

SAUDI PRINTING AND PACKAGING COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim financial statements
(unaudited)
For the three-month period ended
31 March 2022
together with the
Independent Auditor's Review Report

SAUDI PRINTING AND PACKAGING COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim financial statements
(unaudited)
and Independent Auditor's Review Report
For the three-month period ended
31 March 2022

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

وأجهاة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤
المركز الرئيسي في الرياض

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

To the Shareholders of Saudi Printing and Packaging Company

Introduction

We have reviewed the accompanying 31 March 2022 condensed consolidated interim financial statements of **Saudi Printing and Packaging Company** ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 31 March 2022;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2022;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2022;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2022; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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.

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2022 condensed consolidated interim financial statements of **Saudi Printing and Packaging Company** ("the Company") and its subsidiaries (collectively referred to as "the Group") are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Fahad Mubark Al Dossari
License No.: 469

Riyadh: 18 Shawal 1443H
Corresponding to: 19 May 2022



SAUDI PRINTING AND PACKAGING COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 March 2022
(Saudi Arabian Riyals)

	<u>Notes</u>	31 March 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	745,865,789	755,291,656
Intangible assets and goodwill	15	370,178,671	370,195,862
Investment properties		25,961,075	25,961,117
Right-of-use assets		7,270,859	7,633,111
Derivative financial instruments	16/23	5,097,610	-
Non-current trade receivables	11	13,056,470	3,856,127
Total non-current assets		1,167,430,474	1,162,937,873
Current assets			
Inventories	10	218,876,717	215,698,384
Trade receivables	11	247,783,610	266,098,829
Prepayments and other current assets	12	40,355,148	24,328,173
Cash and cash equivalents	13	52,718,306	32,988,783
Total current assets		559,733,781	539,114,169
Total assets		1,727,164,255	1,702,052,042
Equity			
Share capital	17	600,000,000	600,000,000
Statutory reserve	17	78,639,385	78,639,385
General reserve	17	30,105,326	30,105,326
Accumulated losses		(69,877,097)	(66,597,059)
Other reserves		(405,806)	(401,435)
Total equity		638,461,808	641,746,217
Liabilities			
Non-current liabilities			
Loans and Murabaha	18	413,184,421	418,680,482
Defined benefits obligation – employees' benefits		39,031,025	39,187,268
Lease liabilities		6,515,794	6,561,337
Total non-current liabilities		458,731,240	464,429,087
Current liabilities			
Trade payables	20	156,351,376	153,852,582
Accrued expenses and other current liabilities	21	33,465,166	26,919,584
Loans and Murabaha	18	420,900,179	407,074,466
Current portion of lease liability		1,025,399	1,252,773
Due to related parties	19	10,614,586	-
Dividend's payables		697,151	697,151
Provision for Zakat	9	6,917,350	6,080,182
Total current liabilities		629,971,207	595,876,738
Total liabilities		1,088,702,447	1,060,305,825
Total equity and liabilities		1,727,164,255	1,702,052,042

These condensed consolidated interim financial statements shown on pages 3 to 22 were approved by the Board of Directors on 14 Shawal 1443H (corresponding to 15 May 2022) and signed on their behalf by:

Chief Financial Officer

Francis Ferguson

F Ferguson

Managing Director

Fahd Ibrahim Al Mufarrij

Fahd Ibrahim Al Mufarrij

The accompanying notes (1) to (27) form an integral part of these condensed consolidated interim financial statements

SAUDI PRINTING AND PACKAGING COMPANY
(A Saudi Joint Stock Company)
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)**
For the three-month period ended 31 March 2022
(Saudi Arabian Riyals)

