

**SAUDI PRINTING AND PACKAGING COMPANY**  
(A Saudi Joint Stock Company)  
**Condensed consolidated interim financial statements**  
**(unaudited)**  
**For the three-month period ended**  
**31 March 2021**  
together with the  
**Independent Auditor's Review Report**

**SAUDI PRINTING AND PACKAGING COMPANY**  
(A Saudi Joint Stock Company)  
**Condensed consolidated interim financial statements**  
(unaudited)  
**and Independent Auditor's Review Report**  
**For the three-month period ended**  
**31 March 2021**

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## KPMG Professional Services

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Headquarter

Commercial Registration No 1010425494

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

# Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Statements

To the Shareholders of Saudi Printing and Packaging Company

## Introduction

We have reviewed the accompanying 31 March 2021 condensed consolidated interim financial statements of **Saudi Printing and Packaging Company** ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the condensed consolidated Interim statement of financial position as at 31 March 2021;
- the condensed consolidated Interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2021;
- the condensed consolidated Interim statement of changes in equity for the three-month period ended 31 March 2021;
- the condensed consolidated Interim statement of cash flows for the three-month period ended 31 March 2021; and
- the notes to the condensed consolidated Interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with 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 information 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 as 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 31 March 2021 condensed consolidated interim financial statements of **Saudi Printing and Packaging Company** ("the Company") and its subsidiaries (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.



# Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Statements

To the shareholders of Saudi Printing and Packaging Company (continued)

## Other matter

The condensed consolidated interim financial statements of the Group for the three-month period ended 31 March 2020, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 3 Ramadan 1441H (corresponding to 26 April 2020).

## KPMG Professional Services

**Fahad Mubark Al Dossari**  
License No.: 469

Date: 22 Ramadan 1442H  
Corresponding to: 4 May 2021



**SAUDI PRINTING AND PACKAGING COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
As at 31 March 2021  
(Saudi Riyals)

|   | <i>Notes</i> | <i>31 March<br/>2021<br/>(Unaudited)</i> | <i>31 December<br/>2020<br/>(Audited)</i> |
|---|--------------|--|---|
| <b>ASSETS</b>                                     |              |  |   |
| <b>Non-current assets</b>                         |              |  |   |
| Property, plant and equipment                     | 11           | 777,757,405                              | 785,919,887                               |
| Investment properties                             |              | 26,072,656                               | 26,110,491                                |
| Intangible assets and goodwill                    | 12           | 370,117,485                              | 370,135,890                               |
| Right-of-use assets                               |              | 8,853,920                                | 7,336,345                                 |
| <b>Total non-current assets</b>                   |              | <b>1,182,801,466</b>                     | <b>1,189,502,613</b>                      |
| <b>Current assets</b>                             |              |  |   |
| Inventories                                       | 10           | 160,921,898                              | 168,532,367                               |
| Trade receivables                                 |              | 242,562,265                              | 240,040,809                               |
| Prepayments and other current assets              |              | 31,368,996                               | 29,521,549                                |
| Due from related parties                          | 15           | 8,603,361                                | 7,123,507                                 |
| Cash and cash equivalents                         |              | 50,898,112                               | 37,269,042                                |
| <b>Total current assets</b>                       |              | <b>494,354,632</b>                       | <b>482,487,274</b>                        |
| <b>Total Assets</b>                               |              | <b>1,677,156,098</b>                     | <b>1,671,989,887</b>                      |
| <b>Equity</b>                                     |              |  |   |
| Share capital                                     | 13           | 600,000,000                              | 600,000,000                               |
| Statutory reserve                                 | 13           | 78,639,385                               | 78,639,385                                |
| General reserve                                   | 13           | 30,105,326                               | 30,105,326                                |
| Accumulated losses                                |              | (19,703,319)                             | (6,146,582)                               |
| Other reserves                                    |              | (23,093)                                 | 142,632                                   |
| <b>Total equity</b>                               |              | <b>689,018,299</b>                       | <b>702,740,761</b>                        |
| <b>Liabilities</b>                                |              |  |   |
| <b>Non-current liabilities</b>                    |              |  |   |
| Loans and Murabaha                                | 14           | 475,696,096                              | 387,023,410                               |
| Defined benefits obligation – employees’ benefits |              | 37,750,856                               | 37,314,872                                |
| Lease liabilities                                 |              | 7,258,359                                | 6,818,915                                 |
| <b>Total non-current liabilities</b>              |              | <b>520,705,311</b>                       | <b>431,157,197</b>                        |
| <b>Current liabilities</b>                        |              |  |   |
| Trade payables                                    |              | 108,770,017                              | 103,160,339                               |
| Accrued expenses and other current liabilities    |              | 23,325,603                               | 20,848,617                                |
| Loans and Murabaha                                | 14           | 321,821,739                              | 402,510,963                               |
| Current portion of lease liability                |              | 1,393,760                                | 287,466                                   |
| Dividends payables                                |              | 697,151                                  | 697,151                                   |
| Provision for Zakat                               | 9            | 11,424,218                               | 10,587,393                                |
| <b>Total current liabilities</b>                  |              | <b>467,432,488</b>                       | <b>538,091,929</b>                        |
| <b>Total liabilities</b>                          |              | <b>988,137,799</b>                       | <b>969,249,126</b>                        |
| <b>Total Equity and Liabilities</b>               |              | <b>1,677,156,098</b>                     | <b>1,671,989,887</b>                      |

The accompanying notes (1) to (19) form an integral part of these condensed consolidated interim financial statements

