FILLING AND PACKING MATERIALS MANUFACTURING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS with INDEPENDENT AUDITOR'S REPOR
FOR THE YEAR ENDED 31 DECEMBER 2022

FILLING AND PACKING MATERIALS MANUFACTURING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDIATED FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT
For the year ended December 31, 2022

INDEX PAGE

Al Kharashi & Co.
Certified Accountants and Auditors
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Independent Auditors' Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Filling and Packing Materials Manufacturing Company (A Saudi Joint Stock Company) ("the Company") and its subsidiary (Collectively referred to as"the Group"),which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statements of profits or losses and other comprehensive income, Consolidated statement of change in Shareholder's equity and Consolidated statement of cash flows for the year then ended, and notes to the Consolidated financial statements significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) including a summary of endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the code of conduct and ethics adopted in the Kingdom of Saudi Arabia, also fulfilled the requirements of conduct of other ethics in accordance with those rules . We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Kev Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our auditof the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matters are described below:

Key audit matter	**How the matter was addressed in our audit**
Valuation of Inventories As at December 31, 2022, the inventories balance was SR 62,189,455 (2021: SR 62,994,111) net of allowance for slow moving inventories of SR ZERO (2021: SR 3,749,919). Inventories are stated at the lower of cost and net realizable value and an allowance is made, where necessary, for obsolete and slow moving items. Management determines the level of obsolescence of inventories by considering the nature, ageing profile, their expiry dates and sales expectations using historic trends and other qualitative factors. At each reporting date, the cost of inventories is reduced where inventories are forecasted to be sold at below cost. We consider this as a key audit matter due to the significant judgments and key assumptions applied by the management in determining the allowance for slow moving items and the level of inventories write down required based on Net Realizable Value (NRV) assessment. The accounting policy and disclosures related to the inventory are set out in the notes to the financial statements ,refer Note (3-1-3) for the accounting policy on inventories and Note (7) for the relevant disclosures.	We performed the following audit procedures in relation to valuation of inventories: - Assessed the appropriateness of the Group's accounting policies for recognition and measurement of inventories in line with the requirements of relevant accounting standards; - Evaluated the appropriateness of the Group's policy for allowance for obsoleted and slow moving inventories by performing retrospective testing, comparing historical estimates with actual losses and Evaluate the validity and adequacy of its calculation. - Attended periodical physical count of inventories on selected locations to identify expired, lost or slow-moving items; - Tested the net realizable value of finished goods inventories as at December 31, 2022 by considering actual sales post year- end and the assumptions used by the management to check whether inventories are valued at the lower of cost and net realizable value; an - Evaluated the completeness and adequacy of the inventory-related disclosures included in the Group's consolidated financial statements.

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Independent Auditors' Report (continued)

To the Shareholders of Filling and Packing Materials Manufacturing Company
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Key audit matter	How the matter was addressed in our audit
Revenue recognition During the year ended December 31, 2022, the Group recognized total revenue of SR 260,654,273 (2021: SR 222,590,032). Revenue is a key measure of the performance and there is a risk that revenue may be overstated resulting more profit so we consider this as a key audit matter. This is due to the existence of risks of management overriding internal controls and the existence of an inherent risk that revenues are recognized at more than their actual value to increase profitability, as the company focuses on revenues as a key indicator of its performance The accounting policy and disclosures related to the inventory are set out in the notes to the financial statements, refer Note (3-1-11) for the accounting policy related to revenue recognition and Note (19) for the relevant disclosures.	We performed the following audit procedures in relation to revenue recognition: - Obtained an understanding of the revenue recognition process, taking into account the relevant accounting standards, and evaluated the appropriateness of the accounting policies applied in accordance with the requirements of IFRS No. (15) "Revenue from Contracts with Customers". - Obtained an understanding of internal control procedures related to revenue recognition and their operational effectiveness, including control procedures for combating fraud of the Group. - Performed analytical procedures for revenue, by comparing sales quantities and prices for the current year with the previous year, and determining whether there are any significant trends or fluctuations need to complete further inquiries and testing in light of our understanding of current market conditions; - Inspected on a sample basis of revenue transactions with supporting documents, and cut-off procedures to verify that revenue is recorded in the proper periods. - Tested a sample of journal entries posted to the revenue journal in order to identify irregular items or significant adjustments. - Evaluated the adequacy of the revenue-related disclosures that management has included in the Group's consolidated financial statements.

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Independent Auditors' Report (continued)

To the Shareholders of Filling and Packing Materials Manufacturing Company
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Key audit matter

Deferred liability for acquis the non-controlling interest

During the year 2020 the parent company acquired the non-controlling interest in the subsidiary represented in 20% of the company's interest ,against a percentage of the future net profit without charging the seller any current or the future losses. Accordingly, the company prepared a study as on December 31, 2022 to calculate that obligation according to the best estimate, in light of the available data, as that liability amounted to SR 15,612,000 .

Management used a set of key assumptions and estimates related to study to calculate the obligation , based on the future operating performance, the following are the most significant assumptions and financial estimates were used:

- Expected volume of production
- Estimated sales quantities
- Forecasts of sales prices and growth rates
- Operating cost and the future development
- Discount rates

IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" requires that the management recognized a provision in the best estimate of the expenditure required to settle the present obligation as at December 31, 2022.

Considered a key audit matter due to significant judgments and key assumptions that management applies when determining a contingent liability.

The accounting policy and disclosures related to the deferred obligation in exchange for the purchase of the non-controlling interest are set out in the notes to the financial statements, refer Note (3-1-16) for the accounting policy related to revenue recognition and Note 25 for the relevant disclosures.

How the matter was addressed in our audit

We performed the following audit procedures in relation to the deferred liability for acquis the non-controlling interest:

- Compare a sample of price forecast with market data points and competitors;
- Involving a specialist to review the study and the reasonableness of the assumptions and financial estimates used;
- Discussed the company's various departments on the compatibility of some unobservable inputs, such as the expected production volume, the future operating and development costs, and their compatibility with the normal production capacity.
- Assessed the reasonableness of the methodology and the inputs used to determine the contingent liability.
- Assessed the reasonableness of discount rates by validating relevant assumptions with observable market data.
- Performed a sensitivity analyses over the key assumptions and assessed the potential impact of a range of possible outcomes.
- Considered the adequacy of the disclosure in the Group's consolidated financial statements as per the applicable accounting standard.

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Independent Auditors' Report (continued)

To the Shareholders of Filling and Packing Materials Manufacturing Company
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Other Matter
The Company's consolidated financial statements for the year ended December 31, 2021, were audited by another auditor, who expressed an unmodified opinion on March 22, 2022.

Other Information

Management is responsible for the other information. The other information consists of the information included in the annual report of the board of directors but does not include the consolidated financial statements and our auditors' report thereon. Which are expected to be made available to us after the date of our report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any kind of assurance thereon.

With regards to our audit of the consolidated financial statements, our responsibility limited to reading the other information identified above when it becomes available and, in doing so, consider whether the other information described above , and when reading it , we take into account whether the other information does not materially correspond to consolidated financial statement or information obtained during the audit process or other wise appears to contain significant misstatements.

If, upon reading the board's report , we conclude that it contains material misstatements , we must inform those charged with governance of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, Board of Directors members are responsible for overseeing the Group's financial reporting process.

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Independent Auditors' Report (continued)

To the Shareholders of Filling and Packing Materials Manufacturing Company
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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (IASs) that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with IASs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.
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Independent Auditors' Report (continued)

To the Shareholders of Filling and Packing Materials Manufacturing Company
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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Al-Kharashi & Co.

Abdullah S. Al Msned
License No. (456)

الخراشي وشركاه
محاسبون و مراجعون قانونيون
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Certified Accountants
& Auditors
AL-Kharashi Co.

Riyadh:
Shaban 21, 1444 H
March 13, 2023 G

FILLING AND PACKING MATERIALS MANUFACTURING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 December 2022
(Expressed in Saudi Riyal unless otherwise stated)

	Note	December 31, 2022	December 31, 2021
Assets			
Non- Current Assets			
Property, Plant and Equipment, net	(5)	**149,023,423**	148,266,480
Right-of-Use Assets ,net	(6-A)	**6,449,941**	6,946,091
Total Non- Current Assets		**155,473,364**	155,212,571
Current Assets			
Inventories ,net	(7)	**62,189,455**	62,994,111
Trade Receivables ,net,	(8)	**46,238,319**	48,030,950
Prepayments and Other Receivables	(9)	**14,579,374**	18,560,223
Investments at Fair Value through Profit or Loss	(10)	**5,784,363**	6,513,192
Cash and Cash Equivalents	(11)	**2,892,135**	12,133,800
Total Current Assets		**131,683,646**	148,232,276
Total Assets		**287,157,010**	303,444,847
Equity and Liabilities			
Equity			
Share Capital	(12)	**115 000 000**	115,000,000
Statutory Reserve	(13)	**17,388,320**	16,408,804
Retained Earnings		**25,004,258**	14,037,893
Effect of Non-Controlling Interests Acquisition	(25)	**(25,358,702)**	(25,358,702)
Total equity		**132,033,876**	120,087,995
LIABILITIES			
Non-Current Liabilities			
Long-Term Loans	(14-1)	**44,024,701**	56,680,705
Lease Liabilities	(6-B)	**6,913,549**	7,327,222
Employees' End of Service Benefits	(16)	**12,203,726**	12,504,280
Deferred Liability against Non-Controlling Interests Acquisition	(25)	**15,612,000**	19,564,865
Total Non-Current Liabilities		**78,753,976**	96,077,072
Current Liabilities			
Current Portion of Long-Term Loans	(14-2)	**19,555,213**	13,322,449
Short-Term Loans	(14-3)	**5,712,567**	28,657,781
Trade Payables		**31,164,824**	24,772,427
Lease Liabilities	(6-B)	**413,663**	393,965
Accrued and Other Liabilities	(15)	**16,426,355**	17,462,038
Provision for Zakat	(18)	**3,096,536**	2,671,120
Total Current Liabilities		**76,369,158**	87,279,780
Total Liabilities		**155,123,134**	183,356,852
Total Equity and Liabilities		**287,157,010**	303,444,847

Chief Financial Officer	Vice Chairman and Managing Director	Chairman

The accompanying notes are an integral part of these consolidated financial statements.

FILLING AND PACKING MATERIALS MANUFACTURING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2022
(Expressed in Saudi Riyal unless otherwise stated)

	Note	For the year ended December31, 2022	2021
Revenue	(19)	260,654,273	222,590,032
Cost of Revenues	(20)	(218,451,237)	(193,605,049)
Gross Profit		42,203,036	28,984,983
Main Operating Expenses			
Selling and Distribution Expenses	(21)	(14,286,074)	(11,283,439)
General and Administrative Expenses	(22)	(19,922,544)	(18,840,048)
Expected Credit Losses	(8)	(1,703,160)	(4,044,137)
Other Income/(Expenses),net	(23)	4,485,290	183,077
Operating Profit / (Loss)		10,776,548	(4,999,564)
Finance costs	(24)	(5,771,188)	(4,088,678)
Change in Liability against Non-Controlling Interests Acquisition	(25)	5,375,613	2,182,883
Gain of Investments at fair value through Profit or Loss		2,542,961	1,838,848
Net Profit / (Loss) before Zakat		12,923,934	(5,066,511)
Zakat	(18)	(3,128,775)	(3,996,556)
Net Profit /(Loss) for the year		9,795,159	(9,063,067)
Other Comprehensive Income:			
Items that will not be reclassified to Profit or Loss:			
Actuarial Gain of Employees' End of Service Benefits Remeasureme		2,150,722	447,357
Total Comprehensive Gain/(Loss) for the year		11,945,881	(8,615,710)
Gain /(Loss) per Basic share based on Profit / (Loss) for the year attributable to Shareholders of the Company			
Earnings per share	(17)	0.85	(0.79)

Chief Financial Officer | **Vice Chairman and Managing Director** | **Chairman**

The accompanying notes are an integral part of these consolidated financial statements.