	Note s	For the three-month period ended 31 March	
		2022	2021
Revenue	8	236,422,846	173,440,340
Cost of revenue	22	(202,226,892)	(150,567,600)
Gross profit		34,195,954	22,872,740
Selling, marketing and distribution expenses		(13,719,819)	(11,062,861)
General and administrative expenses		(15,317,040)	(16,026,624)
Impairment loss on trade receivables	11	(5,097,559)	(955,221)
Operating profit/ (loss) for the period		61,536	(5,171,966)
Other income		1,052,202	955,281
Finance costs	23	(3,556,608)	(8,502,740)
Loss before Zakat		(2,442,870)	(12,719,425)
Zakat expense	9	(837,168)	(837,312)
Loss for the period		(3,280,038)	(13,556,737)
Other comprehensive Loss:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		(4,371)	(165,725)
Total other comprehensive loss for the period		(4,371)	(165,725)
Total comprehensive loss for the period		(3,284,409)	(13,722,462)
Loss per share – basic and diluted		(0.05)	(0.22)

These condensed consolidated interim financial statements shown on pages 3 to 22 were approved by the Board of Directors on 14 Shawal 1443H (corresponding to 15 May 2022) and signed on their behalf by:

Chief Financial Officer
Francis Ferguson

F Ferguson

Managing Director
Fahd Ibrahim Al Mufarrij

Fahd Ibrahim Al Mufarrij

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SAUDI PRINTING AND PACKAGING COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 March 2022
(Saudi Arabian Riyals)

	Share capital	Statutory reserve	General reserve	Accumulated losses	Other reserves	Total
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)	--	--	--	(13,556,737)	--	(13,556,737)
Other comprehensive loss (Unaudited)	--	--	--	--	(165,725)	(165,725)
Total comprehensive loss for the period (Unaudited)	--	--	--	(13,556,737)	(165,725)	(13,722,462)
Balance at 31 March 2021 (Unaudited)	600,000,000	78,639,385	30,105,326	(19,703,319)	(23,093)	689,018,299
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)	--	--	--	(3,280,038)	--	(3,280,038)
Other comprehensive loss (Unaudited)	--	--	--	--	(4,371)	(4,371)
Total comprehensive loss for the period (Unaudited)	--	--	--	(3,280,038)	(4,371)	(3,284,409)
Balance at 31 March 2022 (Unaudited)	600,000,000	78,639,385	30,105,326	(69,877,097)	(405,806)	638,461,808

These condensed consolidated interim financial statements shown on pages 3 to 22 were approved by the Board of Directors 14 Shawal 1443H (corresponding to 15 May 2022) and signed on their behalf by:

Chief Financial Officer

Francis Ferguson



Managing Director

Fahd Ibrahim Al Mufarrij



The accompanying notes (1) to (27) form an integral part of these condensed consolidated interim financial statements

SAUDI PRINTING AND PACKAGING COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(Unaudited)
For the three-month period ended 31 March 2022
(Saudi Arabian Riyals)

	Notes	31 March 2022	31 March 2021
Cash flows from operating activities:			
Loss for the period		(3,280,038)	(13,556,737)
Adjustments for:			
-Depreciation and amortization	8/14	12,408,859	11,844,634
-Impairment loss on trade receivables	11	5,097,559	955,221
-Provision for slow moving inventories	10	209,159	38,256
-Gain on sale of property, plant and equipment	14	(17,557)	-
-Finance costs	23	3,556,608	8,502,740
-Derivatives assets	16/23	(5,097,610)	-
-Lease liabilities interest		90,676	-
-Defined benefits obligation- employees' benefits		1,657,315	1,272,967
- Zakat expense	9	837,168	836,825
		<u>15,462,139</u>	<u>9,893,906</u>
Changes in:			
-Inventories	10	(3,387,492)	7,572,213
-Trade receivables	11	4,017,491	(3,476,677)
-Related parties	19	10,614,586	(1,479,854)
-Prepayments and other current assets	12	(16,026,975)	(1,847,447)
-Trade payables	20	2,498,794	5,609,678
-Accrued expenses and other current liabilities	21	6,545,582	2,476,986
		<u>19,724,125</u>	<u>18,748,805</u>
Cash generated from operating activities		19,724,125	18,748,805
Defined benefit liabilities - employees' benefits paid		(1,813,558)	(836,983)
Net cash generated from operating activities		17,910,567	17,911,822
Cash flows from investing activities:			
Acquisition of property, plant and equipment and intangibles	14	(2,628,565)	(3,246,130)
Proceeds from sale of property, plant and equipment	14	39,538	-
Net cash used in investing activities		(2,589,027)	(3,246,130)
Cash flows from financing activities:			
Proceeds from loans and Murabaha	18	245,363,016	467,808,506
Payments for loans and Murabaha	18	(240,011,997)	(462,477,655)
Payments for finance cost	18	(577,975)	(5,850,129)
Payment for lease liabilities		(363,593)	(351,619)
Net cash generated from / (used in) financing activities		4,409,451	(870,897)
Net increase in cash and cash equivalents		<u>19,730,991</u>	<u>13,794,795</u>
Cash and cash equivalents at the beginning of the period		23,195,873	33,250,095
Foreign currency translation adjustments		(1,468)	(165,725)
Change in cash restricted for use by banks		58	(5,782,415)
Cash and cash equivalents at the end of the period	13	42,925,454	41,096,750

