

**FILLING AND PACKING MATERIALS
MANUFACTURING COMPANY
(A Saudi Joint Stock Company)**

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

**FILLING AND PACKING MATERIALS MANUFACTURING COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

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**Independent auditor's review report on the interim condensed consolidated financial statements
To the shareholders of Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Filling and Packing Materials Manufacturing Company (A Saudi Joint Stock Company) ("the Company") and its subsidiary (collectively referred to as "the Group") as at 31 March 2024, and the related interim condensed consolidated statements of profit and loss and the other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated 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 consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information requires inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Maham Company for Professional Services



Abdulaziz Saud Al Shabeebi
Certified Public Accountant
License no. (339)



11 Dhul-Qa'dah 1445H
19 May 2024

Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)

Interim condensed consolidated statement of financial position
As at 31 March 2024

		31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Assets			
Non-current assets			
Property, plant and equipment	4	145,528,553	147,424,860
Right-of-use assets		5,829,754	5,953,791
Intangible assets	5	858,562	903,750
Total non-current assets		<u>152,216,869</u>	<u>154,282,401</u>
Current assets			
Inventory	6	57,351,829	51,090,590
Trade receivables	7	52,414,502	55,617,778
Prepayments and other current assets		12,007,123	11,595,328
Cash and cash equivalents		20,999,521	14,142,894
Total current assets		<u>142,772,975</u>	<u>132,446,590</u>
Total assets		<u>294,989,844</u>	<u>286,728,991</u>
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	8	115,000,000	115,000,000
Retained earnings		56,084,977	54,060,522
Other reserves	9	(25,358,702)	(25,358,702)
Total Equity		<u>145,726,275</u>	<u>143,701,820</u>
Liabilities			
Non-current liabilities			
Term loans – non-current portion	10	29,298,610	35,990,265
Government grants - non-current portion	10	1,275,330	1,853,949
Lease liabilities – non-current portion		6,023,138	6,479,202
Employees defined benefits liabilities		14,477,782	14,051,874
Contingent liability for acquisition of non-controlling interest	9	14,372,423	13,999,000
Total non-current liabilities		<u>65,447,283</u>	<u>72,374,290</u>
Current liabilities			
Trade payables		24,356,419	30,745,024
Accrued expenses and other current liabilities		18,938,885	19,148,869
Term loans – current portion	10	35,661,269	16,643,344
Government grants - current portion	10	1,054,308	693,177
Leases liabilities - current portion		185,603	434,347
Zakat provision	11	3,619,802	2,988,120
Total current liabilities		<u>83,816,286</u>	<u>70,652,881</u>
Total liabilities		<u>149,263,569</u>	<u>143,027,171</u>
Total shareholders' equity and liabilities		<u>294,989,844</u>	<u>286,728,991</u>

Chief financial Officer

Chief Executive Officer

Chairman

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)

Interim condensed consolidated statement of profit or loss and other comprehensive income
For the three-month period ended 31 March 2024

	Note	For the three-month period ended 31 March 2024 (Unaudited) SR	31 March 2023 (Unaudited) SR
Revenue		51,316,959	63,891,490
Cost of revenue		(39,293,328)	(52,749,977)
Gross profit		12,023,631	11,141,513
Expenses			
Selling and marketing		(3,399,905)	(2,958,190)
General and administrative	12	(5,237,729)	(4,610,632)
Provision for impairment loss of trade receivables	7	(172,931)	(192,022)
Total expenses		(8,810,565)	(7,760,844)
Profit from operations		3,213,066	3,380,669
Finance costs		(1,413,689)	(1,304,733)
Gain from financial assets held at fair value through profit or loss		-	16,970
Other income, net	13	856,760	438,778
Profit before Zakat		2,656,137	2,531,684
Zakat	11	(631,682)	(990,000)
Net profit for the period		2,024,455	1,541,684
Total comprehensive income for the period		2,024,455	1,541,684
Earnings per share			
Basic and diluted earnings per share	14	0.18	0.13



Chairman

Chief Executive Officer




Chief financial Officer

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements

Filling and Packing Materials Manufacturing Company and its Subsidiary
(A Saudi Joint Stock Company)

