

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) FOR THE THREE-MONTH
AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2024
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**FILLING AND PACKING MATERIALS MANUFACTURING COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2024**

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Independent auditor's report on the review of the interim condensed consolidated financial statements

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Filling and Packing Materials Manufacturing Company (A Saudi Joint Stock Company) ("the Company") and its subsidiary (collectively referred to as "the Group") as at 30 September 2024, and the interim condensed consolidated statements of profit and loss and the other comprehensive income for the three-month and nine-month periods ended 30 September 2024, and the interim condensed consolidated statements for changes in shareholders' equity and cash flows for the nine-month period then ended, and material accounting policies 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.

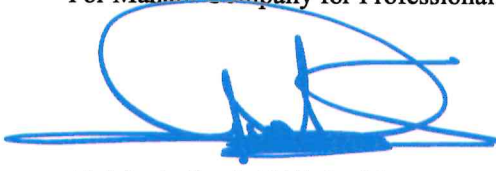
Scope of review

We conducted our review in accordance with International Standards 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 requires inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures 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.

For Maham Company for Professional Services



Abdulaziz Saud Al Shabeebi
Certified Public Accountant
License no. (339)



2 Jumada al-Ula 1446H
4 November 2024

Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)

Interim condensed consolidated statement of financial position

As at 30 September 2024

	Note	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Assets			
Non-current assets			
Property, plant and equipment	4	142,003,047	147,424,860
Right-of-use assets		5,581,680	5,953,791
Intangible assets	5	768,186	903,750
Total non-current assets		148,352,913	154,282,401
Current assets			
Inventory	6	63,493,016	51,090,590
Trade receivables	7	57,992,672	55,617,778
Prepayments and other current assets		9,588,390	11,595,328
Cash and cash equivalents		9,111,284	14,142,894
Total current assets		140,185,362	132,446,590
Total assets		288,538,275	286,728,991
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	8	115,000,000	115,000,000
Retained earnings		57,501,422	54,060,522
Other reserves	9	(25,358,702)	(25,358,702)
Total shareholders' equity		147,142,720	143,701,820
Liabilities			
Non-current liabilities			
Term loans – non-current portion	10	15,546,366	35,990,265
Government grants - non-current portion	10	1,051,400	1,853,949
Lease liabilities – non-current portion		6,023,138	6,479,202
Employees defined benefits liabilities		15,466,130	14,051,874
Contingent liability for acquisition of non-controlling interest	9	15,119,269	13,999,000
Total non-current liabilities		53,206,303	72,374,290
Current liabilities			
Trade payables		24,810,391	30,745,024
Accrued expenses and other current liabilities		17,783,718	19,148,869
Term loans – current portion	10	43,379,042	16,643,344
Government grants - current portion	10	603,125	693,177
Leases liabilities - current portion		412,293	434,347
Zakat provision	11	1,200,683	2,988,120
Total current liabilities		88,189,252	70,652,881
Total liabilities		141,395,555	143,027,171
Total shareholders' equity and liabilities		288,538,275	286,728,991



Chief financial Officer



Chief Executive Officer



Chairman

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)

Interim condensed consolidated statement of profit or loss and other comprehensive income
For the three-month and nine-month periods ended 30 September 2024

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2024 (Unaudited) SR	2023 (Unaudited) SR	2024 (Unaudited) SR	2023 (Unaudited) SR
Revenue		59,525,211	66,173,255	178,309,185	181,034,153
Cost of revenue		(48,524,245)	(52,956,977)	(142,745,437)	(145,588,998)
Gross profit		11,000,966	13,216,278	35,563,748	35,445,155
Expenses					
Selling and marketing		(3,830,055)	(2,959,993)	(11,602,100)	(8,140,511)
General and administrative	12	(5,081,850)	(6,160,371)	(15,298,621)	(16,542,049)
Provision for impairment loss of trade receivables	7	(313,273)	(121,693)	(973,430)	(481,423)
Total expenses		(9,225,178)	(9,242,057)	(27,874,151)	(25,163,983)
Profit from operations		1,775,788	3,974,221	7,689,597	10,281,172
Finance costs		(1,405,266)	(1,209,879)	(4,312,636)	(3,910,572)
Gain from financial assets held at fair value through profit or loss		-	26,848	-	16,969
Other income, net	13	235,386	1,324,647	1,173,967	931,137
Profit before Zakat		605,908	4,115,837	4,550,928	7,318,706
Zakat	11	(307,753)	(426,417)	(1,110,028)	(2,406,417)
Net profit for the period		298,155	3,689,420	3,440,900	4,912,289
Total comprehensive income for the period		298,155	3,689,420	3,440,900	4,912,289
Earnings per share					
Basic and diluted earnings per share	14	0.03	0.32	0.30	0.43