**SAUDI PRINTING AND PACKAGING COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
For the three-month period ended 31 March 2021  
(Saudi Riyals)

|   | <i>Notes</i> | <b>For the three-<br/>month period<br/>ended 31 March<br/>2021</b> | <b>For the three-<br/>month period<br/>ended 31 March<br/>2020</b> |
|---|--------------|--|--|
| Revenue   | 8            | 173,440,340  | 194,270,389  |
| Cost of revenue   |              | <u>(150,567,600)</u>   | <u>(167,377,227)</u>   |
| <b>Gross profit</b>   |              | <b>22,872,740</b>  | <b>26,893,162</b>  |
| Selling, marketing and distribution expenses                              |              | <b>(11,062,861)</b>  | (12,516,677)   |
| General and administrative expenses                                       |              | <b>(16,026,624)</b>  | (17,104,653)   |
| Impairment of trade receivables charge                                    |              | <u>(955,221)</u>   | <u>(319,698)</u>   |
| <b>Operating loss for the period</b>                                      |              | <b>(5,171,966)</b>   | <b>(3,047,866)</b>   |
| Other income  |              | <b>955,281</b>   | 695,821  |
| Finance costs   |              | <u>(8,502,740)</u>   | <u>(11,758,702)</u>  |
| <b>Loss before Zakat</b>  |              | <b>(12,719,425)</b>  | (14,110,747)   |
| Zakat expense   | 9            | <u>(837,312)</u>   | <u>(802,423)</u>   |
| <b>Loss for the period</b>  |              | <b>(13,556,737)</b>  | <b>(14,913,170)</b>  |
| <b>Other comprehensive income:</b>  |              |  |  |
| <b>Items that may be reclassified subsequently to<br/>profit or loss:</b> |              |  |  |
| Foreign currency translation differences - foreign<br>operations          |              | <b>(165,725)</b>   | (228,845)  |
| <b>Total other comprehensive loss for the period</b>                      |              | <u>(165,725)</u>   | <u>(228,845)</u>   |
| <b>Total comprehensive loss</b>   |              | <u>(13,722,462)</u>  | <u>(15,142,015)</u>  |
| <b>Earnings per share – basic and diluted</b>                             |              | <b>(0.22)</b>  | (0.25)   |

The accompanying notes (1) to (19) form an integral part of these condensed consolidated interim financial statements

**SAUDI PRINTING AND PACKAGING COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
For the three-month period ended 31 March 2021  
(Saudi Riyals)

|   | <u>Share<br/>capital</u> | <u>Statutory<br/>reserve</u> | <u>General<br/>reserve</u> | <u>(Accumulated<br/>losses)/Retained<br/>earnings</u> | <u>Foreign currency<br/>translation<br/>reserve</u> | <u>Total</u>       |
|---|--------------------------|------------------------------|----------------------------|---|---|--------------------|
| <b>Balance at 31 December 2020 (Audited)</b>          | <b>600,000,000</b>       | <b>78,639,385</b>            | <b>30,105,326</b>          | <b>(6,146,582)</b>                                    | <b>142,632</b>                                      | <b>702,740,761</b> |
| Loss for the period (Unaudited)                       | --                       | --                           | --                         | (13,556,737)  | --  | (13,556,737)       |
| Other comprehensive losses (Unaudited)                | --                       | --                           | --                         | --  | (165,725)   | (165,725)          |
| Total comprehensive losses for the period (Unaudited) | --                       | --                           | --                         | (13,556,737)  | (165,725)   | (13,722,462)       |
| <b>Balance as at 31 March 2021(Unaudited)</b>         | <b>600,000,000</b>       | <b>78,639,385</b>            | <b>30,105,326</b>          | <b>(19,703,319)</b>                                   | <b>(23,093)</b>                                     | <b>689,018,299</b> |
| Balance at 1 January 2020 (Audited)                   | 600,000,000              | 78,639,385                   | 30,105,326                 | 15,059,429  | 99,998  | 723,904,138        |
| Loss for the period (Unaudited)                       | --                       | --                           | --                         | (14,913,170)  | -   | (14,913,170)       |
| Other comprehensive loss (Unaudited)                  | --                       | --                           | --                         | -   | (228,845)   | (228,845)          |
| Total comprehensive losses for the period (Unaudited) | --                       | --                           | --                         | (14,913,170)  | (228,845)   | (15,142,015)       |
| Balance as at 31 March 2020 (Unaudited)               | 600,000,000              | 78,639,385                   | 30,105,326                 | 146,259   | (128,847)   | 708,762,123        |

The accompanying notes (1) to (19) form an integral part of these condensed consolidated interim financial statements

**SAUDI PRINTING AND PACKAGING COMPANY**  
(A Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**(Unaudited)**  
For the three-month period ended 31 March 2021  
(Saudi Riyals)

