

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
with
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2021

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2021

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License No. 502
P.O.Box 15046 Jeddah 21444
Tel.: 6600085 / 6670692
Fax: 6609320
Jeddah - Kingdom of Saudi Arabia

ترخيص رقم (٥٠٢)
ص.ب ١٥٠٤٦ جدة ٢١٤٤٤
هاتف: ٦٦٧٠٦٩٢ / ٦٦٠٠٠٨٥
فاكس: ٦٦٠٩٣٢٠
جدة - المملكة العربية السعودية

**Independent auditor's report on review of condensed consolidated
interim financial statements**

To the Shareholders of Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the condensed consolidated interim financial statements of Filling and Packing Materials Manufacturing Company - A Saudi Joint Stock Company- ("the Company") and its subsidiary, collectively referred to as ("the Group"), which comprises the condensed consolidated interim statement of financial position as at September 30, 2021, and the condensed consolidated interim statement of profit or loss and other comprehensive income for the three and nine months periods then ended, and the condensed consolidated interim statements of changes in equity and cash flows for nine months period then ended, and notes, comprising significant accounting policies and other explanatory information ("the condensed consolidated interim financial statements").

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRS) including the requirements of (IAS 34), 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard 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 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 condensed consolidated interim financial statements of Filling and Packing Materials Manufacturing Company and its subsidiary as at September 30, 2021 collectively referred to as ("the Group") are not prepared, in all material respects, in accordance with IAS (34), 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

Date: Rabi ' Al thani 3, 1443 H.

Corresponding to November 8, 2021 G.

For OSAMA A. ELKHEREIJI & PARTNER CO.



OSAMA A. ELKHEREIJI
License No. 154
ON 23/04/1405 H.

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As At 30 September 2021

(Expressed in Saudi Riyal unless otherwise stated)

	<u>Note</u>	<u>September</u> <u>30, 2021</u> <u>(Unaudited)</u>	<u>December</u> <u>31, 2020</u> <u>(Audited)</u>
<u>Assets</u>			
<u>Non- Current Assets</u>			
Property, Plant and Equipment (net)	(5)	150 047 253	153 111 586
Right-of-Use Assets (net)	(6)	7 070 129	7 442 241
Total Non- Current Assets		157 117 382	160 553 827
<u>Current Assets</u>			
Inventories (net)	(7)	57 995 717	47 905 769
Trade Receivables (net)	(8)	55 807 472	40 252 232
Prepayments and Other Receivables	(9)	16 266 330	14 323 186
Investments at Fair Value through Profit or Loss	(10)	4 277 516	37 989 409
Cash and Cash Equivalents	(11)	3 956 041	8 636 253
Total Current Assets		138 303 076	149 106 849
Total Assets		295 420 458	309 660 676
<u>Equity and Liabilities</u>			
<u>Equity</u>			
Share Capital	(12)	115 000 000	115 000 000
Statutory Reserve	(13)	16 408 804	16 408 804
Effect of Non-Controlling Interests Acquisition	(19)	(25 358 702)	(25 358 702)
Retained Earnings		12 468 336	22 653 603
Total Equity		118 518 438	128 703 705
<u>Non-Current Liabilities</u>			
Long-Term Loans	(14-3)	52 254 071	43 449 850
Lease Liabilities – long term	(6)	7 327 222	7 721 187
Employees' End of Service Benefits		12 131 804	11 304 488
Contingent Liability against Non-Controlling Interests Acquisition	(19)	21 392 061	20 325 000
Total Non-Current Liabilities		93 105 158	82 800 525
<u>Current Liabilities</u>			
Current Portion of Long-Term Loans	(14-3)	11 845 526	11 691 730
Short-Term Loans	(14-3)	29 736 020	53 996 583
Trade Payables		20 898 624	12 010 401
Lease Liabilities – short term	(6)	393 965	375 205
Accrued and Other Liabilities	(15)	18 187 254	17 070 950
Provision for Zakat	(17)	2 735 473	3 011 577
Total Current Liabilities		83 796 862	98 156 446
Total Liabilities		176 902 020	180 956 971
Total Equity and Liabilities		295 420 458	309 660 676

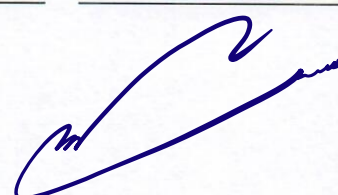
The accompanying notes from no. (1) to (27) are an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Vice Chairman and Managing Director

Chairman





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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(Expressed in Saudi Riyal unless otherwise stated)

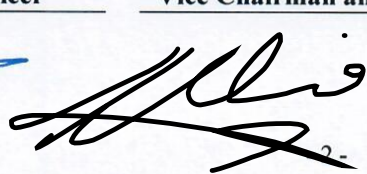
	<u>Note</u>	<u>FOR THE THREE MONTHS</u> <u>ENDED 30 SEPTEMBER</u>		<u>FOR THE NINE MONTHS</u> <u>ENDED 30 SEPTEMBER</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Revenues		54 924 931	41 471 294	162 268 268	134 998 619
Cost of Revenues		(48 984 955)	(35 966 054)	(142 538 632)	(114 293 378)
Gross Profit		5 939 976	5 505 240	19 729 636	20 705 241
<u>Main Operating Expenses</u>					
Selling and Distribution Expenses		(3 400 142)	(2 164 798)	(8 642 175)	(6 408 473)
General and Administrative Expenses		(4 135 554)	(4 609 612)	(13 241 034)	(11 877 949)
Expected Credit Losses (Expense)/	(8)				
Reverse		-	-	(3 235 803)	1 819 018
Other Income/(Expenses) net		63 602	(61 912)	(128 173)	(1 400 287)
Operating (Loss)/Profit		(1 532 118)	(1 331 082)	(5 517 549)	2 837 550
Finance costs		(933 554)	(737 333)	(2 846 901)	(2 915 940)
Gain of Investments at fair value through Profit or Loss	(10)	12 137	111 288	1 149 183	290 432
Net (Loss)/Profit before Zakat		(2 453 535)	(1 957 127)	(7 215 267)	212 042
Zakat	(17)	(990 000)	(990 000)	(2 970 000)	(2 333 787)
Net Loss for the period		(3 443 535)	(2 947 127)	(10 185 267)	(2 121 745)
<u>Other Comprehensive Income:</u>					
Items that will not be reclassified to Profit or Loss:					
Other comprehensive income for the period		-	-	-	-
Total Comprehensive Loss for the period		(3 443 535)	(2 947 127)	(10 185 267)	(2 121 745)
Net Loss for the period is attributable to:					
Shareholders of the Company		(3 443 535)	(2 947 127)	(10 185 267)	(2 121 745)
Non-Controlling Interests		-	-	-	-
Net Loss for the period		(3 443 535)	(2 947 127)	(10 185 267)	(2 121 745)
<u>Loss per (Basic & Diluted) share based on Loss for the period attributable to Shareholders of the Company (in Saudi Riyal)</u>					
Earnings per share	(16)	(0,30)	(0,26)	(0,89)	(0,18)