FILLING AND PACKING MATERIALS MANUFACTURING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2022
(Expressed in Saudi Riyal unless otherwise stated)

	Share Capital	Statutory Reserve	Retained Earnings	Deferred Liability against Non-Controlling Interests Acquisition	Total
Balance as at 1 January 2021	115,000,000	16,408,804	22,653,603	(25,358,702)	**128,703,705**
Other comprehensive Loss for the year					
Net loss for the year	-	-	(9,063,067)	-	**(9,063,067)**
Other comprehensive Loss for the year	-	-	447,357	-	**447,357**
Total Comprehensive loss for the year	-	-	(8,615,710)	-	**(8,615,710)**
Balance as at 31 December 2021	**115,000,000**	**16,408,804**	**14,037,893**	**(25,358,702)**	**120,087,995**
Balance as at 1 January 2022	**115,000,000**	**16,408,804**	**14,037,893**	**(25,358,702)**	120,087,995
Other comprehensive Loss for the year					
Net loss for the year	-	-	**9,795,159**	-	**9,795,159**
Other comprehensive profit for the year	-	-	**2,150,722**	-	**2,150,722**
Transfer to Statutory Reserve	-	**979,516**	**(979,516)**	-	-
Total Comprehensive Income for the year	-	**979,516**	**10,966,365**	-	**11,945,881**
Balance as at 31 December 2022	**115,000,000**	**17,388,320**	**25,004,258**	**(25 358 702)**	**132,033,876**

Chief Financial Officer | **Vice Chairman and Managing Director** | **Chairman**

The accompanying notes are an integral part of these consolidated financial statements.

FILLING AND PACKING MATERIALS MANUFACTURING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2022
(Expressed in Saudi Riyal unless otherwise stated)

	Note	For the year ended December31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before Zakat		12,923,934	(5,066,511)
Adjustments:			
Depreciation of Property, Plant and Equipment	(5)	8,046,271	7,584,360
Amortization of Right-of-Use Assets	(6)	496 150	496,150
Inventory Provision, No Longer Required /Formed	(7)	-	(950,000)
Reversal of Impairment Loss on Trade Receivables, Formed		1,703,160	4,044,137
Current Cost Service of Employees' End of Service Benefits	(16)	2,156,410	1,990,809
Loss on disposal of Property, Plant and Equipment		-	620,683
Change in Liability against Non-Controlling Interests Acquisition		(5,375,613)	(2,182,883)
Gain of Investments at Fair Value through Profit or Loss		(2,163,171)	(1,838,848)
Finance Expenses		5,771,188	4,088,678
		23,558,329	8,786,575
Changes in:			
Inventories		804,656	(14,304,346)
Trade Receivables		89,471	(11,822,855)
Prepayments and Other Receivables		3,980,849	586,147
Trade Payables		6,392,397	12,762,026
Accrued and Other Liabilities		(1,035,684)	391,087
Cash from Operations		33,790,018	(3,601,366)
Employees Benefits Paid		(705,926)	(688,601)
Zakat Paid		(2,703,359)	(4,337,013)
Net Cash Flows Generated From / (Used In) Operating Activities		30,380,733	(8,626,980)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment		(8,803,215)	(8,017,120)
Proceeds from Sale of Investments at Fair Value through Profit or Loss		3,738,463	37,718,348
Acquisition of Investments at Fair Value through Profit or Loss		(846,463)	(4,403,283)
Net Cash Flows (Used In) / Generated From Investing Activities		(5,911,215)	25,297,945
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Loans and Facilities		57,452,204	19,674,505
Payments of Loans and Facilities		(87,235,767)	(30,704,462)
Payments of Lease Liabilities		(393,965)	(375,205)
Finance Costs Paid		(3,533,657)	(1,768,256)
Net Cash Flows (Used In) Financing Activities		(33,711,183)	(13,173,418)
Net (decrease) / increase in Cash and Cash Equivalents during the year		(9,241,665)	3,497,547
Cash and Cash Equivalents at the beginning of the year		12,133,800	8,636,253
Cash and Cash Equivalents at end of the year		2,892,135	12,133,800

Chief Financial Officer | **Vice Chairman and Managing Director** | **Chairman**

The accompanying notes are an integral part of these consolidated financial statements.

(Expressed in Saudi Riyal unless otherwise stated)

1. General Information

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 Hijiah 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 it's 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 it's activities through the following branches:

Branch name	Branch Commercial Registration No.	Date and location of issuance	Activity
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 Company's capital is set at SR 115,000,000 (One hundred and fifteen million) divided into 11,500,000 shares , the share's value is SR 10.

1-4 The Financial year begins on the first of January of each year and ends on December 31 of the same year.

1-5 The head office of the Company is located at 7306,Phase - New Industrial City, PO Box 14335 ‹Riyadh-2483.

1-6 The attached consolidated financial 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.

(Expressed in Saudi Riyal unless otherwise stated)

1. General Information (Continued)

Company name	Country of incorporation	Main Activity	Percentage of ownership 2022	2021
FPC	Kingdom of Saudi Arabia	Manufacture of ready-made textiles, excluding apparel	100%	100%

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

Branch name	Branch Commercial Registration No.	Date and location of issuance	Activity
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
Makamen Dammam CO for Tents	2050143023	Rajab17 ,1442 (H) Dammam .	Retail textiles and fabrics of clothed types retail textiles and fabrics of unworn types such as curtains, retail tents.
Qassim Makamen CO for Tents	1131311975	Rajab17 ,1442 (H) Buraida.	Retail textiles and fabrics of clothed types retail textiles and fabrics of unworn types such as curtains, retail tents.
Zilal Al Dana Co. for Tents	1010822409	Safar 1,1444H Riyadh	Blacksmithing workshop
FPC Industries Company, Dubai Branch	811440	Shawal 27, 1442 (H) Dubai	Management office

1-6-1 At the end of the first quarter of the year 2020 (G) the Company has announced (Filling and Packing Materials Manufacturing Company) on the Tadwal's site dated Rajab 7, 1441 (H) corresponding March 2, 2020 (G) about a signing convention for acquisition the whole of non-controlling quotas in the subsidiary company where the quota of the Filling and Packing Materials Manufacturing Company in the subsidiary company is 80% while the partner owns (Erad investment co.) a percentage 20%, therefore, will become the subsidiary company is fully owned for the Company (Filling and Packing Materials Manufacturing Company) and the convention of acquisition is requiring the partner to abdicate his whole quotas which are 20% in the subsidiary company for it's rights and liabilities to (Filling and Packing Materials Manufacturing Company) will be in exchange for obtaining on a percentage 20% of the net profit according to the audited financial statements at the end of each year for only ten years (duration of convention) till the end the financial year on 31,2029 December, The articles of incorporation has been amended according that.

1-6-2 The impact of that convention has been presented on the consolidated financial statements on 31 December, 2022 and 2021 G (Note No 25).

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2-1 Accounting standards applied

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

Wherever the phrase "International Financial Reporting Standards" appears in these notes, it refers to "International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization Chartered and Professional Accountants." The approved international standards are the international standards as issued by the International Council In addition to the requirements and disclosures added by the Authority to some of these standards, according to what was stated in the International Financial Reporting Standards approval document, and what is meant by standards and dumb versions is what the Saudi Organization for Auditors and Accountants adopts in terms of technical standards and opinions for topics not covered by international standards, such as the subject of Zakat .

2-2 Accounting convention / Basis of measurement

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

2-4 Basis for consolidating the consolidated financial statements

These Consolidated Financial Statements comprising the Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss and other Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the Consolidated Financial Statements of the Group include assets, liabilities and the results of the operations of the Company and its subsidiary, as set out in note (1). The Company and its subsidiary are collectively referred to as the "Group".

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure to risks, and has rights to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control assessing.

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition with fair value.

Non-controlling interests in the results and equity of not wholly owned subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income consolidated statement of changes in equity and consolidated statement of financial position.

Subsidiaries are consolidated from the date on which group control until the date on which control ceases.

The group uses the acquisition method for accounting when transferring control to the group, where:

- The cost of the acquisition is measured at the fair value of the specific assets acquired.
- The excess of the cost of acquisition plus the fair value of non-controlling interests over the net value of the identifiable assets acquired as goodwill is recorded in the consolidated statement of financial position.
- Acquisition-related costs are recorded when incurred and included in administrative expenses.

NCI is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, unrealised income and expenses and cash flows relating to transactions are eliminated in full on consolidation. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

The Company and its subsidiary have the same reporting periods.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, The following is done:

- De-recognizes the assets (including the goodwill) and liabilities of the subsidiary;
- De-recognizes the carrying amount of any non-controlling interest;
- De-recognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment remaining;
- Recognizes any surplus or deficit in the condensed consolidated statement of profit or loss;

The parent company's share in the previously listed components of other comprehensive profit is reclassified to profit or loss or retained earnings, as appropriate and required when the group eliminates the directly related assets or liabilities.

3. SIGNIFICANT ACCOUNTI NG POLICIES

3-1 ACCOUNTING POLICIES APPLIED

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements to all accounting periods presented.

3-1-1 Classification of assets and liabilities into current / non-current

Assets:

The Group presents assets and liabilities in the financial statements based on their classification into current / noncurrent items. The asset is current when:

- It is expected to be realized or there is an intention to be sold or consumed it in a normal operating cycle, or
- It is held primarily for the purpose of trading, or
- It is expected to be realized within 12 months after the financial reporting's period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least – 12 months after the financial reporting period.

The group classifies all other assets as non-current assets.

Liabilities:

A liability is current when:

- It is expected to be settled in a normal operating cycle, or
- It is held primarily for the purpose of trading, or
- It is due to be settled within twelve months after the financial reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the financial reporting period.

The group classifies all other liabilities as non-current assets.

3-1-2 Cash and cash equivalents

For the purpose of preparing the statement of cash flows, cash and cash equivalents consist of balances with banks, cash on hand and short-term deposits with an original maturities of three months or less and other short-term highly liquid investments, if any, whose original maturity is three months or Less than the date of its creation and are available to the Group without any restrictions. It also includes overdraft accounts that are an integral part of the Group's cash management and are expected to be changed from overdrafts to current accounts.

