

**Saudi Printing and Packaging Company  
(A Saudi Joint Stock Company)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'  
REVIEW REPORT**

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED  
30 JUNE 2022**

# Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

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## UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022

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## **Independent auditor's review report on the interim condensed consolidated financial statements to the shareholders of Saudi Printing and Packaging Company (A Saudi Joint Stock Company)**

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Printing and Packaging Company ("the company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2022, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2022, and the related interim condensed statements changes in equity and cash flows for the six months period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

**Independent auditor's review report on the interim condensed consolidated financial statements to the shareholders of Saudi Printing and Packaging Company (A Saudi Joint Stock Company) (continued)**

**Other matter**

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on these consolidated financial statements on 28 Sha'ban 1443H (corresponding to 31 March 2022). Further, the interim condensed consolidated financial statements of the Company, for the three-month period ended 31 March 2022 and for the six-month period ended 30 June 2021, were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 18 Shawwal 1443H (corresponding to 19 May 2022) and 9 Muharram 1443H (corresponding to 17 August 2021), respectively.

for Ernst & Young Professional Services

Waleed G. Tawfiq  
Certified Public Accountant  
License No. (437)

Riyadh: 19 Muharram 1444H  
(17 August 2022)



# Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 (Unaudited) SAR	31 December 2021 (Audited) SAR
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	13	734,482,216	755,291,656
Intangible assets and goodwill	14	370,161,480	370,195,862
Investment properties		25,631,784	25,961,117
Right of use assets		6,912,501	7,633,111
Non-current trade receivables	11	11,989,961	3,856,127
Non-current - Derivative Asset		5,097,610	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,154,275,552</b>	<b>1,162,937,873</b>
<b>CURRENT ASSETS</b>			
Inventories	10	232,918,226	215,698,384
Trade receivables	11	278,864,124	266,098,829
Prepayments and other current assets		46,331,493	24,328,173
Cash and cash equivalents	12	29,847,291	32,988,783
<b>TOTAL CURRENT ASSETS</b>		<b>587,961,134</b>	<b>539,114,169</b>
<b>TOTAL ASSETS</b>		<b>1,742,236,686</b>	<b>1,702,052,042</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Capital	16	600,000,000	600,000,000
Statutory reserve	16	78,639,385	78,639,385
Contractual reserve	16	30,105,326	30,105,326
Accumulated losses		(68,976,969)	(66,597,059)
Other reserve		(405,707)	(401,435)
<b>TOTAL EQUITY</b>		<b>639,362,035</b>	<b>641,746,217</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and Murabaha	17	405,348,292	418,680,482
Employees' defined benefit liability		38,756,373	39,187,268
Lease liabilities		6,515,795	6,561,337
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>450,620,460</b>	<b>464,429,087</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	19	183,169,095	153,852,582
Accrued expenses and other current liabilities	20	33,785,948	26,919,584
Loans and Murabaha	17	429,214,410	407,074,466
Current portion of lease liability		771,097	1,252,773
Dividends payable		697,151	697,151
Provision for Zakat	9	4,616,490	6,080,182
<b>TOTAL CURRENT LIABILITIES</b>		<b>652,254,191</b>	<b>595,876,738</b>
<b>TOTAL LIABILITIES</b>		<b>1,102,874,651</b>	<b>1,060,305,825</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,742,236,686</b>	<b>1,702,052,042</b>

The attached notes 1 to 25 form an integral part of these interim condensed consolidated financial statements

# Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month and six-month periods ended 30 June 2022

	Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2022 (Unaudited) SAR	2021 (Unaudited) SAR	2022 (Unaudited) SAR	2021 (Unaudited) SAR
		Revenue	8	<b>270,238,014</b>	194,209,180
Cost of revenue		<b>(229,747,503)</b>	(172,871,873)	<b>(431,974,395)</b>	(323,439,473)
<b>Gross profit</b>		<b>40,490,511</b>	21,337,307	<b>74,686,465</b>	44,210,047
Selling, marketing and distribution expenses		<b>(14,376,348)</b>	(11,096,964)	<b>(28,096,167)</b>	(22,159,825)
General and administrative expenses		<b>(15,719,727)</b>	(16,084,704)	<b>(31,036,767)</b>	(32,111,328)
Impairment loss of trade receivable	11	<b>(160,080)</b>	(410,434)	<b>(5,257,639)</b>	(1,365,655)
<b>Operating profit/(loss) for the period</b>		<b>10,234,356</b>	(6,254,795)	<b>10,295,892</b>	(11,426,761)
Other income		<b>1,174,377</b>	782,023	<b>2,226,579</b>	1,737,304
Finance costs		<b>(9,563,561)</b>	(9,042,369)	<b>(13,120,169)</b>	(17,545,109)
<b>Profit/(loss) before Zakat</b>		<b>1,845,172</b>	(14,515,141)	<b>(597,698)</b>	(27,234,566)
Zakat expense	9	<b>(945,044)</b>	(837,235)	<b>(1,782,212)</b>	(1,674,547)
<b>Profit/(loss) for the period</b>		<b>900,128</b>	(15,352,376)	<b>(2,379,910)</b>	(28,909,113)
<b>Other comprehensive income:</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Foreign currency translation differences – foreign operations		<b>99</b>	(402,393)	<b>(4,272)</b>	(568,118)
<b>Other comprehensive income/(loss) for the period</b>		<b>99</b>	(402,393)	<b>(4,272)</b>	(568,118)
<b>Total comprehensive income/(loss)</b>		<b>900,227</b>	(15,754,769)	<b>(2,384,182)</b>	(29,477,231)
<b>Earnings per share-basic and diluted</b>		<b>0.02</b>	(0.26)	<b>(0.04)</b>	(0.49)
<b>Number of shares</b>		<b>60,000,000</b>	<b>60,000,000</b>	<b>60,000,000</b>	<b>60,000,000</b>

The attached notes 1 to 25 form an integral part of these interim condensed consolidated financial statements

# Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGE IN EQUITY

For the three-month and six-month periods ended 30 June 2022

	<i>Capital SAR</i>	<i>Statutory reserve SAR</i>	<i>General reserve SAR</i>	<i>Accumulated losses SAR</i>	<i>Other reserves SAR</i>	<i>Total SAR</i>
Balance at 1 January 2021 (audited)	600,000,000	78,639,385	30,105,326	(6,146,582)	142,632	702,740,761
Loss for the period (unaudited)	-	-	-	(28,909,113)	-	(28,909,113)
Other comprehensive loss for the period (unaudited)	-	-	-	-	(568,118)	(568,118)
Total comprehensive loss for the period (unaudited)	-	-	-	(28,909,113)	(568,118)	(29,477,231)
Balance at 30 June 2021(unaudited)	<u>600,000,000</u>	<u>78,639,385</u>	<u>30,105,326</u>	<u>(35,055,695)</u>	<u>(425,486)</u>	<u>673,263,530</u>
Balance at 1 January 2022 (audited)	600,000,000	78,639,385	30,105,326	(66,597,059)	(401,435)	641,746,217
Loss for the period (unaudited)	-	-	-	(2,379,910)	-	(2,379,910)
Other comprehensive loss for the period (unaudited)	-	-	-	-	(4,272)	(4,272)
Total comprehensive loss for the period (unaudited)	-	-	-	(2,379,910)	(4,272)	(2,384,182)
<b>Balance at 30 June 2022 (unaudited)</b>	<u><b>600,000,000</b></u>	<u><b>78,639,385</b></u>	<u><b>30,105,326</b></u>	<u><b>(68,976,969)</b></u>	<u><b>(405,707)</b></u>	<u><b>639,362,035</b></u>

The attached notes 1 to 25 form an integral part of these interim condensed consolidated financial statements

# Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the three-month and six-month periods ended 30 June 2022

	<i>Notes</i>	<b>30 June 2022 (Unaudited) SAR</b>	<b>30 June 2021 (Unaudited) SAR</b>
<b>OPERATING ACTIVITIES:</b>			
Loss for the period		(597,698)	(27,234,566)
<i>Adjustment to reconcile income before zakat to net cash</i>			
Depreciation and amortization		25,214,545	24,224,318
Impairment loss of trade receivable		5,257,639	1,365,655
Provision/(reversal) of slow moving inventory		824,896	(148,299)
Gain from sale of property, plant and equipment		(81,785)	(27,824)
Finance costs		13,177,623	17,545,109
Derivative Asset		(5,097,610)	-
Provision for employees' benefit		3,007,041	2,618,036
		<b>41,704,651</b>	<b>18,342,429</b>
<i>Working capital adjustments:</i>			
Inventories		(18,044,738)	(32,755,718)
Trade receivables		(26,156,768)	(6,196,095)
Prepayments and other current assets		(22,003,320)	(4,132,157)
Trade payables		29,316,513	57,377,039
Accrued expenses and other current liabilities		6,866,364	2,880,416
<b>Cash generated from operating activities</b>		<b>11,682,702</b>	<b>35,515,914</b>
Defined benefit liabilities- employees' benefits paid		(3,437,936)	(2,153,173)
Zakat paid		(3,247,657)	(1,885,443)
<b>Net cash flows from operating activities</b>		<b>4,997,109</b>	<b>31,477,298</b>
<b>INVESTING ACTIVITIES:</b>			
Acquisition of property, plant and equipment		(3,346,471)	(6,434,076)
Proceeds from sale of property, plant and equipment		104,432	661,619
<b>Net cash flows used in investing activities</b>		<b>(3,242,039)</b>	<b>(5,772,457)</b>
<b>FINANCING ACTIVITIES:</b>			
Proceeds from loans and Murabaha		555,704,352	734,964,186
Payments of loans and Murabaha		(547,806,182)	(749,044,847)
Payments of finance cost		(12,210,585)	(17,370,504)
Payment of lease liabilities		(584,630)	(628,211)
<b>Net cash flows used in financing activities</b>		<b>(4,897,045)</b>	<b>(32,079,376)</b>
Net decrease in cash and cash equivalents		(3,141,975)	(6,374,535)
Foreign currency translation adjustments		483	290,595
Change in cash restricted for use by banks		58	-
<b>Cash and cash equivalents at the beginning of the period</b>		<b>23,195,873</b>	<b>37,269,042</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>20,054,439</b>	<b>31,185,102</b>