The accompanying notes from no. (1) to (27) are an integral part of these condensed consolidated interim financial statements

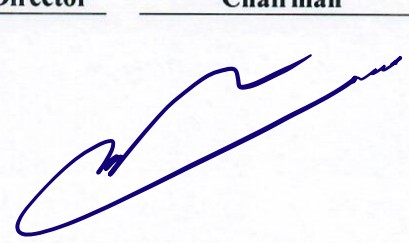
Chief Financial Officer



Vice Chairman and Managing Director



Chairman



FILLING AND PACKING MATERIALS MANUFACTURING COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

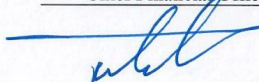
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

(Expressed in Saudi Riyal unless otherwise stated)

	<u>Share Capital</u>	<u>Statutory Reserve</u>	<u>Contingent Liability against Non- Controlling Interests Acquisition</u>	<u>Retained Earnings</u>	<u>Total Equity</u>	<u>Non- Controlling Interests</u>	<u>Total</u>
<u>For the nine months period ended 30 September 2020</u>							
<u>(Unaudited)</u>							
Balance at 1 January 2020 (audited)	115 000 000	16 408 804	-	24 106 005	155 514 809	(2 947 024)	152 567 785
As previously presented in the condensed financial statements for the same period							
Adjustments – Note 26	-	-	-	2 086 678	2 086 678	(2 086 678)	-
Balance at 1 January 2020 (Adjusted)	115 000 000	16 408 804	-	26 192 683	157 601 487	(5 033 702)	152 567 785
<u>Comprehensive Income for the period</u>							
Net loss for the period	-	-	-	(2 121 745)	(2 121 745)	-	(2 121 745)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive Income for the period	-	-	-	(2 121 745)	(2 121 745)	-	(2 121 745)
Effect of Non-Controlling Interests Acquisition	-	-	(16 352 352)	-	(16 352 352)	5 033 702	(11 318 650)
Balance as at 30 September 2020 (Unaudited)	115 000 000	16 408 804	(16 352 352)	24 070 938	139 127 390	-	139 127 390
<u>For the nine months period ended 30 September 2021</u>							
<u>(Unaudited)</u>							
Balance at 1 January 2021 (audited)	115 000 000	16 408 804	(25 358 702)	22 653 603	128 703 705	-	128 703 705
<u>Comprehensive Loss for the period</u>							
Net loss for the period	-	-	-	(10 185 267)	(10 185 267)	-	(10 185 267)
Other comprehensive Loss for the period	-	-	-	-	-	-	-
Total Comprehensive loss for the period	-	-	-	(10 185 267)	(10 185 267)	-	(10 185 267)
Balance as at 30 September 2021 (Unaudited)	115 000 000	16 408 804	(25 358 702)	12 468 336	118 518 438	-	118 518 438

The accompanying notes from no. (1) to (27) are an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer



Vice Chairman and Managing Director



Chairman



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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(Expressed in Saudi Riyal unless otherwise stated)


	For the nine months period ended	
	September 30, 2021	September 30, 2020
	(Unaudited)	(Unaudited)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net (Loss) /Profit before Zakat for The Period	(7 215 267)	212 042
<u>Adjustments To Reconcile Net (Loss)/ Profit to Net Cash Flow:</u>		
Depreciation of Property, Plant and Equipment	5 831 318	5 139 009
Amortization of Right-of-Use Assets	372 112	372 112
Provision for slow moving inventory, No Longer Required	(950 000)	(1 929 823)
Impairment Loss on Trade Receivables	3 235 803	-
Reversal of Impairment Loss on Trade Receivables	-	(1 819 018)
Disposal losses of Property, Plant and Equipment	606 163	-
Current Service Cost of Employees' End of Service Benefits	1 583 496	1 470 974
Investments' Gain at Fair Value through Profit or Loss	(1 149 183)	(290 432)
Finance Costs	2 846 901	2 915 940
	5 161 342	6 070 804
<u>Changes in:</u>		
Inventories	(9 139 948)	(4 242 029)
Trade Receivables	(18 791 043)	3 057 368
Prepayments and Other Receivables	(1 943 144)	759 332
Trade Payables	8 888 228	8 208 627
Accrued and Other Liabilities	1 116 300	2 942 098
Employees Obligation Benefits Paid	(756 180)	(666 646)
Cash Flows (Used in)/From Operating Activities	(15 464 445)	16 129 554
Finance Costs Paid	(1 375 021)	(2 915 940)
Zakat Paid	(3 246 104)	(4 493 096)
Net Cash Flows (Used in)/From Operating Activities	(20 085 570)	8 720 518
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Payments of Property, Plant and Equipment Acquisition	(3 387 670)	(13 192 549)
Proceeds from Disposal Property, Plant & Equipment	14 522	-
Proceeds from Sale of Investments at Fair Value through Profit or Loss	39 872 803	42 585 345
Payments of Investments at Fair Value through Profit or Loss Acquisition	(5 011 727)	(47 585 344)
Net Cash Flows From /(Used in) Investing Activities	31 487 928	(18 192 548)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from Loans and Facilities	5 000 000	60 072 384
Payments of Loans and Facilities	(20 302 546)	(44 343 118)
Payments of Lease Liabilities	(780 024)	(357 338)
Cash flows (Used in)/From Financing Activities	(16 082 570)	15 371 928
Net Change in Cash and Cash Equivalents during the Period	(4 680 212)	5 899 898
Cash and Cash Equivalents at the beginning of the Period	8 636 253	6 217 060
Cash and Cash Equivalents at end of the Period	3 956 041	12 116 958

The accompanying notes from no. (1) to (27) are an integral part of these condensed consolidated interim financial statements

Chief Financial Officer

Vice Chairman and Managing Director

Chairman





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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 September 2021
(Expressed in Saudi Riyal unless otherwise stated)

1. REPORTING ENTITY

1-1 Filling and Packing Materials Manufacturing Company ("the Company") is a Saudi Joint Stock Company, registered in Kingdom of Saudi Arabia under commercial Registration numbered 1010084155 is issued from Riyadh city dated on Dhul Hijjah 4, 1411 (H) corresponding to June 17, 1991 (G). The Company was established according to Ministerial Decision No. 851 dated Shawwal 17,1411 (H) corresponding to May 2, 1991 (G) and Ministerial Decision No.953 dated Dhul-Qa'dah 29, 1411 (H) corresponding to June 12, 1991 (G).

1-2 The Company conducts its business in:
Weaving fabric from artificial threads such as nylon, Cutting and custom-made the machine's cover and goods, Manufacture the plastic in its primary forms, Manufacture artificial threads, which includes (nylon, polyester, etc.), Manufacture the containers from plastic, Manufacture the small bags from the plastic pursuant to an Industrial license No. 1001009549 which issued dated Safar 29,1441 (H) corresponding September 29, 2019 (G).