3-1-3 Inventory

Inventory is stated at cost or net realizable value whichever is lower Cost is determined as following:

- Raw materials, consumables and spare parts: Purchase cost on a weighted average basis Cost of purchase includes the purchase price, custom duties, and the other taxes otherwise, those which refundable, later, from tax authorities and the costs of transportation and handling and other costs attributable directly to the acquisition and deduct the trade discounts and the reductions and other similar items when determines the cost of purchase.
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- The net realizable value consists of the estimated selling price less incremental completion costs and an appropriate share of selling and distribution expenses. Any decrease in the cost of inventories to the net realizable value should be recognized as an expense in the period in which the reduction occurs. Any reversal of impairment should be recognized in the statement of profit or loss in the period in which the reversal occurs.
- Provision is made, where necessary, for any slow moving or defective inventory and the cost of the inventory is recognized as an expense and recognized in the cost of revenue.

3-1-4 Property, plant and equipment

A- Recognition and measurement

- Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of acquisition of the asset includes all costs related to the acquisition of the asset. In addition to any other costs directly related to placing the equipment, as well as dismantling and removing items and restoring the equipment to its original condition.
- An item of property, plant and equipment is derecognized when it is disposal or no future economic benefits are expected from its use or disposal.
- Gains and losses on disposal of an item of property, plant and equipment are determined by comparing net disposal proceeds with the carrying amounts of property, plant and equipment and are recognized net of other income (expense) in profits or losses.
- Subsequent expenditure is capitalized only when it results in increase in the future economic benefits and can be reliably measured.
- Loan financing costs are capitalized to finance the creation of qualifying assets during the year required to complete and process the assets for the purpose.
- Where significant portions of property, plant and equipment have different useful lives, they are then accounted for as items of property, plant and equipment.
- The cost of replacing an important part of the item of property, plant and equipment is recognized in the carrying amount of the item if potential future economic benefits are probable to flow to the Group and these costs can be measured reliably. The carrying amount of the item being derecognized is eliminated when significant parts of the property, plant and equipment are required to be replaced over time. The Group recognizes such items as individual assets with specific useful lives and is depreciated accordingly. Similarly, when performing a major examination, its cost is included in the carrying amount of the property and equipment as a replacement if the inclusion criteria are met. Other repair and maintenance costs are included in the profits or losses as incurred.

B- Depreciation

The cost less estimated residual value is depreciated on a straight-line basis over the useful lives of the assets, the depreciation of some production line is made on the basis of the amount produced during the period attributable to the amount estimate to produce the asset during its useful live and for the remaining property and plant and equipment, the depreciation is made on the basis of the useful live of the asset Land and capital works under construction are not depreciated as follows.

	Useful live
Buildings on leased land	33years or lease contract whichever is shorter
Machinery and equipment	10-25 years
- Vehicles	4 years
Furniture and office equipment	5 years
bits and pieces	7 years

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esidual value and useful lives of the asset are reviewed in case there are indications of significant changes since the date of the last annual report and adjusted for future impact, when necessary.

C- Capital works in progress

- Capital work in progress at the end of the year includes certain assets that have been acquired but are not ready for the intended use. Capital work is carried at cost less any impairment recorded in value. These assets are transferred to related asset classes and depreciated when they are ready for use.

3-1-5 Intangible Assets

- Intangible assets (excluding goodwill) acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.
- The useful lives of intangible assets are assessed to be either specific or indefinite.
- Assets produced internally (excluding capitalized development costs) are not capitalized and related expenses are recognized in the statement of profit or loss in the period in which they are incurred.
- Intangible assets with finite useful lives are amortized over the useful economic life.
- The residual values of intangible assets with finite lives, their useful lives and impairment indicators at the end of each financial year are reviewed for impairment if there is an indication that the intangible asset may have been impaired.
- Changes in the expected useful life or expected pattern of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates and adjusted prospectively, if necessary.
- Amortization expense for intangible assets with finite lives is recognized in the statement of profit or loss and other comprehensive income under expenses category in line with the function of intangible assets.
- Subsequent expenditure is capitalized only when the future economic benefits associated with the expenditure are likely to flow to the Group and the expenditure can be measured reliably.
- Gains or losses arising on de recognition of an intangible asset are measured as the difference between net sales proceeds and the carrying amount of the asset and are included in the statement of profit or loss and other comprehensive income when the asset is disposed of.

3-1-6 Borrowing costs

- Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.
- Borrowing costs directly attributable to the establishment of an asset are capitalized using the capitalization rate up to the stage in which the work necessary to prepare the qualifying asset for the intended purpose is effectively completed and are then charged to profit or loss. In the case of specific loans, all such costs directly attributable to the acquisition, construction or production of an asset that require a substantial period of time for its intended preparation or sale, such costs are capitalized as part of the cost of the related asset. All other borrowing costs are expensed in the period in which they occur.

3-1-7 Leases

The determination of whether the arrangements are (or its substance) is a lease based on the substance of the agreement of the beginning of the contract. An arrangement is assessed to determination whether its performance depends on the user of assets or that the arrangements transfer the right to use the asset even if the asset is not explicitly identified in the arrangement.

The Group as a lessee

The Group recognises a right-of-use asset and a corresponding lease liability related to the lease contracts which the requirements of IFRS (16) apply where:

- Each a rental payment is distributed between the liabilities and the finance cost.
- The finance cost is charged to profit and loss over a lease term where be achieved a static periodical commission rate on the remaining balance of the liability for each period.
- The right of use assets was amortized with the cost that involving the following:

  - The amount of initial measurement for lease liabilities.
  - Any lease payments which were paid at or before the commencement date of the contract less any received rental incentives.
  - The costs of renewal. (if any)

- The lease liabilities comprise the following net present values of payments:
  - The fixed payments (including the fixed payments in its substance) less any debit incentives.
  - The variable lease payments which based on an indicator or rate. (if any)
  - The amounts which expected to be paid pursuant to the guarantees of the residual value.
  - The price of exercising of the option of purchasing if a lessee sure reasonably from exercise that option if any.
  - Payments of the fines related to terminate a lease contract, if the lease term reflects reasonably of exercising the lessee for that option (if any).
- The payments of a lease contract are discounted by using an incremental borrowing rate which represents the price that would pay by the lessee to borrow the necessary funds to obtain an asset in a similar value in a similar economic environment with similar conditions and terms.
- The payments related to short-term leases and low-value leases are recognised as an expense in profit and loss. The short-term leases are the leases that have a lease period 12month or less.
- Renegotiation on the lease contract's terms is made on an individual basis and contains a large of conditions and different terms. The arrangements of the lease contracts do not impose any pledges but the right-of-use assets do not use as a guarantee for the purposes of borrowing.

The Group as a lessor

- The determination of whether the agreements are (or its substance) is a lease based on the substance of the agreement of the beginning of the contract.
- Each lease (if any) are classified as a finance lease or an operating lease, where the regard of a lease is a finance lease or an operating lease depends on the substance of a transaction, not on the form of the contract.
- A lease is classified as a finance lease if a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.
- A lease is classified as an operating lease that does not transfer substantially all the risks and rewards incidental to the owner ship of an underlying asset.
- The lease incentives or any increase in the lease contracts are included as part of the total liability from the lease contract and are calculated on a straight line basis over the period of the contract. Contingent rentals are included as revenue in the period in which they are calculated.

3-1-8 Impairment of non-financial assets

- At each reporting date, the Group reviews non-financial assets (other than inventories) to determine whether there is any indication or circumstances that indicate an impairment loss or reversal of impairment loss. If this indicator exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss or reversal of the impairment loss, if any.
- When over it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis for allocation can be determined, the joint assets are allocated to individual cash-generating units or otherwise distributed to the smaller group of cash-generating units for which a reasonable and consistent basis of allocation can be determined.
- The recoverable amount of the asset is the fair value of the asset or cash generating unit less costs to sell or value in use - whichever is higher,
- The recoverable amount of an individual asset is determined unless the asset generates cash flows that are substantially independent of the expenditure generated from other assets or groups of assets.
- When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and its value is reduced to its recoverable amount.
- In assessing the value in use, estimated future cash flows are discounted to their present value using the pre-tax discount rate, reflecting current market assessments of the time value of money and the specific risks of assets for which future cash flow estimates have not been adjusted.
- When determining the fair value less costs to complete the sale, recent market transactions are taken into consideration and, if such transactions can't be identified, an appropriate valuation model is used.
- An impairment loss is recognized directly in profits or losses unless the relevant assets are carried at their revaluated amount. The impairment loss is treated in this case as a revaluation decrease.
- Where the impairment loss is reversed subsequently, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount so that the carrying amount does not exceed the carrying amount that would have been determined had the impairment loss been recognized value of assets (or cash-generating unit) in prior years. An impairment loss is recognized directly in the profits or losses unless the relevant assets are carried at their revaluated amount. The impairment loss is recognized in this case as an increase arising from revaluation.
- Intangible assets with indefinite useful lives and intangible assets that are not available for use after being reviewed for impairment at least annually and whenever there is an indication of impairment.

3-1-9 Fair value measurement

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transaction for to sell the asset or transfer the liability take place either:
  - Through the principal market of the asset or liability, or
  - Through the market most beneficial to the asset or liability in the absence of a principal market.
- The principal market or market must be the most accessible by the group.
- The fair value of an asset or liability is measured using the assumptions used by market participants when pricing the asset or liability on the assumption that the parties in the market act in the best economic interest.
- The measurement of the fair value of a non-financial asset takes in consideration the ability of the parties in the market to provide economic benefits by using the asset to obtain the best benefit from it or to sell it to another party in the market for the best benefit.
- The Group uses valuation techniques that are appropriate to the circumstances and have sufficient data to measure fair value, maximize the use of observable data and reduce the use of non-observable related data, where:
  - The responsibility to supervise all important fair value measurements is the responsibility of management, including the third level of fair values.
  - The management reviews significant non-observable inputs and valuation adjustments periodically.
  - The management evaluates the evidence obtained from a third party to support the conclusion that these valuations meet the requirements of the IFRS adopted in Saudi Arabia, including the level in the hierarchy of fair value for which such assessments should be classified if information is used by a third party, such as brokers' prices or pricing services, are used to measure fair values.
- The Group uses observable market data to the extent possible when measuring the fair value of an asset or liability. The fair values are classified at different levels in the fair value hierarchy based on the inputs used in the valuation techniques as follows:
  - Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
  - Level 2 : Inputs other than prices listed in level 1 for identical assets and liabilities that could be observed for the assets or liabilities other than direct or indirect (as derivate of the price of the adjustment)
  - Level 3: Inputs for assets and liabilities that are not based on observable market data (unobservable input and inactive market)
- If the inputs used to measure the fair value of an asset or liability are at 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 essential for full measurement.
- Transfers are recognized between the levels of the fair value hierarchy at the end of the reporting period in which the change occurs.