Chairman



Chief Executive Officer



Chief financial Officer

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements

Filling and Packing Materials Manufacturing Company and its Subsidiary
(A Saudi Joint Stock Company)

Interim condensed consolidated statement of changes in shareholders' equity
For the nine-month period ended 30 September 2024

	Share capital SR	Reserve SR	Retained earnings SR	Other reserve SR	Total SR
As at 1 January 2024 (Audited)	115,000,000	-	54,060,522	(25,358,702)	143,701,820
Total comprehensive income for the period	-	-	3,440,900	-	3,440,900
As at 30 September 2024 (Unaudited)	115,000,000	-	57,501,422	(25,358,702)	147,142,720
As at 1 January 2023 (Audited)	115,000,000	17,388,320	25,004,258	(25,358,702)	132,033,876
Total comprehensive income for the period	-	-	4,912,289	-	4,912,289
As at 30 September 2023 (Unaudited)	115,000,000	17,388,320	29,916,547	(25,358,702)	136,946,165



Chairman



Chief Executive Officer



Chief financial Officer

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)

Interim condensed consolidated statement of cash flows
For the nine-month period ended 30 September 2024

	For the nine-month period ended 30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR
OPERATING ACTIVITIES		
Profit before Zakat	4,550,928	7,318,706
Adjustments for:		
Depreciation of property, plant and equipment	7,281,646	6,131,578
Depreciation of a right-of-use asset	372,111	372,109
Amortization of intangible assets	135,564	-
Provision of slow-moving inventory provision	560,396	974,059
Provision for impairment loss of trade receivables	973,430	481,423
Provision for doubtful debts advance to payables	64,045	-
Gain on disposal of property, plant and equipment	-	(7,110)
Provision for employee-defined benefit liabilities	1,452,798	1,337,579
Gain from financial assets held at fair value through profit or loss	-	(16,969)
Government grants	(892,601)	-
Finance cost	4,312,636	3,910,572
	<u>18,810,953</u>	<u>20,501,947</u>
Change in operating assets and liabilities		
Inventory	(13,547,700)	(1,646,894)
Trade receivables	(3,348,324)	(9,383,944)
Prepayments and other current assets	1,942,893	730,881
Trade payables	(5,934,633)	(11,065,214)
Accrued expenses and other current liabilities	(1,365,151)	3,403,886
Cash (used in) from operations	<u>(3,441,962)</u>	<u>2,540,662</u>
Zakat paid	(2,897,465)	(3,005,881)
Employee - defined benefit obligation paid	(542,190)	(833,504)
Finance costs paid	(696,489)	(2,610,887)
Net cash used in operating activities	<u>(7,578,106)</u>	<u>(3,909,610)</u>
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,274,955)	(1,279,755)
Additions to intangible assets	-	(22,500)
Proceeds from the sale of financial assets held at fair value through profit or loss	-	5,801,332
Proceeds from the sale of property, plant and equipment	-	16,127
Net cash (used in) from investing activities	<u>(1,274,955)</u>	<u>4,515,204</u>



Chairman



Chief Executive Officer



Chief financial Officer

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

	For the nine-month period ended	
	30 September 2024	30 September 2023
	(Unaudited) SR	(Unaudited) SR
FINANCING ACTIVITIES		
Loans received	41,765,919	29,394,699
Loans paid	(37,164,444)	(31,117,216)
Payment of lease liabilities	(780,024)	(611,522)
Net cash from (used in) financing activities	3,821,451	(2,334,039)
Net decrease in cash and cash equivalents	(5,031,610)	(1,728,445)
Cash and cash equivalent at the beginning of the period	14,142,894	2,892,135
Cash and cash equivalents at the end of the period	9,111,284	1,163,690
Non cash transaction		
Transferred from inventory to property, plant and equipment	584,878	-
Write off Provision for impairment loss of trade receivables	76,910	-
Write off provision for slow moving inventory	560,396	-



