

**FILLING AND PACKING MATERIALS  
MANUFACTURING COMPANY  
(A Saudi Joint Stock Company)  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
with  
INDEPENDENT AUDITORS' REPORT ON REVIEW  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022**

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022

(Expressed in Saudi Riyal unless otherwise stated)

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<b><u>INDEX</u></b>	<b><u>PAGE</u></b>
INDEPENDENT AUDITOR'S REPORT ON REVIEW of CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS.	
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022.	1
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022.	2
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022.	3
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022.	4
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022.	5-24

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

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

**Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Fillingand Packing Materials Manufacturing Company - A Saudi Joint Stock Company ("the Company") and its subsidiary, collectively referred to as ("the Group"), as at March 31, 2022, the condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes, comprising significant accounting policies and other explanatory information ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRS) including the requirements of (IAS 34), 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 condensed consolidated interim financial statements of Filling and Packing Materials Manufacturing Company ("the Company") and its subsidiary, collectively referred to as ("the Group") are not prepared, in all material respects, in accordance with IAS (34), 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

**Date: Ramadan 18 , 1443 H.**

**Corresponding to April 19, 2022 G.**

**For OSAMA A. ELKHEREIJI & PARTNER CO.**



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



**FILLING AND PACKING MATERIALS MANUFACTURING COMPANY****(A Saudi Joint Stock Company)****CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

As At 31 March 2022

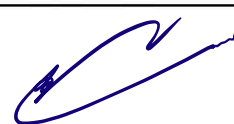
(Expressed in Saudi Riyal unless otherwise stated)

	<u>Note</u>	<u>March</u> <u>31, 2022</u> <u>(Unaudited)</u>	<u>December</u> <u>31, 2021</u> <u>(Audited)</u>
<b><u>Assets</u></b>			
<b><u>Non- Current Assets</u></b>			
Property, Plant and Equipment (net)	(5)	152 469 620	148 595 398
Right-of-Use Assets (net)	(6)	6 822 054	6 946 091
<b>Total Non- Current Assets</b>		<b>159 291 674</b>	<b>155 541 489</b>
<b><u>Current Assets</u></b>			
Inventories (net)	(7)	63 401 090	63 037 235
Trade Receivables (net)	(8)	55 971 674	48 030 950
Prepayments and Other Receivables	(9)	19 786 220	18 188 181
Investments at Fair Value through Profit or Loss	(10)	5 814 950	6 513 192
Cash and Cash Equivalents	(11)	4 138 620	12 133 800
<b>Total Current Assets</b>		<b>149 112 554</b>	<b>147 903 358</b>
<b>Total Assets</b>		<b>308 404 228</b>	<b>303 444 847</b>
<b><u>Equity and Liabilities</u></b>			
<b><u>Equity</u></b>			
Share Capital	(12)	115 000 000	115 000 000
Statutory Reserve	(13)	16 408 804	16 408 804
Effect of Non-Controlling Interests Acquisition	(19)	(25 358 702)	(25 358 702)
Retained Earnings		14 404 355	14 037 893
<b>Total Equity</b>		<b>120 454 457</b>	<b>120 087 995</b>
<b><u>Non-Current Liabilities</u></b>			
Long-Term Loans	(14-3)	55 904 811	56 680 705
Lease Liabilities – long term	(6)	6 913 559	7 327 222
Employees' End of Service Benefits		13 039 703	12 504 280
Contingent Liability against Non-Controlling Interests Acquisition	(19)	19 920 552	19 564 865
<b>Total Non-Current Liabilities</b>		<b>95 778 625</b>	<b>96 077 072</b>
<b><u>Current Liabilities</u></b>			
Current Portion of Long-Term Loans	(14-3)	15 274 778	13 322 449
Short-Term Loans	(14-3)	35 158 700	28 657 781
Trade Payables		20 723 154	24 772 427
Lease Liabilities – short term	(6)	413 663	393 965
Accrued and Other Liabilities	(15)	16 943 776	17 462 038
Provision for Zakat	(17)	3 657 075	2 671 120
<b>Total Current Liabilities</b>		<b>92 171 146</b>	<b>87 279 780</b>
<b>Total Liabilities</b>		<b>187 949 771</b>	<b>183 356 852</b>
<b>Total Equity and Liabilities</b>		<b>308 404 228</b>	<b>303 444 847</b>

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

**Chief Financial Officer**

**Vice Chairman and Managing Director**

**Chairman**


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

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

For the three months period ended 31 March 2022

(Expressed in Saudi Riyal unless otherwise stated)

		<b>For the three months period ended</b>	
		<b>31 March</b>	<b>31 March</b>
		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue		62 879 065	48 535 667
Cost of Revenues		(54 253 965)	(40 328 272)
<b>Gross Profit</b>		<b>8 625 100</b>	<b>8 207 395</b>
<b>Main Operating Expenses</b>			
Selling and Distribution Expenses		(2 994 421)	(2 490 060)
General and Administrative Expenses		(4 294 437)	(4 925 489)
Expected Credit Losses (Expense)/ Reverse	(8)	(761 178)	(1 318 059)
Other Income/(Expenses) net		132 170	(148 878)
<b>Operating (Loss)/Profit</b>		<b>707 234</b>	<b>(675 091)</b>
Finance costs		(922 439)	(970 756)
Gain of Investments at fair value through Profit or Loss	(10)	1 571 667	1 108 130
<b>Net (Loss)/Profit before Zakat</b>		<b>1 356 462</b>	<b>(537 717)</b>
Zakat	(17)	(990 000)	(990 000)
<b>Net (Loss)/Profit for the period</b>		<b>366 462</b>	<b>(1 527 717)</b>
<b>Other Comprehensive Income:</b>			
Other Comprehensive Income for the period		-	-
<b>Total Comprehensive (Loss)/Profit for the period</b>		<b>366 462</b>	<b>(1 527 717)</b>
<b>Earnings (Loss) per share for the period</b>			
Earnings (Loss) per share for the period (in Saudi Riyal)	(16)	0.03	(0.13)

