

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) FOR THE THREE-MONTH
AND SIX-MONTH PERIODS ENDED 30 JUNE 2023
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-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023

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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 30 June 2023, and the interim condensed consolidated statement of profit or loss and the other comprehensive income for the three-month and six-month periods ended 30 June 2023, and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, including a summary of significant accounting policies 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.

Other matter

The interim condensed consolidated financial statements of the Company for the three-month and six-month periods ended 30 June 2022 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 24 Muharram 1444H (corresponding to 22 August 2022). Further, the consolidated financial statements of the Company for the year ended 31 December 2022 were audited by the same auditor who expressed an unmodified opinion on those financial statements on 21 Shaaban 1444H (corresponding to 13 March 2023).

For Maham Company for Professional Services


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



28 Muharram 1445H
15 August 2023

Maham Company for Professional Services (A single shareholder LLC)

Owned by Certified Public Accountant: Abdulaziz Saud Al Shabeebi (License No. 339)

CR: 2050240744 Capital: S.R. 1,000,000

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مملوكة للمحاسب القانوني: عبدالعزيز سعود الشبيبي (ترخيص رقم ٣٣٩)

السجل التجاري: ٢٠٥٠٢٤٠٧٤٤ رأس المال: ١,٠٠٠,٠٠٠ ريال سعودي

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Filling and Packing Materials Manufacturing Company

(A Saudi Joint Stock Company)

Interim condensed consolidated Statement of Financial Position

As at 30 June 2023

	Note	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Assets			
Non-current assets			
Property, plant and equipment	4	151,293,699	154,414,375
Right-of-use assets		6,201,869	6,449,941
Intangible assets	5	892,500	881,250
Total non-current assets		158,388,068	161,745,566
Current assets			
Inventory	6	62,142,060	55,917,253
Trade receivables	7	43,233,294	46,238,319
Prepayments and other current assets		8,921,893	14,579,374
Financial assets held at fair value through profit or loss		-	5,784,363
Cash and cash equivalents		18,834,983	2,892,135
Total current assets		133,132,230	125,411,444
Total assets		291,520,298	287,157,010
Equity and liabilities			
Equity			
Share capital	8	115,000,000	115,000,000
Statutory reserve		17,388,320	17,388,320
Other reserves	9	(25,358,702)	(25,358,702)
Retained earnings		26,227,127	25,004,258
Total Equity		133,256,745	132,033,876
Liabilities			
Non-current liabilities			
Term loans – noncurrent portion	10	36,703,040	44,024,701
Lease liabilities – noncurrent portion		6,479,202	6,913,549
Employees defined benefit liabilities		12,817,322	12,203,726
Contingent liability for acquisition of non-controlling interest	9	16,198,231	15,612,000
Total non-current liabilities		72,197,795	78,753,976
Current liabilities			
Trade payables		21,216,842	31,164,824
Accrued expenses and other current liabilities		17,856,045	16,426,355
Short-term loans and non-current portion of long-term loans	10	44,487,870	25,267,780
Current portion of leases liabilities		434,346	413,663
Zakat provision	11	2,070,655	3,096,536
Total current liabilities		86,065,758	76,369,158
Total liabilities		158,263,553	155,123,134
Total shareholders' equity and liabilities		291,520,298	287,157,010

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 and six-month periods ended 30 June 2023

