basis of measurement

The financial statements were prepared according to the historical cost principle, with the exception of defined benefit obligations for employees (the provision for end-of-service benefits), and at the present value of future obligations using the projected unit credit method, trade receivables, right-of-use assets, and lease obligations, and using the accrual principle of accounting and the going concern principle.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(Expressed in Saudi Arabian Riyals)

2. BASIS OF PREPARATION (CONTINUED)

2/3 Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). The financial statements are presented in Saudi riyals, which is the functional and presentation currency.

2/4 Use of judgements and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.

Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.

Significant judgments made by the management upon the adopting the Company’s accounting policies correspond to the disclosed policies in last year’s financial statements.

2/5 Going Concern

The Company's management has assessed the Company's ability to continue as a going concern, and is convinced that the Company has sufficient resources to continue its business in the near future. In addition, the management does not have any material doubts about the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES

New standards, amendments to standards and interpretations

There are no new standards issued. However, a number of amendments to the standards are effective as of January 1, 2024, which were explained in the company's annual financial statements issued on December 31, 2023, but they do not have a material impact on the company's initial condensed financial statements.

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of amendment
IAS 1	Classification of liabilities as current or non-current	January 1, 2024	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
IFRS 16	Leases on sale and leaseback	January 1, 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

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

NAQI WATER COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

(Expressed in Saudi Arabian Riyals)

4. PROPERTY, PLANT AND EQUIPMENT, NET

	<u>Land</u>	<u>Buildings and constructions on owned and leased lands</u>	<u>Trucks</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Machinery and equipment</u>	<u>Tools</u>	<u>Computers</u>	<u>Desalination plant and laboratory equipment</u>	<u>Total</u>
Cost:										
As at 1 January 2023	4,750,000	35,832,165	20,250,000	10,861,231	4,112,045	121,051,134	170,028	464,289	16,162,471	213,653,363
Additions during the year	7,350,000	2,636,559	--	2,029,500	383,963	258,800	471,406	124,966	367,162	13,622,356
Disposal during the year	--	--	(810,000)	--	(1,900)	--	--	--	--	(811,900)
As at 31 December 2023	<u>12,100,000</u>	<u>38,468,724</u>	<u>19,440,000</u>	<u>12,890,731</u>	<u>4,494,108</u>	<u>121,309,934</u>	<u>641,434</u>	<u>589,255</u>	<u>16,529,633</u>	<u>226,463,819</u>
Additions during the period	--	904,730	--	17,000	474,037	19,900	518,751	79,358	--	2,013,776
Transfer to assets held for sale during the period	--	(2,100,000)	--	--	--	--	--	--	--	(2,100,000)
As at 31 March 2024 (Unaudited)	12,100,000	37,273,454	19,440,000	12,907,731	4,968,145	121,329,834	1,160,185	668,613	16,529,633	226,377,595
Accumulated depreciation:										
As at 1 January 2023	--	4,350,407	2,531,708	5,429,653	2,463,988	42,560,054	92,534	269,605	9,568,194	67,266,143
Depreciation charge for the year	--	1,083,978	1,996,635	2,773,134	708,210	12,501,402	32,341	84,499	2,969,468	22,149,667
Disposals Depreciation	--	--	(135,596)	--	(96)	--	--	--	--	(135,692)
As at 31 December 2023	<u>--</u>	<u>5,434,385</u>	<u>4,392,747</u>	<u>8,202,787</u>	<u>3,172,102</u>	<u>55,061,456</u>	<u>124,875</u>	<u>354,104</u>	<u>12,537,662</u>	<u>89,280,118</u>
Depreciation charge for the period	--	302,842	490,665	451,162	179,632	3,124,153	16,164	26,107	464,826	5,055,551
Accumulated depreciation for assets held for sale during the period	--	(171,610)	--	--	--	--	--	--	--	(171,610)
As at 31 March 2024 (Unaudited)	--	5,565,617	4,883,412	8,653,949	3,351,733	58,185,609	141,039	380,211	13,002,488	94,164,059
Net book value:										
As at 31 March 2024 (Unaudited)	12,100,000	31,707,837	14,556,588	4,253,782	1,616,411	63,144,225	1,019,146	288,404	3,527,145	132,213,536
As at 31 December 2023 (Audited)	<u>12,100,000</u>	<u>33,034,339</u>	<u>15,047,253</u>	<u>4,687,944</u>	<u>1,322,006</u>	<u>66,248,478</u>	<u>516,559</u>	<u>235,151</u>	<u>3,991,971</u>	<u>137,183,701</u>

