

**SAUDI PAPER MANUFACTURING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS (Unaudited)**  
**FOR THE THREE AND SIX MONTHS PERIODS ENDED  
JUNE 30, 2022**  
**WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

**SAUDI PAPER MANUFACTURING COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)**  
**FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2022**

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

To the shareholders of  
Saudi Paper Manufacturing Company  
(A Saudi Joint Stock Company)  
Dammam - Kingdom of Saudi Arabia

**Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Saudi Paper Manufacturing Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2022, the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three and six months periods then ended, the condensed consolidated interim statements of changes in equity and cash flows for the six months period then ended and notes including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS-34") as 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**

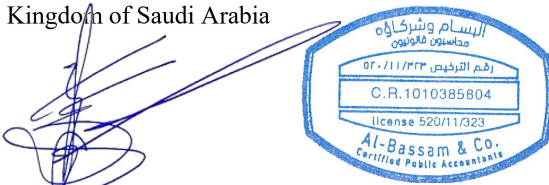
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists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

**Al-Bassam & Co.**

P.O. Box 4636  
Al Khobar 31952  
Kingdom of Saudi Arabia

**Ibrahim Ahmed Al Bassam**

Certified Public Accountant

License No.337

Al Khobar

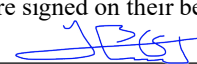
July 25, 2022  
26 Dhul Hijjah 1443H


**SAUDI PAPER MANUFACTURING COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2022**

	Note	June 30, 2022 (Un-audited) SR	December 31, 2021 (Audited) SR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	527,100,414	551,064,863
Intangible assets		23,904,563	24,817,004
Investment in an associate		23,462,075	21,908,075
<b>Total non-current assets</b>		<b>574,467,052</b>	<b>597,789,942</b>
<b>Current assets</b>			
Inventories		52,032,569	85,312,232
Trade receivables	5	141,764,081	149,738,769
Advances, prepayments and other assets		68,327,227	67,794,189
Short term deposits		-	34,000,000
Cash and cash equivalents		88,602,432	43,068,386
<b>Total current assets</b>		<b>350,726,309</b>	<b>379,913,576</b>
<b>TOTAL ASSETS</b>		<b>925,193,361</b>	<b>977,703,518</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1	192,000,000	192,000,000
Statutory reserve	11	3,357,444	3,357,444
Translation reserve		(7,434,695)	(6,803,818)
Other reserves		(764,453)	(764,453)
Retained earnings		59,131,686	24,771,851
<b>Equity attributable to the shareholders of the Company</b>		<b>246,289,982</b>	<b>212,561,024</b>
Non-controlling interest		1,145,596	1,024,586
<b>Total equity</b>		<b>247,435,578</b>	<b>213,585,610</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Medium and long term loans	6	292,019,187	329,222,803
Employees' end of service benefits		21,840,307	20,597,189
Lease liabilities – non current portion		9,169,783	11,557,463
<b>Total non-current liabilities</b>		<b>323,029,277</b>	<b>361,377,455</b>
<b>Current liabilities</b>			
Short-term loans	6	117,915,643	168,063,254
Medium and long term loans – current portion	6	89,322,369	93,154,258
Trade payables		78,770,436	71,660,168
Accrued expenses and other liabilities		50,322,570	49,675,462
Provision for zakat		14,378,932	16,210,122
Lease liabilities – current portion		4,018,556	3,977,189
<b>Total current liabilities</b>		<b>354,728,506</b>	<b>402,740,453</b>
<b>Total liabilities</b>		<b>677,757,783</b>	<b>764,117,908</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>925,193,361</b>	<b>977,703,518</b>

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors, on behalf of shareholders and were signed on their behalf on July 25, 2022.

  
**Khalid Wafid Abo Hana**  
**Chief Financial Officer**

  
**Yousseri Abdel Hamid Abdel**  
**Aziz El Bishry**  
**Chief Executive Officer**

  
**Abdullah Abdul Rahman**  
**Al-Kharashi**  
**Chairman**

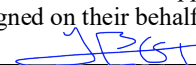
The accompanying notes form an integral part of these condensed consolidated interim financial statements.