The attached notes 1 to 25 form an integral part of these interim condensed consolidated financial statements



# Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2022

## 1. CORPORATE INFORMATION

Saudi Printing and Packaging Company (the “Company” or “Parent Company”) is a Saudi Joint Stock Company, registered in Kingdom of Saudi Arabia under Commercial Registration number 1010219709 issued from Riyadh dated 1 Jumada Al-Ula 1427H (corresponding to 28 May 2006).

The principal activities of the Group are printing works in accordance with the license issued by the Ministry of Culture and Media No. 21050 on 24 Dhul-Hijjah 1412H (corresponding to 25 September 1992).

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

Subsidiary	Country of incorporation	Effective ownership interest	
		30 June 2022	31 December 2021
Hala Printing Company	Saudi Arabia	100%	100%
Al-Madinah Al Munawarah Printing & Publishing Company	Saudi Arabia	100%	100%
Future Industrial Investment Company-FIIC	Saudi Arabia	100%	100%
Emirates National Factory for Plastic Industries (ENPI) (a)	United Arab Emirates	100%	100%

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

Subsidiary	Country of incorporation	Effective ownership interest	
		30 June 2022	31 December 2021
Al-Madinah Printing Company	United Arab Emirates	100%	100%
Future Printing Company	United Arab Emirates	100%	100%
United International Clear Packaging Company	United Arab Emirates	100%	100%
United Security Company	United Arab Emirates	100%	100%
Commercial United Packaging Company	United Arab Emirates	100%	100%
Future Plastic Industries	United Arab Emirates	100%	100%
Future Plus Company	Saudi Arabia	100%	100%
Taiba Printing and Publishing Company	Saudi Arabia	100%	100%
Flexible Packaging Company	Saudi Arabia	100%	100%

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

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

The head office of the Group is located at Riyadh and the registered address is as follows:

Nakheel Tower  
King Fahad Road  
PO Box 50202  
Riyadh 11523

# Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2022

## 2. COVID 19 UPDATE

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

The extent and duration of the impact of the pandemic remains uncertain and depends on future developments (such as the transmission rate of the virus), which cannot be accurately predicted at this point in time. The Group has taken containment steps that, as at 30 June 2022, have limited the adverse impact of the pandemic on the financial results of the Group.

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

## 3. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

An interim period is considered as integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

### a) Basis of measurement

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for the derivative financial instruments is measured at fair value. Further, the interim condensed consolidated financial statements are prepared using the accrual basis of accounting and going concern concept.

### b) Going concern

As of 30 June 2022, the Group's current liabilities exceeds its current assets by SAR 64.3 million (31 December 2021: SAR 56.7 million). Moreover, the Group has accumulated losses amounting to SAR 69 million as at 30 June 2022 (31 December 2021: SAR 66.6 million accumulated losses), which approximate 11.5% (31 December 2021: 11.1%) of the Company's share capital. The management has a strategic business plan to recover the accumulated losses, become profitable and generate positive working capital.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

### c) Functional and presentation currency

The interim condensed consolidated financial statements are presented in Saudi Arabian Riyal ("SAR"), which is the functional currency of the Group. All amounts have been rounded to the nearest SAR, unless otherwise stated.

## 4. USE OF ESTIMATES AND JUDGEMENTS

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

# Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2022

## 5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021, except as disclosed below and in note 6 of the Group's consolidated financial statements for the year ended 31 December 2021.

In the current period, the Group has accounted for a derivative financial instrument. The policy for the derivative financial instruments is summarized below:

### **Derivative financial instruments**

The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured for any changes in their fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from the changes in the fair value of derivatives are taken directly to profit or loss.