* Item includes property, Plant and equipment mortgaged to a commercial bank under an Islamic financing agreement as collateral for the loan (note 17)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(Expressed in Saudi Arabian Riyals)

5. ADVANCED PAYMENTS FOR THE PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Cost		
Advance payments – for water production line*	1,380,000	1,380,000
Advance payments – other**	1,479	7,060,314
	1,381,479	8,440,314

* The balance of advance payments represents the amounts paid to the Middle East Machinery Factory Company Limited (a related party), which is the value of an advance payment to purchase a production line.

** Included in advance payments - others in transferring an amount of 7 million Saudi riyals to intangible asset, Note No. (8)

6. BIOLOGICAL ASSETS, NET

	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Cost:			
Balance at the beginning of the period / year		2,230,242	--
Additions during the period / year		981,855	2,423,212
Disposals during the period / year		(119,821)	(192,970)
Balance at end of period / year		3,092,276	2,230,242
Accumulated Amortization:			
Balance at the beginning of the period/year		379,729	--
Amortization during the period / year		473,810	408,120
Amortization for disposal during the period / year	(21)	(31,333)	(28,391)
Balance at end of the period / year		822,206	379,729
Net book value			
Balance at end of the period / year		2,270,070	1,850,513

NAQI WATER COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(Expressed in Saudi Arabian Riyals)

7. RIGHT OF USE ASSETS

The company's lease contracts consist of two lease contracts for two properties used as headquarters for the company's sales branches and warehouses for storing goods in the city of Riyadh. The duration of each contract is five years from the date of the contract. As well as a lease contract for another property that was rented during the year end 31 December 2023 in the city of Jeddah and is used as a headquarters for the Jeddah sales branch and a warehouse to store goods, and its duration is also five years.

7/1 Right of use assets

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
<u>Cost:</u>		
Balance at the beginning of the period / year	6,623,989	3,927,710
Additions during the period / year	392,477	2,696,279
Balance at end of period / year	7,016,466	6,623,989
<u>Accumulated Depreciation:</u>		
Balance at the beginning of the period / year	2,161,559	1,016,513
Depreciation during the period / year	337,705	1,145,046
Balance at end of period / year	2,499,264	2,161,559
<u>Net book value</u>		
Balance at end of the period / year	4,517,202	4,462,430

7/2 The movement in the lease liabilities is as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period/year	3,942,318	2,529,600
Additions during the period/year	392,477	2,696,279
Interest during the year	57,718	193,020
Payment during the period/year	(37,360)	(1,476,581)
Balance at end of the period / year	4,355,153	3,942,318
current portion	936,528	878,810
Non-current portion	3,418,625	3,063,508
	4,355,153	3,942,318

The discount rates used in calculating the right to use assets and lease liabilities range from 5 to 5.77%.

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8. INTANGIBLE ASSETS, NET

	software and computer licenses	Right of use leased land	31 March 2024 (Unaudited)	31 December 2023 (Audited)
<u>Cost</u>				
Balance at the beginning of the period/year	1,360,962	4,050,000	5,410,962	1,355,478
Additions during the period/ year*	--	7,234,238	7,234,238	4,055,484
Transfer to assets held for sale during the period/ year	--	(4,050,000)	(4,050,000)	--
Balance at end of the period / year	1,360,962	7,234,238	8,595,200	5,410,962
<u>Accumulated Amortization</u>				
Balance at the beginning of the period/year	472,760	34,322	507,082	339,245
Amortization charged on the period/year	33,402	102,966	136,368	167,837
Amortization charged on the period/year	--	(43,780)	(43,780)	--
Balance at end of the period / year	506,162	93,508	599,670	507,082
<u>Net book value</u>				
Balance at end of the period / year	854,800	7,140,730	7,995,530	4,903,880

The additions to the right of use leased land are represents in value of the portion specified for the right of use leased land from the total value of the contract of assignment of the right to lease a plot of land No. (0020M00216) included in the lease contract No. (24000129) of the Industrial Cities and Technology Zones Authority (MODON) in the Second Industrial City in Riyadh.