These condensed consolidated interim financial statements shown on pages 3 to 22 were approved by the Board of Directors on 14 Shawal 1443H (corresponding to 15 May 2022) and signed on their behalf by:



Chief Financial Officer
Francis Ferguson



Managing Director
Fahd Ibrahim Al Mufarrij

The accompanying notes (1) to (27) form an integral part of these condensed consolidated interim financial statements

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

For the three-month period ended 31 March 2022

1. REPORTING ENTITY

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

These condensed consolidated interim financial statements as at and for the three-month period ended 31 March 2022 include the financial position and results of operations of the Company and its subsidiaries (collectively referred to as the “Group”), as shown in the table below.

<u>Name</u>	<u>Country of incorporation</u>	<u>Effective ownership interest</u>	
		<u>31 March 2022</u>	<u>31 December 2021</u>
Emirates National Factory for Plastic Industries (ENPI) (a)	UAE	100%	100%
Al-Madinah Al-Munawarah Printing and Publishing Company	KSA	100%	100%
Future Industrial Investment Company – FIIC	KSA	100%	100%
Hala Printing Company	KSA	100%	100%

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

<u>Name</u>	<u>Country of incorporation</u>	<u>Effective ownership interest</u>	
		<u>31 March 2022</u>	<u>31 December 2021</u>
Al-Madinah Printing Company	UAE	100%	100%
Future Printing Company	UAE	100%	100%
United International Clear Packing Company	UAE	100%	100%
United Security Company	UAE	100%	100%
Commercial United Packaging Company	UAE	100%	100%
Future Plastic Industries	UAE	100%	100%
Future Plus Company	KSA	100%	100%
Taiba Printing and Publishing Company	KSA	100%	100%
Flexible Packaging Company	KSA	100%	100%

The Group carries out printing as per license issued by the Ministry of Culture and Media No. 21050 dated 24 Dhul-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.

According to the company’s by-laws, the fiscal year of the Company starts from 1 January and ends on 31 December as per the Company by-laws. The fiscal year of the subsidiaries also starts from 1 January and ends on 31 December.

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

Nakheel Tower
King Fahad Road
PO Box 50202
Riyadh 11523

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

For the three-month period ended 31 March 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 31 March 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 regular basis.

3. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the three-month period ended 31 March 2022 are prepared in accordance with IAS 34 Interim Financial Reporting as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These condensed consolidated interim financial statements should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2021 ('last annual condensed consolidated financial statements'). These financial statements do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain events and transaction that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

a) Basis of measurement

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

As of 31 March 2022, the Group's current liabilities exceeds its current assets by SAR 70.2 million (31 December 2021: SAR 56.8 million). Moreover, the Group has accumulated losses amounting to SAR 69.9 million as at 31 March 2022 (31 December 2021: SAR 66.6 million accumulated losses), which approximate 11.65% (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 generating positive working capital.

As a result, as per the Group management's assessment of its ability to continue as a going concern, the management is satisfied that it has appropriate resources to continue its business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, these condensed consolidated interim financial statements continue to be prepared on the going concern basis.

b) Functional and presentation currency

The condensed consolidated interim 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.