## 6. NEW STANDARDS OR AMENDMENTS FOR 2022

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

### **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labor and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

Prior to the application of the amendments, the Group had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts. As a result of the amendments, certain other directly related costs have been included by the Group in determining the costs of fulfilling the contracts. The Group has therefore recognised an onerous contract provision, which remained unchanged as of 30 June 2022 as the Group had not yet fulfilled its obligations under the contract.

In accordance with the transitional provisions, the Group applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

### **Reference to the Conceptual Framework – Amendments to IFRS 3**

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

# Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2022

## 6. NEW STANDARDS OR AMENDMENTS FOR 2022 (continued)

### Reference to the Conceptual Framework – Amendments to IFRS 3 (continued)

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

### Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

### IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as it is not a first-time adopter.

### IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as here were no modifications of the Group's financial instruments during the period.

## 7. FAIR VALUE MEASUREMENTS

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

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

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

Significant valuation issues are reported to the Group's audit committee.

# Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2022

## 7. FAIR VALUE MEASUREMENTS (continued)

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

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

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

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

## 8. OPERATING SEGMENTS

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

### a) Basis for segments

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

The following summary describes the operations of each reportable segment

Reportable segment	Operation
Printing	Printing, tools and raw materials.
Packaging	Printing on plastic and commercial posters in addition to the manufacture of plastic products.
Others	Includes the head quarter, management activities, investment activities and others.

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

### b) Information about reportable segments

The following tables present revenue and loss before zakat information for the Group's operating segments for the six months ended 30 June 2022 and 2021, respectively.

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As at 30 June 2022

## 8. OPERATING SEGMENTS (continued)

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

	Reportable segments					<b>Total</b>
	<b>Printing</b>	<b>Packaging</b>	<b>All other segments</b>	<b>Total</b>	<b>Adjustments &amp; Eliminations</b>	
<i>30 June 2022</i>						
<b>Revenue</b>						
External customers	65,066,659	441,594,201	-	<b>506,660,860</b>	-	<b>506,660,860</b>
Inter-segments	3,144,590	8,107,454	-	<b>11,252,044</b>	(11,252,044)	-
<b>Total revenue</b>	<b>68,211,249</b>	<b>449,701,655</b>	-	<b>517,912,904</b>	<b>(11,252,044)</b>	<b>506,660,860</b>
<b>Net (loss)/profit</b>	<b>(690,747)</b>	<b>2,174,864</b>	<b>(3,864,027)</b>	<b>(2,379,910)</b>	-	<b>(2,379,910)</b>

	Reportable segments					<b>Total</b>
	<b>Printing</b>	<b>Packaging</b>	<b>All other segments</b>	<b>Total</b>	<b>Adjustments &amp; Eliminations</b>	
<i>30 June 2021</i>						
<b>Revenue</b>						
External customers	26,335,197	341,314,323	-	367,649,520	-	367,649,520
Inter-segments	428,135	12,585,257	-	13,013,392	(13,013,392)	-
<b>Total revenue</b>	<b>26,763,332</b>	<b>353,899,580</b>	-	<b>380,662,912</b>	<b>(13,013,392)</b>	<b>367,649,520</b>
<b>Net loss</b>	<b>(17,415,077)</b>	<b>(7,726,860)</b>	<b>(3,767,176)</b>	<b>(28,909,113)</b>	-	<b>(28,909,113)</b>

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2022 and 31 December 2021, respectively:

	Reportable segments							
	<b>Printing</b>		<b>Packaging</b>		<b>Other</b>		<b>Total</b>	
	<b>30 June 2022</b>	31 December 2021	<b>30 June 2022</b>	31 December 2021	<b>30 June 2022</b>	31 December 2021	<b>30 June 2022</b>	31 December 2021
<b>Total assets</b>	386,888,462	379,137,351	1,355,131,154	1,321,952,782	217,070	961,909	1,742,236,686	1,702,052,042
<b>Total liabilities</b>	(28,867,410)	(26,507,980)	(682,777,471)	(640,610,610)	(391,229,770)	(393,187,235)	(1,102,874,651)	(1,060,305,825)