|   | <b>31 March<br/>2021</b> | 31 March<br>2020    |
|---|--------------------------|---------------------|
| <b>Cash flows from Operating Activities:</b>                    |                          |                     |
| <b>Loss for the period</b>                                      | <b>(13,556,737)</b>      | <b>(14,913,170)</b> |
| Adjustments for:  |                          |                     |
| -Depreciation and amortization                                  | 11,844,634               | 18,399,041          |
| -Impairment of trade receivables                                | 955,221                  | 319,698             |
| -Provision for slow-moving inventory                            | 38,256                   | 291,207             |
| -Finance costs  | 8,502,740                | 11,758,702          |
| -Provision for employees' benefits                              | 1,272,967                | 2,039,460           |
| -Provision for Zakat  | 836,825                  | 802,423             |
| Changes in:   |                          |                     |
| -Inventories  | 7,572,213                | (2,010,902)         |
| -Trade receivables  | (3,476,677)              | (10,711,526)        |
| -Related parties  | (1,479,854)              | 1,427,187           |
| -Prepayments and other current assets                           | (1,847,447)              | (1,807,839)         |
| -Trade payables   | 5,609,678                | (2,160,131)         |
| -Accrued expenses and other current liabilities                 | 2,476,986                | 2,595,609           |
| <b>Cash generated from operating activities</b>                 | <b>18,748,805</b>        | <b>6,029,759</b>    |
| Defined benefit liabilities - employees' benefits paid          | (836,983)                | (480,953)           |
| <b>Net cash generated from operating activities</b>             | <b>17,911,822</b>        | <b>5,548,806</b>    |
| <b>Cash flows from investing activities:</b>                    |                          |                     |
| Acquisition of property, plant and equipment                    | (3,246,130)              | (1,004,960)         |
| <b>Net cash used in investing activities</b>                    | <b>(3,246,130)</b>       | <b>(1,004,960)</b>  |
| <b>Cash flows from financing activities:</b>                    |                          |                     |
| Proceeds from loans and Murabaha                                | 467,808,506              | 144,622,593         |
| Payments for loans and Murabaha                                 | (462,477,655)            | (151,406,555)       |
| Payments for finance cost                                       | (5,850,129)              | (9,924,524)         |
| Payment for lease liability                                     | (351,619)                | (539,064)           |
| <b>Net cash used in financing activities</b>                    | <b>(870,897)</b>         | <b>(17,247,550)</b> |
| Net decrease in cash and cash equivalents                       | 13,794,795               | (12,703,704)        |
| Foreign currency translation adjustments                        | (165,725)                | (228,845)           |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>37,269,042</b>        | <b>53,248,034</b>   |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>50,898,112</b>        | <b>40,315,485</b>   |

The accompanying notes (1) to (19) form an integral part of these condensed consolidated interim financial statements



**SAUDI PRINTING AND PACKAGING COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(UNAUDITED)

For the three-month period ended 31 March 2021

**1. REPORTING ENTITY**

Saudi Printing and Packaging Company (the “Company” or “Parent Company”) is a Saudi joint stock company registered in Riyadh in the Kingdom of Saudi Arabia and operates under the Commercial Registration No. 1010219709 dated 1 Jumada I 1427 H (corresponding to 28 May 2006).

These condensed consolidated interim financial statements include the financial position and results of operations of the Company and its subsidiaries (collectively referred to as the “Group”), as shown in the table below.

| <u>Name</u>   | <u>Country of incorporation</u> | <u>Effective ownership interest</u> |                         |
|---|---------------------------------|-------------------------------------|-------------------------|
|   |                                 | <u>31 March 2021</u>                | <u>31 December 2020</u> |
| Emirates National Factory for Plastic Industries (ENPI) (a) | UAE                             | 100%                                | 100%                    |
| Al-Madinah Al-Munawarah Printing and Publishing Company     | KSA                             | 100%                                | 100%                    |
| Future Industrial Investment Company – FIIC                 | KSA                             | 100%                                | 100%                    |
| Hala Printing Company                                       | KSA                             | 100%                                | 100%                    |

- a) The following are wholly-owned subsidiaries of Emirates National Factory for Plastic Industries (ENPI):

| <u>Name</u>                                | <u>Country of incorporation</u> | <u>Effective ownership interest</u> |                         |
|--|---------------------------------|-------------------------------------|-------------------------|
|  |                                 | <u>31 March 2021</u>                | <u>31 December 2020</u> |
| Al-Madinah Printing Company                | UAE                             | 100%                                | 100%                    |
| Future Printing Company                    | UAE                             | 100%                                | 100%                    |
| United International Clear Packing Company | UAE                             | 100%                                | 100%                    |
| United Security Company                    | UAE                             | 100%                                | 100%                    |
| Future Plastic Industries                  | UAE                             | 100%                                | 100%                    |
| Commercial United Packaging Company        | UAE                             | 100%                                | 100%                    |
| Trans Future Plus Company                  | KSA                             | 100%                                | 100%                    |
| Taiba Printing and Publishing Company      | KSA                             | 100%                                | 100%                    |
| Flexible Packaging Company                 | KSA                             | 100%                                | 100%                    |

The Group carries out printing as per license issued by the Ministry of Culture and Media No. 21050 dated 24 Dhul Hijah 1412H (corresponding to 25 September 1992). Furthermore, the Group also trades in machines, printing machines, ink, all kinds of paper and raw materials necessary for printings and all the tools and equipment, books, publications, supplies, office materials and materials of advertising. In addition, the Group also carries out packaging services.

The fiscal year of the Company starts from 1 January and ends on 31 December as per the Company by-laws. The fiscal year of the subsidiaries also starts from 1 January and ends on 31 December.

The head office of the Group is located at Riyadh and the registered address is as follows:  
Nakheel Tower  
King Fahad Road  
PO Box 50202  
Riyadh 11523

**SAUDI PRINTING AND PACKAGING COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

For the three-month period ended 31 March 2021

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**2. COVID 19 UPDATE**

The novel Coronavirus (COVID19) which was declared a pandemic by the World Health Organization (WHO) in March 2020, continues to evolve. It is currently difficult to predict the full extent and duration of the impact of this pandemic on the business and the economies in which the Group operates.

The extent and duration of the impact of the pandemic remains uncertain and depends on future developments (such as the transmission rate of the virus), which cannot be accurately predicted at this point in time. The Group has taken containment steps that, as at 31 March 2021, have limited the adverse impact of the pandemic on the financial results of the Group.

The Group do not expect future, significant and adverse impact on the going concern, goodwill, property, plant and equipment and loan covenant. The Group will continue to reassess its position and the related impact on regular basis.

**3. BASIS OF PREPARATION**

These condensed consolidated interim financial statements for the three-month period ended 31 March 2021 are prepared in accordance with IAS 34 Interim Financial Reporting as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by **Saudi Organization for Chartered and Professional Accountants** ("SOCPA").