Interim condensed consolidated statement of changes in shareholders' equity
For the three-month period ended 31 March 2024

	Share capital SR	Statutory reserve SR	Other reserves SR	Retained earnings SR	Total SR
As at 1 January 2024 (Audited)	115,000,000	-	(25,358,702)	54,060,522	143,701,820
Net profit for the period	-	-	-	2,024,455	2,024,455
Total comprehensive income for the period	-	-	-	2,024,455	2,024,455
As at 31 March 2024 (Unaudited)	115,000,000	-	(25,358,702)	56,084,977	145,726,275
As at 1 January 2023 (Audited)	115,000,000	17,388,320	(25,358,702)	25,004,258	132,033,876
Net profit for the period	-	-	-	1,541,684	1,541,684
Total comprehensive income for the period	-	-	-	1,541,684	1,541,684
As at 31 March 2023 (Unaudited)	115,000,000	17,388,320	(25,358,702)	26,545,942	133,575,560

Chairman



Chief Executive Officer



Chief financial Officer



The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)

Interim condensed consolidated statement of cash flows
For the three-month period ended 31 March 2024

	For the three-month period ended	
	31 March 2024	31 March 2023
	(Unaudited)	(Unaudited)
	SR	SR
OPERATING ACTIVITIES		
Profit before Zakat	2,656,137	2,531,684
Adjustments for:		
Depreciation of property, plant, and equipment	2,629,889	2,154,978
Depreciation of a right-of-use asset	124,037	124,037
Amortization of intangible assets	45,188	-
Provision of slow-moving inventory provision	217,417	-
Provision for impairment loss of trade receivables	172,931	192,022
Provision for doubtful debts advance to payables	64,045	-
Gain on disposal of property, plant, and equipment	-	(7,826)
Provision for employee-defined benefit liabilities	654,822	445,648
Gain from financial assets held at fair value through profit or loss	-	(16,970)
Government grants	(217,488)	-
Finance cost	1,413,689	1,304,733
	<u>7,760,667</u>	<u>6,728,306</u>
Change in operating assets and liabilities		
Inventory	(6,478,656)	4,830,045
Trade receivables	3,030,345	(1,280,435)
Prepayments and other current assets	(475,840)	(754,741)
Trade payables	(6,388,605)	(10,359,581)
Accrued expenses and other current liabilities	(209,984)	2,895,201
Cash (used in) from operations	<u>(2,762,073)</u>	<u>2,058,795</u>
Employee - defined benefit obligation paid	(228,914)	(416,232)
Finance costs paid	(499,534)	(737,163)
Net cash (used in) from operating activities	<u>(3,490,521)</u>	<u>905,400</u>
INVESTING ACTIVITIES		
Additions to property, plant, and equipment	(733,582)	(477,889)
Proceeds from the sale of financial assets held at fair value through profit or loss	-	5,801,333
Proceeds from the sale of property, plant and equipment	-	7,826
Net cash (used in) from investing activities	<u>(733,582)</u>	<u>5,331,270</u>
FINANCING ACTIVITIES		
Loans received	18,999,675	23,188,000
Loans paid	(7,138,921)	(6,257,377)
Payment of lease liabilities	(780,024)	(413,663)
Net cash from financing activities	<u>11,080,730</u>	<u>16,516,960</u>
Net increase in cash and cash equivalents	<u>6,856,627</u>	<u>22,753,630</u>
Cash and cash equivalent at the beginning of the period	14,142,894	2,892,135
Cash and cash equivalents at the end of the period	<u>20,999,521</u>	<u>25,645,765</u>


Chairman


Chief Executive Officer


Chief financial Officer

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

1 GENERAL INFORMATION

Filling and Packing Materials Manufacturing Company (“the Company”) is A saudi joint stock company formed in accordance with the Companies Regulation and is registered in the Kingdom of Saudi Arabia (“KSA”) under the Commercial Registration No. 1010084155 dated 4 Dhul-Hijjah 1411H (corresponding to 17 June 1991).