The company conducts its activities through the following branches:

<u>Branch name</u>	<u>Branch Commercial Registration No.</u>	<u>Date and location of issuance</u>	<u>Activity</u>
Branch of a company Filling and Packing Materials Manufacturing Company	1010608121	Sha'aban 11,1438 H - Riyadh.	Weaving textiles from industrial yarns such as nylon, making bags from plastics
Company Filling and Packing Materials Manufacturing Company	1010675111	5 Jumada al-Awwal 1442 H - Riyadh	Manufacture of plastics (plastics) in their primary forms, spinning and preparation of vegetable fibers such as hemp and kenaf

1-3 The Financial year begins on the first of January of each year and ends on December 31 of the same year.

1-4 The head office of the company is located at: 7305 - Second Industrial Area - Unit No. 7306 Riyadh - Kingdom of Saudi Arabia PO Box: 14335 Riyadh 2483.

1-5 The attached condensed consolidated interim statements include the financial statements for Filling and Packing Materials Manufacturing Company ("Company") or ("parent company") and its domestic subsidiary company (is pointed to them together as the group) where doing the group as collectively to produce and marketing the bags which are woven from liner polypropylene inside and outside the kingdom of Saudi Arabia and unliner from polyethylene is diluted the density and the big size bags and strapping bands and the plastic fillers and woven bags these are used for packing vegetables and fruits and rolls woven from polypropylene and the liners of polyethylene and the recycling of plastic waste, Building and construction contracting and construction, in addition to the production and marketing of technical fabrics covered with materials from polyvinyl chloride, polytetrafluoroethylene, polyurethane, silicone and acrylic in different dimensions and sizes:-

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 September 2021
(Expressed in Saudi Riyal unless otherwise stated)

<u>Company name</u>	<u>Country of incorporation</u>	<u>Percentage of ownership</u>		
		<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
FPC	Kingdom of Saudi Arabia	100%	100%	100%

The subsidiary company is engaged in its activity of cutting and detailing tents and sails, cutting and detailing airports, car covers and furniture, cutting and detailing machine and goods covers, manufacturing bags, flags, banners, sun umbrellas and bonds ... etc. made of cloth according to the main commercial registration number 1010468446 issued from the city of Riyadh on 2 Jumad Al-Thani 1438 H corresponding to March 1, 2017 G.

The subsidiary company also carries out its activities through the following branches: -

<u>Branch name</u>	<u>Branch Commercial Registration No.</u>	<u>Date and location of issuance</u>	<u>Activity</u>
FPC Co for industry factory	1010468794	Jumada II 13,1438 (H) Riyadh.	Manufacture of ready-made textiles except for apparel - activity code 1392
Makamen Supply Company for Trade and Contracting	1010499598	Rabia II 11,1440 (H) Riyadh.	Retail sale of textiles and fabrics of all kinds (other than clothing) including curtains, tents retail
West Makamen CO for Tents owned by one person	4030381209	Ramadan 27,1441 (H) Jeddah.	Retail sale of all kinds of wearable textiles and fabrics, retail sale of textiles and all kinds of fabrics (other than clothing) including curtains, retailing of tents
Dammam Makamen CO for Tents owned by one person	2050143023	Rajab 17,1442 (H) Dammam.	Retail sale of all kinds of wearable textiles and fabrics, retail sale of textiles and all kinds of fabrics (other than clothing) including curtains, retailing of tents
Al-Qassim Makamen CO for Tents owned by one person	1131311975	Rajab 17,1442 (H) Buraydah.	Retail sale of all kinds of wearable textiles and fabrics, retail sale of textiles and all kinds of fabrics (other than clothing) including curtains, retailing of tents

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2-1 Accounting standards applied

- These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Auditors & Accountants ("SOCPA") These condensed consolidated interim financial statements must be read in conjunction with the Group's prior year consolidated financial statements as of December 31, 2020 ("Previous Year's Financial Statements").

FILLING AND PACKING MATERIALS MANUFACTURING COMPANY
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 September 2021
(Expressed in Saudi Riyal unless otherwise stated)

- These condensed consolidated interim financial statements do not include all of the information required for a complete set of IFRS financial statements, however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. In addition, the results for the nine month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

2-2 Accounting convention / Basis of measurement

These condensed consolidated interim financial statements have been prepared using the accrual basis of accounting and the concept of going concern on the historical cost basis except for the following material items in the Consolidated Statement of financial position:

- The defined benefit obligation is recognised at the present value of future obligations using the Projected Unit Credit Method.
- Investment at Fair Value through Profit or Loss ("FVTPL").

2-3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR) which is the Group's functional currency, unless otherwise indicated.

2-4 Basis for consolidating the condensed consolidated interim financial statements

The condensed consolidated interim financial statements include the condensed interim consolidated statement of financial position, the interim condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated initial statement of changes in equity and the condensed consolidated interim cash flow statement as well as the notes to the Group's condensed interim consolidated financial statements, where It includes the assets, liabilities, and results of the company's business and its subsidiary, as shown in Note (1). The company and its subsidiary are jointly referred to as the group.

Subsidiaries are companies controlled by a group. The group controls the company when it has the right to variable revenues as a result of its participation in the company and its ability to influence these revenues through its control of the company. Subsidiaries are consolidated from the date on which the group controls them and until they cease to exercise that control.

The non-controlling interest is measured by the proportion of its share of the net assets of the controlling interest at the date of the acquisition. The share in profit or loss and net assets not owned by the group is presented as a separate line item in the interim condensed consolidated statement of profit or loss and within equity in the condensed interim consolidated statement of financial position.

Both transactions as well as balances and unrealized profits and losses arising from intra-group transactions are eliminated. Accounting policies of subsidiaries are modified when necessary to ensure consistency with the policies adopted by the group. The company and its subsidiary prepare their financial statements for the same period.

3. SIGNIFICANT ACCOUNTING POLICIES

3-1 New Standards, Amendment to Standards and Interpretations:

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

3-2 Accounting Policies Applied

The accounting policies used in preparing the condensed consolidated interim financial statements are in line with those used in preparing the annual consolidated financial statements of the Group for the financial year ended December 31, 2020..

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities disclosed and disclosure of contingent liabilities as at the reporting date. Uncertainty about these assumptions and estimates may result in results that may require a material adjustment to the carrying amount of the assets or liabilities that will be affected in future periods.

These estimates and assumptions are based on experience and other factors that are believed to be reasonable under the circumstances and are used to judge the carrying amounts of assets and liabilities that are difficult to obtain from other sources. Core estimates and assumptions are reviewed on an on-going basis. An audit of the accounting estimates is recorded in the period in which the estimates are revised or in the period of the revision and future periods if the revised estimates affect current and future periods.

Significant accounting judgments, estimates and assumptions have been made which have a material impact on the financial statements as following:

4-1 Judgments

Compliance with performance obligations

The Group has to assess each of its contracts with customers to determine whether performance obligations have been met over time or at a point of time in order to determine the appropriate method of income recognition. The Group assessed this based on the sales and purchase agreements it had entered into with the customers and the provisions of the relevant laws and regulations .

Determine transaction prices

The Group is required to determine transaction prices in relation to each of its contracts with customers. In making such a judgment, the Group evaluates the impact of any variable price in the contract as a result of discounts or fines, the presence of any significant financing component in the contract and any non-monetary price in the contract.