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

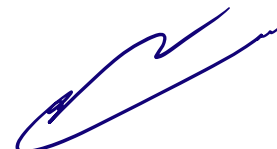
**Chief Financial Officer**



**Vice Chairman and Managing Director**



**Chairman**



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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

For the three months period ended 31 March 2022

(Expressed in Saudi Riyal unless otherwise stated)

	<u>Share Capital</u>	<u>Statutory Reserve</u>	<u>Contingent Liability against Non- Controlling Interests Acquisition</u>	<u>Retained Earnings</u>	<u>Total</u>
<b><u>For the three months period ended 31 March 2021</u></b>					
Balance at 1 January 2021 (audited)	115 000 000	16 408 804	(25 358 702)	22 653 603	128 703 705
<b><u>Other Comprehensive Profit for the period</u></b>					
Net loss for the period	-	-	-	(1 527 717)	(1 527 717)
Other comprehensive income for the period	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	-	(1 527 717)	(1 527 717)
<b>Balance as at 31 March 2021 (unaudited)</b>	<b>115 000 000</b>	<b>16 408 804</b>	<b>(25 358 702)</b>	<b>21 125 886</b>	<b>127 175 988</b>
<b><u>For the three months period ended 31 March 2022</u></b>					
Balance at 1 January 2022 (audited)	115 000 000	16 408 804	(25 358 702)	14 037 893	120 087 995
<b><u>Other Comprehensive Loss for the period</u></b>					
Net income for the period	-	-	-	366 462	366 462
Other comprehensive profit for the period	-	-	-	-	-
<b>Total Comprehensive loss for the period (unaudited)</b>	-	-	-	366 462	366 462
<b>Balance as at 31 March 2022</b>	<b>115 000 000</b>	<b>16 408 804</b>	<b>(25 358 702)</b>	<b>14 404 355</b>	<b>120 454 457</b>

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

Chief Financial Officer



Vice Chairman and Managing Director



Chairman





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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

For the three months period ended 31 March 2022

(Expressed in Saudi Riyal unless otherwise stated)

	<b>For the three months period ended</b>	
<b>Note</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net Profit /(Loss) before Zakat	1 356 462	(537 717)
<b><u>Adjustments:</u></b>		
Depreciation of Property, Plant and Equipment	1 932 934	1 929 653
Amortization of Right-of-Use Assets	124 037	124 037
Provision for slow moving inventory, No Longer Required	(869 331)	(950 000)
Impairment Loss on Trade Receivables	761 178	1 318 059
Disposal losses of Property, Plant and Equipment	-	620 684
Current Service Cost of Employees' End of Service Benefits	784 152	462 841
Gain of Investments at Fair Value through Profit or Loss	(1 571 667)	(1 108 130)
Finance Costs	922 439	970 755
	<b>3 440 204</b>	<b>2 830 182</b>
<b><u>Changes in:</u></b>		
Inventories	505 476	(7 702 515)
Trade Receivables	(8 701 902)	(5 504 308)
Prepayments and Other Receivables	(1 612 388)	(4 127 664)
Trade Payables	(4 049 273)	<b>8 297 207</b>
Accrued and Other Liabilities	(518 261)	2 541 866
Employees Obligation Benefits Paid	(234 380)	(122 423)
<b>Cash Flows Used in Operating Activities</b>	<b>(11 170 524)</b>	<b>(3 787 655)</b>
Finance Costs Paid	(566 752)	(615 069)
Zakat Paid	(4 045)	-
<b>Net Cash Flows Used in Operating Activities</b>	<b>(11 741 321)</b>	<b>(4 402 724)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Payments of Property, Plant and Equipment Acquisition	(5 807 154)	(351 871)
Proceeds from Sale of Investments at Fair Value through Profit or Loss	3 116 373	18 893 676
Payments of Investments at Fair Value through Profit or Loss Acquisition	(846 464)	(3 738 552)
<b>Net Cash Flows (Used in)/ From Investing Activities</b>	<b>(3 537 245)</b>	<b>14 803 253</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from Loans and Facilities	15 634 331	-
Payments of Loans and Facilities	(7 956 980)	(5 040 869)
Payments of Lease Liabilities	(393 965)	(375 205)
<b>Cash flows From/(Used in) Financing Activities</b>	<b>7 283 386</b>	<b>(5 416 074)</b>
<b>Net Change in Cash during the Period</b>	<b>(7 995 180)</b>	<b>4 984 455</b>
Cash and Cash Equivalents at the beginning of the Period	12 133 800	8 636 253
<b>Cash at end of the Period</b>	<b>4 138 620</b>	<b>13 620 708</b>

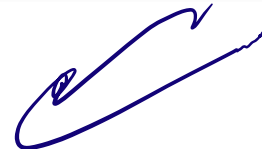
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**Chief Financial Officer**

**Vice Chairman and Managing Director**

**Chairman**





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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022  
(Expressed in Saudi Riyal unless otherwise stated)

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**1. REPORTING ENTITY**

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

**1-2** The Company conducts its business in:

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

**The company conducts its activities through the following branches:**

<u>Branch name</u>	<u>Branch Commercial Registration No.</u>	<u>Date and location of issuance</u>	<u>Activity</u>
Branch of a company Filling and Packing Materials Manufacturing Company	1010608121	Sha'aban 11,1438 (H)- Riyadh.	Construction and building contracting
Branch of a company Filling and Packing Materials Manufacturing Company	1010675111	Jumada I 5,1442 (H) Riyadh.	Manufacture of plastics (plastics) in their primary forms, isolation and preparation of vegetable fibers such as hemp and kenaf.