# Saudi Printing and Packaging Company

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2022

## 8. OPERATING SEGMENTS (continued)

### c) Geographical information

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

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

<b>Revenues from customers</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
Saudi Arabia	<b>194,350,795</b>	108,504,127
United Arab Emirates	<b>147,337,489</b>	136,062,343
Others	<b>164,972,576</b>	123,083,050
	<b>506,660,860</b>	367,649,520
<b>Total assets</b>	<b>30 June 2022</b>	31 December 2021
Saudi Arabia	<b>738,445,810</b>	721,046,243
United Arab Emirates	<b>1,003,790,876</b>	981,005,799
	<b>1,742,236,686</b>	1,702,052,042
<b>Total liabilities</b>		
Saudi Arabia	<b>829,275,040</b>	821,377,145
United Arab Emirates	<b>273,599,611</b>	238,928,680
	<b>1,102,874,651</b>	1,060,305,825
<b>Non-current assets*</b>		
Saudi Arabia	<b>400,633,001</b>	411,183,977
United Arab Emirates	<b>753,642,551</b>	751,753,896
	<b>1,154,275,552</b>	1,162,937,873

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

## 9. ZAKAT

Zakat provision is estimated and charged to the interim condensed consolidated statement of comprehensive income. The differences arising from calculating the Zakat related to the final assessment are settled in the year in which they are completed. The group filed the Zakat return for all the years up to 2021, and the Zakat return for the year 2021 is still under review by the ZATCA.

The Group filed consolidated Zakat returns to the Zakat, Tax and Customs Authority (ZATCA) for the years ended 31 December 2005 until 2008 and received Zakat certificate for these years.

ZATCA issued assessment notices for the years 31 December 2005 to 2008 and requested the Group to pay additional Zakat amounting to SAR 6,582,634. The Group has filed an objection against the said assessment, during 2016 the objection was not accepted by ZATCA except for some deferred gains amounting to SAR 2,004,578 (mentioned within the original objection amount) for which the objection was accepted. Furthermore, ZATCA also requested payment of Zakat differences due from the unauthorized profit difference for the years 2005 and 2006 amounting to SAR 143,203 (mentioned within the original objection amount), which were paid by the Group within the year 2018. The assessment discussions for years ended 31 December 2005 to 2008 between ZATCA and the Group are ongoing as at 30 June 2022.

The Group filed consolidated Zakat returns to ZATCA for the years ended in 31 December 2009 until 2013 and received Zakat certificate for these years. ZATCA did not issue the assessment notices for the mentioned years up to 30 June 2022. ZATCA issued assessment for the year ended 31 December 2014 without claiming additional amounts.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2022

## 9. ZAKAT (continued)

### Status for 2015, 2016 and 2018

ZATCA issued assessment for above mentioned years and requested the Group to settle additional zakat liability amounting to SAR 16,314,362. The ZATCA and the first level of General Secretariat of Tax and Appeal Committee (“GSTC”) has rejected the appeal. Accordingly, the Group has filed the appeal to the second level of GSTC. The second level of GSTC ruling will be considered final and therefore could not be appealed by the ZATCA or the Group. The ruling from the second level of GSTC is awaited.

### Status for 2017

ZATCA issued an assessment on the Group's Zakat return accounts for the year ended 31 December 2017 with a total difference of SAR 12,180,465 of which an amount of SAR 3,057,612 was paid based on the return submitted and ZATCA requested the Group to pay the difference amounting to SAR 9,122,853. However, Group objected to the assessment and the objection has been partially accepted and the differences were adjusted to be SAR 2,253,606 which was paid within the year 2019.

### Status for 2019 and 2020

The ZATCA issued an assessment for above mentioned years during the year 2021 whereby the total additional Zakat liability is amounting to SAR 22,428,203. The Group accepted an amount of SAR 17,734 and accordingly the same has been settled before filing the appeal with ZATCA.

For the rest of the assessment, the Group didn't accept ZATCA's treatment and filed appeal against the same. The ZATCA has partially accepted the group appeal, whereby the total Zakat liability is amounting to SAR 21,809,019.

The Group didn't accept the revised assessment and has filed its appeal under the 1st level of GSTC. However, to file its appeal to the 1st level of the GSTC, the group had settled 25% of the total zakat liability. Thus, the group settled SAR 6,170,214 (according to the ZATCA regulations) and filed an objection against the said revised assessment. The ruling from the 1st level of GSTC is awaited.

## 10. INVENTORIES

The provision for slow moving inventories as at 30 June 2022 was in line with the policy adopted by the Group and amounted to SAR 19.9 million (31 December 2021: SAR 19.1 million).