Chairman



Chief Executive Officer



Chief financial Officer

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

1 GENERAL INFORMATION

Filling and Packing Materials Manufacturing Company (“the Company”) is A saudi joint stock company formed in accordance with the Companies Regulation and is registered in the Kingdom of Saudi Arabia (“KSA”) under the Commercial Registration No. 1010084155 dated 4 Dhul-Hijjah 1411H (corresponding to 17 June 1991).

The main activities of the Group are weaving textiles from industrial threads such as nylon, cutting and detailing covers for machines and goods, manufacturing plastics in their primary forms, manufacturing industrial threads, and manufacturing containers and bags from plastics.

The registered address of the group is 7305 - Second Industrial Area - Unit No. 7306 Riyadh - Kingdom of Saudi Arabia P.O. Box: 14335 Riyadh 2483.

The Extraordinary General Assembly, convened during its meeting on 2 Jumada Al-Awwal 1445 H (corresponding to 16 November 2023), approved amendments to the Company's bylaws to align with recent changes in the regulations governing companies in the Kingdom of Saudi Arabia. Additionally, the Assembly authorized the transfer of the statutory reserve balance, totaling SR 17.4 million, to retained earnings in the consolidated statement of financial position as of 31 December 2023.

	Ownership percentage direct and indirect %	
	30 September 2024 (unaudited)	31 December 2023 (audited)
FPC Industrial Company	100%	100%

FPC Industrial Company

FPC Industrial Company - is a Saudi closed joint stock Company and registered under the Commercial Registration No. 1010468446 dated 2 Jumada al-Thani 1438H corresponding to 1 March 2017. The Company is the engaged in the cutting and detailing tents and sails, car and furniture covers, machinery and goods covers, and the manufacture of bags, flags, banners, umbrellas, and tents.

2 BASIS OF PREPARATION

2-1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard “Interim Financial Report” (“IAS 34”) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

2 BASIS OF PREPARATION (continued)

2-1 Statement of compliance (continued)

These condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2023. These statements do not include all the information required for a complete set of financial statements under the International Financial Reporting Standards that is endorsed in the Kingdom of Saudi Arabia. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's interim condensed consolidated financial position and financial performance since the last reviewed annual consolidated financial statements.

2-2 Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for financial assets held at fair value through profit or loss which are measured at fair value, and employee defined benefit obligations which are measured under the projected unit credit method. Furthermore, these interim condensed consolidated financial statements have been prepared using the accrual basis of accounting and the going concern principle.

2-3 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals (SR), which is the Company's functional and presentation currency.

2-4 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary as of 30 September 2024. The financial statements of the subsidiary are prepared for the same reporting period as the company, using consistent accounting policies.

Control is achieved when the Group is exposed to, or has rights to, variable returns from its relationship with the investee, and has the ability to affect the returns by exercising its power over the investee. In particular, the Group controls an investee only when the Group has:

- Control over the investee company;
- Exposure to risks, and has rights to obtain different returns through its relationship with the investee company.
- The ability to use its power over the investee company to affect its returns.

The Group conducts a reassessment to ascertain whether or not it exercises control over an investee when facts and circumstances indicate that there is a change in one or more of the three elements of control mentioned above.

When the Group has less than a majority of the voting rights of an investee, it has control over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee individually.

The Group considers all relevant facts and circumstances when determining whether it exercises control over an investee, including:

- The size of the company's voting rights in proportion to the size of the voting rights owned by other parties.
- Potential voting rights owned by the Group or voting rights owned by other parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances indicating that the Group has, or does not have, the current ability to direct the relevant activities when decisions need to be made, including voting methods at previous shareholders' meetings.

2 BASIS OF PREPARATION (continued)

2-4 Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group ceases to exercise such control. Specifically, the income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive income from the date on which control is transferred to the Group until such control ceases.

All assets and liabilities, as well as equity, revenues, expenses and cash flows relating to intra-group transactions are eliminated in full when consolidating the financial statements.