9. ASSETS HELD FOR SALE

On March 10, 2024, Naqi Water Company announced the signing of a lease assignment agreement for a plot of land and its properties and buildings, leased from the Saudi Authority for Industrial Cities and Technology Zones (MODON) and located in Riyadh, which was contracted for the purpose of establishing a new bottled drinking water factory in Riyadh.

	Note	31 March 2024 (Unaudited)
Assets held for sale		
Buildings and constructions on owned and leased lands	(4)	1,928,390
Intangible assets	(8)	4,006,220
Total assets held for sale		5,934,610

The lease assignment procedures for the aforementioned plot of land or the receipt of the cash consideration for the assignment had not been completed as of the date of the preliminary financial statements. Consequently, the leasehold interest in the plot of land and its properties and buildings has been reclassified as assets held for sale pending the completion of the legal procedures for the assignment and the receipt of the cash consideration for the assignment right in accordance with the contract.

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10. TRADE RECEIVABLES, NET

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Trade receivables	28,489,094	24,435,677
Less: Expected credit loss provision	(1,767,773)	(1,767,773)
	26,721,321	22,667,904

The movement in allowance for expected credit losses during the period is as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance, at beginning of the year	1,767,773	1,174,728
Provided during the year	--	593,045
Balance at end of year	1,767,773	1,767,773

Aging of the trade receivables as at 31 March is as follows:

Duration	31 March 2024 (Unaudited)		31 December 2023 (Audited)	
	Balance	Impairment In value	Balance	Impairment In value
Not due	13,718,856	17,004	14,170,801	17,004
From 0 to 90 days	6,514,320	91,618	6,339,249	91,618
From 91 to 180 days	6,672,270	75,503	1,060,962	15,333
Over 181 Days	1,583,648	1,583,648	2,864,665	1,643,818
	28,489,094	1,767,773	24,435,677	1,767,773

Collections in the subsequent period amounted to 11 million Saudi riyals from the balances of the company's existing trade payables as of March 31, 2024, which were excluded from trade payables when calculating expected credit losses, resulting in a net balance subject to calculation of 17,489,094 Saudi riyal classified according to their age.

11. INVENTORIES

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Raw materials	12,510,232	12,797,982
Spare parts	7,261,858	6,631,791
Finished goods	2,943,594	2,147,477
Vehicle spare parts	312,300	224,450
Chemicals	220,526	408,932
	23,248,510	22,210,632

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12. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with related parties mainly consist of purchases of raw materials and provision of services, which are carried out according to agreed and approved terms by management.

The following is a statement of transactions with related parties during the year:

<u>Name of related parties</u>	<u>Nature of Relation</u>	<u>Nature of transaction</u>	<u>31 March 2024 (Unaudited)</u>	<u>31 December 2023 (Audited)</u>
Seqa united company (previously Al Sadd Modern advanced company)	shareholder	Raw material purchases	15,038,257	15,763,605
		Raw material purchases Payments	(13,231,011)	(16,394,873)
		expenses on behalf	--	257,232
		Raw material purchases Advanced Payments	192,223	--
		Other expenses	(2,341)	5,391
Zulal Water Factory Company	Associate	Payment	--	(1,033,452)
		Raw material purchases Payments	584,021	1,160,412
		Expenses	369,885	109,998
Middle East Machinery Factory Co. Ltd.	Associate			

Due from Related parties:

	<u>31 March 2024 (Unaudited)</u>	<u>31 December 2023 (Audited)</u>
Middle East Machinery Factory Co. Ltd.	4,041,868	4,803,552
Zulal Water Factory Company	--	2,341
	<u>4,041,868</u>	<u>4,805,893</u>

An allowance for expected credit losses was calculated for the balances due from related parties, considering the movement of those balances and subsequent collections. According to the best estimates of the management, it was found that the allowance is not material and did not affect the financial statements.