## 11. TRADE RECEIVABLES

	<u>30 June 2022</u>	<u>31 December 2021</u>
Trade receivable	<b>371,703,607</b>	345,155,882
Due from a related party (Note 18)	<b>5,361,564</b>	5,752,658
	<b>377,065,171</b>	350,908,540
Less: Allowance for expected credit losses	<b>(86,211,086)</b>	(80,953,584)
	<b>290,854,085</b>	269,954,956
Current portion	<b>278,864,124</b>	266,098,829
Non-current portion *	<b>11,989,961</b>	3,856,127

\* Balance due from three customers subject to a court case have been rescheduled. As a result, the amount due after 12 months have been classified as non-current



# Saudi Printing and Packaging Company

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2022

## 11. TRADE RECEIVABLES (continued)

Movement in allowance for expected credit losses is as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Balance at the beginning of the year	<b>80,953,584</b>	78,829,614
Impairment loss on trade receivable	<b>5,257,639</b>	2,170,844
Foreign currency translation adjustments	<b>(137)</b>	(46,874)
	<b><u>86,211,086</u></b>	<u>80,953,584</u>

## 12. CASH AND CASH EQUIVALENTS

	<u>30 June 2022</u>	<u>31 December 2021</u>
Cash in hand	<b>586,725</b>	599,754
Cash at bank	<b>29,260,566</b>	32,389,029
<b>Cash and cash equivalents in the consolidated statement of financial position</b>	<b>29,847,291</b>	32,988,783
Less: Balance with banks-restricted accounts (*)	<b>(9,792,852)</b>	(9,792,910)
<b>Cash and cash equivalents in the consolidated statement of statement of cash flows</b>	<b><u>20,054,439</u></b>	<u>23,195,873</u>

(\*)The restricted book accounts represent a deposit against a loan obtained (Note 17)

## 13. PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2022, the cost of property, plant and equipment amounted to SAR 1,580 million (31 December 2021: SAR 1,578 million) and the accumulated depreciation as at 30 June 2022 amounted to SAR 846 million (31 December 2021: SAR 823 million). During the six-month period ended 30 June 2022, the Group acquired assets with a cost of SAR 3.3 million (31 December 2021: SAR 20 million).

The Group's total net book value of assets amounted to SAR 734 million as at 30 June 2022 (31 December 2021: SAR 755 million). Certain property, plant and equipment with a book value of SAR 71 million as at 30 June 2022 (31 December 2021: SAR 91 million) were placed as collateral against long-term borrowing (Note 17).

The capital commitments of the Group pertaining to purchase of property, plant and equipment amounted to SAR 9.7 million as at 30 June 2022 (2021: SAR 9.8 million). These are expected to be delivered in 2022.

## 14. INTANGIBLE ASSETS AND GOODWILL

The carrying value of goodwill amounted to SAR 370 million as at 30 June 2022 (31 December 2021: SAR 370 million). The following is a breakdown of goodwill:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Emirates National Factory for Plastic Industries	<b>359,707,551</b>	359,707,551
Hala Printing Company	<b>10,216,885</b>	10,216,885
	<b><u>369,924,436</u></b>	<u>369,924,436</u>

The remaining balance comprises of software cost capitalized amounting to SAR 237 thousand as of 30 June 2022 (2021: SAR 271 thousand). During 2012, the Group acquired 100% of the shares of Emirates National Factory for Plastic Industries LLC ("Emirates Factory"), a limited liability company, established in the Emirates of Sharjah, in the United Arab Emirates, for a net consideration of approximately SAR 642 million.

# Saudi Printing and Packaging Company

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2022

## 14. INTANGIBLE ASSETS AND GOODWILL (continued)

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

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

On 1 July 2014, the Group restructured the packaging sector by merging Future Plus Company and Flexible Packaging Company with Emirates National Factory for Plastic Industries. Accordingly, the carrying amount of goodwill has increased to SAR 380 million after adding the goodwill of these two companies. During 2017, goodwill losses amounted to SAR 20.3 million.

### Goodwill impairment test

Management performs goodwill test to ensure that there is no impairment at the end of each financial year. The management found, through the goodwill impairment testing performed, that the book value of goodwill was less than its recoverable value as at 31 December 2021.

The recoverable amount was determined on the basis of the information used to calculate the present value of the five-year expected cash flows, based on the financial budget approved by the Board of Directors. The estimated growth rate of the Emirates National Factory for Plastic Industries and Hala Printing Company is 7.8% and 20.6%, respectively, for the current year, has been applied to the cash flows that exceed the period of the financial budget.

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

### Sensitivity to changes in assumptions

In relation to the recoverable amount review, any adverse change in underlying assumptions will result in an impairment loss. The terminal growth rates and discount rates used are the key assumptions in cases where potential changes could lead to impairment. a change of +/-1% of the discount rate and/or terminal growth rate doesn't result in an impairment loss.