**SAUDI PAPER MANUFACTURING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
**FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2022**

	Note	From April 1 to June 30		From January 1 to June 30	
		2022	2021	2022	2021
		(Un-audited) SR	(Un-audited) SR	(Un-audited) SR	(Un-audited) SR
Revenue	8	146,288,032	141,260,700	340,983,784	299,749,163
Cost of revenue		(105,187,267)	(97,854,369)	(251,384,254)	(211,220,400)
<b>Gross profit</b>		<b>41,100,765</b>	43,406,331	<b>89,599,530</b>	88,528,763
General and administrative expenses		(14,662,473)	(10,784,902)	(28,300,357)	(21,430,667)
Selling and distribution expenses		(16,255,379)	(13,269,357)	(32,300,795)	(27,642,132)
(Allowance) /reversal for impairment of trade receivables	5	(3,175,336)	1,460,907	(3,493,370)	837,274
Share in profit of an associate		777,000	836,301	1,554,000	1,672,602
Other income		19,807,070	479,267	20,527,647	1,168,490
Other expenses		(95,091)	(1,415,982)	(124,276)	(2,180,630)
<b>Profit before finance charges and zakat</b>		<b>27,496,556</b>	20,812,979	<b>47,462,379</b>	40,293,238
Finance charges	6,8	(5,980,628)	(4,807,639)	(11,981,010)	(9,820,490)
<b>Profit before zakat</b>		<b>21,515,928</b>	15,904,926	<b>35,481,369</b>	31,133,210
Zakat		(382,398)	(663,123)	(1,014,796)	(1,660,691)
<b>Net profit for the period</b>		<b>21,133,530</b>	15,241,803	<b>34,466,573</b>	29,472,519
<b><u>Other comprehensive income (loss)</u></b>					
<i>Items that will not be reclassified to profit or loss</i>					
Change in equity investments through other comprehensive income		-	1,217,304	-	1,217,304
<i>Item that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations		(448,082)	(151,284)	(616,605)	(240,293)
<b>Other comprehensive (loss) income for the period</b>		<b>(448,082)</b>	1,066,020	<b>(616,605)</b>	977,011
<b>Total comprehensive income for the period</b>		<b>20,685,448</b>	16,307,823	<b>33,849,968</b>	30,449,530
<b>Net profit attributable to:</b>					
Shareholders of the Company		21,062,146	15,141,502	34,359,835	29,197,562
Non-controlling interest		71,384	100,301	106,738	274,957
<b>Net profit for the period</b>		<b>21,133,530</b>	15,241,803	<b>34,466,573</b>	29,472,519
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Company		20,631,829	16,205,139	33,728,958	30,175,671
Non-controlling interest		53,619	102,684	121,010	273,859
<b>Total comprehensive income for the period</b>		<b>20,685,448</b>	16,307,823	<b>33,849,968</b>	30,449,530
<b>Earnings per share (SR) attributable to shareholders of the company</b>					
Basic and diluted earnings per share	9	1.10	0.79	1.79	1.53

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors, on behalf of shareholders and were signed on their behalf on July 25, 2022.

  
Khalid Walid Abo Hana  
Chief Financial Officer

  
Yousseri Abdel Hamid Abdel  
Aziz El Bishry  
Chief Executive Officer

  
Abdullah Abdul Rahman  
Al-Kharashi  
Chairman

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

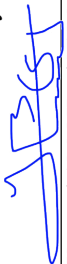
**SAUDI PAPER MANUFACTURING COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**