Due to related parties

	<u>31 March 2024 (Unaudited)</u>	<u>31 December 2023 (Audited)</u>
Seqa united company (previously Al Sadd Modern advanced company)	3,975,386	1,975,917
	<u>3,975,386</u>	<u>1,975,917</u>

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13. PREPAYMENTS AND OTHER RECEIVABLES, NET

Prepayments and other receivables comprise of the following:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Advance to suppliers	3,434,402	3,415,707
Prepaid expenses	1,849,931	2,573,892
Employee's custody	514,487	671,595
Employee's loans	497,132	554,029
Accrued time deposit interest	390,604	205,820
Checks under collection	43,635	11,470
Other debit balances	892,821	892,821
Less:		
Provision for Other debit balances	(892,821)	(892,821)
Provision for Employee's custody	(252,175)	(252,175)
	6,478,016	7,180,338

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at March 31 comprise the following:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Time deposits*	70,000,000	66,800,000
Cash at banks	21,751,585	11,268,661
Cash on hand	1,511,137	724,557
Credit cards	43,677	4,076
	93,306,399	78,797,294

*The maturity period of the deposits is less than three months from the date of acquisition, and according to Islamic law, they are distributed among commercial banks. The company achieved revenues during the period of 1,085,268 Saudi riyals (2023: 4,013,813 Saudi riyals).

All balances are estimated to be of low credit risk as they are deposited with well-known institutions with high credit ratings. There were no indications of default at any time on any of the company's bank balances. Therefore, the probability of default based on future factors or any default cases resulting from losses is almost negligible or non-existent.

15. SHARE CAPITAL

The company's subscribed and paid-up capital amounted to 200 million Saudi riyals, fully distributed, divided into 20 million shares of equal value, each share valued at 10 Saudi riyals.

Major shareholders as at 31 March are as follows:

	31 March 2024 (Unaudited)		31 December 2023 (Audited)	
	No. of shares	Ratio	No. of shares	Ratio
Mr/Amin bin Abdullah bin Ali Al mallah	7,000,000	35%	7,000,000	35%
Seqa united company	7,000,000	35%	7,000,000	35%

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16. EMPLOYEE END OF SERVICE BENEFITS

The valuation was prepared by an independent external actuary using the following key assumptions:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
	(Percentage per annum)	
Salaries increase rate	4.20%	4%
Discount rate	5.16%	4.20%

The following are the significant actuarial assumptions:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period /year	4,390,338	3,744,106
Current service cost during the period /year	315,144	1,304,048
Finance cost during the period /year	53,555	160,305
Actual benefits paid during the period /year	(54,622)	(117,876)
Actuarial Gains from re-measurement of employee end of service benefits	(263,125)	(700,245)
Balance at the end of the period /year from remeasurement of employee end of service benefits	4,441,290	4,390,338

The sensitivity of the employee benefit obligation to changes in weighted average key assumptions is:

Factor	Change in assumption	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Discount rate	1%	4,117,821	4,054,453
	-1%	4,828,457	4,754,154
Salary increase rate	1%	4,828,350	4,754,049
	-1%	4,117,770	4,054,403
Mortality rate	1%	4,414,916	4,346,977
	-1%	4,501,508	4,432,236
Employee turnover rates	10%	4,375,754	4,301,253

16. EMPLOYEE END OF SERVICE BENEFITS

The sensitivity analysis above is based on a change in a hypothesis while all other assumptions remain constant. In practice, this is unlikely to happen, and changes in some assumptions may be interconnected. The same method was used in calculating employees' end-of-service benefit liabilities recognized in the statement of financial position when calculating Sensitivity of the employee end-of-service obligation to significant actuarial assumptions (present value of the employee benefit obligation calculated by the projected unit credit method at the end of the report)