The main activities of the Group are weaving textiles from industrial threads such as nylon, cutting and detailing covers for machines and goods, manufacturing plastics in their primary forms, manufacturing industrial threads, and manufacturing containers and bags from plastics.

The registered address of the group is 7305 - Second Industrial Area - Unit No. 7306 Riyadh - Kingdom of Saudi Arabia P.O. Box: 14335 Riyadh 2483.

Certainly! Here's a revised version of the sentence:

The Extraordinary General Assembly, convened during its meeting on 2 Jumada Al-Awwal 1445 H (corresponding to 16 November 2023), approved amendments to the Company's bylaws to align with recent changes in the regulations governing companies in the Kingdom of Saudi Arabia. Additionally, the Assembly authorized the transfer of the statutory reserve balance, totaling SR 17.4 million, to retained earnings in the consolidated statement of financial position as of 31 December 2023.

	Ownership percentage direct and indirect %	
	31 March 2024 (unaudited)	31 December 2023 (audited)
FPC Industrial Company	<u>100%</u>	<u>100%</u>

FPC Industrial Company

FPC Industrial Company - is a Saudi closed joint stock Company and registered under the Commercial Registration No. 1010468446 dated 2 Jumada al-Thani 1438H corresponding to 1 March 2017. The Company is the engaged in the cutting and detailing tents and sails, car and furniture covers, machinery and goods covers, and the manufacture of bags, flags, banners, umbrellas, and tents.

2 BASIS OF PREPARATION

2-1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard “Interim Financial Report” (“IAS 34”) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

2 BASIS OF PREPARATION (continued)

2-1 Statement of compliance (continued)

These condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2023. These statements do not include all the information required for a complete set of financial statements under the International Financial Reporting Standards that is endorsed in the Kingdom of Saudi Arabia. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's interim condensed consolidated financial position and financial performance since the last reviewed annual consolidated financial statements.

2-2 Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for financial assets held at fair value through profit or loss which are measured at fair value, and employee defined benefit obligations which are measured under the projected unit credit method. Furthermore, these interim condensed consolidated financial statements have been prepared using the accrual basis of accounting and the going concern principle.

2-3 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals (SR), which is the Company's functional and presentation currency.

2-4 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary as of 31 March 2024. The financial statements of the subsidiary are prepared for the same reporting period as the company, using consistent accounting policies.

Control is achieved when the Group is exposed to, or has rights to, variable returns from its relationship with the investee, and has the ability to affect the returns by exercising its power over the investee. In particular, the Group controls an investee only when the Group has:

- Control over the investee company;
- Exposure to risks, and has rights to obtain different returns through its relationship with the investee company.
- The ability to use its power over the investee company to affect its returns.

The Group conducts a reassessment to ascertain whether or not it exercises control over an investee when facts and circumstances indicate that there is a change in one or more of the three elements of control mentioned above.

When the Group has less than a majority of the voting rights of an investee, it has control over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee individually.

The Group considers all relevant facts and circumstances when determining whether it exercises control over an investee, including:

- The size of the company's voting rights in proportion to the size of the voting rights owned by other parties.
- Potential voting rights owned by the Group or voting rights owned by other parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances indicating that the Group has, or does not have, the current ability to direct the relevant activities when decisions need to be made, including voting methods at previous shareholders' meetings.

2 BASIS OF PREPARATION (continued)

2-4 Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group ceases to exercise such control. Specifically, the income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive income from the date on which control is transferred to the Group until such control ceases.

All assets and liabilities, as well as equity, revenues, expenses and cash flows relating to intra-group transactions are eliminated in full when consolidating the financial statements.

2-5 Material accounting policies

The accounting policies applied in these interim condensed consolidated financial statements are the same policies applied to the Group's annual financial statements as at and for the year ended 31 December 2023.

2-6 Standards issued but not yet effective

The Group has applied for the first time the following standards and amendments, which are effective for periods beginning on or before 1 January 2024 and which have no impact on the Group's interim condensed consolidated financial statements:

- Amendment to IFRS 16, Sale and Leaseback Lease Liabilities.
- Amendments to International Accounting Standard No. (1) - Classification of liabilities into current and non-current.
- Amendments to IFRS 7, supplier financing arrangements.