The key assumptions used in the estimation of the recoverable amount as at 31 December 2021 are set out below: The values assigned to key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	<b>Emirates National Factory for Plastic Industries %</b>	<b>Hala Printing Company %</b>
Discount rate	<b>7.81</b>	<b>7.81</b>
Estimated total margin	<b>20.7</b>	<b>30</b>
Average annual growth rate of revenue	<b>7.8</b>	<b>20.6</b>
terminal growth rate	<b>2.5</b>	<b>2.5</b>

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

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

# Saudi Printing and Packaging Company

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2022

## 15. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The fair value on derivative financial instruments as at the reporting date was as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
<b>Derivatives not designated as hedging instruments</b>		
Profit rate swaps	<u>5,097,610</u>	<u>-</u>

The Group uses derivative financial instruments mainly, profit rate swaps to hedge its profit rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Accordingly, the Group has recognised SAR 5.1 million as a financial asset during the period ended 30 June 2022.

Other details related to the profit rate swap arrangement are as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Change in fair value of the hedging instrument	<u>5,097,610</u>	-
Carrying amount of the hedging instrument	<u>5,097,610</u>	-
Notional amount of the hedging instrument	<u>173,637,341</u>	184,150,800
Maturity date of the hedging instrument	<u>6 December 2025</u>	6 December 2025

## 16. SHARE CAPITAL AND RESERVES

**Share Capital:** as at 30 June 2022, the fully paid-up share capital of the company is SAR 600 million (2021: SAR 600 million) divided into 60 million shares (2021: 60 million shares) with a nominal value of SAR 10 each. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

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

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

## 17. LOANS AND MURABAHA

The Group has signed several financing agreements and banking facilities with a number of local and foreign banks, which include loans and Murabaha, credit facilities, letters of credit and letters guarantee, on different periods starting from December 2018 and ending in March 2029, subject to renewal. The credit limit for total facilities was SAR 940.3 million as at 30 June 2022(2021: SAR 884.6). These agreements are subject to the terms and conditions of banking facilities that apply to all types of facilities provided by banks to their clients. The purpose of these facilities is to finance the activity, working capital, investments and capital expenditures as well as to finance the import of raw materials and equipment related to the Group's activities and projects. These facilities are subject to interest charges according to the relevant agreements, ranging from 1.65% to 3.5% in addition to SAIBOR or EIBOR as applicable.

Under these agreements, the Group provided a number of guarantees to cover the full value of the financing which consist of the following:

- Promissory notes with the total value of the available facilities.
- A plot of land in Abhor district in Jeddah placed as collateral.
- An insurance policy which grants the bank the right to be first beneficiary for the amount equal to the value of the facility.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2022

## 17. LOANS AND MURABAHA (continued)

- A corporate guarantee provided by a subsidiary of SAR 16.6 million.
- Restricted bank accounts amounting to SAR 9.8 million (2021: SAR 9.8 million).

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

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

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

This loan has an IRS which has resulted in a derivative financial instrument asset as at 30 June 2022 refer to (note 15).

As at 30 June 2022, the balance utilized amounted to SAR 834.5 million (2021: SAR 825.7 million).

The following is an analysis of the loans and Murabaha transactions:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Long term loans*	496,158,150	554,867,305
Short term loans	314,248,192	248,852,010
Overdrafts	20,383,784	19,172,640
Accrued finance cost	3,772,576	2,862,993
<b>Total</b>	<b><u>834,562,702</u></b>	<b><u>825,754,948</u></b>

\* The long-term loans include current portion.

The following is the movement of the loan transaction:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Opening balance	825,754,948	789,534,373
Proceeds during the period/year	555,704,352	1,210,343,578
Payments during the period/year	(547,806,182)	(1,173,432,225)
Interest charged during the period /year	13,120,169	35,107,481
Payments for financial cost during the period/year	(12,210,586)	(35,798,259)
Ending balance	<b><u>834,562,701</u></b>	<b><u>825,754,948</u></b>

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

	<u>30 June 2022</u>	<u>31 December 2021</u>
Current portion	429,214,410	407,074,466
Non- Current portion	405,348,292	418,680,482
	<b><u>834,562,702</u></b>	<b><u>825,754,948</u></b>

# Saudi Printing and Packaging Company

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2022

## 18. RELATED PARTIES

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

### Transactions with key management personnel

	<b>30 June 2022</b>	30 June 2021
Expenses and allowances of the Board of Directors	<b>741,030</b>	714,521
Remuneration of key management personnel*	<b>3,127,046</b>	4,368,271

### \* Key management personnel

	<b>30 June 2022</b>	30 June 2021
Short -term employee benefits	<b>2,897,904</b>	4,282,731
Long -term employee benefits	<b>229,142</b>	85,540
	<b>3,127,046</b>	4,368,271