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2023 (Unaudited) SR	2022 (Unaudited) SR	2023 (Unaudited) SR	2022 (Unaudited) SR
Revenue		45,927,470	71,275,337	109,818,960	134,154,402
Cost of revenue		(36,654,580)	(60,315,406)	(89,803,246)	(114,569,371)
Gross profit		9,272,890	10,959,931	20,015,714	19,585,031
Expenses					
Selling and marketing		(2,222,330)	(4,152,136)	(5,180,520)	(7,146,557)
General and administrative	12	(5,771,046)	(4,524,386)	(10,381,678)	(8,818,827)
Provision for impairment loss of trade receivables	7	(167,706)	(1,689,864)	(359,728)	(2,451,042)
Total expenses		(8,161,082)	(10,366,386)	(15,921,926)	(18,416,426)
Profit from operations		1,111,808	593,545	4,093,788	1,168,605
Finance costs		(1,395,960)	(1,490,640)	(2,700,693)	(2,413,079)
Gain from financial assets held at fair value through profit or loss		150,475	401,520	167,445	1,973,187
Other income, net	13	1,182,418	2,375,472	1,642,329	2,507,658
Profit before Zakat		1,048,741	1,879,897	3,202,869	3,236,371
Zakat	11	(990,000)	(990,000)	(1,980,000)	(1,980,000)
Net profit for the period		58,741	889,897	1,222,869	1,256,371
Total comprehensive income for the period		58,741	889,897	1,222,869	1,256,371
Earnings per share					
Basic and diluted earnings per share	14	0.01	0.08	0.11	0.11



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 changes in Equity

For the six-month period ended 30 June 2023

	Share capital SR	Statutory reserve SR	Other reserves SR	Retained earnings SR	Total SR
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	-	-	-	1,222,869	1,222,869
Total comprehensive income for the period	-	-	-	1,222,869	1,222,869
As at 30 June 2023 (Unaudited)	115,000,000	17,388,320	(25,358,702)	26,227,127	133,256,745
As at 1 January 2022 (Audited)	115,000,000	16,408,804	(25,358,702)	14,037,893	120,087,995
Net profit for the period	-	-	-	1,256,371	1,256,371
Total comprehensive income for the period	-	-	-	1,256,371	1,256,371
As at 30 June 2022 (Unaudited)	115,000,000	16,408,804	(25,358,702)	15,294,264	121,344,366





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

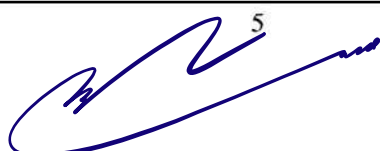
Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)

Interim condensed consolidated statement of cash flows
For the six-month period ended 30 June 2023

		For the six-month period ended	
		30 June 2023	30 June 2022
		(Unaudited)	(Unaudited)
	Note	SR	SR
OPERATING ACTIVITIES			
Profit before Zakat		3,202,869	3,236,371
Adjustments for:			
Depreciation of property, plant, and equipment	4	4,147,862	3,976,554
Depreciation of a right-of-use asset		248,072	248,072
Reversal of slow-moving inventory provision	6	-	(869,331)
Provision for impairment loss of trade receivables	7	359,728	2,451,042
(Gain) loss on disposal of property, plant, and equipment		(7,826)	62,478
Provision for employee-defined benefit liabilities		1,130,399	1,501,236
Gain from financial assets held at fair value through profit or loss		(40,220)	(1,632,178)
Finance cost		2,700,693	2,413,079
		11,741,577	11,387,323
Change in operating assets and liabilities			
Inventory		(6,224,807)	3,838,765
Trade receivables		2,645,297	(11,560,186)
Prepayments and other current assets		5,657,781	(8,655,492)
Trade payables		(9,947,982)	15,204,061
Accrued expenses and other current liabilities		1,429,690	(2,015,907)
Cash from operations		5,301,256	8,198,564
Zakat Paid	11	(3,005,881)	(2,698,628)
Employee - defined benefit obligation paid		(560,672)	(461,604)
Net cash from (used in) operating activities		1,734,703	5,038,332
INVESTING ACTIVITIES			
Additions to property, plant and equipment	4	(1,027,187)	(6,217,206)
Additions to intangible assets		(11,250)	-
Additions to financial assets held at fair value through profit or loss			(846,464)
Proceeds from the sale of financial assets held at fair value through profit or loss		5,824,583	3,403,660
Proceeds from the sale of property, plant and equipment		7,827	-
Net cash from (used in) investing activities		4,793,973	(3,660,010)
FINANCING ACTIVITIES			
Loans received		20,819,657	36,141,902
Loans paid		(10,463,283)	(34,712,781)
Payment of lease liabilities		(611,527)	(780,014)
Finance cost paid		(330,675)	(1,063,431)
Net cash from (used in) financing activities		9,414,172	(414,324)
Net increase in cash and cash equivalents		15,942,848	963,998
Cash and cash equivalent at the beginning of the period		2,892,135	12,133,800
Cash and cash equivalents at the end of the period		18,834,983	13,097,798

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

5




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

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.