These condensed consolidated interim financial statements should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ('last annual condensed consolidated financial statements'). These financial statements do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain events and transaction that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

**a) Basis of measurement**

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for the employees' defined benefit plan which is measured at present value of future obligations using Projected Unit Credit Method. Further, the condensed consolidated interim financial statements are prepared using the accrual basis of accounting and going concern concept.

**b) Functional and presentation currency**

The condensed consolidated interim financial statements are presented in Saudi Riyal ("SR"), which is the functional currency of the Group. All amounts are shown in full unless otherwise indicated

**4. USE OF ESTIMATES AND JUDGEMENTS**

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements. The following change has occurred in the estimates used compared to the period ending on 31 March 2020.

- The Group has changed the method of calculating depreciation during the April 2020 on its machinery from the straight line method to the units of production method to reflect the future economic benefits from utilizing the machinery and recognizing the cost of using the machinery in light of expected use or production.

As a result, the depreciation charge for machinery amounted to SR 7.6 million for the three-month period ended 31 March 2021(31 March 2020: SR 13.2million as per straight line method).

**SAUDI PRINTING AND PACKAGING COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
For the three-month period ended 31 March 2021

**5. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020. Accounting policies and key judgment areas adopted in preparation of these condensed consolidated interim financial statements are described in notes 6 and 7 of the Group's consolidated financial statements for the year ended 31 December 2020.

**6. NEW STANDARDS OR AMENDMENTS EFFECTIVE IN 2020 AND SUBSEQUENT YEARS**

The following are a number of standards, amendments and interpretations of standards that were issued by the IASB on 31 August 2020.

**New currently effective requirements:**

| Effective from | New standards and amendments  |
|----------------|---|
| 1 January 2020 | Amendments to References to Conceptual Framework in IFRS Standards. |
|                | Definition of Material (Amendments to IAS 1 and IAS 8).             |
|                | Definition of a Business (Amendments to IFRS 3).                    |
|                | Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate reform.     |
| 1 June 2020    | COVID-19 – Related Rent Concessions (Amendments to IFRS 16).        |

Management assessed the financial impact and there is no impact on the consolidated financial statements as at 31 March 2021.

**New requirements that will be applied subsequently:**

| Effective for annual periods beginning on or after                    | New standards and amendments  |
|---|---|
| 1 January 2021  | Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate reform - second phase.                             |
| 1 January 2022  | Onerous Contracts – Cost of Fulfilling a Contract (amendments to IAS 37).   |
|   | Annual Amendments to IFRSs (2018 - 2020 Cycle).   |
|   | Property, Plant and Equipment: Proceeds Before Intended Use (amendments to IAS 16).   |
|   | Reference to conceptual framework (amendments to IFRS 3).   |
| 1 January 2023  | Amendments to IAS 1 'Presentation of Financial Statements' related to classification of liabilities as current/non-current. |
|   | IFRS 17 - Insurance Contracts and amendments to IFRS 17 - Insurance Contracts.  |
| Available for optional adoption/ effective date deferred indefinitely | Sale or contribution of assets between the investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).  |

**SAUDI PRINTING AND PACKAGING COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
For the three-month period ended 31 March 2021

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**7. FAIR VALUE MEASUREMENTS**

A number of the Group's accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the group audit committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 16.

**8. OPERATING SEGMENTS**

The operational segment is a component of the Group that participates in the business activities and can generate revenue and incur expenses, including income and expenses related to transactions with any of the other components of the Group. All operational results of the operating sectors are reviewed by the Group's operational decision makers to make decisions about the resources that will be allocated to the segment and assess its performance, and for which separate financial information is available.

**a) Basis for segments**

The Group has the following three strategic divisions which are reportable. These divisions offer different products and services and are managed separately as they require different technical and marketing strategies. Transactions between business sectors are conducted in accordance with fair transaction terms in a manner similar to transactions with third parties.

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**8. OPERATING SEGMENTS (CONTINUED)**

**a) Basis for segments (continued)**

The following summary describes the operations of each reportable segment

| <u>Reportable segment</u> | <u>Operation</u>  |
|---------------------------|---|
| Printing                  | Printing, tools and raw materials   |
| Packaging                 | Printing on plastic and commercial posters in addition to the manufacture of plastic products |
| Others                    | Includes the Head quarter, management activities, investment activities and others            |

The management monitors the results of the operations of the business units independently for the purpose of making decisions on resource allocation and performance assessment.

**b) Information about reportable segments**

Information related to each reportable segment is set out below. Segment profit or loss before zakat and is used to measure performance because management believes this information is most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

| <i>31 March 2021</i>          | <i>Reportable segments</i> |                    |                           | <i>Total</i>       | <i>Adjustments and eliminations</i> | <i>Total</i>       |
|-------------------------------|----------------------------|--------------------|---------------------------|--------------------|-------------------------------------|--------------------|
|                               | <i>Printing</i>            | <i>Packaging</i>   | <i>All other segments</i> |                    |                                     |                    |
| <b>Revenue:</b>               |                            |                    |                           |                    |                                     |                    |
| External customers            | 12,497,500                 | 160,942,840        | -                         | 173,440,340        | -                                   | 173,440,340        |
| Inter-segments                | 272,540                    | -                  | -                         | 272,540            | (272,540)                           | -                  |
| <b>Total revenue</b>          | <b>12,770,040</b>          | <b>160,942,840</b> | <b>-</b>                  | <b>173,712,880</b> | <b>(272,540)</b>                    | <b>173,440,340</b> |
| Segment loss                  | (8,711,192)                | (3,062,378)        | (1,783,167)               | 13,556,737         | -                                   | 13,556,737         |
| Depreciation and amortization | 3,664,669                  | 8,154,682          | 25,283                    | 11,844,634         | -                                   | 11,844,634         |