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

**1-4** The head office of the Company is located at 7306, Phase - New Industrial City, PO Box 14335 , Riyadh-2483.

**1-5** The attached condensed consolidated interim statements include the financial statements for Filling and Packing Materials Manufacturing Company ("Company") or ("parent company") and its domestic subsidiary company (is pointed to them together as the group) where doing the group as collectively to produce and marketing the bags which are woven from liner polypropylene inside and outside the kingdom of Saudi Arabia and unliner from polyethylene is diluted the density and the big size bags and strapping bands and the plastic fillers and woven bags these are used for packing vegetables and fruits and rolls woven from polypropylene and the liners of polyethylene and the recycling of plastic waste, Building and construction contracting.



**FILLING AND PACKING MATERIALS MANUFACTURING COMPANY****(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022

(Expressed in Saudi Riyal unless otherwise stated)

<u>Company name</u>	<u>Country of incorporation</u>	<u>Main Activity</u>	<u>Percentage of ownership</u>		
			<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
FPC	Kingdom of Saudi Arabia	Manufacture of ready-made textiles, excluding apparel	100%	100%	100%

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

**The subsidiary company also carries out it's activities through the following branches: -**

<u>Branch name</u>	<u>Branch Commercial Registration No.</u>	<u>Date and location of issuance</u>	<u>Activity</u>
FPC Co for industry factory	1010468794	Jumada II 13,1438 (H) Riyadh.	Manufacture of ready-made textiles except for apparel - activity code 1392
Makamen Supply Company for Trade and Contracting	1010499598	Rabia II 11,1440 (H) Riyadh.	Tailoring and sewing travel supplies cutting and custom-made for tents and sails , cutting and custom-made airports, and the covers of cars and furniture
West Makamen CO for Tents owned by one person	4030381209	Ramadan 27,1441 (H) Jeddah.	Tailoring and sewing travel supplies cutting and custom-made for tents and sails , cutting and custom-made airports, and the covers of cars and furniture

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS****2-1 Accounting standards applied**

- These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Auditors & Accountants ("SOCPA") These condensed consolidated interim financial statements must be read in conjunction with the Group's prior year consolidated financial statements as of December 31, 2021
- These condensed consolidated interim financial statements do not include all of the information required for a complete set of IFRS financial statements, however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. In addition, the results for the three month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022  
(Expressed in Saudi Riyal unless otherwise stated)

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**2-2 Accounting convention / Basis of measurement**

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

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

**2-3 Functional and presentation currency**

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

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

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

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

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

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

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements.

**3-2 Accounting Policies Applied**

The accounting policies used in preparing the condensed consolidated interim financial statements are in line with those used in preparing the annual consolidated financial statements of the Group for the financial year ended December 31, 2021.

**4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

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

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

# **FILLING AND PACKING MATERIALS MANUFACTURING COMPANY**

(A Saudi Joint Stock Company)

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022

(Expressed in Saudi Riyal unless otherwise stated)

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

### **4-1 Judgments**

#### **Compliance with performance obligations**

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

#### **Determine transaction prices**

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

#### **Coronavirus (COVID-19)**

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

### **4-2 Estimates and assumptions**

#### **Defined Benefit Programs**

The cost of defined benefit programs and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making many different assumptions that differ from actual developments in the future. This includes setting discount rates, future salary increases, mortality, and employee turnover. Due to the complexities of the valuation process and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the reporting date. The measurement criteria most subject to change are the discount rate and future salary increase. In determining the appropriate discount rate, management relies on the market yield on quality corporate bonds. Future salary increases are dependent on future rates of inflation, seniority, promotion, and supply and demand in the employment market. The mortality rate is based on available country specific mortality tables. Extrapolations of mortality tables may change over time in response to population changes.

#### **Expected credit losses**

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

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

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

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

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



## **FILLING AND PACKING MATERIALS MANUFACTURING COMPANY**

**(A Saudi Joint Stock Company)**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022

(Expressed in Saudi Riyal unless otherwise stated)

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

#### **Productive useful life of property, plant & equipment**

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

#### **Impairment of non-financial assets.**

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

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

#### **Going concern**

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

**FILLING AND PACKING MATERIALS MANUFACTURING COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022

(Expressed in Saudi Riyal unless otherwise stated)