These consolidated financial statements include the financial statements of the Company and its following subsidiary (referred to together as the "Group"):

	Ownership percentage direct and indirect %		Capital (SR)
	30 June 2023 (unaudited)	31 December 2022 (audited)	
FPC Industrial Company	100%	100%	18,000,000

FPC Industrial Company

FPC Industrial Company - is a Saudi limited liability 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").

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 2022. 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. All values have been rounded to the nearest Saudi Riyals, unless otherwise stated.

2 BASIS OF PREPARATION (continued)

2-4 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary as of 30 June 2023. 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.

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 Changes in significant 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 2022.

The Group has applied for the first time the following standards and amendments, which are effective for annual periods beginning on or before 1 January 2023, and which do not have any impact on the Group's interim condensed consolidated financial statements:

- Amendments are limited in scope to IAS 1, Practice Statement 2, and IAS 8.
- An amendment to IAS 12 - Deferred Tax relating to assets and liabilities arising from a single transaction.
- International Financial Reporting Standard 17, "Insurance Contracts," as amended in December 2021.

2 BASIS OF PREPARATION (continued)

2-5 Changes in significant accounting policies (continued)

The International Accounting Standards Board has issued the following accounting standards and amendments, which are effective for annual periods beginning after January 1, 2023. The Group has elected not to early adopt these pronouncements and they do not have a material impact on the interim condensed consolidated financial statements of the Group.

2-6 Standards issued but not yet effective

The International Accounting Standards Board has issued the following accounting standards and amendments, which are applicable to annual periods beginning after 2023. The Group has elected not to early adopt these standards and pronouncements and they are not expected to have a material impact on the Group's interim condensed consolidated financial statements.

- Amendments to International Accounting Standard No. (1) - Classification of liabilities into current and non-current.
- Amendments to IFRS 10 and IAS 28. "Sale or contribution of assets between an investor and his associate or joint venture".
- Amendment to IFRS 16, Sale and Leaseback Lease Liabilities.
- Amendments to IAS 1, Non-Current Liabilities with Commitments.

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.

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.

3 SIGNIFICANT ASSUMPTIONS AND ESTIMATES (continued)

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.

4 PROPERTY, PLANT, AND EQUIPMENT

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Property, plant, and equipment	145,051,674	148,142,173
Spare parts	6,242,025	6,272,202
	151,293,699	154,414,375

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

Buildings	33 years or lease term, whichever is lesser	Tools	7 years
Building improvements	10 years or lease term, whichever is lesser	Furniture and fixtures	5 years
Machinery and equipment	10-25 years	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	Total SR
Cost:								
At 1 January (audited)	36,904,448	11,838,077	269,640,156	780,669	9,501,732	3,619,168	185,051	332,469,301
Additions during the period	-	-	502,142	226,863	16,959	311,400	-	1,057,364
Disposal	-	-	-	-	-	(48,000)	-	(48,000)
At 30 June (unaudited)	<u>36,904,448</u>	<u>11,838,077</u>	<u>270,142,298</u>	<u>1,007,532</u>	<u>9,518,691</u>	<u>3,882,568</u>	<u>185,051</u>	<u>333,478,665</u>
Accumulated depreciation								
At 1 January (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	573,670	177,585	3,096,167	44,163	142,733	113,544	-	4,147,862
Disposal	-	-	-	-	-	(47,999)	-	(47,999)
At 30 June (unaudited)	<u>29,845,744</u>	<u>1,417,200</u>	<u>144,539,340</u>	<u>250,139</u>	<u>8,872,617</u>	<u>3,501,951</u>	<u>-</u>	<u>188,426,991</u>
Net book value								
At 30 June 2023 (unaudited)	<u>7,058,704</u>	<u>10,420,877</u>	<u>125,602,958</u>	<u>757,393</u>	<u>646,074</u>	<u>380,617</u>	<u>185,051</u>	<u>145,051,674</u>