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

Due from related Parties	Nature	Transactions for the six-month ended		Balances outstanding	
		<b>30 June 2022</b>	30 June 2021	<b>30 June 2022</b>	31 December 2021
<b>Sales</b>					
Saudi Research Publishing Company	Fellow subsidiaries*	26,504,494	5,598,202	5,272,750	5,406,228
Saudi Specialized Publishing Co.	Fellow subsidiaries*	354,480	123,930	65,584	67,310
Saudi Research and Media Group	Holding Company	4,800	53,000	23,230	52,214
Al-Khaleejah Advertising and Public Relations	Fellow subsidiaries*	32,400	-	-	53,579
Saudi Distribution Company	Fellow subsidiaries*	525	-	-	575
Gulf Company	Fellow subsidiaries*	-	24,480	-	-
Tawq Public Relations Company	Fellow subsidiaries*	19,900	349,420	-	172,752
				<b>5,361,564</b>	<b>5,752,658</b>

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

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

# Saudi Printing and Packaging Company

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2022

## 19. TRADE PAYABLES

No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Due to certain raw material orders made by the Group, trade payable balance is higher as at 30 June 2022.

## 20. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>30 June 2022</u>	<u>31 December 2021</u>
Accrued expenses	15,034,549	11,067,113
Advances from customers	8,178,458	3,943,939
Employee accruals	4,678,212	8,411,027
Other	5,894,729	3,497,505
	<u>33,785,948</u>	<u>26,919,584</u>

## 21. INVESTMENT PROPERTIES

As at 30 June 2022, the group holds investment properties with carrying value of SAR 25.6 million (31 December 2021: SR 25.9 million) which has fair value of SR 37.9 million (31 December 2021: SAR 37.9 million)

# Saudi Printing and Packaging Company

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

As at 30 June 2022

## 22. FINANCIAL INSTRUMENTS

The table below shows the carrying value of financial assets and liabilities as at 30 June 2022 and 31 December 2021, which are not measured at fair value, as all financial assets and financial liabilities of the Group are measured at amortized cost.

	30 June 2022			31 December 2021		
	Amortized cost	Other financial liabilities	Total	Amortized cost	Other financial liabilities	Total
<b>Financial assets not measured at fair value</b>						
Trade receivable, Net	278,864,124	-	278,864,124	266,098,829	-	266,098,829
Cash and cash equivalents	29,847,291	-	29,847,291	32,988,783	-	32,988,783
Other current assets	35,360,816	-	35,360,816	15,628,495	-	15,628,495
	<u>344,072,231</u>	<u>-</u>	<u>344,072,231</u>	<u>314,716,107</u>	<u>-</u>	<u>314,716,107</u>
<b>Financial liabilities not measured at fair value</b>						
Loans and Murabaha	-	834,562,702	834,562,702	-	825,754,948	825,754,948
Dividend payable	-	697,151	697,151	-	697,151	697,151
Financial lease liabilities	-	7,286,892	7,286,892	-	7,814,110	7,814,110
Trade payable	-	183,169,095	183,169,095	-	153,852,582	153,852,582
Employee accruals	-	4,678,212	4,678,212	-	8,411,027	8,411,027
	<u>-</u>	<u>1,030,394,052</u>	<u>1,030,394,052</u>	<u>-</u>	<u>996,529,818</u>	<u>996,529,818</u>

Financial assets measured at fair value	Fair value measurement hierarchy	30 June 2022	30 June 2022	31 December 2021	31 December 2021
		Carrying value	Fair value	Carrying value	Fair value
Derivative financial instruments	Level 2	<u>5,097,610</u>	<u>5,097,610</u>	<u>-</u>	<u>-</u>

# Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

As at 30 June 2022

## 23. COMMITMENTS AND CONTINGENT LIABILITIES

### Legal cases

There are some legal cases against some of the Group's subsidiaries during its normal business cycle, which are currently being pursued. Management believes that the result of these cases will not have an impact on the Groups condensed consolidated interim financial statements as of 30 June 2022.

### Commitments

As 30 June 2022, contingent liabilities related to uncovered letter of credit amounted to SAR 77.9 million (2021: SAR 22.1 million). As at 30 June 2022, the Group has outstanding bank guarantee letters from a local bank amounting to SAR 2.6 million (31 December 2021: SAR 0.44 million.)

In addition to the above, the Group has capital commitments, refer to note 13.

## 24. SUBSEQUENT EVENTS

No matters have occurred up to and including the date of approval of these com consolidated interim financial statements by the board of directors which would materially affect the condensed consolidated financial statements and the related disclosures for the period ended 30 June 2022.

## 25. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been approved by the Board of Directors on 16 Muharram 1444H (corresponding to 14 August 2022).