Coronavirus (COVID-19)

The Group has reviewed the main sources of the uncertainty estimates disclosed in the recent consolidated financial statements in the context of the Coronavirus (Covid-19) epidemic. Management believes that, other than expected credit losses of financial assets, the impairment loss for non-financial assets and all sources for other uncertainty estimates remain the same as those disclosed in the annual consolidated financial statements. Management will continue to monitor the situation and any required changes will be reflected in the future reporting period - note (24).

4-2 Estimates and assumptions

Defined Benefit Programs

The cost of defined benefit programs and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making many different assumptions that differ from actual developments in the future. This includes setting discount rates, future salary increases, mortality, and employee turnover.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 September 2021
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Due to the complexities of the valuation process and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the reporting date. The measurement criteria most subject to change are the discount rate and future salary increase.

In determining the appropriate discount rate, management relies on the market yield on quality corporate bonds. Future salary increases are dependent on future rates of inflation, seniority, promotion, and supply and demand in the employment market. The mortality rate is based on available country specific mortality tables. Extrapolations of mortality tables may change over time in response to population changes.

Expected credit losses

Expected credit losses are measured as financial assets measured at amortized cost and requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

There are a number of important provisions required in the application of accounting standards

- Define criteria for substantial increase in credit risk;
- Selecting appropriate formats and assumptions to measure expected credit losses;
- Determine the number and relative weight of future assumptions for each type of product and market
- Create a pool of potential financial assets to measure air credit losses.

The Group recognizes an allowance for expected credit losses for financial instruments that are measured at amortized cost.

The Group measures the loss allowance at an amount equal to the expected credit losses over the useful life of the financial instrument, except for:

- The following financial instruments for which the provision for expected credit losses is measured over a 12-month period.
- Financial assets with low credit risk at the reporting date and financial instruments in which credit risk has not increased significantly since its initial recognition

Useful life of property, equipment

The Group determines the estimated useful lives of property, equipment and investment properties for depreciation. This estimate is determined after taking into account the expected period of use of the asset and the natural damage. The management examines the estimated useful lives and the method of depreciation periodically to ensure that the method and duration of depreciation are consistent with the expected model of the economic benefits of these assets. and changes in depreciation expense are adjusted in current and future periods, if any,

Impairment of non-financial assets

The Group assesses at each reporting date whether there are indications of impairment of the non-financial assets at each reporting date. Non-financial assets are selected to determine impairment in the event of indications that the carrying amounts cannot be recovered .

When the value in use is calculated, the management estimates the future cash flows of the asset or unit of cash and selects the appropriate discount rate to calculate the present value of these cash flows.

Going concern

The management of the Group has assessed its ability to continue on the basis of the going concern and has concluded that it has the resources to continue its activity in the foreseeable future. In addition, management is not aware of any material uncertainty that may cast doubt on the Group's ability to continue in accordance with the going concern. Consequently, the financial statements have been prepared on the basis of the going concern.

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5 PROPERTY, PLANT & EQUIPMENT (net)

	<u>Buildings & Construction on Leased land</u>	<u>Machinery & Equipment</u>	<u>Leasehold Improvements</u>	<u>Vehicles</u>	<u>Furniture, Fixtures & Office Equipment</u>	<u>Tools</u>	<u>Capital Works in Progress*</u>	<u>Total</u>
Cost:								
At January 1, 2021	36 535 140	259 760 459	11 735 968	3 818 168	9 031 500	438 274	7 905 424	329 224 933
Additions during the period	–	355 306	–	–	38 656	–	3 214 526	3 608 488
Disposals during the period	–	(7 834 037)	–	(199 000)	–	–	(220 819)	(8 253 856)
Transferred from Capital Works in Progress	–	540 446	48 438	–	42 893	206 777	(838 554)	–
At September 30, 2021	36 535 140	252 822 174	11 784 406	3 619 168	9 113 049	645 051	10 060 577	324 579 565
Accumulated Depreciation:								
At January 1, 2021	26 942 022	137 577 542	531 364	2 997 419	8 002 865	62 135	–	176 113 347
Depreciation for the period	864 587	4 105 489	264 629	277 285	272 370	46 958	–	5 831 318
Accumulated Depreciation of disposals	–	(7 213 354)	–	(198 999)	–	–	–	(7 412 353)
At September 30, 2021	27 806 609	134 469 677	795 993	3 075 705	8 275 235	109 093	–	174 532 312
Net book value:								
At September 30, 2021	8 728 531	118 352 497	10 988 413	543 463	837 814	535 958	10 060 577	150 047 253
At December 31, 2020	9 593 118	122 182 917	11 204 604	820 749	1 028 635	376 139	7 905 424	153 111 586

- Major of Property , Plant, and Equipment are pledge to The Saudi Industrial Development Fund (SIDF) opposite the received loans.(Note No. 14).
- Property , Plant, and Equipment as of 30 September 2021 includes assets which fully depreciated and still work, costing amounting to SR 67 414 482.

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* Capital works in progress are represented in the following:

	<u>September 30, 2021</u> <u>(Unaudited)</u>	<u>December 31, 2020</u> <u>(Audited)</u>
Machinery and Equipment	8 608 346	6 066 187
Leasehold Improvements	77 413	583 449
LC and Suppliers Down Payments	1 374 818	1 255 788
	<u>10 060 577</u>	<u>7 905 424</u>

6 RIGHT-OF-USE ASSETS (net)

The Group leases two Lands from the Saudi Authority for Industrial Cities and Technology Zones, "Modon" in the second industrial city in Riyadh, one of them is the company's factory and its subsidiary, and other which is a residential building in the city. Contracts end on 24/07/1457 H corresponding 09/06/2035 G. Contracts are renewable after the approvals of the parties.

	<u>September 30, 2021</u> <u>(Unaudited)</u>	<u>December 31, 2020</u> <u>(Audited)</u>
<u>Cost:</u>		
As at the beginning of the period/ year	9 426 841	9 426 841
Additions during the period/ year	-	-
	<u>9 426 841</u>	<u>9 426 841</u>
<u>Accumulated amortization:</u>		
As at the beginning of the period/ year	1 984 600	1 488 450
Amortization of the period/year – (Included in the cost of revenue)	372 112	496 150
	<u>2 356 712</u>	<u>1 984 600</u>
Net Book value at the end of the period /Year	<u>7 070 129</u>	<u>7 442 241</u>

The liabilities and deferred financing expenses resulting from these contracts are as follows:

	<u>30 September 2021(Unaudited)</u>		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Liabilities from lease contracts	780 024	10 140 312	10 920 336
Deferred financing expenses	(386 059)	(2 813 090)	(3 199 149)
	<u>393 965</u>	<u>7 327 222</u>	<u>7 721 187</u>
	<u>31 December 2020 (Audited)</u>		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Liabilities from lease contracts	780 024	10 920 336	11 700 360
Deferred financing expenses	(404 819)	(3 199 149)	(3 603 968)
	<u>375 205</u>	<u>7 721 187</u>	<u>8 096 392</u>