**5 PROPERTY, PLANT & EQUIPMENT (net)****5-1 PROPERTY, PLANT & EQUIPMENT**

	<b>Buildings &amp; Construction on Leased land</b>	<b>Machinery &amp; Equipment</b>	<b>Leasehold Improvements</b>	<b>Vehicles</b>	<b>Furniture, Fixtures &amp; Office Equipment</b>	<b>Tools</b>	<b>Capital Works in Progress*</b>	<b>Total</b>
<b><u>Cost:</u></b>								
At January 1, 2022	36 894 418	257 918 606	11 838 079	3 619 168	9 210 526	653 564	4 741 893	<b>324 876 254</b>
Additions during the period	-	-	-	-	5 760	-	5 863 870	<b>5 869 630</b>
Disposals during the period	-	-	-	-	-	-	(62 474)	<b>(62 474)</b>
Transfer from Capital works in progress	-	1 139 964	-	-	13 844	-	(1 153 808)	<b>-</b>
<b>At March 31, 2022</b>	<b>36 894 418</b>	<b>259 058 570</b>	<b>11 838 079</b>	<b>3 619 168</b>	<b>9 230 130</b>	<b>653 564</b>	<b>9 389 481</b>	<b>330 683 410</b>
<b><u>Accumulated Depreciation:</u></b>								
At January 1, 2022	28 097 230	135 647 412	884 475	3 163 628	8 363 365	124 746	-	<b>176 280 856</b>
Depreciation for the period	294 990	1 370 399	88 786	69 380	90 341	19 038	-	<b>1 932 934</b>
<b>At March 31, 2022</b>	<b>28 392 220</b>	<b>137 017 811</b>	<b>973 261</b>	<b>3 233 008</b>	<b>8 453 706</b>	<b>143 784</b>	<b>-</b>	<b>178 213 790</b>
<b><u>Net book value:</u></b>								
<b>At March 31, 2022</b>	<b>8 502 198</b>	<b>122 040 759</b>	<b>10 864 818</b>	<b>386 160</b>	<b>776 424</b>	<b>509 780</b>	<b>9 389 481</b>	<b>152 469 620</b>
<b>At December 31, 2021</b>	<b>8 797 188</b>	<b>122 271 194</b>	<b>10 953 604</b>	<b>455 540</b>	<b>847 161</b>	<b>528 818</b>	<b>4 741 893</b>	<b>148 595 398</b>

- Major of Property , Plant, and Equipment are pledge to The Saudi Industrial Development Fund (SIDF) against the received loans.(Note No. 14).
- Property , Plant, and Equipment as of 31 March 2022 includes assets which fully depreciated and still work, amounting to SR 75 225 579.

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022  
(Expressed in Saudi Riyal unless otherwise stated)

**\*Capital works in progress represented in the following:**

	<u>March 31,</u> <u>2022</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2021</u> <u>(Audited)</u>
Machinery and Equipment	8 254 449	3 716 773
LC and Suppliers Advance Payments	608 153	143 870
other	526 879	881 250
	<b>9 389 481</b>	<b>4 741 893</b>

**6 RIGHT-OF-USE ASSETS (net)**

The Group leases two Lands from the Saudi Authority for Industrial Cities and Technology Zones, "Modon" in the second industrial city in Riyadh, one of them is the company's factory and its subsidiary, and other which is a residential building in the city. Contracts end on 6/9/2035G. Contracts are renewable after the approvals of the parties.

<u>Cost:</u>	<u>March 31,</u> <u>2022</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2021</u> <u>(Audited)</u>
As at the of the period/year	9 426 841	9 426 841
Additions during the period/year	-	-
	<b>9 426 841</b>	<b>9 426 841</b>
<u>Accumulated amortization:</u>		
As at the beginning of the year	2 480 750	1 984 600
Amortization of the period/year – (charged to the cost of revenue)	124 037	496 150
	<b>2 604 787</b>	<b>2 480 750</b>
<b>Carrying amount at the end the period / year</b>	<b>2 822 054</b>	<b>6 946 091</b>

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

	<u>31 March 2022(Unaudited)</u>		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Lease contracts liabilities	780 024	9 360 298	10 140 322
Deferred financing expenses	(366 361)	(2 446 739)	(2 813 100)
	<b>413 663</b>	<b>6 913 559</b>	<b>7 327 222</b>
	<u>31 December 2021 (Audited)</u>		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Lease contracts liabilities	780 024	10 140 312	10 920 336
Deferred financing expenses	(386 059)	(2 813 090)	(3 199 149)
	<b>393 965</b>	<b>7 327 222</b>	<b>7 721 187</b>



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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022

(Expressed in Saudi Riyal unless otherwise stated)

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

<u>Year</u>	<u>minimum future lease payments</u>
2023	780 024
2024	780 024
2025	780 024
After 2025	7 800 250
	<u>10 140 322</u>

**7 INVENTORIES (net)**

	<u>March 31, 2022</u> <u>(Unaudited)</u>	<u>December 31, 2021</u> <u>(Audited)</u>
Raw material	17 384 333	28 412 904
Work In Progress	9 507 900	12 386 552
Finished goods	16 691 249	12 417 170
Spare parts	7 529 964	7 525 857
Materials and other supplies	9 208 639	2 936 221
Goods in transit	2 774 084	3 065 326
Letters of Credit	3 185 509	43 124
	<u>66 281 678</u>	<u>66 787 154</u>
Less: Allowance for slow moving items	(2 880 588)	(3 749 919)
	<u>63 401 090</u>	<u>63 037 235</u>

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

	<u>March 31, 2022</u> <u>(Unaudited)</u>	<u>December 31, 2021</u> <u>(Audited)</u>
At the beginning of the period/year	3 749 919	4 699 919
Formed during of the period /year	-	-
No longer required, during of the period/year	(869 331)	(950 000)
	<u>2 880 588</u>	<u>3 749 919</u>

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022  
(Expressed in Saudi Riyal unless otherwise stated)

**8 TRADE RECEIVABLES (net)**

	<u><b>March 31,</b></u> <u><b>2022</b></u> <u><b>(Unaudited)</b></u>	<u><b>December 31,</b></u> <u><b>2021</b></u> <u><b>(Audited)</b></u>
Trade receivables	63 538 347	54 836 445
<u>Less</u>		
Impairment loss	<u>(7 566 673)</u>	<u>(6 805 495)</u>
	<u><b>55 971 674</b></u>	<u><b>48 030 950</b></u>

**8-1** As of March 31, 2022, trade receivables impaired with amounting of SR 7 566 673 (2021:SR 6 805 495),the impairment loss on trade receivables was calculated according to the expected credit loss in line with the requirements of IFRS 9.