3 SIGNIFICANT ASSUMPTIONS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, management has made estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and key assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Satisfaction of performance obligations for revenue recognition

The company must evaluate each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. The Company evaluated this based on the sale agreements it concluded with customers and the provisions of the relevant laws and regulations.

Impairment of non-financial assets

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less costs to sell and present value. The fair value less costs to sell calculation is based on available data for binding, arm's length sales of similar assets or observable market prices less incremental costs to sell the asset. The present value is calculated based on the discounted cash flow method. The cash flows are determined on a budget basis for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested for impairment. The recoverable amount is affected by the discount rate used in the discounted cash flow method as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

3 SIGNIFICANT ASSUMPTIONS AND ESTIMATES (continued)

Provision for expected credit losses on trade receivables

The Group has applied the simplified approach in IFRS 9 for impairment and has calculated expected credit losses on the basis of lifetime expected credit losses. The Group has established a provision matrix based on historical credit loss experience, which is adjusted for forward looking factors specific to the debtors and the economic environment.

Contingent liability for acquisition of non-controlling

The contingent liability from acquisition of non-controlling interest is recognized based on the present value of the future payments that the Group expects to incur as a result of the benefit commitment. The present value of the benefit obligation is calculated using a cash flow model as well as the expected future flows and growth rate used to measure the terminal value. This commitment is significantly affected by changes in these assumptions. All assumptions are reviewed annually.

Employee-defined benefits liabilities

The present value of the employees' end of service benefits liabilities are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Estimated useful lives and residual values of property, plant and equipment

Any change in the estimated useful life or depreciation pattern is accounted for prospectively.

Going concern basis of accounting

These interim condensed consolidated financial statements have been prepared on a going concern basis. The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has sufficient resources to continue in business for the foreseeable future. Furthermore, management is not aware of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern.

Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)
31 March 2024

4 PROPERTY, PLANT, AND EQUIPMENT

The estimated useful lives of assets for calculating depreciation are as follows:

Buildings	33 years or lease term, whichever is lesser	Tools	7 years	Spare parts	5 years
Building improvements	33 years or lease term, whichever is lesser	Furniture and fixtures	5 years		
Machinery and equipment	10-25 years / unit of production method	Vehicles	4 years		

	Buildings SR	Building improvements SR	Machinery and equipment SR	Tools SR	Furniture and fixtures SR	Vehicles SR	Capital works in progress SR	Spare parts SR	Total SR
Cost:									
At 1 January 2024 (audited)	36,904,448	11,934,277	270,325,513	1,022,559	9,595,814	3,959,418	166,982	6,290,807	340,199,818
Additions during the period	20,000	-	550,447	2,435	10,172	-	-	-	583,054
Transferred from Inventory	-	-	-	-	-	-	-	150,528	150,528
At 31 March 2024 (unaudited)	<u>36,924,448</u>	<u>11,934,277</u>	<u>270,875,960</u>	<u>1,024,994</u>	<u>9,605,986</u>	<u>3,959,418</u>	<u>166,982</u>	<u>6,441,335</u>	<u>340,933,400</u>
Accumulated depreciation									
At 1 January 2024 (audited)	30,413,516	1,591,809	147,494,845	352,460	9,005,790	3,598,091	-	318,447	192,774,958
Depreciation for the period	283,894	89,507	1,788,208	36,545	67,205	41,827	-	322,703	2,629,889
At 31 March 2024 (unaudited)	<u>30,697,410</u>	<u>1,681,316</u>	<u>149,283,053</u>	<u>389,005</u>	<u>9,072,995</u>	<u>3,639,918</u>	<u>-</u>	<u>641,150</u>	<u>195,404,847</u>
Net book value									
At 31 March 2024 (unaudited)	<u>6,227,038</u>	<u>10,252,961</u>	<u>121,592,907</u>	<u>635,989</u>	<u>532,991</u>	<u>319,500</u>	<u>166,982</u>	<u>5,800,185</u>	<u>145,528,553</u>

Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)
31 March 2024

4 PROPERTY, PLANT, AND EQUIPMENT (continued)

	Buildings SR	Building improvements SR	Machinery and equipment SR	Tools SR	Furniture and fixtures SR	Vehicles SR	Capital works in progress SR	Spare parts SR	Total SR
Cost:									
At 1 January 2023 (audited)	36,904,448	11,838,077	269,640,156	780,669	9,501,732	3,619,168	185,051	6,272,202	338,741,503
Additions during the period	-	136,200	685,357	254,513	94,082	388,250	-	-	1,558,402
Transferred from Inventory	-	-	-	-	-	-	-	18,605	18,605
Disposal	-	(40,000)	-	(12,623)	-	(48,000)	(18,069)	-	(118,692)
At 31 December (audited)	<u>36,904,448</u>	<u>11,934,277</u>	<u>270,325,513</u>	<u>1,022,559</u>	<u>9,595,814</u>	<u>3,959,418</u>	<u>166,982</u>	<u>6,290,807</u>	<u>340,199,818</u>
Accumulated Depreciation:									
At 1 January 2023 (audited)	29,272,074	1,239,615	141,443,173	205,976	8,729,884	3,436,406	-	-	184,327,128
Depreciation for the period	1,141,442	356,994	6,051,672	150,090	275,906	209,684	-	318,447	8,504,235
Disposal	-	(4,800)	-	(3,606)	-	(47,999)	-	-	(56,405)
At 31 December (audited)	<u>30,413,516</u>	<u>1,591,809</u>	<u>147,494,845</u>	<u>352,460</u>	<u>9,005,790</u>	<u>3,598,091</u>	<u>-</u>	<u>318,447</u>	<u>192,774,958</u>
Net book value:									
At 31 December 2023 (audited)	<u>6,490,932</u>	<u>10,342,468</u>	<u>122,830,668</u>	<u>670,099</u>	<u>590,024</u>	<u>361,327</u>	<u>166,982</u>	<u>5,972,360</u>	<u>147,424,860</u>

- Buildings and their improvements are situated on a land leased from the Saudi Authority for Industrial Cities and Technology Zones in Riyadh under a 20-year lease term and has been renewed for similar periods.
- The vast majority of the property, plant, and equipment are pledged in favor of the Saudi Industrial Development Fund against loans granted by the Fund.

5 INTANGIBLE ASSETS

Intangible assets, as at 31 March 2024, represents the costs of a computer software with a book value of SR 858,562 (31 December 2023: SR 903,750). Intangible assets are amortized at a period of 5 years.

Movement in intangible assets

	For the three- month period ended 31 March 2024 (Unaudited) SR	For the year ended 31 December 2023 (Audited) SR
At the beginning of the period/year	<u>903,750</u>	903,750
Charged during the period/year	<u>(45,188)</u>	-
At the end of the period/year	<u>858,562</u>	<u>903,750</u>

6 INVENTORY

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Raw materials	<u>23,195,269</u>	22,762,104
Finished goods	<u>14,908,580</u>	11,974,602
Work in progress	<u>11,729,852</u>	11,796,927
Other materials and supplies	<u>4,347,683</u>	3,009,424
Goods in transit	<u>3,170,445</u>	1,547,533
	<u>57,351,829</u>	<u>51,090,590</u>

The movement of provision for slow-moving and obsolete inventory is as follows:

	For the three- month period ended 31 March 2024 (Unaudited) SR	For the year ended 31 December 2023 (Audited) SR
Charged during the period/year	<u>217,417</u>	2,743,606
written off during the period/year	<u>(217,417)</u>	(2,743,606)
Balance at the end of the period/year	<u>-</u>	<u>-</u>

7 TRADE RECEIVABLES

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Total trade receivables	55,105,021	58,135,366
Less: provision for expected credit losses	(2,690,519)	(2,517,588)
Trade receivables, net	52,414,502	55,617,778

- Trade receivables are commission-free and are generally due within 30-90 working days. The carrying amount may be affected by changes in the credit risk of counterparties.
- The majority of the Group's trade receivables are concentrated in the Kingdom of Saudi Arabia.
- As at 31 March 2024, impaired trade receivables totaled SR 2,690,519 (31 December 2023 SR 2,517,588) and a provision for impairment was made, as appropriate.