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- The minimum future lease payments (lease liabilities) as at the date of the consolidated financial position, in total, are as follows:

<u>Year</u>	<u>minimum future lease payments</u>
2022	780 024
2023	780 024
2024	780 024
After 2024	8 580 264
	10 920 336

7 INVENTORIES (net)

	<u>September 30, 2021</u> <u>(Unaudited)</u>	<u>December 31, 2020</u> <u>(Audited)</u>
Raw material	24 799 708	19 293 797
Work In Progress	9 988 963	10 851 439
Finished goods	17 020 221	12 858 747
Spare parts for machine and equipment	7 385 437	6 842 902
Materials and other supplies	2 174 019	2 550 841
Letters of Credit	377 288	207 962
	61 745 636	52 605 688
Less: Allowance for slow moving items	(3 749 919)	(4 699 919)
	57 995 717	47 905 769

7-1 The movement of the allowance for slow moving items is as follows:

	<u>September 30, 2021</u> <u>(Unaudited)</u>	<u>December 31, 2020</u> <u>(Audited)</u>
At the beginning of the period/year	4 699 919	6 439 096
Formed during of the period /year	-	190 646
No longer required, during of the period/year	(950 000)	(1 929 823)
	3 749 919	4 699 919

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8 TRADE RECEIVABLES (net)

	<u>September 30,</u> <u>2021</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2020</u> <u>(Audited)</u>
Trade receivables	61 804 633	43 167 652
<u>Less</u>		
Impairment loss	(5 997 161)	(2 915 420)
	<u>55 807 472</u>	<u>40 252 232</u>

8-1 As of September 30, 2021, trade receivables have impaired with amounting of SR 5 997 161 (2020:SR 2 915 420).the impairment loss on trade receivables was calculated according to the expected credit loss in line with the requirements of IFRS 9.

8-2 The movement of the impairment loss is as follows:

	<u>September 30,</u> <u>2021</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2020</u> <u>(Audited)</u>
At the beginning of the period/year	2 915 420	4 192 386
Impairment for the period/year	3 235 803	-
Utilized during the period/year	(154 062)	(420 750)
Impairment loss, no longer requires of the period/year	-	(856 216)
	<u>5 997 161</u>	<u>2 915 420</u>

8-3 The aging of trade receivables as at the date of the financial statements were as follows:

	<u>September 30,</u> <u>2021</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2020</u> <u>(Audited)</u>
Not due	28 044 928	18 198 328
After the due date -Till 2 months	16 177 786	14 105 601
After the due date - From 2 months to 3 months	4 451 777	8 236 604
After the due date - From 3 months to one year	11 303 421	1 748 644
After the due date - More than one year	1 826 721	878 475
	<u>61 804 633</u>	<u>43 167 652</u>

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9 PREPAYMENTS AND OTHER RECEIVABLES

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Advance payments to suppliers	4 525 286	1 842 803
Accrued bonus from suppliers	4 737 971	3 884 969
Prepaid expenses	4 669 628	4 035 984
Employee imprests	551 134	771 314
Value added tax	730 508	-
Other	1 051 803	3 788 116
	<u>16 266 330</u>	<u>14 323 186</u>

10 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Balance at the beginning of the period /year	37 989 409	19 606 108
Additions for the period /year	5 011 727	60 585 344
Disposal for the period /year	(39 872 803)	(42 585 345)
Realized Gain/(Loss) of Investments at fair value through Profit or Loss	1 149 183	383 302
	<u>4 277 516</u>	<u>37 989 409</u>

The balance of investments as of September 30, 2021 is mainly represented in two investment portfolios managed by one of the local financial companies, where investment is in instruments of cash and trading market. The Group has classified these investments through profit and loss according to fair value. Also, during the year 2021, the Group invested in some of the shares of Saudi companies that were listed on the financial market during the first quarter of the year. When sold during the financial period ending on September 30, 2021, the Group resulted in a profit of SR 1 034 016, which was presented within the profits realized From financial investments at fair value in the statement of profit or loss.

11 CASH AND CASH EQUIVALENTS:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Cash on hand	166 053	126 044
Cash at banks – current accounts	3 789 988	8 510 209
	<u>3 956 041</u>	<u>8 636 253</u>

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On September 30, 2021, the Company's capital was determined at SR 115 000 000 (2020: SR 115 000 000), divided into 11 500 000 shares (2020: 11 500 000 shares), the value of each is SR 10, fully paid.

13 STATUTORY RESERVE:

In accordance with the Regulations for the Kingdom of Saudi Arabia and the Company's Articles of Association, the Company shall transfer 10 % of the net profit for the year to statutory reserve until such reserve reaches 30 % of its capital.

The statutory reserve in the consolidated financial statements is related to the parent Company. This reserve is not available for distribution to shareholders.

14 LOANS AND FACILITIES:

The following information reflects the contractual terms of the group's loans, which are measured at amortized cost:

	<u>Note</u>	<u>September 30,</u> <u>2021</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2020</u> <u>(Audited)</u>
Saudi Industrial Development Fund Loan	(14-1)	31 975 206	36 454 080
Bank loans & facilities	(14-2)	61 860 411	72 684 083
		<u>93 835 617</u>	<u>109 138 163</u>

14-1 Saudi Industrial Development Fund Loan:

During 2008, the parent Company signed an agreement with the Saudi Industrial Development Fund, in total amounting SR 38.3 million to finance the expansion of the factory, through the purchase of production lines for the manufacturing of plastic cement bags and the expansion of the large bags division and container liner manufacturing machines.

During 2018, the subsidiary Company signed an agreement with the Saudi Industrial Development Fund, in total amounting SR 35.3 million to guarantee the mortgage of the factory assets - Note No. (5) - in order to finance the purchase of the factory's production lines, and the details of loan is as follows:

	<u>September 30,</u> <u>2021</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2020</u> <u>(Audited)</u>
Total granted loan	74 807 000	74 807 000
Paid from the loan	(41 507 000)	(36 607 000)
Remaining of granted loan at the end of the period/year	33 300 000	38 200 000
Prepaid administrative fees	(1 324 794)	(1 745 920)
Net balance at the end of the period/year	31 975 206	36 454 080
Short-term portion	6 095 526	3 941 730
Long-term portion	25 879 680	30 512 350

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- The administrative fees paid in advance represent amounts of administrative fees paid on the loan granted by the Saudi Industrial Development Fund and are amortized over the periods of the loan repayment years. The amortization expense charged to the statement of profit or loss during the period ending on September 30, 2021 amounted to SR 421 127 (for the same period 2020: SR 429 565).
- The company bears additional expenses by the Saudi Industrial Development Fund during the term of the loan, which are project follow-up expenses, and it is charged to the list of profits or losses on an accrual basis. Expenses charged to the list of profits or losses during the period ended September 30, 2021 amounted to SR 362 582 (for the same period 2020: SR 294 800).