2-5 Material accounting policies

The accounting policies applied in these interim condensed consolidated financial statements are the same policies applied to the Group's annual financial statements as at and for the year ended 31 December 2023.

2-6 Changes in material accounting policies

The Group has applied for the first time the following standards and amendments, which are effective for annual periods beginning on or before 1 January 2024, and which do not have any impact on the Group's interim condensed financial statements:

- Amendments to IAS 1, classification of liabilities into current and non-current.
- An amendment to IFRS 16, Sale and Leaseback Lease Liabilities.
- Supplier Financing Arrangements, Amendments to IAS 7 and IFRS 7.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2024 reporting period and have not been early adopted by the Group. Management is in the process of assessing the impact, if any, these pronouncements may have in future reporting periods.

3 SIGNIFICANT ASSUMPTIONS AND ESTIMATES

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

The estimates and key assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Satisfaction of performance obligations for revenue recognition

The Group must evaluate each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. The Group evaluated this based on the sale agreements it concluded with customers and the provisions of the relevant laws and regulations.

Impairment of non-financial assets

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less costs to sell and present value. The fair value less costs to sell calculation is based on available data for binding, arm's length sales of similar assets or observable market prices less incremental costs to sell the asset. The present value is calculated based on the discounted cash flow method. The cash flows are determined on a budget basis for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested for impairment. The recoverable amount is affected by the discount rate used in the discounted cash flow method as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

3 SIGNIFICANT ASSUMPTIONS AND ESTIMATES (continued)

Provision for expected credit losses on trade receivables

The Group has applied the simplified approach in IFRS 9 for impairment and has calculated expected credit losses on the basis of lifetime expected credit losses. The Group has established a provision matrix based on historical credit loss experience, which is adjusted for forward looking factors specific to the debtors and the economic environment.

Contingent liability for acquisition of non-controlling

The contingent liability from acquisition of non-controlling interest is recognized based on the present value of the future payments that the Group expects to incur as a result of the benefit commitment. The present value of the benefit obligation is calculated using a cash flow model as well as the expected future flows and growth rate used to measure the terminal value. This commitment is significantly affected by changes in these assumptions. All assumptions are reviewed annually.

Impairment of inventory

The inventory is shown at lower of cost or net realizable value (NRV). When inventory becomes obsolete or slow-moving, an estimation of its NRV is made. For each significant amount individually, this estimation is done for each amount separately. As for insignificant amounts individually but considered obsolete or slow-moving, they are collectively estimated, and a provision is made for slow-moving inventory by type and age or degree of obsolescence based on historical sales prices. These estimates take into account price fluctuations directly related to events occurring after the interim condensed financial position date.

Estimated useful lives and residual values of property, plant and equipment

Any change in the estimated useful life or depreciation pattern is accounted for prospectively.

Going concern basis of accounting

These interim condensed consolidated financial statements have been prepared on a going concern basis. The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has sufficient resources to continue in business for the foreseeable future. Furthermore, management is not aware of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern.

Filling and Packing Materials Manufacturing Company
(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)
30 September 2024

4 PROPERTY, PLANT AND EQUIPMENT

The estimated useful lives of assets for calculating depreciation are as follows:

Buildings	33 years or lease term, whichever is lesser	Tools	7 years	Spare parts	5 years
Building improvements	33 years or lease term, whichever is lesser	Furniture and fixtures	5 years		
Machinery and equipment	10-25 years / unit of production method	Vehicles	4 years		