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**8. OPERATING SEGMENT (CONTINUED)**

**b) Information about reportable segments (continued)**

|                          | <i>Reportable segments</i> |                             |                          |                             |                          |                             | <i>Total</i>             |                             |
|--------------------------|----------------------------|-----------------------------|--------------------------|-----------------------------|--------------------------|-----------------------------|--------------------------|-----------------------------|
|                          | <i>Printing</i>            |                             | <i>Packaging</i>         |                             | <i>Others</i>            |                             |                          |                             |
|                          | <i>31 March<br/>2021</i>   | <i>31 December<br/>2020</i> | <i>31 March<br/>2021</i> | <i>31 December<br/>2020</i> | <i>31 March<br/>2021</i> | <i>31 December<br/>2020</i> | <i>31 March<br/>2021</i> | <i>31 December<br/>2020</i> |
| <b>Total assets</b>      | <b>387,063,239</b>         | 391,221,891                 | <b>1,284,703,151</b>     | 1,260,760,794               | <b>5,389,708</b>         | 20,007,202                  | <b>1,677,156,098</b>     | 1,671,989,887               |
| <b>Total liabilities</b> | <b>(28,323,586)</b>        | (27,237,421)                | <b>(573,374,316)</b>     | (546,469,572)               | <b>(386,439,897)</b>     | (395,542,133)               | <b>(988,137,799)</b>     | (969,249,126)               |

|                               | <i>Reportable segments</i> |                    |                               |                    | <i>Adjustments<br/>and<br/>eliminations</i> | <i>Total</i>       |
|-------------------------------|----------------------------|--------------------|-------------------------------|--------------------|---|--------------------|
|                               | <i>Printing</i>            | <i>Packaging</i>   | <i>All other<br/>segments</i> | <i>Total</i>       |   |                    |
| <i>31 March 2020</i>          |                            |                    |                               |                    |   |                    |
| <b>Revenue:</b>               |                            |                    |                               |                    |   |                    |
| External customers            | 17,346,135                 | 176,924,254        | -                             | 194,270,389        | -   | 194,270,389        |
| Inter-segments                | 546,011                    | -                  | -                             | 546,011            | (546,011)                                   | -                  |
| <b>Total revenue</b>          | <b>17,892,146</b>          | <b>176,924,254</b> | <b>-</b>                      | <b>194,816,400</b> | <b>(546,011)</b>                            | <b>194,270,389</b> |
| Segment (loss)                | (12,733,907)               | (197,584)          | (1,981,679)                   | (14,913,170)       | -   | (14,913,170)       |
| Depreciation and amortization | 6,629,030                  | 11,740,945         | 29,066                        | 18,399,041         | -   | 18,399,041         |

|                          | <i>Reportable segments</i> |                             |                          |                             |                          |                             |                          |                             |
|--------------------------|----------------------------|-----------------------------|--------------------------|-----------------------------|--------------------------|-----------------------------|--------------------------|-----------------------------|
|                          | <i>Printing</i>            |                             | <i>Packaging</i>         |                             | <i>Others</i>            |                             | <i>Total</i>             |                             |
|                          | <i>31 March<br/>2020</i>   | <i>31 December<br/>2019</i> | <i>31 March<br/>2020</i> | <i>31 December<br/>2019</i> | <i>31 March<br/>2020</i> | <i>31 December<br/>2019</i> | <i>31 March<br/>2020</i> | <i>31 December<br/>2019</i> |
| <b>Total assets</b>      | <b>428,144,863</b>         | 440,229,807                 | 1,334,157,802            | 1,342,323,917               | 6,866,276                | 4,449,672                   | 1,769,168,941            | 1,787,003,396               |
| <b>Total liabilities</b> | <b>(38,942,772)</b>        | (33,278,602)                | (605,274,429)            | (613,489,390)               | (416,189,617)            | (416,331,266)               | (1,060,406,818)          | (1,063,099,258)             |

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**8. OPERATING SEGMENTS (CONTINUED)**

**c) Geographical information**

The printing and packaging sectors are mainly managed from Saudi Arabia and the United Arab Emirates respectively.

The geographical information below shows the group revenues, assets, liabilities and operating assets in the countries where the Group operates. When presenting the following geographical information, the sector's revenues were based on the geographical location and assets of the sector on the basis of the geographical location of the assets.

|                                | <b>31 March 2021</b> | <b>31 March 2020</b>    |
|--------------------------------|----------------------|-------------------------|
| <b>Revenues from customers</b> |                      |                         |
| Saudi Arabia                   | 50,427,109           | 65,002,500              |
| United Arab of emirates        | 62,532,034           | 52,374,690              |
| Others                         | 60,481,197           | 76,893,199              |
|                                | <u>173,440,340</u>   | <u>194,270,389</u>      |
|                                | <b>31 March 2021</b> | <b>31 December 2020</b> |
| <b>Total assets</b>            |                      |                         |
| Saudi Arabia                   | 683,087,062          | 713,517,880             |
| United Arab of emirates        | 994,069,036          | 958,472,007             |
|                                | <u>1,677,156,098</u> | <u>1,671,989,887</u>    |
| <b>Total liabilities</b>       |                      |                         |
| Saudi Arabia                   | 773,521,745          | 783,845,245             |
| United Arab of emirates        | 214,616,054          | 185,403,881             |
|                                | <u>988,137,799</u>   | <u>969,249,126</u>      |
| <b>Non-current assets*</b>     |                      |                         |
| Saudi Arabia                   | 419,382,951          | 422,679,813             |
| United Arab of emirates        | 763,418,515          | 766,822,800             |
|                                | <u>1,182,801,466</u> | <u>1,189,502,613</u>    |

\*Non-current operating assets consist of property, machinery, equipment, investment real estate, intangible assets and right of use of assets.