Movement in the provision for expected credit losses

	For the three-month period ended 31 March 2024 (Unaudited) SR	For the year ended 31 December 2023 (Audited) SR
At the beginning of the period/year	2,517,588	2,036,167
Charged during the period/year	172,931	481,421
At the end of the period/year	2,690,519	2,517,588

The following is the aging analysis of receivables and expected credit losses:

	Total	0-90 days	91-180 days	181-360 days	More than 360 days
31 March 2024	55,105,021	47,223,707	4,261,408	2,254,928	1,364,978
31 December 2023	58,135,366	50,487,314	4,901,930	1,845,899	900,223

8 SHARE CAPITAL

The authorized, issued and fully paid share capital of the Company consists of 11.5 million shares of SR 10 each (31 December 2023: 11.5 million shares of SR 10 each).

9 ACQUISITION OF NON-CONTROLLING INTEREST IN FPC INDUSTRIAL COMPANY

During 2020, the Company acquired the non-controlling stake of 20% in FPC Industrial Company (the subsidiary) and therefore it became a wholly owned subsidiary of the Group. According to the acquisition agreement, the selling party is entitled to 20% of the annual net profit of the subsidiary, calculated according to the audited financial statements for a period of ten years only, which ends on 31 December 2029. Accordingly, the Company conducted an assessment for the potential commitment in accordance with the aforementioned agreement. Management believes that the calculation of this potential liability reflects the best estimate in light of the available data and is reassessed annually.

This acquisition resulted in an amount of SR 25,358,702 which has been classified under other reserves within shareholders' equity.

9 ACQUISITION OF NON-CONTROLLING INTEREST IN FPC INDUSTRIAL COMPANY (continued)

The movement of contingent liability the for acquisition of non-controlling interest is as follows:

	For the three-month period ended 31 March 2024 (Unaudited) SR	For the year ended 31 December 2023 (Audited) SR
At the beginning of the period/year	<u>13,999,000</u>	<u>15,612,000</u>
Change as a result of re-estimation during the period/ year	-	(2,785,461)
Financial costs during the period/year	<u>373,423</u>	<u>1,172,461</u>
At the end of the period/year	<u><u>14,372,423</u></u>	<u><u>13,999,000</u></u>

10 TERM LOANS

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Current portion of term loans	<u>35,661,269</u>	<u>16,643,344</u>
Non-current portion of term loans	<u>29,298,610</u>	<u>35,990,265</u>
	<u><u>64,959,879</u></u>	<u><u>52,633,609</u></u>

According to IFRS 20, the interest rate on loans that carry an interest rate below the market rate is measured at fair value. The difference between the book value of the loan from the Saudi Industrial Development Fund and the amount received is also treated as government grants. The government grants were as follows:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Government grants – current portion	<u>1,054,308</u>	<u>693,177</u>
Government grants - non-current portion	<u>1,275,330</u>	<u>1,853,949</u>
At the end of period / the year	<u><u>2,329,638</u></u>	<u><u>2,547,126</u></u>

Loans include some covenants. Any future breach of commitments may lead to renegotiation. Pledges are monitored on a monthly basis by management. In the event of any potential violation, management takes measures to ensure compliance.

11 ZAKAT

Zakat expense for the year is determined in accordance with the requirements of the Zakat, Tax and Customs Authority (“ZATCA”) and charged to the consolidated statement of profit or loss and comprehensive income. Differences resulting from the final zakat calculation, if any, are adjusted in the period in which the final assessments are received. The provision for the period was calculated based on the zakat base of the Company and its wholly-owned subsidiary as a whole, as the Group submits a consolidated zakat return.

The Group submitted its zakat returns to the Zakat, Tax, and Customs Authority for all years up to 2023, and the Group obtained the final zakat assessments for the years up to 2020 and paid related zakat on it. ZATCA has not yet issued the zakat assessment for the years 2021 and 2022.