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

	<u><b>March 31,</b></u> <u><b>2022</b></u> <u><b>(Unaudited)</b></u>	<u><b>December 31,</b></u> <u><b>2021</b></u> <u><b>(Audited)</b></u>
At the beginning of the Period/year	6 805 495	2 915 420
Utilized during the Period/year	761 178	4 044 137
Impairment loss, no longer requires of the Period/year	–	(154 062)
	<u><b>7 566 673</b></u>	<u><b>6 805 495</b></u>

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

	<u><b>March 31,</b></u> <u><b>2022</b></u> <u><b>(Unaudited)</b></u>	<u><b>December 31,</b></u> <u><b>2021</b></u> <u><b>(Audited)</b></u>
Not due	35 621 381	31 664 223
Till 2 months -After the due date	11 867 606	8 414 998
From 2 months to 3 months - After the due date	4 111 844	3 151 550
From 3 months to one year - After the due date	5 158 457	6 329 448
More than one year - After the due date	6 779 059	5 276 226
	<u><b>63 538 347</b></u>	<u><b>54 836 445</b></u>

**9 PREPAYMENTS AND OTHER RECEIVABLES**

	<u><b>March 31,</b></u> <u><b>2022</b></u> <u><b>(Unaudited)</b></u>	<u><b>December 31,</b></u> <u><b>2021</b></u> <u><b>(Audited)</b></u>
Advance payments to suppliers	8 416 846	6 639 019
Accrued bonus from suppliers	5 107 681	4 990 651
Prepaid expenses	4 390 343	4 200 600
Value added tax for parent company	733 891	1 467 355
Employee deposits	534 734	570 376
Other	602 725	320 180
	<u><b>19 786 220</b></u>	<u><b>18 188 181</b></u>

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022  
 (Expressed in Saudi Riyal unless otherwise stated)

**10 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<u>March 31,</u> <u>2022</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2021</u> <u>(Audited)</u>
Balance at the beginning of the period /year	6 513 192	37 989 409
Additions for the period /year	846 464	4 403 283
Disposal for the period /year	(3 116 373)	(37 718 348)
Realized Loss of Investments at fair value through Profit or Loss	1 571 667	1 838 848
	<u>5 814 950</u>	<u>6 513 192</u>

The balance of investments as of March 31, 2022 is mainly represented in shares in listed company in the Saudi financial market. The Group has classified these investments through profit and loss according to fair value. When sold during the financial period ending on March 31, 2022, the Group resulted in a profit of 4 842 Saudi riyals, which was presented within the profits from financial investments at fair value in the statement of profit or loss.

**11 CASH AND CASH EQUIVALENTS:**

	<u>March 31,</u> <u>2022</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2021</u> <u>(Audited)</u>
Cash on hand	162 096	165 681
Cash at banks – current accounts	3 976 524	11 968 119
	<u>4 138 620</u>	<u>12 133 800</u>

**12 SHARE CAPITAL:**

On March 31, 2022, the Company's capital was determined at SR 115 000 000 (2021: SR 115 000 000), divided into 11 500 000 shares (2021: 11 500 000 shares), the value of each is SR 10, fully paid.

**13 STATUTORY RESERVE:**

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

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

**14 LOANS AND FACILITIES:**

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

	<u>Note</u>	<u>March 31,</u> <u>2022</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2021</u> <u>(Audited)</u>
Saudi Industrial Development Fund Loan	(14-1)	35 318 410	37 886 808
Bank loans & facilities	(14-2)	71 019 879	60 774 127
<b>Total</b>		<u>106 338 289</u>	<u>98 660 935</u>



**FILLING AND PACKING MATERIALS MANUFACTURING COMPANY****(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022

(Expressed in Saudi Riyal unless otherwise stated)

**14-1 Saudi Industrial Development Fund Loan:**

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

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

	<u><b>March 31,</b></u> <u><b>2022</b></u> <u><b>(Unaudited)</b></u>	<u><b>December 31,</b></u> <u><b>2021</b></u> <u><b>(Audited)</b></u>
Total granted loan	82 357 000	82 357 000
Paid from the loan	(45 407 000)	(42 707 000)
<b>Remaining of granted loan</b>	<b>36 950 000</b>	<b>39 650 000</b>
Prepaid administrative fees	(1 631 590)	(1 763 192)
<b>Net balance at the end of the year</b>	<b>35 318 410</b>	<b>37 886 808</b>
Short-term loans	5 989 393	4 895 526
Long –term loans	29 329 017	32 991 282

The administrative fees paid in advance represent amounts of administrative fees paid on the loan granted by the Saudi Industrial Development Fund and are amortized over the periods of the loan repayment years. The amortization expense charged to the statement of profit or loss during the period ending on March 31, 2022 amounted to 131 602 Saudi riyals (for the same period 2021: 144 762 Saudi riyals).

- The company bears additional expenses by the Saudi Industrial Development Fund during the term of the loan, which are project follow-up expenses, and it is charged to the list of profits or losses on an accrual basis. Expenses charged to the list of profits or losses during the period ended March 31, 2022 amounted to 101,200 Saudi riyals (for the same period 2021: 102,850 Saudi riyals).

**14-2 Bank Loans:**

	<u><b>March 31,</b></u> <u><b>2022</b></u> <u><b>(Unaudited)</b></u>	<u><b>December 31,</b></u> <u><b>2021</b></u> <u><b>(Audited)</b></u>
Short term loans	35 158 700	28 657 781
Long term loans	35 861 179	32 116 346
	<b>71 019 879</b>	<b>60 774 127</b>

**Riyadh Bank**

At April 9, 2017, the Group signed an Islamic finance agreement with Riyadh Bank, amounting to SR 49 million, for the purpose of partial finance of a project to produce one of the manufacturing products of the subsidiary that was established during 2017 for this purpose.