14-2 Bank Loans:

	<u>September</u> <u>30, 2021</u> (Unaudited)	<u>December 31,</u> <u>2020</u> (Audited)
Short term loans	35 486 020	59 746 583
Long term loans	26 374 391	12 937 500
	<u>61 860 411</u>	<u>72 684 083</u>

Riyadh Bank

At April 9, 2017, the Group signed an Islamic finance agreement with Riyadh Bank, amounting to SR 49 million, for the purpose of partial finance of a project to produce one of the manufacturing products of the subsidiary that was established during 2017 for this purpose. At March 28, 2018, the Islamic finance agreement was renewed and the finance limit increased to SR 72 million, in July 19, 2018, the group reduced the value of the financing by canceling the short-term Temporary loan SR 21 million, to be the finance limit to SR 51 million. At March 10, 2019, the group raised the value of the finance by increasing the long-term facilities by SR 15 million and amending the credit limits for short-term facilities to bring the total of the short-term facilities to SR 25 million, and the finance limit is SR 66 million, noting that this finance is guaranteed by signing a bond for an order with a total financing amount.

At March 25, 2021, the Group renewed the facilities agreement which will be ended at March 24, 2024.

- The utilized amounts of this agreement reached the following until September 30, 2021:-
 - 1- SR 465 000 in the form of letters of guarantee.
 - 2- SR 33,7 million in the form of long-term Islamic murabaha loans (the short – term loans of it is SR 5.8 million and the long – term loans is SR 27.9 million)
 - 3- SR 14,3 million Saudi riyals in the form of letters of credit.

Albilad Bank

At September 16, 2018, The Group signed a credit facility in line with Islamic Sharia with Bank Albilad ,amounting SR 30 million, With a purpose of obtaining a short-term Islamic murabaha loan to finance the working capital of the Company and its subsidiary. The Group renewed the facility contract at April 12, 2020.

As of September 30, 2021, the utilized amount of these facilities amounted to SR 25,25 million as an Islamic short-term murabaha loan and this finance was obtained with the guarantee of a promissory note in favor of Albilad Bank.

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14-3 Loans & facilities classification in the statement of financial position:

	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
<u>The non-current portion of long-term loans</u>		
Saudi Industrial Development Fund Loan	25 879 680	30 512 350
Loans and Facilities	26 374 391	12 937 500
	<u>52 254 071</u>	<u>43 449 850</u>
<u>The current portion of long-term loans</u>		
Saudi Industrial Development Fund Loan	6 095 520	5 941 730
Loans and Facilities	5 750 000	5 750 000
	<u>11 845 526</u>	<u>11 691 730</u>
<u>Short term loans</u>		
Loans and Facilities	29 736 020	53 996 583
	<u>93 835 617</u>	<u>109 138 163</u>

15 ACCRUED AND OTHER LIABILITIES:

	<u>September</u> <u>30, 2021</u>	<u>December 31,</u> <u>2020</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Accrued expenses	10 155 287	8 391 081
Advanced payment from receivables	1 863 896	2 153 482
Accrued dividends*	5 151 746	5 151 746
Value added tax	576 030	1 081 201
Other	440 295	293 440
	<u>18 187 254</u>	<u>17 070 950</u>

* The dividends not claimed by the shareholders for the years from 2003 to 2007 amounted to SR 5 151 746 as at September 30, 2021 (December 31, 2020: SR 5 151 746).

16 EARNING PER SHARE :

	<u>For the three months period</u> <u>ended</u>		<u>For the nine months period</u> <u>ended</u>	
	<u>September</u> <u>30, 2021</u>	<u>September</u> <u>30, 2020</u>	<u>September</u> <u>30, 2021</u>	<u>September</u> <u>30, 2020</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Net loss for the period attributable to the shareholders of the parent Company	(3 443 535)	(2 947 127)	(10 185 267)	(2 121 745)
Weighted average of shares	11 500 000	11 500 000	11 500 000	11 500 000
Basic share loss from net loss for the period	<u>(0,30)</u>	<u>(0,26)</u>	<u>(0,89)</u>	<u>(0,18)</u>

There is no liability convertible to equity instruments, so the diluted profit per share is not different from the basic profit per share.

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17 PROVISION FOR ZAKAT:

Zakat provision movements:

	<u>September 30,</u> <u>2021</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2020</u> <u>(Audited)</u>
Opening balance period/year	3 011 577	4 180 886
Formed during the period /year	2 970 000	3 323 787
Utilized during the period/year	(3 246 104)	(4 493 096)
	<u>2 735 473</u>	<u>3 011 577</u>

17-1 Zakat Status:

Filling and Packaging Material Manufacturing Company (Parent Company)

Years from 2013 to 2016

During the year 2019 , Zakat, Tax, and Customs Authority issued the Zakat assessment for the years from 2013 to 2016, resulting zakat differences due from the Company, amounting to SR 116 491, and the Company paid it during 2019.

Years from 2017 to 2018

During the year 2020, Zakat, Tax, and Customs Authority issued a zakat assessment, resulting zakat differences due from the Company amounting to SR 274 485, and the company paid it.

Year 2019

- The company submitted the zakat declaration from its point of view for these year, and the company has not received any zakat assessments from the Zakat , Tax, Customs Authority for that year yet.

FPC (Subsidiary)

Years till 2020

The Company submitted the zakat declaration for this years and obtained a certificate, the Company has not received any zakat assessments related these years yet.

Group consolidated Zakat declaration

During the year 2020, the group obtained the approval of Zakat, Tax, and Customs Authority to file a consolidated zakat declaration for the parent Company and its subsidiary Company. The group has submit the consolidated declaration for the year 2020, and obtained a valid certificate until April 30, 2022, and any zakat assessments are received from the authority.

18 UNUTILIZED CAPACITY

The unutilized capacity from production expenditures was calculated in accordance with International Accounting Standard No. (2) “Inventory” and classified under the other expenses as it is not considered part of the cost of sales for not operating the plant with normal production capacity. This amounted during the period ending September 30, 2021. 1 056 787 Saudi riyals (30 September 2020: SR 1 614 710).

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19 THE ACQUISITION OF SUBSIDIARY

The parent company acquired the full shares in FPC for Industry (the subsidiary company). During the month of March 2020, the company signed an agreement requiring the partner to waive his full 20 % shares in FPC for Industry with its rights and obligations in favor of the parent company, in exchange for obtaining On the percentage of 20 % of the net accounting profit according to the audited financial statements at the end of each fiscal year for a period of ten years only (the period of validity of the agreement) until the end of the fiscal year ending on December 31, 2029, and accordingly, the company prepared a study of the contingent liability was calculated according to For the best estimate in light of the available data, as this potential liability as on September 30, 2021 amounted to SR 21 392 061 (December 31, 2020: SR 20 325 000), it has been classified under the non-current liabilities in the financial position list, and this potential liability will be re-assessed Periodically, throughout the term of the agreement, this acquisition resulted in an amount of SR 25 358 702, which represents the difference in the purchase of the rights of the non-controlling interest, which has been classified under the equity clause. The following is a statement of the contingent liability movement and the non-controlling interest purchase difference as on September 30, 2021 and December 31, 2020:

19-1 Contingent Liability against Non-Controlling Interests Acquisition

	<u>September 30, 2021 (Unaudited)</u>	<u>December 31, 2020 (Audited)</u>
Opening balance period/year	20 325 000	-
Formed during the period /year Note (19-2)	-	20 325 000
Interest Expense during the period/year	1 067 061	-
Paid during the period/year	-	-
	<u>21 392 061</u>	<u>20 325 000</u>

19-2 The movement of the equity purchase difference to the non-controlling interest

	<u>January 1, 2020</u>	<u>Acquisition Impact Adjustments</u>	<u>December 31, 2020 (Audited)</u>
Contingent Liability against Non-Controlling Interests Acquisition	-	20 325 000	20 325 000
Equity for non-controlling interests	(5 033 702)	5 033 702	-
Effect of Non-Controlling Interests Acquisition	-	25 358 702	25 358 702

20 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

- As of September 30, 2021, the amount of the contingent liabilities related to the banks' letters of guarantee and letters of credit which issues by domestic banks on behalf of the group amounted to SR 14 842 885 (December 31, 2020: SR 9 848 798).
- As of September 30, 2021 the capital commitments for the group amounted to SR 8 332 164 (December 31, 2020: SR 955 743).