3-1-10 <u>Financial instruments</u>

- Financial instruments are recognized and measured in accordance with the requirements of IFRS (9) "Financial Instruments", which defines and addresses the classification, measurement and de-recognition of financial assets and financial liabilities and certain contracts for the purchase or sale of non-financial items. The details of the relevant accounting policies are set out below.
- **Initial recognition – financial assets and financial liabilities**
- Financial assets and liabilities are recognized when the entity becomes a party to the contractual of the instrument.
- **Initial measurement**

  On initial measurement, except for trade receivables that do not include a material financing component, the financial asset is measured at fair value through profit or loss. The transaction costs directly attributable to the acquisition of the financial asset are recognized in profit or loss. If the financial asset is not at fair value through profit or loss, the financial asset is measured at its fair value plus transaction costs directly attributable to the acquisition of the financial asset. Trade receivables that do not have a material financing component or which are less than 12 months old are measured at the transaction price in accordance with IFRS (15).
- **Classification and subsequent measurement**

  The subsequent measurement of non-derivative financial assets depends on their classification into the following measurement categories based on the business model in which the financial assets are managed as well as the contractual terms of cash flows:

A) Financial assets at fair value through profit or loss:

Financial assets at fair value through statement of profit or loss are measured at the end of each reporting period without any transaction costs that the Group may incur when selling or disposing of any financial asset in the future.

All financial assets that are not classified as measured at amortized cost or at fair value through other comprehensive income and will be described below are measured at fair value through profit or loss. This includes all other derivative financial assets. On initial recognition, the Group is entitled to finalize financial assets that otherwise meet the measurement requirements at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss.

If the Group does so, it omits the accounting mismatch that may arise in one way or another or significantly reduces mismatches.

B) Financial assets at fair value through other comprehensive income:

They are either (debt instruments at fair value through other comprehensive income) or (equity instruments at fair value through other comprehensive income)

Financial assets at fair value through other comprehensive income are measured at the end of each reporting period and the transaction costs incurred by the Group are derecognized when the asset is disposed of in the future.

Investments in debt instruments are measured at fair value through other comprehensive income if the following two conditions are met and are not measured at fair value through profit or loss:

- ✓ It is maintained within a business model that is verified by collecting contractual cash flows and selling financial assets. And
- ✓ Their contractual periods are established on specific cash flow dates that represent only payments of principal and interest on the principal of the amount outstanding.

Upon derecognition of financial assets, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to the statement of profit or loss. However, the fair value gains or losses are not reclassified to profit or loss in the case of equity instruments.

C) Financial assets measured at amortized cost:

The financial asset should be measured at amortized cost using the effective interest method if the following conditions are met:

1) The financial asset is retained within the business model, which is intended to hold financial assets from the collection of contractual cash flows; and
2) The contractual terms of the financial asset on specific dates result in cash flows that are principal and interest payments on the principal outstanding.

Financial assets measured at amortized cost include trade and other receivables.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate method less impairment (if any). Amortized cost is calculated by taking into consideration any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Effective interest rate amortization is included in financing revenue in profit or loss. Impairment losses are recognized in profit or loss.

The method of recognizing and presenting the profits or losses resulting from classifying the above categories is as follows:

Measurement class	Recognizing and presenting the profits or losses
Financial assets at amortized cost	- The following items are included in statement of profit or loss: ▪ Interest income using the effective interest rate method. ▪ Expected credit losses (or reversal of losses) (impairment and reversal) ▪ Foreign exchange gains or losses - When the financial asset is derecognized (Disposed), the resulting gain or loss is recognized in profit or loss.
Debt instruments at fair value through other comprehensive income	- Gains and losses are recognized in other comprehensive income **<u>except for the following items</u>** which are recognized in profit or loss in the same manner as for financial assets measured at amortized cost: ▪ Interest income using the effective interest method. ▪ Expected credit losses (or reversal of losses). (Impairment and reversal) ▪ Foreign exchange gains or losses - When the financial asset is de-recognized (Derecognition), the cumulative gain or loss in the other comprehensive income is reclassified to profit or loss
Investment in equity instruments at fair value through other comprehensive income	- Gains or losses are recognized in other comprehensive income - Dividends from these investments must be recognized as income in profit or loss unless they clearly represent the payment of part of the cost of the investment. - The amounts recognized in other comprehensive income are not reclassified to profit or loss under any circumstances.
Investment at fair value through profit or loss	- Gains or losses arising either from subsequent measurement or from derecognition are recognized in profit or loss.

- **Reclassification**
  When _and only when _ an entity changes its business model in the managing of financial assets, it must reclassify all its affected financial assets in accordance with the above classification requirements.
- **Derecognition of financial assets**
  The de-recognition of a financial asset (or, as appropriate, a part of a financial asset or a part of a group of similar financial assets) (which mean its disposal from the financial position statement) when the cash flow rights commented of the asset is done or when the financial asset is transfer the financial assets or all its risks and benefits to another party. The difference in carrying amount is recognized in the profit or loss.
- **Impairment of financial assets**
  At each reporting date, the Group assesses the probability of objective evidence that the financial asset measured at cost or amortized cost may be impaired. Impairment arises when one or more events occur, if the initial recognition of an asset has an impact on the estimated future cash flows of a financial asset or a group of financial assets that can be reliably measured.

IFRS (9) requires the Group to apply a model to measure expected credit losses in respect of impairment of financial assets. Credit event occurrence is not necessary to include credit losses. Instead, using the expected credit loss model, the entity calculates the expected credit losses and changes as of each reporting date.

The expected credit loss should be measured and made a provision to it either in the amount equivalent to:

(a) 12 months of expected losses or

(b) Long term expected losses.

- If the credit risk of the financial instrument is not substantially increased from the beginning, then a provision equal to the expected loss of 12 months is created.
- In other cases, provision should be made for long-term credit losses.

For trade receivables and other receivables, the Group has applied the simplified method in accordance with the Standard and calculates credit losses according to credit loss forecasts over the life of the financial assets where:

- The Group has established a matrix of provisions based on the Group's past experience with respect to credit losses, and adjusted for future factors relating to debtors and the economic environment.
- Impairment losses relating to trade receivables are presented separately in profit or loss.

Except for investments in debt instruments measured through other comprehensive income, the Carrying value of the asset is reduced through the use of the provision account and the amount of the loss is recognized in profit or loss. Interest income continues to be depreciated using the interest rate used to discount future cash flows to measure impairment loss. Loans are written off with the loan-related provision when there is no realistic prospect of future recovery and all guarantees are realized or transferred to the Group.

- In respect of investments in debt instruments measured through other comprehensive income, the provision for the loss of other comprehensive income accumulated in the investment revaluation reserve is recognized and does not reduce the Carrying value of the financial asset in the statement of financial position.
- In any case, if in a subsequent year, the amount of the impairment loss increased or decreased because of an event occurring after the impairment was recorded, the previously recognized impairment loss is increased or reduced by adjusting the provision account. If a subsequent write-down is reversed, the reversal is recognized in profit or loss.

Financial liabilities

The Group's financial liabilities include accounts payables and accruals amount.

- **Initial measurement**

  Financial liabilities are initially recognized as financial liabilities at fair value through profit or loss and other comprehensive income and as loans, advances and payables as appropriate.

  All financial liabilities are initially measured at fair value and in the case of long-term loans, advances and accounts payable, net of direct costs related to the transaction. (I.e. except for financial liabilities at fair value where transaction costs directly related to the acquisition of financial liabilities are recognized directly in profit or loss).

- **Classification and subsequent measurement**

  A) At amortized cost

  The entity must classify all financial liabilities at amortized cost and subsequently measured, except for:

  1) Financial liabilities at fair value through profit or loss.
  2) Financial liabilities that arise when a financial asset that is unqualified for de-recognition is derecognized or when the method of continuing involvement is applied (the continuing correlation method).
  3) Financial guarantee contracts.
  4) Obligations or commitments to provide a loan at an interest rate lower than the market price and not measured at fair value through profit or loss.

  The potential price (consideration) recognized by the acquirer in a business combination that is in accordance with IFRS (3). This potential price is subsequently measured at fair value with changes recognized in profit or loss.

  All financial liabilities of the Group are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss and other comprehensive income when the liability is derecognized through the amortization of the effective interest rate.

  Amortized cost is calculated by taking into consideration any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. Effective interest rate amortization is included as finance costs in the statement of profit or loss.

  Gains or losses on financial liabilities measured at fair value (which are not part of the overall hedging relationship) are recognized in profit or loss. Except for gains or losses on certain financial liabilities that are designated at fair value through profit or loss when the Group is required to assess the effects of changes in credit risk associated with liabilities in other comprehensive income.

  B) Financial liabilities at fair value through profit or loss

  Financial liabilities included in this category include:

  1. Liabilities held for trading.
  2. Liabilities derivatives not designated as hedging instruments.
  3. Liabilities designated at fair value through profit or loss.

  After initial recognition, the Group measures financial liabilities at fair value and recognizes changes in profit or loss.

  Usually Gains and losses on financial liabilities designated at fair value are recognized in profit or loss as follows:

  1. The amount of the change in the fair value of a financial liability that is attributable to changes in credit risk is recognized in other comprehensive income.
  2. The residual value of the change in the fair value of the financial liability is recognized in profit or loss.

C) Financial liabilities other than financial liabilities at fair value through profit or loss
Financial liabilities are measured at amortized cost using the effective interest rate.

- **Reclassification**
  The Group cannot reclassify any financial liability.
- **Derecognition of financial liabilities**
  A financial liability is de-recognized when it is fulfill, cancelled or terminated. When an existing financial liability is replaced by another from the same lender on substantially different terms or when the terms of an existing obligation are substantially modified, such a replacement or modification is treated as a derecognition of the original financial liability while recognizing the new obligation. The difference between the relevant Carrying values is recognized in profit or loss.
- **Set-off of financial instruments (set-off between financial assets and liabilities).**
  Financial assets and financial liabilities are offset and recorded net in the statement of financial position only when the following conditions are met:
  1- The Group has a statutory legal right to set-off the amounts recognized in assets and liabilities.
  2- The intention of the Group to settle on a net basis or to recognize the asset and settle the obligation simultaneously.

3-1-11 Revenues recognition

- Revenues arising from contracts are recognized and measured in accordance with the requirements of IFRS (15), unless they are within the scope of other standards.
- Revenue is measured on the basis of the compensation specified in the contract with the customer, with the exception of amounts collected on behalf of other parties. The Group recognizes revenue when transferring control over the products or services provided to the customer.
- IFRS 15 is applied either with full retrospective or amended application where:
- The Group applied the International Financial Reporting Standard in its financial statements starting from 1 January 2020 in a way that assesses the cumulative effect, and the Group did not amend its financial statements for the presented comparative periods in accordance with the exemptions available.
- Where the Group records revenue from contracts with clients based on the following five steps:
  a) Determining the contract with the client: A contract is an agreement between two or more parties that results in mandatory rights and obligations and clarifies the criteria that must be met for each contract.
  b) Defining performance obligations in the contract: A performance obligation is a promise to the customer according to the contract in order to transport goods or provide services to the customer.
  c) Determining the transaction price: The transaction price is the price expected from the Group in exchange for the transfer of goods or services agreed upon with the customer, excluding the amounts collected on behalf of third parties.
  d) Allocating the transaction price to the performance obligations in the contract: For a contract that contains more than one performance obligation, the Group distributes the transaction price to each performance obligation by an estimated amount of the price expected to be collected from the goods or services in exchange for the performance of the performance obligation.
  e) Revenue is recognized when (or when) the Group fulfills the performance obligation.