**9. ZAKAT**

Zakat provision is estimated and charged to the consolidated statement of profit or loss. The differences arising on calculating the Zakat related to the final assessment are settled in the year in which they are completed.

The Group filed consolidated Zakat returns with the General Authority of Zakat and Income Tax (GAZT) for the years ended in 31 December 2005 until 2020 and received Zakat certificates for these years. The final assessments have not been issued by GAZT for the years 2009 until 2020 (excluding 2014 & 2017 referred to below).

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**9. ZAKAT (CONTINUED)**

GAZT issued assessment notices for the years 31 December 2005 to 2008 and requested the Group to pay additional Zakat amounting to SAR 6,582,634. The Group has filed an objection against the said assessment. The Group's objection was rejected by GAZT as certain formalities were not followed by the Group and GAZT issued an updated assessment of SAR 2,004,578. Furthermore, GAZT also demanded payment of Zakat differences due from the unauthorized profit difference for the years 2005 and 2006 amounting to SAR 143,203 (mentioned within the original objection amount), which were paid by the Group within the 2018 year. The assessment discussions for years ended 31 December 2005 to 2008 between GAZT and the Company are ongoing as at 31 December 2020.

GAZT issued an assessment on the Group's Zakat return accounts for the year ended 31 December 2017 with a total difference of SAR 2,253,606 which was paid during 2019. However, the assessment for the year ended 2014 amounting to SAR 1,361,774 was objected by the Group and the objection has been accepted.

**10. INVENTORIES**

The provision for slow moving inventories as at 31 March 2021 was in line with the policy adopted by the Group amounted to SR 18.8 million (31 December 2020:SR 18.9 million).

**11. PROPERTY, PLANT AND EQUIPMENT**

As at 31 March 2021, the cost of property, plant and equipment amounted to SR 1,565.3 million (31 December 2020: SR 1,562 million) and the accumulated depreciation as at 31 March 2021 amounted to SR 787.5 million (31 December 2020: SR 776 million).

Refer to note 4 for the change made to depreciation method during period ended 31 March 2021.

Assets with net book value amounting to SR 121.8 million as at 31 March 2021 (2020: SR 132 million) were placed as collateral against long-term borrowing. Note no. 14.

The capital commitments of the Group pertaining to purchase of property, plant and equipment amounted to SR 10.1 million as at 31 March 2021 (2020:SR 12.1 million). These are expected to be delivered in 2022.

**12. INTANGIBLE ASSETS AND GOODWILL**

The carrying value of goodwill amounted to SR 370 million as at 31 March 2021 (31 December 2020: SR 370 million). The following is a breakdown of goodwill:

|   | <b>31 March<br/>2021</b>  | 31 December<br>2020 |
|---|---------------------------|---------------------|
| Emirates National Factory for Plastic Industries (ENPI) | <b>359,707,551</b>        | 359,707,551         |
| Hala Printing Company                                   | <b>10,216,885</b>         | 10,216,885          |
|   | <b><u>369,924,436</u></b> | <u>369,924,436</u>  |

The remaining balance comprises of software cost capitalized amounting to SR 193 K as of 31 March 2021 (2020: SR 211K).

(\*) During 2012, the Group acquired 100% of the shares of Emirates National Factory for Plastic Industries LLC ("Emirates Factory"), a limited liability company, established in the Emirate of Sharjah, in the United Arab Emirates, for a net consideration of approximately SAR 642 million.



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**12. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)**

All the parties have agreed under the Shares Purchase and Sale Agreement (the “Agreement”) to transfer all rights and liabilities related to the former shareholders to the Group on 1 July 2012 as the date on which effective control is transferred to the Group (the “Acquisition Date”). This acquisition resulted in goodwill amounting to approximately SAR 353.8 million, which represents the increase in the consideration paid over the fair value of the net assets acquired on the date of acquisition, amounting to approximately SAR 288.2 million.

Emirates Factory operates in the manufacture and distribution of packaging and plastic products, and has several subsidiaries in both the United Arab Emirates and the Kingdom of Saudi Arabia. The consolidated financial statements of Emirates Factory were consolidated with effect from 1 July 2012.

On 1 July 2014, the Group restructured the packaging sector by merging Future Plus Company and Flexible Packaging Company with Emirates National Factory for Plastic Industries, so that on that date the total goodwill of the Emirates Factory becomes SAR 380 million after adding the goodwill of these two companies. During 2017, goodwill impairment losses of SAR 20.3 million were set aside.

Goodwill impairment test

Management performs goodwill test to ensure that there is no impairment at the end of each financial year. The management found, through the goodwill test, that the book value of goodwill was less than its recoverable value as at 31 December 2020.

The recoverable amount was determined on the basis of the information used to calculate the present value of the five-year expected cash flows, based on the financial budget approved by the Board of Directors. The estimated growth rate of the Emirates National Factory for Plastic Industries and Hala Press Company of 5.5% and 17.5%, respectively, for the current year, has been applied to the cash flows that exceed the period of the financial budget.

Management believes that the estimated growth rates do not exceed the long-term average growth rates related to the activities carried out by the group companies.

Sensitivity to changes in assumptions

In relation to the recoverable amount review, any adverse change in underlying assumptions will result in an impairment loss. The terminal growth rates and discount rates used are the key assumptions in cases where potential changes could lead to impairment.