The undiscounted expected cash flows for employee termination benefits is as follow:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Within one year	259,117	248,362
From one to five years	2,664,837	4,913,035
More than five years	5,604,794	5,374,913

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17. LOANS AND CREDIT FACILITIES

17/1 Classification of the loan between current and non-current portion:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Current portion	<u>3,566,753</u>	4,755,671
No Current Portion	<u>4,289,405</u>	4,157,968
	<u>7,856,158</u>	<u>8,913,639</u>

17/2 Movement in loans:

The movement in loans consists of the following:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period /year	<u>8,913,639</u>	12,997,535
Payment during the Period /year	<u>(1,057,481)</u>	(4,083,896)
Balance at end of period /year	<u>7,856,158</u>	<u>8,913,639</u>

During the year 2020, the company entered into an Islamic financing agreement with Riyadh Bank for an amount of 20,500,000 Saudi riyals. The company used this loan to finance the purchase of cars. The loan is subject to a profit rate of SAIBOR plus 4% per annum, and is to be repaid in 20 quarterly installments over a period of 5 years. The value of the trucks, amounting to 20,250,000 Saudi riyals, was pledged as collateral for the financing, in addition to promissory notes in favor of the lending bank amounting to 24,600,000 Saudi riyals, which were signed by the company's shareholders. The loan does not include any financial covenants.

The total financing cost charged to the income statement for the loan during the period was 189,156 Saudi riyals (2023: 671,774 Saudi riyals)

17/3 Classification of the loan between current and non-current portion:

<u>As at 31 March 2024</u>	<u>Less than year</u>	<u>From year to 5 years</u>	<u>Total</u>
Loans	<u>3,566,753</u>	<u>4,289,405</u>	<u>7,856,158</u>
	<u>3,566,753</u>	<u>4,289,405</u>	<u>7,856,158</u>
<u>As at 31 December 2023</u>	<u>Less than year</u>	<u>From year to 5 years</u>	<u>Total</u>
Loans	<u>4,755,671</u>	<u>4,157,968</u>	<u>8,913,639</u>
	<u>4,755,671</u>	<u>4,157,968</u>	<u>8,913,639</u>

18. ACCRUED EXPENSES AND OTHER PAYABLES

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Accrued expenses	<u>4,104,141</u>	2,902,397
Value added tax (VAT)	<u>2,054,432</u>	1,042,686
Advances from customers	--	31,157
Other Payables	--	10,540
	<u>6,158,573</u>	<u>3,986,780</u>

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19. ZAKAT

a) Movement of Zakat provision during the period

The movement of the zakat provision of the period is as follows

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance, at beginning of the period / year	<u>3,029,391</u>	3,148,110
Add: Charge for the period / Year	600,000	3,029,391
Less: payments during the period / year	<u>--</u>	(3,148,110)
Balance at the end of the period / year	<u>3,629,391</u>	<u>3,029,391</u>

20. SALES, NET

	For the Three- Month Period Ended 31 March 2024 (Unaudited)	For the Three- Month Period Ended 31 March 2023 (Unaudited)
Product Sales:		
Local Wholesale Sales - Bottled Water	33,324,878	29,806,723
Local Retail Sales - Bottled Water	19,589,972	27,807,323
Local Wholesale Sales - Egg Production	2,439,168	--
Export Sales - Bottled Water	868,876	1,726,358
Services revenue:		
Net Logistics Service Revenue	1,482,189	1,992,462
	<u>57,705,083</u>	<u>61,332,866</u>

All of the company's sales are at a specific point in time, and there are no contracts with customers to supply products over long periods of time.