- The Group fulfills the performance obligation and recognizes revenue over the term of the contract if it fulfills any of the following requirements:
  a) The client obtains the benefits resulting from the performance of the Group and the consumption of those benefits at the same time, or
  b) The Group's performance leads to the creation or improvement of an asset that is under the customer's control at the time of improvement or creation, or
  c) The Group's performance of the obligation is not originally for other uses of the Group, and the Group has the right to collect the amount for the completed performance to date that is enforceable.
- For performance obligations where one of the above conditions are not met, revenue is recognized at the time the performance obligation is satisfied.
- When the Group fulfills a performance obligation by providing the promised goods or services, then the Group creates an asset based on the contract in exchange for the price it received as a result of the performance. If the amount of the billed price to the customer exceeds the amount of the listed revenues, this increases the commitment of the contract.
- Revenue is measured at the fair value of the price received or receivable, taking into account the contractual payment terms specified.
- Revenue is included in profit or loss to the extent of the expected flow of economic benefits to the Group, with revenues and costs - where applicable - being able to be measured reliably.
- **The Group's revenue is represented in:**
  - **<u>Revenue from Products Sales:</u>**
    - Revenue resulting from the sale of goods is recognized and an invoice is issued when all of the following conditions are met:
      - ✓ Transferring the significant risks and rewards of ownership of goods to the buyer.
      - ✓ The Group does not retain the right to continuous administrative intervention to the degree that is usually associated with ownership nor with actual control over the sold goods.
      - ✓ The amount of revenue can be measured reliably.
      - ✓ It is probable that the economic benefits associated with the transaction will flow to the Group.
      - ✓ The costs incurred or to be borne by the Group in connection with the transaction can be measured in a reliable manner.
    - The Group does not have any loyalty programs under which points are awarded to customers, and therefore no deferred revenue is recognized for the items sold.
    - **Elements of financing**

      The Group does not currently have or expects at the present time any contracts with clients for routine sales or products where the period between transferring the promised products or services to the customer and paying the customer exceeds one year. As a result, the Group is not currently making an adjustment to any transaction rates regarding the time value of money. However, if any such situation is identified, the relevant amounts are remeasured in order to adjust the time value of the funds.

    - **Warranty obligations**

      The Group provides guarantees regarding the sold goods when certain terms and conditions are applied, and accordingly the Group is subject to the requirements of the International Financial Reporting Standard No. 15 with regard to deferring the recognition of revenues and recording contract obligations.

3-1-12 Costs Of Revenue

- All expenditures are recognized on an accrual basis, and operating costs are recognized on the basis of historical cost. Production costs and direct manufacturing expenses are classified as cost of sales. This includes raw materials, direct labor and other related indirect costs. Other costs such as selling costs are recorded as selling and distribution expenses, while all other remaining expenses are shown as general and administrative expenses.

3-1-13 Expenses

- Selling and marketing expenses and general and administrative expenses include direct and indirect costs that are not specifically considered part of the cost of revenues .
- Selling and marketing expenses in those expenses arising from the Group's underlying sales and marketing functions .
- All expenses except for financial charges, amortization, depreciation and impairment losses are classified as general and administrative expenses .
- Other joint expenses are allocated between the cost of revenue, selling and marketing costs and general and administrative expenses on a consistent basis where necessary.

3-1-14 Income Tax and Zakat

Zakat

- Zakat is calculated in accordance with zakat regulations issued by the General Authority for Zakat and Income in the Kingdom of Saudi Arabia ("the Authority" .
- Zakat is charged to the profit or loss.
- Any additional obligations and settlement of adjustments resulting from the Zakat, if any, that may become due upon completion of the assessment are recorded in the same fiscal year in which the zakat assessment is recognized.

Withholding tax

- The Group deducts taxes on certain transactions with non-resident entities in Saudi Arabia as required in accordance with the applicable tax regulations in the Kingdom of Saudi Arabia. The withholding tax relating to foreign payments is recognized as a liability.

Transaction tax

1- Income, expenses and assets are recognized net of transaction tax (VAT), except for:
   - Where the transaction tax incurred in the purchase of an asset or service is not recoverable from the tax authority, in which case the transaction tax is recognized as part of the cost of the asset or as part of the expense, where applicable.
   - Accounts receivable and payables that have been included with the transaction tax amount.

2- The net amount of the transaction tax recoverable from, or payable to, the tax authority is included as part of the receivables or payables in the statement of financial position.

3-1-15 Foreign currency transactions and balances

- Foreign currency transactions are translated into Saudi Riyals (functional currency) at the rates of exchange ruling at the date of the financial statements. Gains and losses arising from changes in exchange rates are recognized in profit or loss.
- Non-monetary items that are measured at the historical cost of a foreign currency are retranslated using the exchange rates at the date of the initial transactions and are not subsequently adjusted. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date that the fair value was determined. The gain or loss arising on the translation of non-monetary items measured at fair value is accounted for in accordance with the recognition of profit or loss from changes in the fair value of the related item.

3-1-16 Provisions

A. Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event and there is a possibility that the Group will be required to settle this obligation through cash flows from outside the Group that reflect economic benefits and a significant estimate of the amount of the obligation can be made. Where the Group expects to repay some or all of the provision - for example - under an insurance contract, the payment is recognized as an independent asset but only when the payment is actually confirmed. The expense for the provision is presented in to profit or loss after any payment.

B. If the effect of the time value of money is significant, the provisions is determined by discounting the expected future cash flows at the current discount rate before the tax that reflects current market assessments of the time value of money and the risks related to the obligation. When the discount is used, the excess of the provision is recognized as a result of the passage of time as the cost of financing in the profit or loss.

C. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If a flow of required external resources with economic benefits to settle the obligation is no longer probable, the provision is reversed.

D. Cessation of operations costs (assets related to the removal of assets).

E. A provision to suspend operations is recognized when the Group is responsible for the restoration or rehabilitation of the land. The degree of suspension of the required operations and related costs depends on the requirements of current laws and regulations.

Costs included and included in the provision include all expected cessation liabilities over the life of the assets. The provision for suspending operations is discounted to its present value and capitalized as part of the assets under property, plant and equipment and is amortized over the life of the asset.

Adjustments to the estimated amount and time of cash flows to discontinue operations are normal in light of the significant judgments and estimates involved. These adjustments are recorded as an increase in liabilities offset by an increase in the related assets. Factors affecting these adjustments include:

- Technology development.
- Regulatory requirements and environmental management strategies.
- Changes in the estimated threshold and expected costs of activities, including the effects of inflation.
- Changes in economic sustainability.

3-1-17 Employee benefits

A. Defined Benefit Programs

- The Group provides a defined benefit plan to its employees in accordance with the Saudi Labor Law. The Group's net liability in respect of defined benefit plans is calculated by estimating and deducting the amount of future benefits acquired by the employee in the current and prior periods. The defined benefit obligations are calculated annually by a qualified actuary by the projected unit credit method, which takes into account the provisions of the Saudi Labor Law and Group policy.
- The defined benefit obligation is periodically re-measured by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by deducting estimated future cash outflows and due to the lack of a deep market for government bonds / skunk or corporate bonds / skunk in Saudi Arabia, the discount rate is determined by reference to the Dow Jones Skunk Dividend. The net commission cost is calculated by applying the discount rate to the net balance of defined benefit obligation and the fair value of the program assets.
- The defined benefit obligation costs are calculated using actuarially defined retirement costs at the end of the previous year, adjusted for significant market fluctuations and any significant one-time events such as program adjustment, manpower reduction and reimbursement. In the absence of such significant market fluctuations and one-time events, the actuarial liability is extended based on the assumptions at the beginning of the year. If there are significant changes in assumptions or arrangements during the initial period, they are considered for re-measurement of these liabilities and related costs.
- Re-measurement of the net liability of defined benefit schemes consisting of actuarial gains and losses is recognized directly in other comprehensive income. The Group calculates net interest by applying the discount rate used to measure the net defined benefit obligation or asset. Net interest expense and other related expenses are recognized in the profit or loss programs as defined in the profit or loss.
- When the benefits of a program change or when the duration of the program is reduced, the resulting change in benefit relating to the past service, profit or loss from the immediate reduction in profit or loss is recognized.

B. Short-term employee benefits

A liability is recognized for benefits to employees relating to wages and salaries including non-monetary benefits, annual leave, sick leave and travel tickets during the period in which the service is provided, as well as the undiscounted amount of the benefits expected to be paid for that service on the basis that the related service may Performed. Recognized liabilities relating to short-term employee benefits are measured at the amount that is not deductible and is expected to be paid for the service rendered.

C. Employee benefits after end of service

The Group pays retirement contributions to its Saudi employees to the Social Insurance Institution and represents a specific contribution plan and the payments are considered as expenses when incurred.

3-1-18 Liabilities and contingent assets

A. Contingent liabilities are obligations that are likely to arise from past events and are confirmed to exist only through the occurrence or absence of one or more uncertain future events that are not within the overall control of the Group. or an existing obligation that is not proved because it is unlikely that there will be a need for the flow of resources to settle the obligation. In the event that the amount of the obligation cannot be measured reliably enough, the Group does not demonstrate the contingent liabilities but discloses them in the financial statements.

B. The potential assets are not recognized in the financial statements but are disclosed when economic benefits are probable.

3-1-19 Earnings per Share

- Basic earnings per share is calculated by dividing the net income attributable to the Group's shareholders by the weighted average number of shares outstanding during the year.
- Reduced earnings per share is calculated by dividing the profit attributable to the group's shareholders (after adjusting for interest on convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that will be issued when converting all potential reduced ordinary shares into shares normal.
- Since the Group does not have any convertible shares, the basic earnings per share equals the reduced earnings per share.

3-1-20 Cash dividends of the Group's Shareholders

- The Company recognizes the obligations related to the payment of cash dividends to the Company's shareholders when the distribution is approved
- In accordance with the Companies Law in Saudi Arabia, dividends are approved by the shareholders.
- Initial dividends, if any, are recorded upon approval by the Board of Directors. The amount of the consideration is recognized directly in equity.

3-1-21 Prepaid expenses

Prepaid long-term expenses (if any) are recognized at cost less any accumulated impairment losses.

3-1-22 Segments Reports

- The business segment is a group of assets, operations, or facilities:
  1) Conducts its business in commercial activities through which it is possible to generate revenues and incur expenses including revenues and expenses related to transactions with other components of the Group;
  2) The results of its operations are analyzed on an ongoing basis by the Chief Operating Officer in order to make decisions related to resource allocation and performance evaluation; and
  3) On which accurate information is available separately.
- The geographical segment provides products or services within a specific economic environment that is exposed to risks and returns that differ from operating sectors in other economic environments.

4 SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

4-1 Judgments

Compliance with performance obligations

- The Group has to assess each of its contracts with customers to determine whether performance obligations have been met over time or at a 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 .
- The Group has chosen to apply the input method in the transaction price distribution for the performance obligation where the revenue is recognized based on the Group's efforts to meet the performance obligation, providing the best reference to the income actually earned .

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.