**Equity attributable to the shareholders of the Company**

	Share capital SR	Statutory reserve SR	Translation reserve SR	Other reserves SR	Retained earnings SR	Total SR	Non-controlling interest SR	Total equity SR
As at January 1, 2021 (audited)	92,000,000	329,858	(6,216,797)	80,305	2,968,719	89,162,085	1,443,172	90,605,257
Net profit for the period	-	-	-	-	29,197,562	29,197,562	274,957	29,472,519
Other comprehensive (loss) income for the period	-	-	(239,195)	1,217,304	-	978,109	(1,098)	977,011
Total comprehensive (loss) income for the period	-	-	(239,195)	1,217,304	29,197,562	30,175,671	273,859	30,449,530
<b>Transaction with shareholders in the capacity as owners</b>								
Increase in share capital (note 1)	100,000,000	-	-	-	-	100,000,000	-	100,000,000
Cost of increase in share capital	-	-	-	-	(5,445,142)	(5,445,142)	-	(5,445,142)
Dividend paid	-	-	-	-	-	-	(749,040)	(749,040)
As at June 30, 2021 (un-audited)	192,000,000	329,858	(6,455,992)	1,297,609	26,721,139	213,892,614	967,991	214,860,605
<b>As at January 1, 2022 - (audited)</b>	192,000,000	3,357,444	(6,803,818)	(764,453)	24,771,851	212,561,024	1,024,586	213,585,610
Net profit for the period	-	-	-	-	34,359,835	34,359,835	106,738	34,466,573
Other comprehensive (loss) income for the period	-	-	(630,877)	-	-	(630,877)	14,272	(616,605)
Total comprehensive (loss) income for the period	-	-	(630,877)	-	34,359,835	33,728,958	121,010	33,849,968
<b>As at June 30, 2022 (un-audited)</b>	192,000,000	3,357,444	(7,434,695)	(764,453)	59,131,686	246,289,982	1,145,596	247,435,578

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors, on behalf of shareholders and were signed on their behalf on July 25, 2022.

  
**Khalid Walid Abo Hana**  
**Chief Financial Officer**

  
**Youssef Abdel Hamid Abdel Aziz El Bishry**  
**Chief Executive Officer**

  
**Abdullah Abdul Rahman Al-Kharashi**  
**Chairman**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**SAUDI PAPER MANUFACTURING COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**


	June 30, 2022 (Un-audited) SR	June 30, 2021 (Un-audited) SR
<b>Cash flow from operating activities</b>		
Net profit for the period	34,466,573	29,472,519
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	26,265,184	25,646,780
Gain on disposal of property, plant and equipment	(18,967,515)	-
Finance charges	11,981,010	9,820,490
Allowance /(reversal) for impairment of trade receivables	3,493,370	(837,274)
Provision for employees' end of service benefits	2,456,259	1,672,854
Share in profit of an associate	(1,554,000)	(1,672,602)
Zakat expense	1,014,796	1,660,691
Amortization of intangible assets	964,996	943,472
Allowance for slow moving inventories	45,320	-
Loss on investment	-	1,217,304
	<b>60,165,993</b>	<b>67,924,234</b>
<i>Changes in operating assets and liabilities:</i>		
Trade receivables	4,481,318	(25,029,405)
Inventories	33,234,343	8,063,288
Advances, prepayments and other assets	(533,038)	(26,510,041)
Short term deposits	34,000,000	-
Trade payables	7,110,268	(923,946)
Accrued expenses and other liabilities	1,003,351	(390,723)
Cash generated from operations	<b>139,462,235</b>	<b>23,133,407</b>
Finance charges paid	(13,671,541)	(8,946,410)
Zakat paid	(2,845,986)	(987,862)
Employees' end of service benefits paid	(1,213,141)	(1,093,835)
<b>Net cash generated from operating activities</b>	<b>121,731,567</b>	<b>12,105,300</b>
<b>Cash flow from investing activities</b>		
Additions to property, plant and equipment	(8,036,626)	(5,860,706)
Proceeds from disposal of property, plant and equipment	24,762,375	-
Additions to intangible assets	(52,555)	-
Dividend received from an associate	-	3,640,000
<b>Net cash generated from (used in) investing activities</b>	<b>16,673,194</b>	<b>(2,220,706)</b>
<b>Cash flow from financing activities</b>		
Repayment of medium and long term loans	(40,484,826)	(43,112,223)
Change in short term loans, net	(49,007,759)	(31,973,631)
Lease payments	(2,750,588)	(1,037,198)
Proceeds from increase in share capital	-	95,738,445
Receipt of medium and long term loans	-	3,221,241
Dividend paid to non controlling interest	-	(749,040)
<b>Net cash (used in) generated from financing activities</b>	<b>(92,243,173)</b>	<b>22,087,594</b>
<b>Net change in cash and cash equivalents</b>	<b>46,161,588</b>	<b>31,972,188</b>
Cash and cash equivalents at the beginning of the period	43,068,386	15,722,940
Effect of exchange rate fluctuations	(627,542)	(197,216)
<b>Cash and cash equivalents at the end of the period</b>	<b>88,602,432</b>	<b>47,497,912</b>