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	Total SR
Cost:								
At 1 January 2022 (audited)	36,894,418	11,838,077	257,918,604	653,565	9,210,529	3,619,168	3,531,725	323,666,086
Additions during the period	10,030	-	198,615	127,104	291,203	-	8,176,263	8,803,215
Transferred from projects under implementation	-	-	11,522,937	-	-	-	(11,522,937)	-
At 31 December (audited)	<u>36,904,448</u>	<u>11,838,077</u>	<u>269,640,156</u>	<u>780,669</u>	<u>9,501,732</u>	<u>3,619,168</u>	<u>185,051</u>	<u>332,469,301</u>
Accumulated Depreciation:								
At 1 January 2022 (audited)	28,097,230	884,475	135,647,413	124,746	8,363,365	3,163,628	-	176,280,857
Depreciation for the period	<u>1,174,844</u>	<u>355,140</u>	<u>5,795,760</u>	<u>81,230</u>	<u>366,519</u>	<u>272,778</u>	<u>-</u>	<u>8,046,271</u>
At 31 December (audited)	<u>29,272,074</u>	<u>1,239,615</u>	<u>141,443,173</u>	<u>205,976</u>	<u>8,729,884</u>	<u>3,436,406</u>	<u>-</u>	<u>184,327,128</u>
Net book value:								
At 31 December 2022 (audited)	<u>7,632,374</u>	<u>10,598,462</u>	<u>128,196,983</u>	<u>574,693</u>	<u>771,848</u>	<u>182,762</u>	<u>185,051</u>	<u>148,142,173</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 the favor of the Saudi Industrial Development Fund against loans granted by the Fund (note 10).
- Property, plant, and equipment as at 30 June 2023 includes certain items that are fully depreciated and are still operational at a cost of SR 78.6 million (31 December 2022: SR 77.2 million).
- Capital work-in-progress represents machinery and equipment with a book value of SR 185 thousand as at 30 June 2023 (31 December 2022: SR 185 thousand). Management expects that these assets to be ready for its intended use during the year 2023.

5 INTANGIBLE ASSETS

Intangible assets, as at 30 June 2023, represents the costs of a computer software with a book value of SR 892,500 (31 December 2022: SR 881,250). Management expects that these assets will be ready for its intended use during 2023.

6 INVENTORY

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Raw materials	27,959,414	23,381,526
Finished goods	17,716,650	15,107,524
Work in progress	12,295,804	12,050,521
Other materials and supplies	3,444,051	3,636,130
Goods in transit	726,141	1,741,552
	62,142,060	55,917,253

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

	For the six-month period ended 30 June 2023 (Unaudited) SR	For the year ended 31 December 2022 (Audited) SR
Balance at the beginning of the period/year	-	3,749,919
Amounts write off	-	(3,749,919)
Balance at the end of the period/year	-	-

7 TRADE RECEIVABLES

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Total trade receivables	45,629,189	48,274,486
Less: provision for expected credit losses	(2,395,895)	(2,036,167)
Trade receivables, net	43,233,294	46,238,319

- 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 30 June 2023, impaired trade receivables totaled SR 2,395,895 (31 December 2022 SR 2,036,167) and a provision for impairment was made, as appropriate.

7 TRADE RECEIVABLES (continued)

Movement in the provision for expected credit losses

	For the six-month period ended 30 June 2023 (Unaudited) SR	For the year ended 31 December 2022 (Audited) SR
At the beginning of the period/year	2,036,167	6,805,495
Charged (written off) during the period/year	359,728	(4,769,328)
At the end of the period/year	2,395,895	2,036,167

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

30 June 2023	Total	0-90 days	91-180 days	181-270 days	181-270 days	More than 360 days
Net book value:	45,629,189	38,848,690	4,011,961	1,213,390	552,900	1,002,248
expected credit losses	2,395,895	66,773	459,957	401,233	546,678	921,254
expected credit loss rate	5.3%	0.2%	16.31%	34.54%	98.9%	91.9%
31 December 2022	Total	0-90 days	91-180 days	181-270 days	181-270 days	More than 360 days
Net book value:	48,274,486	43,382,573	1,800,363	1,023,348	1,054,023	1,014,179
expected credit losses	2,036,167	73,596	245,321	294,386	490,643	932,221
expected credit loss rate	4.2%	0.2%	13.6%	28.8%	46.5%	91.9%

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 2022: 11.5 million shares of SR 10 each).