At March 28, 2018, the Islamic finance agreement was renewed and the finance limit increased to SR 72 million, in July 19, 2018, the group reduced the value of the financing by canceling the short-term Temporary loan SR 21 million, to be the finance limit to SR 51 million.

**FILLING AND PACKING MATERIALS MANUFACTURING COMPANY****(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022

(Expressed in Saudi Riyal unless otherwise stated)

At March 10, 2019, the group raised the value of the finance by increasing the long-term facilities by SR 15 million and amending the credit limits for short-term facilities to bring the total of the short-term facilities to SR 25 million, and the finance limit is SR 66 million, noting that this finance is guaranteed by signing a bond for an order. From the group total financing amount, at April 9, 2020, the Group renewed the short-term facilities in the amount of SR 25 million, which will be ended at April 9, 2021.

The utilized amounts of this agreement reached the following until March 31, 2022:-

- 1- SR 465 000 in the form of letters of guarantee.
- 2- SR 35.9 million in the form of long-term Islamic murabaha loans (the short – term loans of it is SR 9.3 million and the long – term loans is SR 26.6 million)
- 3- SR 10.71 million in the form of short-term Islamic murabaha loans.
- 4- SR 3.91 million Saudi riyals in the form of letters of credit.

**Albilad Bank**

At September 16, 2018, The Group signed a credit facility in line with Islamic Sharia with Bank Albilad ,amounting SR 30 million, With a purpose of obtaining a short-term Islamic murabaha loan to finance the working capital of the Company and its subsidiary. The Group renewed the facility contract at April 12, 2021.

As of March 31, 2022, the utilized amount of these facilities amounted to SR 24.45 million as an Islamic short-term murabaha loan (the current part), and this finance was obtained with the guarantee of a promissory note in favor of Albilad Bank.

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

	<b><u>March 31,</u></b> <b><u>2022</u></b> <b><u>(Unaudited)</u></b>	<b><u>December 31,</u></b> <b><u>2021</u></b> <b><u>(Audited)</u></b>
<b><u>The non-current portion of long-term loans</u></b>		
Saudi Industrial Development Fund Loan	29 329 017	32 991 282
Bank Loans	26 575 794	23 689 423
	<b><u>55 904 811</u></b>	<b><u>56 680 705</u></b>
<b><u>The current portion of long-term loans</u></b>		
Saudi Industrial Development Fund Loan	5 989 393	4 895 526
Bank Loans	9 285 385	8 426 923
	<b><u>15 274 778</u></b>	<b><u>13 322 449</u></b>
<b><u>Short term loans</u></b>		
Bank Loans	35 158 700	28 657 781
	<b><u>106 338 289</u></b>	<b><u>98 660 935</u></b>

**15 ACCRUED AND OTHER LIABILITIES:**

	<b><u>March 31,</u></b> <b><u>2022</u></b> <b><u>(Unaudited)</u></b>	<b><u>December 31,</u></b> <b><u>2021</u></b> <b><u>(Audited)</u></b>
Accrued expenses	8 728 865	8 826 195
Advanced payment from receivables	2 195 363	2 353 143
Accrued dividends*	5 149 274	5 149 274
Value added tax accrued on subsidiaries	445 306	524 564
Other	424 968	608 862
	<b><u>16 943 776</u></b>	<b><u>17 462 038</u></b>

\* The dividends not claimed by the shareholders for the years from 2003 to 2007 amounted to SR 5 149 274 as at March 31, 2022 (December 31, 2021: SR 5,149,274).

**FILLING AND PACKING MATERIALS MANUFACTURING COMPANY****(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022

(Expressed in Saudi Riyal unless otherwise stated)

**16 EARNING PER SHARE :**

	<b><u>For the three months period ended</u></b>	
	<b><u>March 31,</u></b>	<b><u>March 31,</u></b>
	<b><u>2021</u></b>	<b><u>2021</u></b>
	<b><u>(Unaudited)</u></b>	<b><u>(Unaudited)</u></b>
Net loss for the period	366 462	(1 527 717)
Weighted average of shares	11 500 000	11 500 000
<b>Earning (loss) per share for the period</b>	<b>0.03</b>	<b>(0.13)</b>

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

**17 PROVISION FOR ZAKAT:****Zakat provision movements:**

	<b><u>For the three months period ended</u></b>	
	<b><u>March 31,</u></b>	<b><u>December 31,</u></b>
	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b><u>(Unaudited)</u></b>	<b><u>(Audited)</u></b>
Opening balance period/year	2 671 120	3 011 577
Formed during the period /year	990 000	3 044 006
Adjustment	–	952 550
Utilized during the period/year	(4 045)	(4 337 013)
	<b>3 657 075</b>	<b>2 671 120</b>

**17-1 Zakat Status:****Filling and Packaging Material Manufacturing Company (Parent Company)****Years from 2013 to 2016**

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

**Years from 2017 to 2018**

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

**Year 2019 ,2020**

- During the year 2021, Zakat, Tax and Customs Authority issued a zakat assessment, resulting zakat differences due for payment on the group for the years 2019 and 2020 amounting to SR 718 022, and the company paid it, the zakat assessment for the year 2020 includes the differences in the consolidated return of its subsidiaries.

**FPC (Subsidiary)****Years till 2019**

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

**Year 2020**

- During the year 2021, the Zakat, Tax and Customs Authority issued a zakat assessment on the consolidated return of the parent company and its subsidiary company, and this resulted in zakat differences due for payment on the group as shown in the zakat Status of the parent company.