**Cash flow supplemental information**

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These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors, on behalf of shareholders and were signed on their behalf on July 25, 2022.

  
**Khalid Walid Abu Hana**  
**Chief Financial Officer**

  
**Yousseri Abdel Hamid Abdel Aziz El Bishry**  
**Chief Executive Officer**

  
**Abdullah Abdul Rahman Al-Kharashi**  
**Chairman**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**SAUDI PAPER MANUFACTURING COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2022**

**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Saudi Paper Manufacturing Company (“the Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 2050028141 issued in Dammam on Muharram 10, 1415H (June 20, 1994). The Company’s share capital is SR 192 million divided into 19.2 million shares of SR 10 each.

The principal activities of the Company and its subsidiaries (the “Group”), each of which operates under individual commercial registration, are to manufacture tissue paper rolls, convert tissue paper rolls into facial, kitchen and toilet tissue papers and collect, sort, transport and press waste papers.

The Company’s registered office is P.O. Box 2598, Unit number 2, Dammam 34326-7169, the Kingdom of Saudi Arabia.

The shareholders in their extraordinary general meeting held on November 4, 2019 approved recommendation of the Board of Directors of the Company to reduce the share capital of the Company from SR 245,000,000 to SR 92,000,000 for the purpose of restructuring of the share capital of the Company to absorb the accumulated losses of the Company and support its future growth. As a result, total number of shares of the Company was reduced from 24,500,000 to 9,200,000 by way of cancellation of shares and the capital was accordingly reduced to SR 92 million. Following the capital reduction, the Board recommended to increase the share capital of the Company through right issue by SR 150 million in order to strengthen the financial position of the Group and to improve liquidity and working capital needs. On April 28, 2020, the Board of the Directors of the Company resolved to adjust their previous recommendation on increase in share capital, whereby it was agreed to increase the share capital by SR 100 million instead of SR 150 million by way of right issue. During the period ended March 31, 2021, the Company increased its share capital through right issue by SR 100 million by offering 10 million shares which were fully subscribed. All the legal formalities related to increase of share capital has been completed.

On October 18, 2021, the Company announced the Board recommendation to increase the share capital of the Company by SR 145 million by way of right issue to support the expansion activities and provide working capital to increase operational capacity and support the future activities. On May 29, 2022, the Company has submitted an application to CMA for capital increase by offering rights shares.

**1.1 Structure of the group**

These condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries as listed below:

<b>Subsidiary</b>	<b>Country of incorporation</b>	<b>Effective ownership</b>	
		<b>June 2022</b>	<b>December 2021</b>
Saudi Recycling Company	Saudi Arabia	100%	100%
Saudi Paper Converting Company	Saudi Arabia	100%	100%
Saudi Investment and Industrial Development Company	Saudi Arabia	100%	100%
Al Madar Paper Trading	Morocco	100%	100%
Al Madar Paper Trading	Jordan	100%	100%
Saudi Paper Converting Company Jordan	Jordan	100%	100%
Al Madar Paper	Algeria	100%	100%
Morocco Paper Manufacturing Company	Morocco	100%	100%
Al - Juthoor Paper Tissue Manufacturing Plant	Kuwait	85%	85%

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The condensed consolidated interim financial statements for the three and six months periods ended June 30, 2022 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia. The accompanying condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and hence should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2021.