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

For the three-month period ended 31 March 2022

4. USE OF ESTIMATES AND JUDGEMENTS

In preparing these condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of 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.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021. Accounting policies and key judgment areas adopted in preparation of these condensed consolidated interim financial statements are described in notes 6 and 7 of the Group's consolidated financial statements for the year ended 31 December 2021.

In the current period, the Group has accounted for a derivative financial instrument which was not material to the condensed consolidated interim financial statements and annual consolidated financial statements in the prior quarter and as at 31 December 2021. 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 AND FORTHCOMING REQUIREMENT

The following are a number of standards, amendments and interpretations of standards that were issued by the IASB as at 20 March 2022.

New currently effective requirements:

Effective Date	New standards and amendments
1 April 2021	COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (amendments to IAS 37).
	Annual Improvements to IFRS Standards (2018 - 2020).
	Property, Plant and Equipment: Proceeds Before Intended Use (amendments to IAS 16).
	Reference to conceptual framework (amendments to IFRS 3).

Management assessed the financial impact and there is no impact on the condensed consolidated financial statements as at 31 March 2022.

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

For the three-month period ended 31 March 2022

6. NEW STANDARDS OR AMENDMENTS FOR 2022 AND FORTHCOMING REQUIREMENT (CONTINUED)

Forthcoming Requirement:

Effective Date	New standards and amendments
1 January 2023	Classification of liabilities as current/non-current-Amendments to IAS 1.
	IFRS 17 - Insurance Contracts.
	Definition of accounting estimate -amendments to IAS 8
	Disclosure of accounting policies -amendments to IAS 1 and IFRS practice statement 2.
	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
Available for optional adoption/ effective date deferred indefinitely	Sale or contribution of assets between the investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

7. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

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

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

For the three-month period ended 31 March 2022

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

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

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

b) Information about reportable segments

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

SAUDI PRINTING AND PACKAGING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2022

(Saudi Riyals)

8. OPERATING SEGMENT (CONTINUED)

b) Information about reportable segments (continued)

31 March 2022	Reportable segments				Adjustments and eliminations	Total
	Printing	Packaging	All other segments	Total		
Revenue:						
External customers	25,663,573	210,759,273	-	236,422,846	-	236,422,846
Inter-segments	1,424,238	4,515,739	-	5,939,977	(5,939,977)	-
Total revenue	27,087,811	215,275,012	-	242,362,823	(5,939,977)	236,422,846
Segment (loss)/ profit	(2,032,941)	717,626	(1,964,723)	(3,280,038)	-	(3,280,038)
Depreciation and amortization	4,106,374	8,280,444	22,041	12,408,859	-	12,408,859

	Reportable segments							
	Printing		Packaging		Others		Total	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Total assets	376,937,749	379,137,351	1,341,215,628	1,321,952,782	9,010,878	961,909	1,727,164,255	1,702,052,042
Total liabilities	(29,232,496)	(26,507,980)	(664,883,050)	(640,610,610)	(394,586,901)	(393,187,235)	(1,088,702,447)	(1,060,305,825)

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

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

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8. OPERATING SEGMENTS (CONTINUED)

c) Geographical information

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

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

Revenues from customers	31 March 2022	31 March 2021
Saudi Arabia	83,479,506	50,427,109
United Arab Emirates	74,294,224	62,532,034
Others	78,649,116	60,481,197
	<u>236,422,846</u>	<u>173,440,340</u>
	31 March 2022	31 December 2021
Total assets		
Saudi Arabia	764,292,091	721,046,243
United Arab Emirates	962,872,164	981,005,799
	<u>1,727,164,255</u>	<u>1,702,052,042</u>
Total liabilities		
Saudi Arabia	837,157,771	821,377,145
United Arab Emirates	251,544,676	238,928,680
	<u>1,088,702,447</u>	<u>1,060,305,825</u>
Non-current assets*		
Saudi Arabia	430,659,566	411,183,977
United Arab Emirates	736,770,908	751,753,896
	<u>1,167,430,474</u>	<u>1,162,937,873</u>

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

9. ZAKAT

Zakat provision is estimated and charged to the condensed consolidated interim statement of profit or loss. 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 consolidated Zakat returns Zakat, Tax and Customs Authority ('ZATCA') for the years ended in 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 31 March 2022.