	Buildings SR	Building improvements SR	Machinery and equipment SR	Tools SR	Furniture and fixtures SR	Vehicles SR	Capital works in progress SR	Spare parts SR	Total SR
Cost:									
At 1 January 2024 (Audited)	36,904,448	11,934,277	270,325,513	1,022,559	9,595,814	3,959,418	166,982	6,290,807	340,199,818
Additions	117,750	-	871,509	2,435	208,740	74,521	-	-	1,274,955
Transferred from inventory	-	-	-	-	-	-	-	584,878	584,878
At 30 September 2024 (Unaudited)	<u>37,022,198</u>	<u>11,934,277</u>	<u>271,197,022</u>	<u>1,024,994</u>	<u>9,804,554</u>	<u>4,033,939</u>	<u>166,982</u>	<u>6,875,685</u>	<u>342,059,651</u>
Accumulated depreciation									
At 1 January 2024 (Audited)	30,413,516	1,591,809	147,494,845	352,460	9,005,790	3,598,091	-	318,447	192,774,958
Depreciation for the period	853,046	268,519	4,728,275	109,752	198,408	117,995	-	1,005,651	7,281,646
At 30 September 2024 (Unaudited)	<u>31,266,562</u>	<u>1,860,328</u>	<u>152,223,120</u>	<u>462,212</u>	<u>9,204,198</u>	<u>3,716,086</u>	<u>-</u>	<u>1,324,098</u>	<u>200,056,604</u>
Net book value At 30 September 2024 (Unaudited)	<u>5,755,636</u>	<u>10,073,949</u>	<u>118,973,902</u>	<u>562,782</u>	<u>600,356</u>	<u>317,853</u>	<u>166,982</u>	<u>5,551,587</u>	<u>142,003,047</u>

Filling and Packing Materials Manufacturing Company

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (continued)

30 September 2024

4 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings SR	Building improvements SR	Machinery and equipment SR	Tools SR	Furniture and fixtures SR	Vehicles SR	Capital works in progress SR	Spare parts SR	Total SR
Cost:									
At 1 January 2023 (Audited)	36,904,448	11,838,077	269,640,156	780,669	9,501,732	3,619,168	185,051	6,272,202	338,741,503
Additions	-	136,200	685,357	254,513	94,082	388,250	-	-	1,558,402
Transferred from inventory	-	-	-	-	-	-	-	18,605	18,605
Disposal	-	(40,000)	-	(12,623)	-	(48,000)	(18,069)	-	(118,692)
At 31 December (Audited)	<u>36,904,448</u>	<u>11,934,277</u>	<u>270,325,513</u>	<u>1,022,559</u>	<u>9,595,814</u>	<u>3,959,418</u>	<u>166,982</u>	<u>6,290,807</u>	<u>340,199,818</u>
Accumulated Depreciation:									
At 1 January 2023 (Audited)	29,272,074	1,239,615	141,443,173	205,976	8,729,884	3,436,406	-	-	184,327,128
Depreciation for the year	1,141,442	356,994	6,051,672	150,090	275,906	209,684	-	318,447	8,504,235
Disposal	-	(4,800)	-	(3,606)	-	(47,999)	-	-	(56,405)
At 31 December (Audited)	<u>30,413,516</u>	<u>1,591,809</u>	<u>147,494,845</u>	<u>352,460</u>	<u>9,005,790</u>	<u>3,598,091</u>	<u>-</u>	<u>318,447</u>	<u>192,774,958</u>
Net book value:									
At 31 December 2023 (Audited)	<u>6,490,932</u>	<u>10,342,468</u>	<u>122,830,668</u>	<u>670,099</u>	<u>590,024</u>	<u>361,327</u>	<u>166,982</u>	<u>5,972,360</u>	<u>147,424,860</u>

- Buildings and their improvements are situated on a land leased from the Saudi Authority for Industrial Cities and Technology Zones in Riyadh under a 20-year lease term and has been renewed for similar periods.
- The vast majority of the property, plant, and equipment are pledged in favor of the Saudi Industrial Development Fund against loans granted by the Fund.

5 INTANGIBLE ASSETS

Intangible assets, as at 30 September 2024, represents the costs of a computer software with a book value of SR 768,186 (31 December 2023: SR 903,750). Intangible assets are amortized at a period of 5 years.

Movement in intangible assets

	For the nine-month period ended 30 September 2024 (Unaudited) SR	For the year ended 31 December 2023 (Audited) SR
At the beginning of the period / year	<u>903,750</u>	903,750
Charged during the period / year	<u>135,564</u>	-
At the end of the period / year	<u><u>768,186</u></u>	<u><u>903,750</u></u>

6 INVENTORY

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Raw materials	<u>27,406,648</u>	22,762,104
Finished goods	<u>15,914,218</u>	11,974,602
Work in progress	<u>12,136,862</u>	11,796,927
Other materials and supplies	<u>5,718,943</u>	3,009,424
Goods in transit	<u>2,316,345</u>	1,547,533
	<u><u>63,493,016</u></u>	<u><u>51,090,590</u></u>