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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022  
(Expressed in Saudi Riyal unless otherwise stated)

**18 UNUTILIZED CAPACITY**

The unutilized capacity from production expenditures was calculated in accordance with International Accounting Standard No. (2) "Inventory" and classified under the other expenses as it is not considered part of the cost of sales for not operating the plant with normal production capacity. This amounted during the period ending March 31, 2022. 446 239 Saudi riyals (31 March 2021: 446 239 Saudi riyals).

**19 THE ACQUISITION OF SUBSIDIARY**

The parent company acquired the full shares in FPC for Industry (the subsidiary company). During the month of March 2020, the company signed an agreement requiring the partner to waive his full 20% shares in FPC for Industry with its rights and obligations in favor of the parent company, in exchange for obtaining On the percentage of 20% of the net accounting profit according to the audited financial statements at the end of each fiscal year for a period of ten years only (the period of validity of the agreement) until the end of the fiscal year ending on December 31, 2029, and accordingly, the company prepared a study of the contingent liability was calculated according to For the best estimate in light of the available data, as this potential liability as on March 31, 2022 amounted to 19 920 552 Saudi riyals (December 31, 2021: 19 564 865 Saudi riyals), it has been classified under the non-current liabilities in the financial position list, and this potential liability will be re-assessed Periodically, throughout the term of the agreement, this acquisition resulted in an amount of 25 358,702 Saudi riyals, which represents the difference in the purchase of the rights of the non-controlling interest, which has been classified under the equity clause. The following is a statement of the contingent liability movement and the non-controlling interest purchase difference as on March 31, 2022 and December 31, 2021:

**1-19 Contingent Liability against Non-Controlling Interests Acquisition**

	<b><u>March 31,</u></b> <b><u>2022</u></b> <b><u>(Unaudited)</u></b>	<b><u>December 31,</u></b> <b><u>2021</u></b> <b><u>(Audited)</u></b>
Opening balance period/year	19 564 865	20 325 000
Change in Liability during the period /year	-	(2 182 883)
Interest Expense during the period/year	355 687	1 442 749
	<b>19 920 552</b>	<b>19 564 865</b>

**20 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

- As of March 31, 2022, the amount of the contingent liabilities related to the banks' letters of guarantee and letters of credit which issues by domestic banks on behalf of the group amounted to SR 4 377 513 (December 31, 2021: SR 17 694 629).
- As of March 31, 2022 the capital commitments for the group amounted to SR 2 871 622 (December 31, 2021: SR 8 322 430).

**21 SEGMENTS REPORTS**

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

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

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's management.

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022  
(Expressed in Saudi Riyal unless otherwise stated)

	<b>March 31,2022(Unaudited)</b>			
	<b><u>Packing &amp; Packaging Sector</u></b>	<b><u>Technical Textiles Sector</u></b>	<b><u>Intra-group transactions</u></b>	<b><u>Total</u></b>
Revenues	51 759 943	11 119 122	-	62 879 065
Cost of revenues	(43 510 950)	(10 805 725)	62 710	(54 253 965)
<b>Profit/ (loss) of the year</b>	3 911 664	(3 607 912)	62 710	366 462

	<b>March 31,2021 (Unaudited)</b>			
	<b><u>Packing &amp; Packaging Sector</u></b>	<b><u>Technical Textiles Sector</u></b>	<b><u>Intra-group transactions</u></b>	<b><u>Total</u></b>
Revenues	35 625 259	12 910 408	-	48 535 667
Cost of revenues	(30 873 016)	(9 517 966)	62 710	(40 328 272)
<b>Profit/ (loss) of the year</b>	(548 102)	(1 042 369)	62 710	(1 527 717)

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

	<b>March 31,2022(Unaudited)</b>			
	<b><u>The sector of products of packing and packaging</u></b>	<b><u>The sector of technical textiles</u></b>	<b><u>Intra-group transactions</u></b>	<b><u>Total</u></b>
Non-current assets	133 671 476	83 665 360	(58 045 151)	159 291 685
Total assets	283 775 526	126 675 769	(102 047 067)	308 404 238
<b>Total liabilities</b>	134 668 001	97 283 686	(44 001 916)	187 949 771

	<b>December 31,2021(Audited)</b>			
	<b><u>Packing &amp; Packaging Sector</u></b>	<b><u>Technical Textiles Sector</u></b>	<b><u>Eliminations</u></b>	<b><u>Total</u></b>
Non-current assets	93 729 974	84 241 495	(22 429 980)	155 541 489
Total assets	268 733 461	125 212 836	(90 501 450)	303 444 847
<b>Total liabilities</b>	123 537 589	111 719 641	(51 900 378)	183 356 852

**Geographical segment**

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

**FILLING AND PACKING MATERIALS MANUFACTURING COMPANY****(A Saudi Joint Stock Company)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022

(Expressed in Saudi Riyal unless otherwise stated)

	<b><u>For the three months period ended</u></b>			
	<b><u>March 31,</u></b>	<b><u>%</u></b>	<b><u>March 31,</u></b>	<b><u>%</u></b>
	<b><u>2022</u></b>		<b><u>2021</u></b>	
	<b><u>(Unaudited)</u></b>		<b><u>(Unaudited)</u></b>	
Kingdom of Saudi Arabia	46 321 247	73,67	37 499 759	77,26
Other countries	16 557 818	26,33	11 035 908	22,74
	<b><u>62 879 065</u></b>		<b><u>48 535 667</u></b>	