11 ZAKAT (continued)

Zakat provision movement

	For the three- month period ended 31 March 2024 (Unaudited) SR	For the year ended 31 December 2023 (Audited) SR
At the beginning of the period/year	2,988,120	3,096,536
Charged during the period/year	631,682	2,897,465
Paid during the period/year	-	(3,005,881)
At the end of the period/year	<u>3,619,802</u>	<u>2,988,120</u>

12 GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 31 March 2024 (Unaudited) SR	31 March 2023 (Unaudited) SR
Employee salaries	3,481,355	3,189,102
Consulting and professional fees	443,173	274,312
Research and development expenses	352,399	20,738
Bank expenses	148,634	123,390
Board members fees	142,449	156,524
Maintenance and repair expenses	129,451	250,895
Provision for doubtful debts advance to payables	64,045	-
Security and safety expenses	62,963	55,200
Electricity and water	59,370	44,417
Amortization of intangible assets	45,188	-
Depreciation of property, plant, and equipment	26,909	40,734
Training expenses	16,800	23,400
Telephone and postage	13,494	38,482
Others	251,499	393,438
	<u>5,237,729</u>	<u>4,610,632</u>

13 OTHER INCOME

	For the three-month period ended 31 March 2024 (Unaudited) SR	31 March 2023 (Unaudited) SR
Scrap sales	473,437	147,100
Interest on bank deposits	232,943	351,860
Support the Higher Institute of Plastics	226,434	195,300
Support of the Export Development Authority	55,365	-
Gains on disposal of property, plant and equipment	-	7,826
Adjusting for payables	-	(184,656)
Foreign currency differences	(137,754)	(95,579)
Other	6,335	16,927
	<u>856,760</u>	<u>438,778</u>

14 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is the same as basic earnings per share since the Company has no diluted shares issued.

	For the three-month period ended	
	31 March 2024 (unaudited) SR	31 March 2023 (unaudited) SR
Profit from operations attributable to shareholders	<u>2,024,455</u>	<u>1,541,684</u>
Weighted average number of shares	<u>11,500,000</u>	<u>11,500,000</u>
Basic and diluted earnings per share	<u>0.18</u>	<u>0.13</u>

15 RELATED PARTY TRANSACTIONS AND BALANCES

Remuneration of key management personnel of the Group and board of directors

The key management personnel represent members of board of directors and key members of the management who have the authority and responsibility for planning, directing and controlling the activities of the Group and board of directors.

	For the three-month period ended	
	31 March 2024 (unaudited) SR	31 March 2023 (unaudited) SR
Short-term salaries and benefits	<u>1,004,013</u>	<u>972,083</u>
Allowances and rewards for the Board of Directors and other committees	<u>290,500</u>	<u>296,500</u>
Defined employee benefit obligations	<u>53,374</u>	<u>24,521</u>
	<u>1,347,887</u>	<u>1,293,104</u>

16 SEGMENT REPORTING

The Group's management has determined the operating segments based on the reports reviewed by the Board of Directors, on the basis of which strategic decisions are taken. For management purposes, the Group is organized into two segments. The following are the operating segments of the Group:

Packing and packaging

The Packing and packaging sector is engaged in weaving textiles from industrial threads such as nylon, manufacturing bags from plastics, manufacturing plastics (plastics) in their primary forms, spinning and preparing plant fibers such as hemp and staple.

Technical textiles

The technical textiles sector is engaged in cutting and detailing tents and sails, car and furniture covers, machinery and goods covers, and the manufacture of bags, flags, banners, umbrellas and awnings.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with the operating profit or loss in the interim condensed consolidated financial statements.