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21 SEGMENTS REPORTS

The segments reports are related to the activities and business of the group which adopted by the management as a basis for preparing the financial data their own and they are in line with the reporting methods of the inside.

The Group practices its business through two operating segments present in the production and sale of packing materials for the parent Company and Technical textiles for the subsidiary.

The segment represents an identifiable unit in the Group, as this unit is engaged in either providing products or services (the business sector) or providing products or services within a specific economic environment (the geographical sector), provided that each sector has its own risks and benefits that are different from those of other sectors.

The segment analysis of the group's activities for the period is as follows:

	September 30,2021 (Unaudited)			
	<u>Packing & Packaging Sector</u>	<u>Technical Textiles Sector</u>	<u>Eliminations</u>	<u>Total</u>
Revenues	124 588 908	37 679 360	–	162 268 268
Cost of revenues	(110 551 700)	(32 175 062)	188 130	(142 538 632)
Loss of the period	(2 078 039)	(8 295 358)	188 130	(10 185 267)

	September 30,2020 (Unaudited)			
	<u>Packing & Packaging Sector</u>	<u>Technical Textiles Sector</u>	<u>Eliminations</u>	<u>Total</u>
Revenues	110 277 457	24 721 162	-	134 998 619
Cost of revenues	(92 543 843)	(21 937 665)	188 130	(114 293 378)
Profit/ (Loss) of the period	5 631 238	(7 941 128)	188 130	(2 121 760)

The details of using the assets of the group through the segments and liabilities for the relevant represents as follows:

	September 30,2021 (Unaudited)			
	<u>Packing & Packaging Sector</u>	<u>Technical Textiles Sector</u>	<u>Eliminations</u>	<u>Total</u>
Non-current assets	107 952 253	84 466 228	(35 301 991)	157 117 382
Total assets	267 842 556	126 621 645	(99 043 743)	295 420 458
Total liabilities	115 858 187	124 786 477	(63 742 644)	176 902 020

	December 31,2020 (Audited)			
	<u>Packing & Packaging Sector</u>	<u>Technical Textiles Sector</u>	<u>Eliminations</u>	<u>Total</u>
Non-current assets	140 371 889	86 942 773	(66 760 835)	160 553 827
Total assets	300 004 598	121 850 070	(112 193 992)	309 660 676
Total liabilities	126 396 094	125 719 641	(71 158 764)	180 956 971

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Geographical segment

A geographic sector is a group of assets, operations, or companies that carry out revenue-generating activities in a specific economic environment that are subject to risks and returns that are different from those operating in other economic environments. The group's operations are mainly conducted in the Kingdom of Saudi Arabia. The financial information presented, which represents revenue during the period, is classified according to geographical sectors as follows:

<u>For the three months period ended</u>				
	<u>September 30,</u>	<u>%</u>	<u>September 30,</u>	<u>%</u>
	<u>2021</u>		<u>2020</u>	
	<u>(Unaudited)</u>		<u>(Unaudited)</u>	
Kingdom of Saudi Arabia	34 198 877	62,26	31 058 269	74,89
Other countries	20 726 054	37,74	10 413 025	25,11
	<u>54 924 931</u>		<u>41 471 294</u>	
<u>For the Nine months period ended</u>				
	<u>September 30,</u>	<u>%</u>	<u>September 30,</u>	<u>%</u>
	<u>2021</u>		<u>2020</u>	
	<u>(Unaudited)</u>		<u>(Unaudited)</u>	
Kingdom of Saudi Arabia	106 701 562	65,76	97 856 410	72,49
Other countries	55 566 706	34,24	37 142 209	27,51
	<u>162 268 268</u>		<u>134 998 619</u>	

22 THE TRANSACTIONS WITH RELATED PARTIES

The related parties represented in the shareholders and the members of the board of directors and senior management personnel in the Company and the institutions which own or manage by these actors or individuals as well the institutions which practice on these actors/individuals collectively or individually common control and significant influence.

<u>September 30, 2021(Unaudited)</u>				
	<u>Members of</u>	<u>Key management</u>	<u>Members of the</u>	<u>Total</u>
	<u>boards of</u>	<u>personnel and</u>	<u>committees</u>	
	<u>directors</u>	<u>senior executives</u>	<u>emanating from the</u>	
			<u>Board of Directors</u>	
Salaries and wages	-	1 663 860	-	1 663 860
Allowances	66 000	583 434	30 000	679 434
Bonus	540 000	670 000	187 500	1 397 500

Benefits, rewards, and compensation for key management personnel represent in as follows:

<u>September 30, 2020(Unaudited)</u>				
	<u>Members of</u>	<u>Key management</u>	<u>Members of the</u>	<u>Total</u>
	<u>boards of</u>	<u>personnel and</u>	<u>committees</u>	
	<u>directors</u>	<u>senior executives</u>	<u>emanating from the</u>	
			<u>Board of Directors</u>	
Salaries and wages	-	1 901 836	-	1 901 836
Allowances	73 500	654 641	39 000	767 141
Bonus	420 000	-	187 500	607 500

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23 FINANCIAL INSTRUMENTS:

23-1 Fair value measurement

Fair value is the amount for which an asset could be disposed of or a liability settled between knowledgeable willing parties in an arm's length transaction at the measurement date. Under the definition of fair value, there is an assumption that a Group is a going concern as there is no intention or condition to materially curtail the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is considered to be active in an active market if quoted prices are readily and regularly available from a foreign exchange dealer, broker, industry group, pricing service or regulator and that these prices represent market transactions that have occurred in an actual and regular manner on a commercial basis.

In measuring fair value, the Group uses observable market information whenever possible. Fair values are classified into different levels in the fair value hierarchy based on the inputs used in valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for similar assets or liabilities that may be obtained at the measurement date.

Level 2: inputs other than quoted prices that are included in Level 1 which are directly observable for assets or liabilities (eg prices) or indirectly (derived from prices).

Level 3: inputs for assets or liabilities that are not based on observable market information (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, the fair value measurement is fully classified at the same level of the fair value hierarchy as the lowest level of inputs is considered material to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurred. During the period/year ended September 30, 2021 and December 31, 2020, there were no transfers between Level 1 and Level 2 fair value levels.