**22 THE TRANSACTIONS WITH RELATED PARTIES**

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

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

	<b><u>March 31, 2022(Unaudited)</u></b>			
	<b><u>Members of</u></b>	<b><u>Key management</u></b>	<b><u>Members of the</u></b>	<b><u>Total</u></b>
	<b><u>boards of</u></b>	<b><u>personnel and</u></b>	<b><u>committees</u></b>	
	<b><u>directors</u></b>	<b><u>senior executives</u></b>	<b><u>emanating from the</u></b>	
			<b><u>Board of Directors</u></b>	
Salaries and wages	436 221	259 293	–	695 514
Allowances	205 179	90 336	6 000	301 515
Bonus	180 000	–	62 500	242 500
	<b><u>March 31, 2021(Unaudited)</u></b>			
	<b><u>Members of</u></b>	<b><u>Key management</u></b>	<b><u>Members of the</u></b>	<b><u>Total</u></b>
	<b><u>boards of</u></b>	<b><u>personnel and</u></b>	<b><u>committees</u></b>	
	<b><u>directors</u></b>	<b><u>senior executives</u></b>	<b><u>emanating from the</u></b>	
			<b><u>Board of Directors</u></b>	
Salaries and wages	436 221	150 480	–	586 701
Allowances	193 179	52 020	9 000	254 199
Bonus	180 000	670 000	–	850 000

**23 FINANCIAL INSTRUMENTS:****23-1 Fair value measurement of financial instruments**

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

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

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022  
(Expressed in Saudi Riyal unless otherwise stated)

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

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

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

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

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurred. During the period/year ended March 31, 2022 and December 31, 2021, there were no transfers between Level 1 and Level 2 fair value levels.

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

**23-2 Financial instruments risk management:**

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

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

**Financial risk management framework**

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

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

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

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



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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022  
(Expressed in Saudi Riyal unless otherwise stated)

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

**Market risk**

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

**Interest rate risk**

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

<b><u>Financial instruments at interest rates variable</u></b>	<b><u>March 31,</u></b> <b><u>2022</u></b> <b><u>(Unaudited)</u></b>	<b><u>December 31,</u></b> <b><u>2021</u></b> <b><u>(Audited)</u></b>
Short & long term loans	71 019 879	60 774 127

**Foreign currency risk:**

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

**Credit risk:**

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

<b><u>Financial asset</u></b>	<b><u>March 31,</u></b> <b><u>2022</u></b> <b><u>(Unaudited)</u></b>	<b><u>December 31,</u></b> <b><u>2021</u></b> <b><u>(Audited)</u></b>
Trade accounts receivables	55 971 674	48 030 950
Cash and cash equivalent	4 138 620	12 123 800
	<b><u>60 110 294</u></b>	<b><u>60 154 750</u></b>

- The Group's exposure to credit risk is influenced mainly by the individual characteristics of each individual customer. However, management also considers factors that may have an impact on the credit risk of the group's customer base, including the risk of default in the customer's sector. The Group establishes an allowance for expected credit losses, which on March 31, 2022 amounted to SAR 7,566,673 (December 31, 2021 amounted to SR 6,805,495).

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three months period ended 31 March 2022  
(Expressed in Saudi Riyal unless otherwise stated)

- The Group maintains cash in the fund and with banks in an amount of 4.1 million Saudi riyals (December 31, 2021: 12.1 million Saudi riyals). Liquidity risk is the risk that the group will encounter difficulty in fulfilling its obligations associated with its financial liabilities that are settled by paying in cash or Through other financial assets, the group's approach to managing liquidity aims to ensure that it always has sufficient liquidity, as far as possible, to meet its liabilities when due, under normal and critical circumstances, without incurring losses or jeopardizing the group's reputation.

**Liquidity risk:**

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

**Capital management:**

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

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

	<b><u>March 31, 2022</u></b>	<b><u>December 31,</u></b>
	<b><u>(Unaudited)</u></b>	<b><u>2021</u></b>
		<b><u>(Audited)</u></b>
Total liabilities	187 949 771	183 356 852
<b>Less:</b> Cash and cash equivalent	(4 138 620)	(12 123 800)
<b>Net liabilities</b>	<b>183 811 151</b>	<b>171 223 052</b>
<b>Total Equity</b>	<b>120 454 457</b>	<b>120 087 995</b>
Ratio of debt to adjusted capital	<b>1,53</b>	<b>1,43</b>

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

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

The effects of the pandemic on the group's activities included the production process being affected relatively for some time as a result of taking precautionary measures directed by government authorities, which were mainly represented in isolating influential workers suspected of being infected and applying the legal procedures related to travel and movement restrictions as well as the delay in the arrival of some raw materials necessary for the production process.

## FILLING AND PACKING MATERIALS MANUFACTURING COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2022

(Expressed in Saudi Riyal unless otherwise stated)

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And the effect extended on selling prices in some products and also there was an impact on demand in other products, in addition to some difficulties that the group faced in its export operations and high freight rates. Given the levels of production results for all products, they remained at their normal levels, and therefore do not expect the occurrence of substantial effects. Due to the emerging corona virus (Covid-19) on the balance sheet and results for the fiscal year ending on March 31, 2022.

#### **25 Important events:**

The Board of Directors decided in its meeting held on Rajab 20, 1443 AH corresponding to February 21, 2022 G, to recommend to the Extraordinary General Assembly to increase the company's capital by issuing Pre-emptive shares with a total amount of SR 115 million, provided that the eligibility is for the shareholders who own the shares on the day of the Extraordinary General Assembly which It will be decided to increase the capital by offering Pre-emptive shares, whose names appear in the issued company's shareholder register at the Depository Center at the end of the second trading day following the date of that assembly, after obtaining the approvals of the relevant official authorities and the extraordinary general assembly.

#### **26 Subsequent events:**

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

#### **27 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS APPROVAL**

The condensed consolidated interim Financial Statements have been approved by Board of Directors on 18 Ramadan 1443 H corresponding to 19 April 2022 G.

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