In its meeting held on 20 Rajab 1443H, corresponding to 21 February 2022, the Board of Directors recommended to the Extraordinary General Assembly to increase the Company's capital through issuance of priority rights shares of SR 115 million, which was not approved by the Extraordinary General Assembly in its meeting held on 20 Shawwal 1444H, corresponding to 10 May 2023.

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 equity.

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

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

	For the six-month period ended 30 June 2023 (Unaudited) SR	For the year ended 31 December 2022 (Audited) SR
At the beginning of the period/year	15,612,000	19,564,865
Change as a result of re-estimation during the period/ year	-	(5,375,613)
Financial costs during the period/year	586,231	1,422,748
At the end of the period/year	16,198,231	15,612,000

10 LOANS

	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Non-current liabilities		
Saudi Industrial Development Fund	24,657,884	26,377,315
Islamic banking facilities (Murabaha) from local banks	12,045,156	17,647,386
	36,703,040	44,024,701
Current liabilities		
Saudi Industrial Development Fund	14,716,590	12,304,601
Islamic banking facilities (Murabaha) from local banks	29,771,280	12,963,179
	44,487,870	25,267,780
Total loans and facilities	81,190,910	69,292,481

Loans include certain covenants. Future breach of covenants may lead to renegotiation. Covenants are monitored on a monthly basis by the management. In the event of any possible breach, Management takes action 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 2022, and the Group obtained the final zakat assessments for the years up to 2020. ZATCA has not yet issued the zakat assessment for the years 2021 and 2022.

11 ZAKAT (continued)

11.1 Zakat provision movement

	For the six-month period ended 30 June 2023 (Unaudited) SR	For the year ended 31 December 2022 (Audited) SR
At the beginning of the period/year	3,096,536	2,671,120
Charged during the period/year	1,980,000	3,096,536
Paid during the period/year	(3,005,881)	(2,671,120)
At the end of the period/year	2,070,655	3,096,536

12 GENERAL AND ADMINISTRATIVE EXPENSES

	For the six-month period ended 30 June 2023 (Unaudited) SR	30 June 2022 (Unaudited) SR
Employee salaries	6,594,686	6,124,147
Consulting and professional fees	1,598,270	546,396
Board members fees	316,468	309,604
Security and safety expenses	116,093	110,400
Research and development expenses	91,189	111,849
Depreciation of property, plant, and equipment	68,251	126,879
Others	1,596,721	1,489,552
	10,381,678	8,818,827

13 OTHER INCOME

	For the six-month period ended 30 June 2023 (Unaudited) SR	30 June 2022 (Unaudited) SR
Human Resources Fund support	991,200	71,200
Scrap sales	290,622	291,301
Foreign currency differences	101,132	(119,794)
Gains on disposal of property, plant and equipment	7,826	-
Support from the Small and Medium Enterprises Authority	-	1,453,545
Support of the Export Development Authority	-	17,571
Other	251,549	793,835
	1,642,329	2,507,658

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 six-month period ended	
	30 June 2023 (unaudited) SR	30 June 2022 (unaudited) SR
Profit from operations attributable to shareholders	1,222,869	1,256,371
Weighted average number of shares	11,500,000	11,500,000
Basic and diluted earnings per share	0.11	0.11

15 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.