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9. ZAKAT (CONTINUED)

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 31 March 2022. ZATCA issued assessment for the year ended 31 December 2014 without additional amounts.

The Group filed consolidated Zakat returns to ZATCA for the years ended 31 December 2015, 2016, and 2018 and received restricted Zakat certificate for these years. ZATCA issued assessment for these years and requested the Group to pay amount of SAR 16,314,362. The Group has filed an objection against the said assessment which are ongoing as at 31 March 2022.

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.

The Group filed consolidated Zakat returns to ZATCA for the years ended in 31 December 2019 and 2020 and received restricted Zakat certificate for these years. ZATCA issued assessment for these years at 2021 and requested the Group to pay additional amount of SAR 22,428,204. The Group has paid 25% of the variances according to the ZATCA regulations and filed an objection against the said assessment.

10. INVENTORIES

The provision for slow moving inventories as at 31 March 2022 was in line with the policy adopted by the Group amounted to SAR 19.3 million (31 December 2021: SAR 19.1 million).

11. TRADE RECEIVABLES

	31 March 2022	31 December 2021
Trade receivables	346,373,055	345,155,882
Due from a related party (Note 19)	517,994	5,752,658
	346,891,049	350,908,540
Less: Allowance for expected credit losses	(86,050,969)	(80,953,584)
	260,840,080	269,954,956
Current portion	247,783,610	266,098,829
Non-current portion*	13,056,470	3,856,127

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

Movement in allowance for expected credit losses is as follows:

	31 March 2022	31 December 2021
Balance at the beginning of the year	80,953,584	78,829,614
Allowance for expected credit losses	5,097,559	2,170,844
Foreign currency translation adjustments	(174)	(46,874)
	86,050,969	80,953,584

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12. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 March 2022	31 December 2021
Advances to suppliers	20,842,533	6,314,103
Prepaid expense	14,251,778	10,239,037
Refundable security deposit	4,702,075	6,463,188
Employees' receivables	1,558,522	1,690,419
Others	539,599	1,160,785
	41,894,507	25,867,532
Impairment for prepayments and other current assets	(1,539,359)	(1,539,359)
	40,355,148	24,328,173

13. CASH AND CASH EQUIVALENTS

	31 March 2022	31 December 2021
Cash in hand	696,370	599,754
Cash at bank	52,021,936	32,389,029
Cash and cash equivalents in the consolidated statement of financial position	52,718,306	32,988,783
Less: Balances with banks - restricted accounts (*)	(9,792,852)	(9,792,910)
Cash and cash equivalents in the consolidated statement of statement of cash flows	42,925,454	23,195,873

(*) The restricted bank accounts represent a deposit against a loan obtained (Note 18).

14. PROPERTY, PLANT AND EQUIPMENT

As at 31 March 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 31 March 2022 amounted to SAR 834 million (31 December 2021: SAR 823 million).

Net book value of assets amounting to SAR 746 million as at 31 March 2022 (31 December 2021: SAR 755 million) and portion were placed as collateral against long-term borrowing (Note 18).

The capital commitments of the Group pertaining to purchase of property, plant and equipment amounted to SAR 10.6 million as at 31 March 2022 (2021: SAR 9.8 million). These are expected to be delivered in 2022.

15. INTANGIBLE ASSETS AND GOODWILL

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

	31 March 2022	31 December 2021
Emirates National Factory for Plastic Industries (ENPI)	359,707,551	359,707,551
Hala Printing Company	10,216,885	10,216,885
	369,924,436	369,924,436

The remaining balance comprises of software cost capitalized amounting to SAR 254 thousand as of 31 March 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 Emirate of Sharjah, in the United Arab Emirates, for a net consideration of approximately SAR 642 million.

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15. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

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

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

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

Goodwill impairment test

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

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

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.

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16. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 March 2022, the Group held Interest Rate Swaps (“IRS”) of a notional value of SR 178.9 million (2021: SAR 191.2 million) in order to hedge its exposure to interest rate risks related to long term financing (note 23). The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of market risk nor credit risk.