21. COST OF SALES

	Note	For the Three- Month Period Ended 31 March 2024 (Unaudited)	For the Three- Month Period Ended 31 March 2023 (Unaudited)
Consumed Raw materials		23,735,607	27,723,107
Depreciation of property plant and equipment		4,397,592	4,308,461
Salaries, wages and equivalents		3,735,917	4,017,041
Operating Expenses		1,741,903	647,850
Operating expenses – Egg Production Lines		1,705,022	--
Consumed Spare Parts		1,058,056	1,779,935
Electricity and Water		814,672	815,120
Logistics expenses		645,089	802,060
Amortization of Biological Assets	(6)	473,810	--
Maintenance and Insurance		244,629	155,458
		<u>38,552,297</u>	<u>40,249,032</u>

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22. OTHER INCOME

	For the Three- Month Period Ended 31 March 2024 (Unaudited)	For the Three- Month Period Ended 31 March 2023 (Unaudited)
Time deposits income	1,085,268	687,508
Others	23,958	750,342
	1,109,226	1,437,850

23. EARNINGS LOSSES PER SHARE

The Calculation of Basic earnings per share was calculated based on the distributable profit to shareholders from ordinary shares and the weighted average number of ordinary shares outstanding as of the financial statement date.

	For the period ended March 31 (Unaudited)	
	2024	2023
Net income attributable to equity holders	7,912,803	11,171,340
Number of shares	20,000,000	20,000,000
earnings per share attributable to Company's shareholders	0.40	0.56

Diluted loss per share

The calculation of diluted loss per share has been based on the net loss for the year attributable to the company's shareholders on ordinary shares and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any.

During the year there were no diluted shares, accordingly the diluted earnings / (loss) per share does not differ from the basic loss per share.

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24. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value and cash flow, interest rate risks and price risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

24/1 Financial risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk

management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Financial instruments carried on the balance sheet include cash and cash equivalents, trade and other receivables, Financial assets at fair value through Profit or loss, loans, trade payables and accrued expenses and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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24. FINANCIAL RISK MANAGEMENT (CONTINUED)

24/2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: Interest rate risk, currency risk and another price risk.

24/2/1 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Company is not significantly exposed to fluctuations in foreign exchange rates during its normal course of business, as the company core transactions during the period were denominated in Saudi Riyals and UAE Dirham. Since the exchange rate of the Saudi riyal is fixed against the UAE dirham, there are no significant risks associated with transactions and balances denominated in the UAE dirham.

The following is the quantitative data related to the foreign currency position:

As at 31 March 2024

	<u>UAE Dirham</u>	<u>Saudi Riyal</u>
Trade payable	<u>2,502,505</u>	<u>2,448,787</u>

As at 31 December 2023:

	<u>UAE Dirham</u>	<u>Saudi Riyal</u>
Trade payable	<u>786,334</u>	<u>769,454</u>

24/2/2 Risks of change in other purchasing prices

These are the risks associated with changes in the prices of some commodities, which the company is exposed to, which may have an undesirable impact on the company's costs and cash flows. These commodity price risks arise from anticipated purchases of certain goods from the raw materials used by the company.

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24. FINANCIAL RISK MANAGEMENT (CONTINUED)

24/3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual

obligations. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit

limits are applied to its customers, which are based on comprehensive customer ratings and past repayment rates. The management also continuously monitors the credit exposure related to its customers and makes provision against the expected credit losses. Standing balances of customers are continuously monitored. Cash and cash equivalents are placed with national banks with sound credit ratings. Trade and other receivables are mainly due from local customers and the company's trade receivables are due from eight main customers. Trade receivables are stated at their estimated realizable values.

The following is the total maximum credit risk that the company is exposed to:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Trade receivable (Note10)	26,721,321	22,667,904
Cash in Banks (Note 14)	21,795,262	11,272,737
Time deposit (Note 14)	70,000,000	66,800,000
Due from related party (Note 12)	4,041,868	4,805,893
Other Debit balances (Note 13)	1,193,682	1,190,739
	123,752,134	106,737,273

24/4 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available. The concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets. The following is the contractual maturities for financial liabilities at the end of the period, which are presented in gross and undiscounted amounts:

As at 31 March 2024 (Unaudited)	Less than year	From year to 5 years	Total
Trade payable	16,384,910	--	16,384,910
Accrued expenses and other credit	6,158,573	--	6,158,573
Due to related party	3,975,386	--	3,975,386
Loans	3,566,753	4,289,405	7,856,158
Lease Liabilities	936,528	3,418,625	4,355,153
	31,022,150	7,708,030	38,730,180
As at 31 December 2023 (Audited)	Less than year	From year to 5 years	Total
Trade payable	13,132,764	--	13,132,764
Accrued expenses and other credits	4,755,671	4,157,968	8,913,639
Loans	3,986,780	--	3,986,780
Due to related party	1,975,917	--	1,975,917
Lease Liabilities	878,810	3,063,508	3,942,318
	24,729,942	7,221,476	31,951,418

The company manages liquidity risk by maintaining adequate reserves, bank facilities and loans, by continuously monitoring future cash flows, and by matching the maturities of assets and cash liabilities.

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25. CONTINGENCIES AND CAPITAL COMMITMENTS

The company has no potential obligations against the covered portion of bank guarantees or documentary credits as of March 31, 2024 and December 31, 2023.

The company has capital commitments related to advance payments for the purchase of properties.

The following are the details of the capital commitments:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Advance payments for the purchase of properties, plant and equipment	(1,380,000)	(1,380,000)
Total capital commitments	13,800,000	13,800,000
Net obligations to equity	12,420,000	12,420,000

26. SEGMENT REPORTING

Segment report

The presentation of key segments is determined on the basis that the risks and rewards of the Company are substantially affected by the differences in the products of those segments. These segments are organized and managed separately according to the nature of the services and products, each forming a separate unit. The operational segments set out below are determined by distinguishing business activities from which the Company generates revenues and incurs costs.

The economic characteristics are reviewed and the operating segments are aggregated on the basis of the organization made by the Chief Operating Decision Maker at least every quarter and reviewed by Company's senior management.

The Company is operating its activities in the Kingdom of Saudi Arabia through the following main business sectors:

Revenue for the year ending at	Local Sales- Water	Export Sales- Water	Logistic sales	Egg sales	Total
31 March 2024 (Unaudited)	52,914,850	868,876	1,482,189	2,439,168	57,705,083
31 March 2023 (Unaudited)	57,614,046	1,726,358	1,992,462	--	61,332,866

Trade receivables as at	Local Customers- Water	Export Customers - Water	Egg customers	Total
31 March 2024 (Unaudited)	27,605,047	564,343	319,704	28,489,094
31 March 2023 (Unaudited)	22,001,003	1,030,813	--	23,031,816

GEOGRAPHICAL SEGMENT

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Central Region	39,275,631	41,944,199
Western Region	7,047,619	5,570,772
Eastern Region	3,854,588	2,264,934
Northern Region	3,611,040	5,601,113
Southern Region	1,565,140	2,233,028
Logistics	1,482,189	1,992,462
Export	868,876	1,726,358
	57,705,083	61,332,866

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(Expressed in Saudi Arabian Riyals)

26. COMPARATIVE FIGURES

Some comparative figures have been reclassified to conform with the presentation of the financial statements for the current period.

27. DIVIDENDS

- March 26, 2024: The Board of Directors recommended the distribution of cash dividends to shareholders for the second half of the fiscal year 2023.
- January 8, 2023: The Ordinary General Assembly approved, based on the recommendation of the Board of Directors, the distribution of cash dividends amounting to SAR 20,000,000, representing 10% of the company's capital, to shareholders for the second and third quarters of 2022, at the rate of SAR 1 per share.

28. SUBSEQUENT EVENTS

On May 16, 2024, Naqi Water Company announced the completion of the legal procedures for the assignment of the leasehold interest in a plot of land and its properties and buildings to Saudi Light Food Company Limited for a consideration of SR 10,925,000 inclusive of value added tax. This resulted in the Company recognizing a net profit from the derecognition of SR 3,565,390, and the cash consideration for the assignment was received in full in a subsequent period.

29. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed interim financial statements for the period ended March 31, 2024, were approved by the Audit Committee, as authorized by the Board of Directors, on May 16, 2024, corresponding to 8 Dhul-Qi'dah 1445 AH.