**For the six-month period ended
30 June 2023 (unaudited)**

	Packing and packaging (SR)	Technical textiles (SR)	Eliminations (SR)	Total (SR)
Revenues	77,785,640	32,033,320	-	109,818,960
Revenue cost	(61,785,302)	(28,143,364)	125,420	(89,803,246)
Total profit	16,000,338	3,889,956	125,420	20,015,714

**For the six-month period ended 30
June 2022 (unaudited)**

	Packing and packaging (SR)	Technical textiles (SR)	Eliminations (SR)	Total (SR)
Revenues	103,463,395	30,691,007	-	134,154,402
Revenue cost	(86,941,289)	(27,753,502)	125,420	(114,569,371)
	16,522,106	2,937,505	125,420	19,585,031

15 SEGMENT REPORTING (continued)**Revenue geographical analysis**

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

	For the six-month period ended	
	30 June 2023 (unaudited)	30 June 2022 (unaudited)
	SR	SR
Kingdom of Saudi Arabia	71,884,452	92,844,502
Other countries	37,934,508	41,309,900
Total revenue	109,818,960	134,154,402

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

For the six-month period ended 30 June 2023 (unaudited)	Packing and packaging (SR)	Technical textiles (SR)	Eliminations (SR)	Total (SR)
Total assets	282,275,895	132,035,843	(122,791,440)	291,520,298
Total liabilities	119,646,763	111,543,448	(72,926,658)	158,263,553
For the six-month period ended 30 June 2022 (unaudited)	Packing and packaging (SR)	Technical textiles (SR)	Eliminations (SR)	Total (SR)
Total assets	280,151,857	128,133,251	(121,128,098)	287,157,010
Total liabilities	114,641,617	103,501,747	(63,020,230)	155,123,134

16 CONTINGENCIES

a) As of June 30, 2022, the Group issued letters of guarantee and letters of credit with a value of SR 10 million (31 December 2022: SR 4.13 million Saudi riyals), and these guarantees do not carry any cash margin.

b) Refer to note 9, for matters related to the contingent liability for acquisition of non-controlling interest in FPC Industrial Company.

17 INTERIM RESULTS

The results of operations for the six-month period ended 30 June 2023 are not necessarily indicative of the Group's annual results.

18 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 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

	30 June 2023 (unaudited)	31 December 2022 (Audited)
	SR	SR
Financial assets at fair value		
Investments in financial assets held at fair value through profit or loss	-	5,784,363
Financial assets carried at amortized cost		
Cash and cash equivalents	18,834,983	2,892,135
Trade receivables	43,233,294	46,238,319
Total financial assets at amortized cost	62,068,277	49,130,454
Total financial assets (current)	62,068,277	49,130,454

b) Financial liabilities

	30 June 2023 (unaudited)	31 December 2022 (Audited)
	SR	SR
Financial liabilities at amortized cost		
Trade payables	21,216,842	31,164,824
Accrued expenses and other current liabilities	17,856,045	16,426,355
Loans	81,190,910	69,292,481
Lease liabilities	6,913,548	7,327,212
Contingent liability for acquisition of non-controlling interest	16,198,231	15,612,000
Total financial liabilities at amortized cost	143,375,576	139,822,872
Total current financial liabilities	83,995,103	73,272,622
Total non-current financial liabilities	59,380,473	66,550,250
Total financial liabilities at amortized cost	143,375,576	139,822,872

19 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.

20 RECLASSIFICATIONS OF COMPARATIVE INFORMATION

the Group reassessed the presentations of certain items in the interim condensed consolidated financial statements to ensure that the proposed presentations were consistent with the requirements of IAS 1 "Presentation of financial statements" as endorsed in the Kingdom of Saudi Arabia. Details of the reclassifications are given below:

(A) Management determined that critical spare parts related to property, machinery and equipment were included in the inventory, amounting to SR 6,272,202 as at 31 December 2022. During the period, management reclassified these amounts to property, plant and equipment.

(B) Management determined that the intangible assets amounting to SR 881,250 as at 31 December 2022, related to computer software systems, were included as part of property, plant and equipment. During the period, management reclassified these amounts to intangible assets.

21 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the board of directors on 13 August 2023 (corresponding to 26 Muharram 1445).