Consolidation of subsidiaries

- The Group evaluated all investee companies to see if they exercise control over them in accordance with International Financial Reporting Standard No. (10) "Consolidated Financial Statements". The Group evaluated, among other things, the stake it owns, the applicable contractual arrangements, their capacity, and the limits of their participation in the related activities. In investee companies, to determine whether they exercise control over them or not.

4-2 Estimates and assumptions

Defined Benefit Programs

- The cost of the defined benefit programs and the present value of the obligation are determined using actuarial valuations. The actuarial valuation includes many different assumptions that differ from actual developments in the future. This includes the determination of discount rates, future salary increases, mortality rates and the rate of movement of staff. As a result of the complexity and long-term nature of the valuation process, the commitment of specific benefits is highly sensitive to changes in these assumptions. All assumptions are examined at the reporting date. The most commonly used measurement criteria are the discount rate and the future salary increase.

  When determining the appropriate discount rate, management relies on market yield on high quality corporate bonds. Future salary increases depend on future inflation rates, seniority, promotion, supply and demand in the employment market. The mortality rate is based on the mortality tables available for specific countries. The extrapolation of mortality tables may change over time in response to population changes. Further details on staff benefit obligations are provided in the clarification (14).

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.

Productive useful life of property, equipment

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

Impairment of non-financial assets.

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

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

Going concern

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

(Expressed in Saudi Riyal unless otherwise stated)

5 PROPERTY, PLANT & EQUIPMENT ,net

5-1 PROPERTY, PLANT & EQUIPMENT

	Buildings & Construction on Leased land	Machinery & Equipment	Leasehold Improvements	Vehicles	Furniture, Fixtures & Office Equipment	Tools	Capital Works in Progress	Total
Cost:								
As at January 1, 2022	36,894,418	257,918,604	11,838,077	3,619,168	9,210,529	653,565	4,412,975	**324,547,336**
Additions during the year	10,030	198,615	-	-	291,203	127,104	8,176,263	**8,803,215**
Transfer from Capital works in progress	-	11,522,937	-	-	-	-	(11,522,937)	-
As at December 31, 2022	**36,904,448**	**269,640,156**	**11,838,077**	**3,619,168**	**9,501,732**	**780,669**	**1,066,301**	**333,350,551**
Accumulated Depreciation:								
As at January 1, 2022	28,097,230	135,647,413	884,475	3,163,628	8,363,365	124,746	-	**176,280,857**
Depreciation for the year	1,174,844	5,795,760	355,140	272,778	366,519	81,230	-	**8,046,271**
As at December 31, 2022	**29,272,074**	**141,443,173**	**1,239,615**	**3,436,606**	**8,729,884**	**205,976**	-	**184,327,128**
Net Carrying value:								
At December 31, 2022	**7,632,374**	**128,196,983**	**10,598,462**	**182,762**	**771,848**	**574,693**	**1,066,301**	**149,023,423**
At December 31, 2021	**8,797,188**	**122,271,191**	**10,953,603**	**455,540**	**847,164**	**528,819**	**4,412,975**	**148,266,480**

- Major of Property , Plant, and Equipment are pledge to The Saudi Industrial Development Fund (SIDF) opposite the received loans.(Note No. 14).
- Property , Plant, and Equipment as of 31 December 2022 includes assets which fully depreciated and still work, costing amounting to SR 77,213,889.

(Expressed in Saudi Riyal unless otherwise stated)

Capital works in progress represented in the following:

	December 31, 2022	December 31, 2021
Machinery and Equipment	185,051	3,531,725
Computer systems and programs	881,250	881,250
	1,066,301	**4,412,975**

Depreciation of Property, Plant, and Equipment is charged as follows:

	2022	2021
Cost of Revenues	7,614,813	7,020,683
Selling and Distribution Expenses	181,243	177,405
General and Administrative Expenses	250,215	319,321
Unused capacity	-	66,951
	8,046,271	**7,584,360**

(Expressed in Saudi Riyal unless otherwise stated)

5-2 PROPERTY, PLANT & EQUIPMENT

	Buildings & Construction on Leased land	Machinery & Equipment	Leasehold Improvements	Vehicles	Furniture, Fixtures & Office Equipment	Tools	Capital Works in Progress	Total
Cost:								
As at January 1, 2021	36,535,140	259,760,459	11,735,968	3,818,168	9,031,500	438,274	3,248,242	**324,567,751**
Additions during the year	-	597,760	44,448	-	117,288	215,291	7,042,334	**8,017,121**
Disposals during the year	-	(7,834,037)	-	(199,000)	(4,499)	-	-	**(8,037,536)**
Transfer from Capital works in progress	359,278	5,394,422	57,661	-	66,240	-	(5,877,601)	-
As at December 31, 2021	**36,894,418**	**257,918,604**	**11,838,077**	**3,619,168**	**9,210,529**	**653,565**	**4,412,975**	**324,547,336**
Accumulated Depreciation:								
As at January 1, 2021	26,942,022	137,577,542	531,364	2,997,419	8,002,865	62,135	-	**176,113,347**
Depreciation for the year	1,155,208	5,283,224	353,111	365,208	364,998	62,611	-	**7,584,360**
Accumulated Depreciation of disposals	-	(7,213,353)	-	(198,999)	(4,498)	-	-	**(7,416,850)**
As at December 31, 2021	**28,097,230**	**135,647,413**	**884,475**	**3,163,628**	**8,363,365**	**124,746**	-	**176,280,857**
Net Carrying value:								
As at December 31, 2021	**8,797,188**	**122,271,191**	**10,953,603**	**455,540**	**847,164**	**528,819**	**4,412,975**	**148,266,480**
As at December 31, 2020	**9,593,118**	**122,182,917**	**11,204,604**	**820,749**	**1,028,635**	**376,139**	**3,248,242**	**148,454,404**

- Major of Property , Plant, and Equipment are pledge to The Saudi Industrial Development Fund (SIDF) opposite the received loans.(Note No. 14).
- Property , Plant, and Equipment as of 31 December 2021 includes assets which fully depreciated and still work, costing amounting to SR 75,225,579.

(Expressed in Saudi Riyal unless otherwise stated)

Capital works in progress represented in the following:

	December 31, 2021	December 31, 2020
Machinery and Equipment	3,531,725	2,143,178
Leasehold Improvements	-	379,439
Computer systems and programs	881,250	725,625
	4,412,975	**3,248,242**

Depreciation of Property, Plant, and Equipment is charged as follows:

	2021	2020
Cost of Revenues	7,020,683	6,341,319
Selling and Distribution Expenses	177,405	156,575
General and Administrative Expenses	319,321	303,549
Unused capacity	66,951	265,787
	7,584,360	**7,067,230**

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 September6, 2035G. Contracts are renewable after the approvals of the parties.

	December 31, 2022	December 31, 2021
A) Cost:		
As at the beginning of the year	9,426,841	9,426,841
Additions during the year	-	-
	9,426,841	**9,426,841**
Accumulated amortization:		
As at the beginning of the year	2,480,750	1,984,600
Amortization of the year – (Included in the cost of revenue)	496 150	496,150
	2,976,900	**2,480,750**
Net Carrying value	**6,449,941**	**6,946,091**

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

	31 December 2022		
	Current	Non-current	Total
Liabilities from lease contracts	780,023	9,360,288	**10,140,311**
Deferred financing expenses	(366,360)	(2,446,739)	**(2,813,099)**
	413,663	**6,913,549**	**7,327,212**

	31 December 2021		
	Current	Non-current	Total
Liabilities from lease contracts	780,024	10,140,312	**10,920,336**
Deferred financing expenses	(386,059)	(2,813,090)	**(3,199,149)**
	393,965	**7,327,222**	**7,721,187**

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

Year	minimum future lease payments
2023	780,024
2024	780,024
2025	780,024
After 2025	7,800,240
	10,140,312

(Expressed in Saudi Riyal unless otherwise stated)

7 INVENTORIES ,net

	Note	December 31, 2022	December 31, 2021
Raw material		23,381,526	28,412,904
Work In Progress		12,050,521	12,386,552
Finished goods		15,107,524	12,417,170
Spare parts		6,272,202	7,525,857
Materials and other supplies		3,636,130	2,936,221
Goods in Transit		1,741,552	3,065,326
		62,189,455	**66,744,030**
Less: Allowance for slow moving items	(7-1)	-	(3,749,919)
		62,189,455	**62,994,111**

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

	December 31, 2022	December 31, 2021
At the beginning of the year	3,749,919	4,699,919
Utilized during the year	(3,749,919)	-
No longer requires, during the year	-	(950,000)
	-	**3,749,919**

8 TRADE RECEIVABLES (net)

	Note	December 31, 2022	December 31, 2021
Trade receivables		48,274,486	54,836,445
Less			
Impairment loss	(8-3)	(2,036,167)	(6,805,495)
		46,238,319	**48,030,950**

8-1 As of December 31, 2022, trade receivables impaired with amounting of SR 2,036,167 (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 Trade receivables include amount of SR 19,627,866 (2021: SR 16,366,727) which not impaired, and override their due date more than the normal collection cycle, but not impaired. The Group's management believes that these amounts are fully collectible based on the previous payment behaviors and a comprehensive analysis of the credit risk of the customer, including the basic credit ratings of the customer, if available.

8-3 The movement of the impairment loss is as follows:

	December 31, 2022	December 31, 2021
At the beginning of the year	6,805,495	2,915,420
Impairment for the year	1,703,160	4,044,137
Utilized during the year	(6,472,488)	(154,062)
	2,036,167	**6,805,495**

8-4 The aging of trade receivables as at the date of the financial statements were as follows:

	December 31, 2022	December 31, 2021
0 to 30 days	26,610,453	31,664,223
from 31 to 60 days	11,512,268	8,414,998
from 61 to 90 days	5,259,852	3,151,550
from 91to 365 days	3,877,734	6,329,448
More than 365 days	1,014,179	5,276,226
	48,274,486	**54,836,445**

(Expressed in Saudi Riyal unless otherwise stated)

9 PREPAYMENTS AND OTHER RECEIVABLES

	December 31, 2022	December 31, 2021
Accrued bonus from suppliers	7,150,348	6,639,019
advance payments to suppliers	3,878,670	4,990,651
Prepaid expenses	1,802,238	4,200,600
Employee deposits	596,889	570,376
Value added tax to parent company	17,338	1,467,355
Letters of credit	339,632	372,042
Other	794,259	320,180
	14,579,374	*18,560,223*

10 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2022	December 31, 2021
Balance at the beginning of the year	6,513,192	37,989,409
Additions for the year	846,463	4,403,283
Disposal for the year	(3,738,463)	(37,718,348)
Gain of Investments at fair value through Profit or Loss	2,163,171	1,838,848
	5,784,363	**6,513,192**

The balance of investments as of December 31, 2022 (G) 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 December 31, 2022 (G) profit 379,790 SR, the Group resulted in a profit of 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:

	December 31, 2022	December 31, 2021
Cash at banks – current accounts	2,667,356	11,968,119
Cash on hand	224,779	165,681
	2,892,135	**12,133,800**

12 SHARE CAPITAL:

On December 31, 2022(G) , 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.