Where the Group's financial instruments are grouped on a historical cost basis, except for investments and derivative financial instruments carried at fair value, differences may arise between the carrying amounts and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

23-2 Financial instruments risk management:

The Group's activities expose it to a variety of financial risks, credit risk, liquidity risk, market price risk and capital management risk.

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

Financial risk management framework

The risk management policy is implemented by the senior management in accordance with the policies approved by the Board of Directors. The senior management identifies, assesses and hedges financial risks in close cooperation with the Group's operating units. The most important types of risk are credit risk, currency risk, fair value and interest rates for cash flows.

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The Board of Directors has overall responsibility for establishing and overseeing the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The work team conducts meetings regularly, and any changes or matters related to compliance with policies are reported to the Board of Directors through the Audit Committee.

The risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the group's activities. The Group aims, through training, management standards and procedures, to develop a responsible and constructive control environment in which all employees are aware of their roles and obligations.

The Audit Committee oversees management's compliance with the Group's risk management policies and procedures, and reviews the appropriateness of the risk management framework in relation to the risks faced by the Group.

The financial instruments included in the balance sheet include cash and cash equivalents, trade and other receivables, loans, trade and other payables. The methods of evidence used are disclosed in the policy statement for each clause.

Market risk

Market risk is the risk that the fair value or cash flows of financial instruments may fluctuate due to changes in market prices. Market risk consists of three types of risks: interest rate risk, currency risk, and other price risk.

Interest rate risk

The following are the loans obtained by the Group, which carry variable interest according to the interest rates prevailing in the market.

<u>Financial instruments at interest rates variable</u>	<u>September 30,</u> <u>2021</u> <u>(Unaudited)</u>	<u>December31,</u> <u>2020</u> <u>(Audited)</u>
Short & long term loans	93 835 617	109 138 163

Foreign currency risk:

Currency risk is the fluctuation in the value of a financial instrument due to fluctuations in foreign exchange rates. The Group is not substantially exposed to fluctuations in foreign exchange rates during its normal business cycle, given that the Group's significant transactions during the year were carried out in Saudi riyals and the US dollar, and as the exchange rate of the Saudi riyal is fixed against the US dollar, so there are no significant risks associated with transactions and balances.

Credit risk:

Credit risk is the risk that one party to a financial instrument will not be able to meet its obligations, and this will cause the other party to incur a financial loss. Credit risk is the risk that the Group will incur a financial loss if the customer or counterparty fails to fulfill its contractual obligations. It arises mainly from trade receivables, cash and cash equivalents. The carrying amount of financial assets represents the maximum exposure to credit risk.

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<u>Financial Assets</u>	<u>September 30, 2021 (Unaudited)</u>	<u>December 31, 2020 (Audited)</u>
Trade receivables (Net)	55 807 472	40 252 232
Cash and cash equivalent	3 956 041	8 636 253
Investments at Fair Value through Profit or Loss	4 277 516	37 989 409
Prepayments and Other Receivables	6 340 897	8 444 399
	<u>70 381 926</u>	<u>95 322 293</u>

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each individual customer. However, management also considers factors that may have an impact on the credit risk of the group's customer base, including the risk of default in the customer's sector. The Group establishes an allowance for expected credit losses, which on September 30, 2021 amounted to SR 5 997 161 (December 31, 2020 amounted to SR 2 915 420).

The Group maintains cash in the fund and with banks as at 30 September 2021 in an amount of SR 3,9 million (September 30, 2020: SR 8,6 million). Liquidity risk is the risk that the group will encounter difficulty in fulfilling its obligations associated with its financial liabilities that are settled by paying in cash or Through other financial assets, the group's approach to managing liquidity aims to ensure that it always has sufficient liquidity, as far as possible, to meet its liabilities when due, under normal and critical circumstances, without incurring losses or jeopardizing the group's reputation.

Liquidity risk:

Liquidity risk is the difficulty that an entity will encounter in raising funds to meet obligations related to financial instruments. Liquidity risk can result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring liquidity on an ongoing basis and ensuring that sufficient financial resources are in place. Concentration in liquidity risk may arise from conditions of repayment of financial obligations, sources of financing and loans, or reliance on a specific market to obtain liquid assets. The following are the maturities of the financial liabilities at the end of the year, which are presented as following:

Capital management:

The Group's goal when managing capital is to maintain the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders. And maintaining a strong capital base to support the sustainable development of its business.

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The following is an analysis of the Group's net debt-to-equity ratios:

	<u>September 30,</u> <u>2021</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2020</u> <u>(Audited)</u>
Total liabilities	176 902 000	180 956 971
Less: Cash and cash equivalent	(3 956 041)	(8 636 253)
Net liabilities	172 945 979	172 320 718
Total Equity	118 518 438	128 703 705
Ratio of Liability to Equity	1.46	1.34

24 The impact of Corona virus (Covid-19):

In response to the spread of the Coronavirus (Covid-19) at the beginning of 2020 and its spread in several geographical regions around the world and the resulting disruptions to economic activities and businesses, the group formed a working group to assess the expected effects on the group's business inside the Kingdom. The Group has also taken a series of preventive measures to ensure the health and safety of its employees, customers and society to ensure the continuity of its operations.

The effects of the pandemic on the group's activities included the production process being affected relatively for some time as a result of taking precautionary measures directed by government authorities, which were mainly represented in isolating influential workers suspected of being infected and applying the legal procedures related to travel and movement restrictions as well as the delay in the arrival of some raw materials necessary for the production process. And the effect extended on selling prices in some products and also there was an impact on demand in other products, in addition to some difficulties that the group faced in its export operations and high freight rates. Given the levels of production results for all products, they remained at their normal levels, and therefore do not expect the occurrence of substantial effects. Due to the emerging corona virus (Covid-19) on the balance sheet and results for the fiscal year ending on September 30, 2021.

Since the extent and duration of these effects are still uncertain and depend on future developments that cannot be predicted accurately at the present time, management and those responsible for governance will continue to monitor the situation in the Kingdom and all geographical areas with which the group deals with the purpose of reviewing and assessing potential risks related to the supply chain. Raw materials, human resources, current stock levels, ensuring the continuity and operation of the production facilities of the group companies without interruption and providing stakeholders with developments as required by laws and regulations.

25 Subsequent events:

Management believes that there have not been any significant subsequent events since the end of the period that would require disclosure or amendment to these condensed consolidated interim financial statements.

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26 Comparative figures:

Some comparative figures have been amended for some figures of the statement of consolidated financial position in the annual consolidated financial statements as on December 31, 2019, which were presented with these condensed interim consolidated financial statements in the list of changes in equity. To understand these amendments in detail, one can use those annual consolidated financial statements as of December 31, 2020 - Note No. (32) of those annual consolidated statements.

27 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS APPROVAL

The condensed consolidated interim Financial Statements have been approved by Board of Directors on 3 Rabi' Al-Thani 1443 H corresponding to 8 November 2021 G.

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