## SAUDI PAPER MANUFACTURING COMPANY

(A SAUDI JOINT STOCK COMPANY)

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued) FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2022

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## 2. BASIS OF PREPARATION (Continued)

### 2.2 Preparation of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements are prepared under the historical cost convention, except where International Financial Reporting Standards (IFRSs) require other measurement basis. The principal accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021.

The preparation of these condensed consolidated interim financial statements in conformity with IFRSs required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the condensed consolidated interim financial statements. These critical accounting judgements and key sources of estimations were the same as those described in the last annual financial statements.

### 2.3 Functional and presentation currency

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies applied by the group.

### 3.1 Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the "Group" as detailed in note 1.1. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

**SAUDI PAPER MANUFACTURING COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)****FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2022****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.1 Basis of consolidation (Continued)**

Condensed consolidated interim statement of profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and non- controlling interest. Total comprehensive income of subsidiaries is wholly attributed to the shareholders of the Company except the comprehensive income of Al – Juthoor subsidiary.

When necessary, adjustments are made to the condensed consolidated interim financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**3.2 Changes in significant accounting policies***New standards, Amendments to standards and Interpretations*

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

**4 PROPERTY, PLANT AND EQUIPMENT**

The Group acquired property, plant and equipment in six months period ended June 30, 2022 amounting to SR 8.04 million (period ended June 30, 2021: SR 5.86 million).

During the period ended June 30, 2022, the Group sold a piece of land and building with value of SR 24.7 million and recognized a gain on disposal by SR 18.9 million. The carrying value of land and building on date of disposal was SR 5.8 million.

**5. TRADE RECEIVABLES**

		<b>June 30, 2022</b>	December 31, 2021
		<b>(Un-audited)</b>	(Audited)
	<b>Note</b>	<b>SR</b>	<b>SR</b>
Trade receivables		<b>198,524,334</b>	203,005,652
Allowance for impairment of trade receivables	5.1	<b>(56,760,253)</b>	(53,266,883)
		<b>141,764,081</b>	149,738,769

**5.1 The movement in allowance for impairment of trade receivables is as follows:**

	<b>June 30, 2022</b>	December 31, 2021
	<b>(Un-audited)</b>	(Audited)
	<b>SR</b>	<b>SR</b>
Opening balance	<b>53,266,883</b>	100,835,002
Allowance for the period /year	<b>3,493,370</b>	966,906
Write offs during the period /year	<b>-</b>	(48,535,025)
	<b>56,760,253</b>	53,266,883

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**6. LOANS**

**a) Medium and long-term loans**

		<b>June 30, 2022</b>	December 31, 2021
		<b>(Un-audited)</b>	(Audited)
	<b>Note</b>	<b>SR</b>	<b>SR</b>
Saudi Industrial Development Fund (“SIDF”) loans	6.1	<b>10,682,366</b>	15,135,700
Commercial bank loans	6.2	<b>370,659,190</b>	407,241,361
		<b>381,341,556</b>	422,377,061
Current maturity of long term loans		<b>(89,322,369)</b>	(93,154,258)
		<b>292,019,187</b>	329,222,803

The covenants of the loan agreements require the Company and its subsidiary to maintain certain levels of financial condition, place limitations on dividend distributions, on capital expenditures and rental estate investments.

The Group has not complied with the covenant requirements of maintaining certain financial ratios of some of its loan agreements. The management believes that the Group will be successful in restructuring of its loans, and avail new ones as and when needed revolving its short term loans as per its past practice and resolving the breach in the near future.

These bank loans are secured against promissory notes amounting to SR 646.78 million (2021: SR 588.2 million).