The movement of provision for slow-moving and obsolete inventory is as follows:

	For the nine-month period ended 30 September 2024 (Unaudited) SR	For the year ended 31 December 2023 (Audited) SR
Charged during the period/year	<u>560,396</u>	2,743,606
Written off during the period/year	<u>(560,396)</u>	(2,743,606)
Balance at the end of the period/year	<u><u>-</u></u>	<u><u>-</u></u>

7 TRADE RECEIVABLES

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Total trade receivables	61,406,780	58,135,366
Less: provision for expected credit losses	(3,414,108)	(2,517,588)
Trade receivables, net	57,992,672	55,617,778

- Trade receivables are commission-free and are generally due within 30-90 working days. The carrying amount may be affected by changes in the credit risk of counterparties.
- The majority of the Group's trade receivables are concentrated in the Kingdom of Saudi Arabia.
- As at 30 September 2024, impaired trade receivables totaled SR 3,414,108 (31 December 2023 SR 2,517,588) and a provision for impairment was made, as appropriate.

Movement in the provision for expected credit losses

	For the nine-month period ended 30 September 2024 (Unaudited) SR	For the year ended 31 December 2023 (Audited) SR
At the beginning of the period/year	2,517,588	2,036,167
Charged during the period/year	973,430	481,421
Written off during the period/year	(76,910)	-
At the end of the period/year	3,414,108	2,517,588

The following is the aging analysis of receivables and expected credit losses:

	Total	0-90 days	91-180 days	181-360 days	More than 360 days
30 September 2024	61,406,780	42,240,435	15,116,162	2,635,227	1,414,956
31 December 2023	58,135,366	50,487,314	4,901,930	1,845,899	900,223

8 SHARE CAPITAL

The authorized, issued and fully paid share capital of the Company consists of 11.5 million shares of SR 10 each (31 December 2023: 11.5 million shares of SR 10 each).

9 ACQUISITION OF NON-CONTROLLING INTEREST IN FPC INDUSTRIAL COMPANY

During 2020, the Company acquired the non-controlling stake of 20% in FPC Industrial Company (the subsidiary) and therefore it became a wholly owned subsidiary of the Group. According to the acquisition agreement, the selling party is entitled to 20% of the annual net profit of the subsidiary, calculated according to the audited financial statements for a period of ten years only, which ends on 31 December 2029. Accordingly, the Company conducted an assessment for the potential commitment in accordance with the aforementioned agreement. Management believes that the calculation of this potential liability reflects the best estimate in light of the available data and is reassessed annually.

This acquisition resulted in an amount of SR 25,358,702 which has been classified under other reserves within shareholders' equity.

9 ACQUISITION OF NON-CONTROLLING INTEREST IN FPC INDUSTRIAL COMPANY (continued)

The movement of contingent liability the for acquisition of non-controlling interest is as follows:

	For the nine-month period ended 30 September 2024 (Unaudited) SR	For the year ended 31 December 2023 (Audited) SR
At the beginning of the period/year	<u>13,999,000</u>	15,612,000
Change as a result of re-estimation during the period / year	-	(2,785,461)
Financial costs during the period/year	<u>1,120,269</u>	1,172,461
At the end of the period/year	<u><u>15,119,269</u></u>	<u><u>13,999,000</u></u>

10 TERM LOANS

The Group entered into an agreement with the Saudi Industrial Development Fund for a gross financing of SR 50.4 million in order to finance the expansion of the plant and for the purpose of purchasing new production lines to increase production capacity. The Industrial Development Fund's loan guarantees include the pledge of majority of the Group's property, plant and equipment.

The Group obtained credit facilities amounting to SR 84 million from a local bank for the purposes of financing the Group's activities. The utilized balance amounted to SR 74.4 million in the form of loans maturing within a period not exceeding 12 to 48 months. The loan carries a commission according to the prevailing commercial rates between banks in the Kingdom of Saudi Arabia. This financing is secured by promissory notes and a joint guarantee from some of the shareholders.

Loans include certain covenants. Any future breach of commitments may lead to renegotiation. certain are monitored on a monthly basis by management. In the event of any potential violation, management takes measures to ensure compliance.