The key assumptions used in the estimation of the recoverable amount are set out below: The values assigned to key assumptions represent management’s assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

|                                       | <b>Emirates National<br/>Factory for Plastic<br/>Industries</b> | <b>Hala Printing<br/>Company</b> |
|---------------------------------------|---|----------------------------------|
|                                       | %   | %                                |
| Discount rate                         | 7.94  | 7.94                             |
| Estimated total margin                | 24.2  | 24.2                             |
| Average annual growth rate of revenue | 5.5   | 5.5                              |
| Terminal growth rate                  | 2.5   | 2.5                              |

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**12. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)**

The discount rate was determined on the basis of the rate of 10 year government bonds issued by the government in a favorable market and in the same currency as cash flows, adjusted by the risk factor to reflect both the increased risk of investing in equity shares in general and the inherent risk of a specific cash generating unit.

The terminal growth rate was determined based on management's estimate of the long-term compound annual growth rate of EBITDA in line with the assumptions that a market participant would make.

**13. SHARE CAPITAL AND RESERVES**

**Capital**

As at 31 March 2021, the fully paid-up share capital of the Group is SAR 600 million (2020: SAR 600 million) divided into 60 million shares (2020: 60 million shares) with a nominal value of SAR 10 each. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group.

**Statutory reserve**

In accordance with the by-laws of the Company, the Group sets aside 10% of its profit for the year as statutory reserve. Such transfers may be discontinued by the Ordinary General Assembly when said reserve reaches 30% of the capital. The statutory reserve is not available for distribution.

**Contractual reserve**

In accordance with the by-law of the Company, the Ordinary General Assembly may, based on the proposal of the Board of Directors, set aside a percentage not exceeding 20% of the Group's net profits to form a contractual reserve and allocate it for a specific purpose or purposes.

**14. LOANS AND MURABAHA**

The Group has signed several financing agreements and banking facilities with a number of local and foreign banks, which include loans and Murabaha, credit facilities, letters of credit and letters of guarantee, on different periods starting from December 2018 and ending in March 2025, subject to renewal. The credit limit for total facilities was SAR 1,335 million as at 31 March 2021. These agreements are subject to the terms and conditions of banking facilities that apply to all types of facilities provided by banks to their clients. The purpose of these facilities is to finance the activity, working capital, investments and capital expenditures as well as to finance the import of raw materials and equipment related to the Group's activities and projects. These facilities are subject to interest charges according to the relevant agreements, ranging from 2% to 3.5% + SIBOR and LIBOR. Under these agreements, the Group provided a number of guarantees to cover the full value of the financing which consist of the following:

- Promissory notes with the total value of the available facilities.
- A plot of land in Abhor district in Jeddah placed as collateral
- An insurance policy which grants the bank the right to be first beneficiary for the amount equal to the value of the facility.
- A corporate guarantee provided by a subsidiary of SAR 36 million.
- Restricted bank accounts amounting to SAR 9.8 million (2020: SAR 4 million) .

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**14. LOANS AND MURABAHA (CONTINUED)**

Based on the decision of the Board of Directors held on 7 May 2018, the bank has the right, in the event of default by the Group, to recourse through some of the subsidiaries, and the bank has the right to request additional guarantees other than what is mentioned in the loan agreement. The Group has complied with all banking terms and commitments contained in the agreements.

In January 2021, Emirates National Factory for Plastic Industries (a wholly owned subsidiary in the United Arab Emirates) signed a banking facility agreement (in compliance with the provisions of Islamic Sharia) with a local bank in the United Arab Emirates for a total amount of AED 475 million representing the following:

- Long-term financing of AED 375 million, repayable over 8 years. The facility was obtained for the purposes of financing capital projects in the amount of AED 100 million, in addition to early payment of existing facilities in favor of other banks in the United Arab Emirates, amounting to AED 275 million.
- Short-term financing of AED 100 million for the purpose of working capital financing.

Of the facilities available to the Group, as at 31 March 2021, the balance utilised amounted to SAR 797.5 million (2020: SAR 789 million). The following is an analysis of the loans and Murabaha transactions

|                      | <b>31 March</b>    | 31 December        |
|----------------------|--------------------|--------------------|
|                      | <b>2021</b>        | 2020               |
| Syndicated loan      | 277,343,278        | 249,966,281        |
| Short term loan      | 242,733,408        | 265,372,473        |
| Long term loans      | 261,423,541        | 265,561,720        |
| Overdrafts           | 9,811,226          | 5,080,128          |
| Accrued finance cost | 6,206,382          | 3,553,771          |
| <b>Total</b>         | <b>797,517,835</b> | <b>789,534,373</b> |

The following is the movement of the loan transactions:

|  | <b>31 March</b>    | 31 December        |
|--|--------------------|--------------------|
|  | <b>2021</b>        | 2020               |
| Opening balance                                    | 789,534,373        | 843,419,011        |
| Proceeds during the period / year                  | 467,808,506        | 384,515,044        |
| Payments during the period / year                  | (462,477,655)      | (436,592,319)      |
| Payments for finance cost during the period / year | (5,850,129)        | 36,841,601         |
| Charged during the period / year                   | 8,502,740          | (38,648,964)       |
| Ending balance                                     | <b>797,517,835</b> | <b>789,534,373</b> |

The loans and murabaha are presented in the condensed consolidated statement of financial position as follows:

|                     | <b>31 March</b> | 31 December |
|---------------------|-----------------|-------------|
|                     | <b>2021</b>     | 2020        |
| Current portion     | 321,821,739     | 402,510,963 |
| Non-current portion | 475,696,096     | 387,023,410 |

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**15. RELATED PARTY**

Related parties of the Group comprise shareholders having control, joint control or significant influence, key management personnel and affiliates where shareholders have control or significant influence. The transactions with related parties are made on terms approved by the Board of the Directors of the Group. The Group and its related parties transact with each other in the normal course of business.