**6.1 SIDF loans**

These represent loans obtained from SIDF by the Company. The loans do not bear financial charges, however, an upfront fee is charged on the loan and these are secured by mortgaged on property, plant and equipment of the Company equal to the carrying amount of the loan.

**6.2 Commercial bank loans**

The Group has obtained loan facilities from various commercial banks. These loans are mainly denominated in Saudi Riyals which generally bear financial charges based on prevailing market rates. The aggregate maturities of the loans outstanding at June 30, 2022, based on their respective repayment schedules, are spread in 2022 through 2027.

**b) Short term loans**

Short term loans are obtained from various commercial banks and bear financial charges at the prevailing market rates which are based on inter-bank offer rate.

**7. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

The related parties consist of subsidiaries, affiliates and Board of Directors and key management personnel of the Group. In the ordinary course of business, the Group transacts with its related parties. Such transactions relate to services rendered and received and expenses incurred on behalf of related parties. The transactions are dealt with on mutually agreed terms and the terms and conditions on these transactions are approved by the Group’s management.

**Key management personnel compensation**

	<b>June 30, 2022</b>	June 30, 2021
	<b>(Un-audited)</b>	(Un-audited)
	<b>SR</b>	<b>SR</b>
Short-term employees benefits	<b>3,246,944</b>	2,858,055
BOD and related committees remuneration	<b>1,273,998</b>	619,182
Employees’ end of service benefits	<b>198,488</b>	165,349

Payable balance to key management personnel as of period end amounted to SR 2.75 million (December 31, 2021 SR 3.25 million).

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**7. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

**Other related parties transactions**

During the period ended June 30, the Company had the following significant transactions with its related parties:

<b>Related party</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>Amount SR</b>	<b>Balance SR</b>
<b>2022:</b>				
East Gas Limited	Associate	Purchase of gas	<b>3,272,324</b>	<b>2,238,992</b>
<b>2021:</b>				
East Gas Limited	Associate	Purchase of gas	4,136,854	2,374,786
		Dividend received	3,640,000	

**8. OPERATING SEGMENTS**

**a. Basis for segmentation**

The Group has the following strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment that met the quantitative thresholds for reportable segments in 2022 and 2021.

<b>Reportable segments</b>	<b>Operations</b>
Manufacturing	Buying, manufacturing and distributing pulp and paper
Trading and other	Collecting, sorting and pressing waste papers

Chief Executive Officer (CEO) of the Company is the Chief Operating Decision Maker (CODM) of the Group. CEO reviews the internal management reports of each division at least quarterly.

There are varying levels of integration between the both the segments. This integration includes transfers of recycled raw materials and shared distribution services, respectively. Inter-segment pricing is determined on an arm's length basis.

**b. Information about reportable segments**

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

<b>Six months period ended June 30, 2022 (Un-audited)</b>	<b>Reportable segments</b>		<b>Total SR</b>
	<b>Manufacturing SR</b>	<b>Trading and others SR</b>	
Segment revenue	<b>377,546,716</b>	<b>48,187,880</b>	<b>425,734,596</b>
Intra /inter segment revenue	<b>(76,244,516)</b>	<b>(8,506,296)</b>	<b>(84,750,812)</b>
External revenue	<b>301,302,200</b>	<b>39,681,584</b>	<b>340,983,784</b>
Net profit before zakat	<b>8,918,450</b>	<b>26,562,919</b>	<b>35,481,369</b>
Finance charges	<b>11,293,027</b>	<b>687,983</b>	<b>11,981,010</b>
Depreciation and amortization	<b>26,417,408</b>	<b>812,772</b>	<b>27,230,180</b>
Segment assets	<b>881,991,576</b>	<b>43,201,785</b>	<b>925,193,361</b>
Segment liabilities	<b>632,804,586</b>	<b>44,953,197</b>	<b>677,757,783</b>

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**8. OPERATING SEGMENTS (Continued)**
**Six months period ended June 30, 2021  
(Un-audited)**