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Current portion of term loans	<u>43,379,042</u>	16,643,344
Non-current portion of term loans	<u>15,546,366</u>	35,990,265
	<u><u>58,925,408</u></u>	<u><u>52,633,609</u></u>

According to IFRS 20 government grants and other forms of government assistance, the interest rate on loans that carry an interest rate below the market rate is measured at fair value. The difference between the book value of the loan from the Saudi Industrial Development Fund and the amount received is also treated as government grants. The government grants were as follows:

	30 September 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Government grants – current portion	<u>603,125</u>	693,177
Government grants - non-current portion	<u>1,051,400</u>	1,853,949
At the end of period / the year	<u><u>1,654,525</u></u>	<u><u>2,547,126</u></u>

11 ZAKAT

Zakat expense for the year is determined in accordance with the requirements of the Zakat, Tax and Customs Authority (“ZATCA”) and charged to the consolidated statement of profit or loss and comprehensive income. Differences resulting from the final zakat calculation, if any, are adjusted in the period in which the final assessments are received. The provision for the period was calculated based on the zakat base of the Company and its wholly-owned subsidiary as a whole, as the Group submits a consolidated zakat return.

The Group submitted its zakat returns to the Zakat, Tax, and Customs Authority for all years up to 2023, and the Group obtained the final zakat assessments for the years up to 2020 and paid related zakat on it. ZATCA has not yet issued the zakat assessment for the years 2021 and 2023.

Zakat provision movement

	For the nine-month period ended 30 September 2024 (Unaudited) SR	For the year ended 31 December 2023 (Audited) SR
At the beginning of the period/year	2,988,120	3,096,536
Charged during the period/year	1,110,028	2,897,465
Paid during the period/year	(2,897,465)	(3,005,881)
At the end of the period/year	1,200,683	2,988,120

12 GENERAL AND ADMINISTRATIVE EXPENSES

	For the nine-month period ended 30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR
Employee salaries	9,937,647	11,017,183
Consulting and professional fees	979,261	1,885,472
Research and development expenses	906,768	301,551
Board members allowance	823,500	874,500
Maintenance and repair expenses	397,125	594,816
Bank expenses	357,773	389,645
Electricity and water	203,839	195,656
Security and safety expenses	188,889	179,056
Amortization of intangible assets	135,564	-
Training expenses	102,518	63,597
Insurance expenses	95,345	67,090
Telephone and postage	92,820	115,175
Depreciation of property, plant, and equipment	85,365	96,179
Provision for doubtful debts advance to payables	64,045	-
Others	928,162	762,129
	15,298,621	16,542,049

13 OTHER INCOME, NET

	For the nine-month period ended	
	30 September 2024	30 September 2023
	(Unaudited)	(Unaudited)
	SR	SR
Interest on bank deposits	344,240	431,275
Support the Higher Institute of Plastics	226,434	195,300
Refund custom duty	123,331	28,218
Foreign currency differences	103,480	(313,888)
Scrap sales and other supplies	83,075	244,126
Support of the Export Development Authority	80,553	-
Gains on disposal of property, plant and equipment	-	7,110
Adjusting for payables	-	(184,656)
Other	212,854	523,652
	1,173,967	931,137

14 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is the same as basic earnings per share since the Company has no diluted shares issued.

	For the nine-month period ended	
	30 September 2024	30 September 2023
	(Unaudited)	(Unaudited)
	SR	SR
Profit for the period attributable to shareholders	3,440,900	4,912,289
Weighted average number of shares	11,500,000	11,500,000
Basic and diluted earnings per share	0.30	0.43

15 RELATED PARTY TRANSACTIONS AND BALANCES

Senior management employees are defined as people who have the authority and responsibility to plan, direct and control the Group's activities (directly or indirectly)

Transactions with related parties include salaries, bonuses and allowances of members of the Board of Directors and senior executives that took place during the year between the Group and senior management. Transactions with related parties were as follows:

	For the nine-month period ended	
	30 September 2024	30 September 2023
	(Unaudited)	(Unaudited)
	SR	SR
Short-term salaries and benefits	3,028,891	2,918,221
Allowances and rewards for the Board of Directors and other committees	823,500	874,500
Defined employee benefit obligations	159,130	73,511
	4,011,521	3,866,232

16 SEGMENT REPORTING

The Group's management has determined the operating segments based on the reports reviewed by the Board of Directors, on the basis of which strategic decisions are taken. For management purposes, the Group is organized into two segments. The following are the operating segments of the Group:

Packing and packaging

The Packing and packaging sector is engaged in weaving textiles from industrial threads such as nylon, manufacturing bags from plastics, manufacturing plastics (plastics) in their primary forms, spinning and preparing plant fibers such as hemp and staple.