(Expressed in Saudi Riyal unless otherwise stated)

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:

	Note	December 31, 2022	December 31, 2021
Saudi Industrial Development Fund Loan	(14-1)	38,681,916	37,886,808
Bank loans & facilities	(14-2)	30,610,565	60,774,127
Total		**69,292,481**	**98,660,935**

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 2021, the Parent Company signed an agreement with the Saudi Industrial Development Fund, in total amounting SR 15.1 million to finance the Purchasing new machines to raise production capacity. During 2022, the Parent Company signed an agreement with the Saudi Industrial Development Fund, in total amounting SR 5.78 million to finance the working capital.

During 2018, the subsidiary Company signed an agreement with the Saudi Industrial Development Fund, in total amounting SR 35.3 million

Guarantees : the mortgage of the _Property, Plant & Equipment – Note 5 - in order to finance the development of the factory's production lines,

and the details of loan is as follows:

(Expressed in Saudi Riyal unless otherwise stated)

- T

	December 31, 2022	December 31, 2021
Total granted loan	88,137,000	82,357,000
Paid from the loan	(48,107,000)	(42,707,000)
Remaining of granted loan	**40,030,000**	**39,650,000**
Prepaid administrative fees	(1,348,084)	(1,763,192)
Net balance at the end of the year	**38,681,916**	**37,886,808**
Short-term loans	12,304,601	4,895,526
Long -term loans	26,377,315	32,991,282

strative fees paid in advance represent in amounts paid on the loan granted by the Saudi Industrial Development Fund and are amortized over the periods of the loan repayment years. Amortization expenses charged to the statement of profit or loss during the year 2022 amounted to SR 516,258 (2021: SR 499,328).

- The Group charged additional expenses by the Saudi Industrial Development Fund during the term of the loan, which are project follow-up expenses, and are charged to the statement of profits or losses on an accrual basis. Expenses charged to the statement of profit or loss during the year 2022 amounted to SR 494,700 (2021: SR 660,668).

14-2 Bank Loans:

Riyadh Bank

At April 9, 2017 (G), 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(G), the Islamic finance agreement was renewed and the finance limit increased to SR 72 million, in July 19, 2018(G), the Group reduced the value of the financing by canceling the short-term temporary loan SR 21 million, to be the finance limit to SR 51 million. At March 10, 2019(G), 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, On May 15, 2022(G), the group renewed the facilities and it expired on April 13, 2024(G) , and the credit limit became 77.24 million Saudi riyals.**Guarantees :** financing is secured by signing a promissory note from the group for the total amount of financing.

Bank Albilad

On September 16, 2018(G), the Group signed a Islamic-compliant credit facility contract with Bank Albilad in the amount of 30 million Saudi riyals, for the purpose of obtaining a short-term Murabaha to finance the working capital of the company and its subsidiary. The group renewed the facility contract on April 18, 2022(G), and the credit limit became 18.90 million Saudi riyals.**Guarantees :** financing is secured by signing a promissory note from the group for the total amount of financing.

(Expressed in Saudi Riyal unless otherwise stated)

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

	note	December 31, 2022	December 31, 2021
The non-current portion of long-term loans			
Saudi Industrial Development Fund Loan	(14-1)	26,377,315	32,991,282
Other Bank Loans	(14-2)	17,647,386	23,689,423
		44,024,701	**56,680,705**
The current portion of long-term loans			
Saudi Industrial Development Fund Loan	(14-1)	6,592,034	4,895,526
Other Bank Loans	(14-2)	12,963,179	8,426,923
		19,555,213	**13,322,449**
Short term loans			
Saudi Industrial Development Fund Loan	(14-1)	**5,712,567**	-
Other Bank Loans	(14-2)	-	28,657,781
		5,712,567	28,657,781
		69,292,481	**98,660,935**

15 ACCRUED AND OTHER LIABILITIES:

	December 31, 2022	December 31, 2021
Accrued expenses	9,103,523	8,826,195
Advanced payment from receivables	1,756,201	2,353,143
Accrued dividends *	5,149,274	5,149,274
Value added tax	287,822	524,564
Other	129,535	608,862
	16,426,355	17,462,038

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

16 EMPLOYEES' END OF SERVICE BENEFITS

- The group operates a defined benefit plan (as defined in IAS 19) that provides a total remuneration when an employee leaves service in the Group, in line with the current labor law in the Kingdom of Saudi Arabia.
- The amount of entitlement is calculated according to the labor laws in the Kingdom and it is based on years of service and salary at the date of departure. Therefore the plan and its liabilities are more sensitive to changes in future salary increases, future withdrawal rates and the discount rate used in assessing liabilities.
- The Group is not required to finance the plan, and so the Group has chosen to fulfill the payment of the benefits when they are due.
- The plan's liabilities were evaluated using the projected unit credit method in accordance with the requirements of International Accounting Standard No. (19). Since the amount and timing of future benefits receivable is not currently known, assumptions have been made to place a value for liabilities related to past service, and separately for liabilities related to cost of accrual. In the future, these assumptions were derived using methodologies that are consistent with the requirements of IAS 19.
- Any changes in the assumptions over time reflect changes in financial, economic and demographic conditions. When future experiences do not match the applicable assumptions, that change is included in the statement of other comprehensive income in future financial years.

(Expressed in Saudi Riyal unless otherwise stated)

16-1 The movement in the net defined benefits obligation:

	December 31, 2022	December 31, 2021
Balance at 1 January	12,504,280	11,304,488
Add: charged to profit or loss statement		
Current service cost	2,156,410	1,990,809
Interest cost	399,684	344,941
	2,556,094	**2,335,750**
Add: charged to OCI statement:		
Actuarial (gain)	(2,150,721)	(447,357)
Cash flow:		
Paid benefits	(705,926)	(688,601)
Balance at 31 December	**12,203,726**	**12,504,280**

The current service cost has been charged as follows:

	2022	2021
Cost of revenues	1,476,160	1,453,887
Selling and distribution expenses	299,307	161,004
General and administrative expenses	380,943	375,918
	2,156,410	**1,990,809**

16-2 Actuarial Assumptions:

The assessment of the defined benefit plan of the employees' end of service benefits plan was prepared by an actuarial expert at the Group using the following key assumptions:

	December 31, 2022	December 31, 2021
Discount rate	%4,72	%3,17 - %3,16
The expected rate of salary increase	%4,5	%4,5
Retirement rate for males (per year)	65	65-55
Retirement rate for females (per year)	65	65-55
Average employment turnover (employee turnover)	Moderate%12	Moderate%12
Mortality rate	AM92 Ultimate	AM92 Ultimate

16 -3 Sensitivity Analysis

The sensitivity of defined benefit obligations to changes in the weighted key assumptions is:

		2022		2021	
	Changes in assumptions	Changes in liability	Percentage of change	Changes in liability	Percentage of change
Discount rate	%1+	11,683,565	-7,35%	12,009,803	-8,14%
	%1-	13,684,506	+8,52%	14,321,342	+9,54%
Salaries inflation	%1+	13,741,424	+8,97%	14,359,983	9,84+%
	%1-	11,617,399	-7,88%	11,955,345	-8,55%
Turnover rate	%1+	12,532,260	-0,62%	12,869,051	-1,56%
	%1-	12,693,269	+0,66%	13,300,101	+1,73%
Death rate	120%	12,608,523	-0,02%	13,064,706	-0,07%
	%80	12,612,483	+0,02%	13,082,650	+0,07%

The sensitivity analysis above are based on no change in the assumption with all other assumptions. In practice, this is unlikely to happen, as changes in some assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method is applied (the present value of the defined benefits calculated using the projected unit credit method at the end of the reporting period) when calculating the defined benefits recognized in the statement of financial position.

(Expressed in Saudi Riyal unless otherwise stated)

17 EARNING PER SHARE :

	December 31, 2022	December 31, 2021
Net loss for the year attributable to the shareholders of the parent Company	9,795,159	(9,063,067)
Weighted average of shares	11,500,000	11,500,000
Basic share profit / (loss) from net loss for the year	**0,85**	**(0,79)**

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

18 PROVISION FOR ZAKAT:

Zakat Calculation:

	December 31, 2022	December 31, 2021
Net Profit Adjusting		
Net (loss) profit before zakat	12,923,934	(5,066,511)
Total adjustments for net profit	(1,082,251)	8,119,850
Adjusted net profit	**11,841,683**	**3,053,339**
Components of Zakat base		
Items subject to zakat base	285,607,010	280,935,558
Items deducted from zakat base	(161,745,566)	(163,067,358)
Zakat base	**123,861,444**	**117,868,200**
Zakat	**3,096,536**	**3,044,006**

18-2 Zakat provision movements:

	December 31, 2022	December 31, 2021
Opening balance	2,671,120	3,011,577
Formed during the year	3,096,536	3,044,006
Adjustments	32,239	952,550
Utilized during the year	(2,703,359)	(4,337,013)
	3,096,536	**2,671,120**

(Expressed in Saudi Riyal unless otherwise stated)

18-3 Zakat Status:

Group consolidated Zakat declaration

The Group submitted the zakat declaration for 2021 and obtained a certificate valid till April ,30 2022.

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.

Years from 2019 to 2020

The During the year 2020, Zakat, Tax and customs Authority issued a zakat assessment, which resulted in zakat differences due on the company on the group for the year 2019 G and the year 2020 G amounted SR 718,022. The company has paid the amount due after the objection and the final assessment, which includes the zakat assessment for the year 2020 for the differences in the consolidated declaration of the company and its subsidiary.

FPC (Subsidiary)

Years till 2019

The Company submitted the zakat declaration for this years and obtained a certificate, During the year 2022, Zakat, Tax and Customs Authority issued a zakat assessment, resulting zakat differences due for payment for the year 2019 amounting to SR 4,730.

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.

19 REVENUES

	2022	2021
Sale of filling and packing products	202,346,126	172,927,484
Sale of textile products	58,308,147	49,662,548
	260,654,273	**222,590,032**

20 COST OF REVENUES

	2022	2021
Used material	155,534,367	134,825,605
Salaries	35,852,573	31,192,656
Outsource labor	2,452,949	2,141,124
Depreciation and amortization	8,110,963	7,738,203
Other operation expenses	18,854,708	18,800,998
Changes in finished goods and working in progress inventories	(2,354,323)	(1,093,537)
	218,451,237	**193,605,049**

(Expressed in Saudi Riyal unless otherwise stated)

21 SELLING AND DISTRIBUTION EXPENSES

	2022	2021
Salaries and it's equivalent	5,187,372	4,648,168
Transportation	6,498,353	4,623,492
Advertising	594,625	190,402
Depreciation of property, plant and equipment	181,243	177,405
Other	1,824,481	1,643,972
	14,286,074	**11,283,439**

22 GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Salaries and it's equivalent	11,966,388	10,964,104
Professional fees	1,020,219	804,482
Board of Directors remuneration	2,194,253	1,112,785
Depreciation	250,215	319,321
Security	220,800	220,800
Research and development expenditure	1,218,188	946,573
Insurance	13,673	49,597
Unutilized capacity *	-	1,328,257
Other	3,038,808	3,094,129
	19,922,544	**18,840,048**

* Unutilized capacity has been calculated according to International Accounting Standard No. 2 "Inventory" and classifies as other expenses where it does not consider a part of the cost of revenue for the reason of factory non-running.