16 SEGMENT REPORTING (continued)

Below represents the summary of Groups revenue from contracts with customers:

**For the three-month period ended
31 March 2024 (unaudited)**

	Packing and packaging (SR)	Technical textiles (SR)	Eliminations (SR)	Total (SR)
Revenues	35,623,190	15,693,769	-	51,316,959
Revenue cost	(27,096,144)	(12,259,894)	62,710	(39,293,328)
Total profit	8,527,046	3,433,875	62,710	12,023,631

**For the three -month period ended 31
March 2023 (unaudited)**

	Packing and packaging (SR)	Technical textiles (SR)	Eliminations (SR)	Total (SR)
Revenues	43,305,941	20,585,549	-	63,891,490
Revenue cost	(34,822,786)	(17,989,901)	62,710	(52,749,977)
	<u>8,483,155</u>	<u>2,595,648</u>	<u>62,710</u>	<u>11,141,513</u>

Revenue geographical analysis

The geographical analysis of the Group's revenue is as follows:

	For the three -month period ended	
	31 March 2024 (unaudited) SR	31 March 2023 (unaudited) SR
Kingdom of Saudi Arabia	<u>33,515,344</u>	<u>42,186,986</u>
Other countries	<u>17,801,615</u>	<u>21,704,504</u>
Total revenue	<u>51,316,959</u>	<u>63,891,490</u>

The details of the assets and liabilities of the Group's segments are as follows:

**For the three-month period
ended 31 March 2024
(unaudited)**

	Packing and packaging (SR)	Technical textiles (SR)	Eliminations (SR)	Total (SR)
Total assets	293,038,197	133,060,696	(131,109,049)	294,989,844
Total liabilities	121,111,209	76,931,976	(48,779,616)	149,263,569

**As of 31 December 2023
(audited)**

	Packing and packaging (SR)	Technical textiles (SR)	Eliminations (SR)	Total (SR)
Total assets	<u>278,850,868</u>	<u>135,864,956</u>	<u>(127,986,833)</u>	<u>286,728,991</u>
Total liabilities	<u>109,862,688</u>	<u>78,831,511</u>	<u>(45,667,028)</u>	<u>143,027,171</u>

17 FAIR VALUE MEASUREMENT

Fair value is the value at which assets are exchanged or liabilities are settled between willing parties in an arm's length transaction. Financial instruments consist of financial assets and financial liabilities. Financial assets include financial assets at fair value through profit or loss, trade receivables, and cash and cash equivalents. Financial liabilities include loans, trade payable, lease liabilities, and contingent liability for the acquisition of non-controlling interest.

The management has assessed that the fair value of cash and cash equivalents, trade receivables, loans, trade payable, and lease liabilities approximates their carrying amounts. This is mainly due to the short-term maturity of these instruments.

Investments in financial assets held at fair value through profit or loss are classified under Level 1 of the fair value hierarchy. During the current period and the previous year, there were no transfers into/out of Level 2 of the fair value hierarchy.

a) Financial assets

	31 March 2024 (unaudited)	31 December 2023 (Audited)
	SR	SR
Financial assets carried at amortized cost		
Cash and cash equivalents	20,999,521	14,142,894
Trade receivables	52,414,502	55,617,778
Total financial assets at amortized cost	73,414,023	69,760,672

b) Financial liabilities

	31 March 2024 (unaudited)	31 December 2023 (Audited)
	SR	SR
Financial liabilities at amortized cost		
Trade payables	24,356,419	30,745,024
Accrued expenses and other current liabilities	18,938,885	19,148,869
Loans	64,959,879	52,633,609
Lease liabilities	6,208,741	6,913,549
Contingent liability for acquisition of non-controlling interest	14,372,423	13,999,000
Total financial liabilities at amortized cost	128,836,347	123,440,051
Total current financial liabilities	79,142,176	66,372,970
Total non-current financial liabilities	49,694,171	57,067,081
Total financial liabilities at amortized cost	128,836,347	123,440,051

18 CONTINGENCIES

As at 31 March 2024, the Group had outstanding letters of credit and letters of guarantee amounted to SR 9,899,867 (at 31 December 2023: SR 11,880,661).

19 INTERIM RESULTS

The results of operations for the three-month period ended 31 March 2024 are not necessarily indicative of the Group's annual results.

20 SUBSEQUENT EVENTS

Management believes that there are no significant subsequent events since the end of the period that may require disclosure or amendment to these interim condensed consolidated financial statements.

21 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the board of directors on 5 Dhul-Qa'dah 1445H (corresponding to 13 May 2024).