Technical textiles

The technical textiles sector is engaged in cutting and detailing tents and sails, car and furniture covers, machinery and goods covers, and the manufacture of bags, flags, banners, umbrellas and awnings.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with the operating profit or loss in the interim condensed consolidated financial statements.

Below represents the summary of Groups revenue from contracts with customers:

For the nine-month period ended 30 September 2024 (Unaudited)	Packing and packaging (SR)	Technical textiles (SR)	Eliminations (SR)	Total (SR)
Revenues	135,563,873	42,745,312	-	178,309,185
Revenue cost	(107,967,242)	(34,966,325)	188,130	(142,745,437)
Total profit	27,596,631	7,778,987	188,130	35,563,748
For the nine-month period ended 30 September 2023 (Unaudited)	Packing and packaging (SR)	Technical textiles (SR)	Eliminations (SR)	Total (SR)
Revenues	133,777,824	47,256,329	-	181,034,153
Revenue cost	(105,145,115)	(40,632,013)	188,130	(145,588,998)
	28,632,709	6,624,316	188,130	35,445,155

REVENUES

	For the nine-month period ended	
	30 September 2024 (Unaudited) SR	30 September 2023 (Unaudited) SR
Sale of packaging and packaging products	135,563,873	133,777,824
Sale of technical textiles	42,745,312	47,256,329
Revenue recognized at a point of time	178,309,185	181,034,153

16 SEGMENT REPORTING (continued)

Revenue geographical analysis

The geographical analysis of the Group's revenue is as follows:

	For the nine-month period ended	
	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
	SR	SR
Kingdom of Saudi Arabia	118,987,903	122,395,518
Other countries	59,321,282	58,638,635
Total revenue	178,309,185	181,034,153

The details of the assets and liabilities of the Group's segments are as follows:

As 30 September 2024 (Unaudited)	Packing and packaging (SR)	Technical textiles (SR)	Eliminations (SR)	Total (SR)
Total assets	294,536,208	149,384,398	(155,382,331)	288,538,275
Total liabilities	116,243,207	98,330,665	(73,178,317)	141,395,555
As of 31 December 2023 (Audited)	Packing and packaging (SR)	Technical textiles (SR)	Eliminations (SR)	Total (SR)
Total assets	278,850,868	135,864,956	(127,986,833)	286,728,991
Total liabilities	109,862,688	78,831,511	(45,667,028)	143,027,171

17 FAIR VALUE MEASUREMENT

Fair value is the value at which assets are exchanged or liabilities are settled between willing parties in an arm's length transaction. Financial instruments consist of financial assets and financial liabilities. Financial assets include cash and cash equivalents and trade receivables. Financial liabilities include loans, trade payable, lease liabilities, and contingent liability for the acquisition of non-controlling interest.

The management has assessed that the fair value of cash and cash equivalents and trade receivables, loans, trade payable, and lease liabilities approximates their carrying amounts. This is mainly due to the short-term maturity of these instruments.

Investments in financial assets held at fair value through profit or loss are classified under Level 1 of the fair value hierarchy. During the current period and the previous year, there were no transfers into/out of Level 2 of the fair value hierarchy.

30 September 2024

18 CONTINGENCIES

As at 30 September 2024, the Group had outstanding letters of credit and letters of guarantee amounted to SR 5,982,182 (at 31 December 2023: SR 11,880,661).

19 INTERIM RESULTS

The results of operations for the three-month and nine-month period ended 30 September 2024 are not necessarily indicative of the Group's annual results.

20 SUBSEQUENT EVENTS

Management believes that there are no significant subsequent events since the end of the period that may require disclosure or amendment to these interim condensed consolidated financial statements.

21 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the board of directors on 28 Rabi' al-Thani 1446H (corresponding to 31 October 2024).