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate underlying a derivative contract may have a significant impact on statement of profit or loss of the Group.

As at 31 March 2022 as derivative financial instrument asset has been recognised in the condensed consolidated interim statement of financial position amounting to SAR 5.1 million.

17. SHARE CAPITAL AND RESERVES

Share Capital

As at 31 March 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.

General 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.

18. LOANS AND MURABAHA

The Group has signed several financing agreements and banking facilities with a number of local and foreign banks, which include loans and Murabaha, credit facilities, letters of credit and letters of guarantee, on different periods starting from December 2018 and ending in March 2029, subject to renewal. The credit limit for total facilities was SAR 952.4 million as at 31 March 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 2% to 3.5% + SIBOR and LIBOR.

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

- Promissory notes with the total value of the available facilities.
- A plot of land in Abhor district in Jeddah placed as collateral
- An insurance policy which grants the bank the right to be first beneficiary for the amount equal to the value of the facility.
- A corporate guarantee provided by a subsidiary of SAR 16.6 million.
- Restricted bank accounts amounting to SAR 9.8 million (2021: SAR 9.8 million).

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18. LOANS AND MURABAHA (CONTINUED)

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

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

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

This loan has an IRS which has resulted in a derivative financial instrument asset as at 31 March 2022 refer to (note 16).

As at 31 March 2022, the balance utilized amounted to SAR 834,1 million (2021: SAR 825,7 million). The following is an analysis of the loans and Murabaha transactions:

	31 March 2022	31 December 2021
Long term loans*	570,389,323	554,867,305
Short term loan	240,544,074	248,852,010
Overdrafts	17,309,578	19,172,640
Accrued finance cost	5,841,625	2,862,993
Total	834,084,600	825,754,948

*The long-term loans include current portion.

The following is the movement of the loan transactions:

	31 March 2022	31 December 2021
Opening balance	825,754,948	789,534,373
Proceeds during the period / year	245,363,016	1,210,343,578
Payments during the period / year	(240,011,997)	(1,173,432,225)
Charged during the period / year	3,556,608	35,107,481
Payments for finance cost during the period / year	(577,975)	(35,798,259)
Ending balance	834,084,600	825,754,948

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

	31 March 2022	31 December 2021
Current portion	420,900,179	407,074,466
Non-current portion	413,184,421	418,680,482
	834,084,600	825,754,948

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19. 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.

(19-1) The significant transactions between the Group and transactions with key management personnel.

Transactions with key management personnel

	31 March 2022	31 March 2021
Expenses and allowances of the Board of Directors	350,030	348,250
Remuneration of key management personnel*	1,765,958	2,043,576

*** Key management personnel**

	31 March 2022	31 March 2021
Short-term employee benefits	1,629,120	2,023,630
Long-term employee benefits	136,838	19,946
	1,765,958	2,043,576

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

(19-2) The significant transactions and balances between the Group and its related parties are as follows:

Due From	Nature	Transactions for the three-month ended		Balances outstanding	
		31 March 2022	31 March 2021	31 March 2022	31 December 2021
Sales					
Saudi Specialized Publishing Company	Fellow subsidiaries*	174,690	44,100	268,203	67,310
Saudi Research and Publishing Company	Fellow subsidiaries*	-	2,953,520	-	5,406,228
Saudi Research and Media Group	Holding Company	-	-	-	52,214
Al-Khaleejiah Advertising and Public Relations Company	Fellow subsidiaries*	17,000	22,200	53,579	53,579
Saudi Distribution Company	Fellow subsidiaries*	-	-	575	575
Tawq Public Relations Company	Fellow subsidiaries*	19,900	114,700	195,637	172,752
				517,994	5,752,658

Due To	Relation Nature	Transaction nature	Transactions for the three-month ended		Balances outstanding	
			31 March 2022	31 March 2021	31 March 2022	31 December 2021
Saudi Research and Media Group	Holding Company	Advance Payment for Sales	(25,000,000)	-	(10,614,586)	-
		Sales	12,446,652	-	(10,614,586)	-

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19. RELATED PARTIES (CONTINUED)

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

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

20. 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 31 March 2022.

21. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 March 2022	31 December 2021
Accrued expenses	10,779,243	11,067,113
Employee accruals	8,245,099	8,411,027
Advances from customers	8,221,018	3,943,939
Others	6,219,806	3,497,505
	33,465,166	26,919,584

22. COST OF REVENUE

	31 March 2022	31 March 2021
Cost of material	159,166,617	109,326,374
Employees' expenses and benefits	17,462,424	16,877,429
Depreciation & amortizations	11,742,719	10,491,093
Utilities	7,458,285	6,942,708
Maintenance	2,291,992	2,596,421
Consumables	1,164,427	1,297,560
Insurance	835,929	947,003
Rent	370,234	346,068
Other	1,734,265	1,742,944
	202,226,892	150,567,600

23. FINANCE COSTS

	31 March 2022	31 March 2021
Loan interest	8,072,812	7,891,829
Bank charges	490,686	505,701
Financing cost on lease liabilities	90,720	105,210
Finance income for derivative assets	(5,097,610)	-
	3,556,608	8,502,740

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24. FINANCIAL INSTRUMENTS

The table below shows the carrying values of financial assets and liabilities as at 31 March, which are not measured at fair value, as all financial assets and financial liabilities of the Group are measured at amortized cost.

	31 March 2022			31 December 2021		
	Amortized cost	Other financial liabilities	Total	Amortized cost	Other financial liabilities	Total
Financial assets not measured at fair value						
Trade receivables, Net	247,783,610	-	247,783,610	266,098,829	-	266,098,829
Cash and cash equivalents	52,718,306	-	52,718,306	32,988,783	-	32,988,783
Other current assets	26,103,370	-	26,103,370	15,628,495	-	15,628,495
	<u>326,605,286</u>	<u>-</u>	<u>326,605,286</u>	<u>314,716,107</u>	<u>-</u>	<u>314,716,107</u>
Financial liabilities not measured at fair value						
Loans and Murabaha	-	834,084,600	834,084,600	-	825,754,948	825,754,948
Dividend payable	-	697,151	697,151	-	697,151	697,151
Finance lease liabilities	-	7,541,193	7,541,193	-	7,814,110	7,814,110
Trade payables	-	156,351,376	156,351,376	-	153,852,582	153,852,582
Employee accruals	-	8,245,099	8,245,099	-	8,411,027	8,411,027
	<u>-</u>	<u>1,006,919,419</u>	<u>1,006,919,419</u>	<u>-</u>	<u>996,529,818</u>	<u>996,529,818</u>
Financial assets measured at fair value						
		Fair value measurement hierarchy	31 March 2022	31 March 2022	31 December 2021	31 December 2021
			Carrying value	Fair value	Carrying value	Fair value
Derivative financial instruments		Level 2	5,097,610	5,097,610	-	-
			<u>5,097,610</u>	<u>5,097,610</u>	<u>-</u>	<u>-</u>

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25. COMMITMENTS AND CONTINGENT LIABILITIES

Legal cases

There are some legal cases against some of the Group's subsidiaries during its normal business cycle, which are currently being pursued, but the final results of these cases cannot be determined. Management believes that the results of these cases will not have an impact on the Group's condensed consolidated interim financial statements as of 31 March 2022.

Zakat assessments

Refer to note 9 for details on the Zakat assessments.

Commitments

As 31 March 2022, contingent liabilities related to uncovered letter of credit amounted to SAR 98.4 million (2021: SAR 22.1 million). As at 31 March 2022, the Group has outstanding bank guarantee letters from a local bank amounting to SAR 7.5 million (31 December 2021: SAR 0.44 million).

In addition to the above, the Group has capital commitments, refer to note 14.

26. SUBSEQUENT EVENTS

- The Group announced that one of the Group's subsidiaries won a tender with the Ministry of Education for printing and supplying schoolbooks for the year 1444 H amounting to SAR 37 million.
- No other matters have occurred up to and including the date of approval of these condensed 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 31 March 2022.

27. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been approved by the Board of Directors on 14 Shawwal 1443H (corresponding to 15 May 2022).