23 OTHER INCOME/ (EXPENSES), net

	2022	2021
Amount received from Saudi Human Resource Development Fund	1,357,820	54,982
Amount received from The High Institute for Plastic	109,433	118,345
Revenue from Small and Medium Enterprises Authority	1,453,545	159,347
Employees adjustments	18,335	84,790
Scrap sales	439,380	215,379
Foreign currency exchanges	(9,533)	(201,868)
Losses from disposal of Properties and equipment	-	(620,683)
Revenue from Saudi Export Development Authority	149,790	-
Other	966,520	372,785
	4,485,290	**183,077**

24 FINANCING COSTS

	2022	2021
Follow-up expenses for the loan of SIDF	494,700	427,717
Amortization of deferred finance expenses	516,258	552,729
Loan interests of facilities from banks	2,532,979	900,851
Lease interest expenses	404,819	439,692
Interest cost of the contingent obligation for the acquisition of the non-controlling interest	1,422,748	1,422,748
Interest cost related to defined benefits obligations	399,684	344,941
	5,771,188	**4,088,678**

(Expressed in Saudi Riyal unless otherwise stated)

25 THE ACQUISITION OF SUBSIDIARY

The parent Company has owned the whole quotas in the FPC Company (the subsidiary), where the Company during March 2020 signing an agreement which states the Partner's waiver of all his quotas of the 20% in FPC Company with all its rights and obligations in favor of the parent Company, Against obtaining a percentage 20% from net profit according to auditing financial statements at the end of each year over ten years (duration of the agreement) till the end of a financial year ended on December31, 2029 (G), Accordingly, The Company has prepared a final study for the contingent liability as of December 31, 2022 (G), And that a contingent liability was calculated by the best estimate in the light of available data, amounted the contingent liability on that date SR 15,612,000 (December 31, 2021 (G) was amounted SR 19,564,865) , it has been classified within non-current liabilities in the financial position and will re-estimate this a contingent liability annually over the duration of the agreement. This acquisition has resulted in an amount of SR 25,358,702 that represents the difference of a purchase the rights of Non-controlling interest which have been classified within the equity, as the following the summarized of this treatment:

25-1 Deferred Liability against Non-Controlling Interests Acquisition movement

	December 31, 2022	December 31, 2021
Opening balance	19,564,865	20,325,000
Change in Deferred Liability against Non-Controlling Interests Acquisition	(5,375,613)	(2,182,883)
Interest expense during the year	1,422,748	1,422,748
	15,612,000	**19,564,865**

25-2 the difference of a purchase the rights of Non-controlling interest

	January 31, 2020 Adjusted	Acquisition Impact Adjustments	December 31, 2020
Deferred Liability against Non-Controlling Interests Acquisition	-	20,325,000	20,325,000
Equity for non-controlling interests	(5,033,702)	5,033,702	-
Effect of Non-Controlling Interests Acquisition	-	25,358,702	25,358,702

26 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

- As of December 31, 2022 (G), 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 4,130,051 (December 31, 2021(G): SR 17,694,629).
- As of December 31, 2022(G) the capital commitments for the group amounted to SR 7,633 (December 31, 2021(G): SR 8,322,430).

(Expressed in Saudi Riyal unless otherwise stated)

27 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.

	December 31,2022			
	The sector of products of packing and packaging	The sector of technical textiles	Adjustments transactions intercompany	Total
Revenues	202,346,126	58,308,147	-	**260,654,273**
Cost of revenues	(164,219,553)	(54,482,524)	250,840	**(218,451,237)**
Gross profit	38,126,573	3,825,623	250,840	**42,203,036**

	December 31,2021			
	The sector of products of packing and packaging	The sector of technical textiles	Adjustments transactions intercompany	Total
Revenues	172,927,484	49,662,548	-	**222,590,032**
Cost of revenues	(149,675,479)	(44,180,410)	250,840	**(193,605,049)**
Gross profit	23,252,005	5,482,138	250,840	**28,984,983**

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

	December 31,2022			
	The sector of products of packing and packaging	The sector of technical textiles	Adjustments transactions intercompany	Total
Non-current assets	131,093,535	82,487,688	(58,107,859)	**155,473,364**
Total assets	280,151,857	128,133,251	(121,128,098)	**287,157,010**
Total liabilities	114,641,617	103,501,747	(63,020,230)	**155,123,134**

	December 31,2021			
	The sector of products of packing and packaging	The sector of technical textiles	Adjustments transactions intercompany	Total
Non-current assets	93,604,360	84,038,191	(22,429,980)	**155,212,571**
Total assets	268,733,471	125,212,836	(90,501,460)	**303,444,847**
Total liabilities	123,537,589	92,212,840	(32,393,577)	**183,356,852**

(Expressed in Saudi Riyal unless otherwise stated)

Geographical segment

A geographical segment is a Group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group's operation is conducted mainly in the Kingdom of Saudi Arabia. The selected financial information covering the revenue as at December 31, 2022 and 2021, categorized by these geographic segments is as follows:

	2022	%	2021	%
Kingdom of Saudi Arabia	181,009,101	69%	150,214,953	67%
Other countries	79,645,172	31%	72,375,079	33%
	260,654,273		**222,590,032**	

28 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:

December 31,2022

	Members of boards of directors	Key management personnel and senior executives	Members of the committees emanating from the Board of Directors	Total
Salaries and wages	-	2,753,617	-	**2,753,617**
Allowances	135,000	970,566	24,000	**1,129,566**
Bonus	1,620,000	500,000	250,000	**2,370,000**

December 31,2021

	Members of boards of directors	Key management personnel and senior executives	Members of the committees emanating from the Board of Directors	Total
Salaries and wages	-	2,811,032	-	**2,811,032**
Allowances	93,000	1,000,600	36,000	**1,129,600**
Bonus	1,630,000	80,868	250,000	**1,960,868**

29 FINANCIAL INSTRUMENTS:

29-.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.

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 periods ended December 31, 2022 (G) and December 31, 2021(G) , 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.

(Expressed in Saudi Riyal unless otherwise stated)

	December 31, 2022 Carrying value		
	Financial assets measured at fair value	Financial assets at amortized cost	Total
Financial assets			
Trade receivables ,Net	-	46,238,319	**46,238,319**
Investments at fair value through profit or loss	5,784,363	-	**5,784,363**
Prepayments and other receivables	-	8,898,466	**8,898,466**
Cash and cash equivalents	-	2,892,135	**2,892,135**
	5,784,363	**58,028,920**	**63,813,283**

	December 31, 2022		
	Liabilities measured at fair value	Liabilities at amortized cost	Total
Financial liabilities			
Loans	-	69,292,481	**69,292,481**
Trade Payables	-	31,164,824	**31,164,824**
Lease Liabilities	-	7,327,212	**7,327,212**
Contingent Liability against Non-Controlling Interests Acquisition	15,612,000	-	**15,612,000**
Accrued and Other Liabilities	-	14,670,154	**14,670,154**
	15,612,000	**122,454,671**	**138,066,671**

	December 31, 2021 Carrying value		
	Financial assets measured at fair value	Financial assets at amortized cost	Total
Financial assets			
Trade receivables ,Net	-	48,030,950	**48,030,950**
Investments at fair value through profit or loss	6,513,192	-	**6,513,192**
Prepayments and other receivables	-	9,368,972	**9,368,972**
Cash and cash equivalents	-	12,133,800	**12,133,800**
	6,513,192	**69,533,722**	**76,046,914**

	Liabilities measured at fair value	Liabilities assets at amortized cost	Total
Financial liabilities			
Loans	-	98,660,935	**98,660,935**
Trade Payables	-	24,772,427	**24,772,427**
Lease Liabilities	-	7,721,187	**7,721,187**
Contingent Liability against Non-Controlling Interests Acquisition	19,564,865	-	**19,564,865**
Accrued and Other Liabilities	-	15,108,895	**15,108,895**
	19,564,865	**146,263,444**	**165,828,309**

29-2 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.

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.

Financial instruments at interest rates variable	December 31,2022	December 31,2021
Short & long term loans	30,610,565	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.

(Expressed in Saudi Riyal unless otherwise stated)

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.

	December 31,2022	December 31,2021
Trade accounts receivables	46,238,319	48,030,950
Cash and cash equivalent	2,892,135	12,133,800
Other debit receivables	8,898,466	9,368,972
	58,028,920	**69,533,722**

Trade receivables:

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 December 31, 2022 (G) amounted to SAR 2,036,167 (December 31, 2021(G) amounted to SR 6,805,495).

Cash and cash equivalents:

The Group maintains cash in the fund and with banks in an amount of 2.9 million Saudi riyals (December 31, 2021 (G): 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. The following are the maturities of the financial liabilities at the end of the year, which are presented as following:

	December 31, 2022			
	Carrying value	On demand or less than one year	From 1 year to 5 years	More than 5 years
Financial liabilities				
Loans	69,292,481	25,267,780	44,024,701	-
Accounts Payable – Trade	31,164,824	31,164,824	-	-
Lease liability	7,327,212	413,663	6,913,549	-
Deferred Liability against Non-Controlling Interests Acquisition	15,612,000	-	7,158,000	8,454,000
Accrued and Other Creditors	14,670,154	14,670,154	-	-
	138,066,671	**71,757,537**	**58,096,250**	**8,454,000**

(Expressed in Saudi Riyal unless otherwise stated)

	December 31, 2021			
	Carrying value	On demand or less than one year	From 1 year to 5 years	More than 5 years
Financial liabilities				
Loans	98,660,935	41,980,230	56,680,705	-
Accounts Payable – Trade	24,772,427	24,772,427	-	-
Lease liability	7,721,187	393,965	7,327,222	-
deferred Liability against Non-Controlling Interests Acquisition	19,564,865	-	11,089,813	8,475,052
Accrued and Other Creditors	15,108,895	15,108,895	-	-
	165,828,309	**82,255,517**	**75,097,740**	**8,475,052**

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:

	December 31, 2022	December 31, 2021
Total liabilities	155,123,134	183,356,852
Less: Cash and cash equivalent	(2,892,135)	(12,133,800)
Net liabilities	**152,230,999**	**171,223,052**
Total Equity	132,033,876	120,087,995
Ratio of debt to adjusted capital	**1,15**	**1,43**

30 SUBSEQUENT EVENTS:

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- The Board of Directors decided in its meeting held on Rajab 20, 1443 H corresponding to February 21, 2022 G, to recommend to the Extraordinary General Assembly to increase the company's capital by issuing priority rights shares with a total amount of 115 million Saudi riyals, 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 priority rights 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.

The company submitted a file for approval to increase the company's capital by offering priority rights shares to the Capital Market Authority on August 9, 2022 G, through the financial advisor appointed for this purpose (Capital Brokerage), and the company announced this on the Saudi Stock Exchange website (Tadawul) on August 10, 2022 G, until now, the approval of the Capital Market Authority has been received on November 29, 2022 G, and the date for the Extraordinary Assembly still pending.

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

32 CONSOLIDATED FINANCIAL STATEMENTS APPROVAL:

The Consolidated Financial Statements have been approved by Board of Directors on 12 march 2022.