(15-1) The significant transactions between the Group and transactions with key management personnel.

*Transactions with key management personnel*

|   | <b>31 March<br/>2021</b> | 31 March<br>2020 |
|---|--------------------------|------------------|
| Expenses and allowances of the Board of Directors | 348,250                  | 371,735          |
| Remuneration of key management personnel*         | 2,043,576                | 1,911,093        |

**\* Key management personnel**

|                              | <b>31 March<br/>2021</b> | 31 March<br>2020 |
|------------------------------|--------------------------|------------------|
| Short-term employee benefits | 2,023,630                | 1,890,912        |
| Long-term employee benefits  | 19,946                   | 20,181           |
|                              | <b>2,043,576</b>         | <b>1,911,093</b> |

Key management personnel compensation includes salaries and equivalents and defined benefit liabilities - employees' benefits.

(15-2) The significant transactions and balances between the Group and its related parties are as follows:

|  |                     | Transactions for the three- |                          | Balances outstanding |                          |                     |
|--|---------------------|-----------------------------|--------------------------|----------------------|--------------------------|---------------------|
|  |                     | Nature                      | month ended              |                      | Balances outstanding     |                     |
|  |                     |                             | <b>31 March<br/>2021</b> | 31 March<br>2020     | <b>31 March<br/>2021</b> | 31 December<br>2020 |
| <b>Sales</b>   |                     |                             |                          |                      |                          |                     |
| Saudi Specialized Publishing Company                     | Fellow subsidiaries | 44,100                      | 558,175                  | 221,351              | 170,635                  |                     |
| Saudi Research and Publishing Company                    | Fellow subsidiaries | 2,953,520                   | 6,698,934                | 8,309,919            | 6,913,370                |                     |
| Saudi Research and Marketing Group (the Holding Company) | Holding Company     | -                           | -                        | 31,543               | 31,541                   |                     |
| Gulf Company   | Fellow subsidiaries | 22,200                      | 53,865                   | 33,487               | 7,959                    |                     |
| Tawq Public Relations Company                            | Fellow subsidiaries | 114,700                     | -                        | 7,061                | -                        |                     |
|  |                     |                             |                          | <b>8,603,361</b>     | <b>7,123,507</b>         |                     |

\* The fellow subsidiaries are the holding company's subsidiaries.

All balances with these related parties are priced according to normal market rates. None of these balances are subject to any guarantees. No expense has been recognized in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

**16. FINANCIAL INSTRUMENTS**

The table below shows the carrying values of financial assets and liabilities as at 31 December, which are not measured at fair value, as all financial assets and financial liabilities of the Group are measured at amortized cost. Furthermore, the carrying value is a reasonable approximation of their fair value.

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**16. FINANCIAL INSTRUMENTS (CONTINUED)**

|   | 31 March 2021  |                             |             | 31 December 2020 |                             |             |
|---|----------------|-----------------------------|-------------|------------------|-----------------------------|-------------|
|   | Amortized cost | Other financial liabilities | Total       | Amortized cost   | Other financial liabilities | Total       |
| <b>Financial assets not measured at fair value</b>      |                |                             |             |                  |                             |             |
| Trade receivables, Net                                  | 242,562,265    | -                           | 242,562,265 | 240,040,809      | -                           | 240,040,809 |
| Due from related parties                                | 8,603,361      | -                           | 8,603,361   | 7,123,507        | -                           | 7,123,507   |
| Cash and cash equivalents                               | 50,898,112     | -                           | 50,898,112  | 37,269,042       | -                           | 37,269,042  |
| Other current assets                                    | 17,492,387     | -                           | 17,492,387  | 15,143,579       | -                           | 15,143,579  |
|   | 319,556,125    | -                           | 319,556,125 | 299,576,937      | -                           | 299,576,937 |
| <b>Financial liabilities not measured at fair value</b> |                |                             |             |                  |                             |             |
| Loans and Murabaha                                      | -              | 797,517,835                 | 797,517,835 | -                | 789,534,373                 | 789,534,373 |
| Dividend payable  | -              | 697,151                     | 697,151     | -                | 697,151                     | 697,151     |
| Finance lease liabilities                               | -              | 8,652,119                   | 8,652,119   | -                | 7,106,381                   | 7,106,381   |
| Trade payables  | -              | 108,770,017                 | 108,770,017 | -                | 103,160,339                 | 103,160,339 |
| Employee accruals                                       | -              | 2,975,260                   | 2,975,260   | -                | 3,300,273                   | 3,300,273   |
|   | -              | 918,612,382                 | 918,612,382 | -                | 903,798,517                 | 903,798,517 |

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**17. COMMITMENTS AND CONTINGENT LIABILITIES**

**Legal cases**

There are some legal cases against some of the group's subsidiaries during its normal business cycle, which are currently being pursued, but the final results of these cases cannot be determined. Management believes that the results of these cases will not have an impact on the group's condensed consolidated interim financial statements as of 31 March 2021.

**Commitments**

|                      | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|----------------------|--------------------------|-----------------------------|
| Letter of credit     | <b>78,990,725</b>        | 36,624,322                  |
| Letter of guarantees | <b>7,715,354</b>         | 4,214,747                   |

In addition to the above, the Group has capital commitments, refer to note 11.

**18. SUBSEQUENT EVENTS**

No event has occurred up to and including the date of the approval of the condensed consolidated interim financial statements by the Board of Directors of the Group which could materially affect the consolidated interim financial statements and the related disclosures for the nine-month period ended 31 March 2021.

**19. BOARD OF DIRECTORS' APPROVAL**

The condensed consolidated interim financial statements have been approved by the Board of Directors on 22 Ramadan 1442H (corresponding to 4 May 2021).