	Reportable segments		Total SR
	Manufacturing SR	Trading and others SR	
Segment revenue	342,271,115	29,547,260	371,818,375
Intra /inter segment revenue	(65,049,176)	(7,020,036)	(72,069,212)
External revenue	277,221,939	22,527,224	299,749,163
Net profit before zakat	25,675,255	5,457,955	31,133,210
Finance charges	9,127,076	693,414	9,820,490
Depreciation and amortization	25,716,203	874,049	26,590,252
Segment assets	884,785,150	44,247,768	929,032,918
Segment liabilities	668,735,044	45,437,269	714,172,313

**Three months period ended June 30, 2022  
(Un-audited)**

	Reportable segments		Total SR
	Manufacturing SR	Trading and others SR	
Segment revenue	169,707,641	26,069,294	195,776,935
Intra /inter segment revenue	(43,799,714)	(5,689,189)	(49,488,903)
External revenue	125,907,927	20,380,105	146,288,032
Net (loss) profit before zakat	(1,260,963)	22,776,891	21,515,928
Finance cost	5,634,830	345,798	5,980,628
Depreciation and amortization	13,222,770	402,309	13,625,079

**Three months period ended June 30, 2021  
(Un-audited)**

	Reportable segments		Total SR
	Manufacturing SR	Trading and others SR	
Segment revenue	164,352,136	14,585,900	178,938,036
Intra /inter segment revenue	(33,286,552)	(4,390,784)	(37,677,336)
External revenue	131,065,584	10,195,116	141,260,700
Net profit before zakat	13,316,570	2,588,356	15,904,926
Finance cost	4,460,406	347,233	4,807,639
Depreciation and amortization	12,838,974	440,195	13,279,169

**Year ended December 31, 2021  
(Audited)**

	Reportable segments		Total SR
	Manufacturing SR	Trading and others SR	
Segment assets	930,787,599	46,915,919	977,703,518
Segment liabilities	720,113,430	44,004,478	764,117,908

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**c. Geographic information**

The business of the Group is managed on a worldwide basis. However, the main operations are settled in Kingdom of Saudi Arabia, certain Gulf Cooperation Council (GCC) countries and certain other countries.

The geographic information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries.

	<b>June 30, 2022</b> <b>(Un-audited)</b> <b>SR</b>	June 30, 2021 <b>(Un-audited)</b> <b>SR</b>
<b>- Revenue</b>		
Saudi Arabia	<b>299,421,559</b>	264,124,087
GCC countries	<b>19,828,859</b>	20,909,501
Other countries	<b>21,733,366</b>	14,715,575
<b>Consolidated revenue</b>	<b>340,983,784</b>	299,749,163

**For the three months period ended**

	<b>June 30, 2022</b> <b>(Un-audited)</b> <b>SR</b>	June 30, 2021 <b>(Un-audited)</b> <b>SR</b>
<b>- Revenue</b>		
Saudi Arabia	<b>124,784,015</b>	123,266,057
GCC countries	<b>9,785,496</b>	10,029,810
Other countries	<b>11,718,521</b>	7,964,833
<b>Consolidated revenue</b>	<b>146,288,032</b>	141,260,700

**As of period / year ended**

	<b>June 30, 2022</b> <b>(Un-audited)</b> <b>SR</b>	December 31, 2021 <b>(Audited)</b> <b>SR</b>	June 30, 2021 <b>(Un-audited)</b> <b>SR</b>
<b>- Non-current assets</b>			
Saudi Arabia	<b>529,013,135</b>	551,495,126	544,782,822
GCC countries	<b>35,890,251</b>	36,291,949	36,452,864
Other countries	<b>9,563,666</b>	10,002,867	11,124,143
<b>Consolidated non-current assets</b>	<b>574,467,052</b>	597,789,942	592,359,829

**9. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Earnings per share are represented as follows:

	<b>From April 1 to June 30</b>		<b>From January 1 to June 30</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>(Un-audited)</b>	(Un-audited)	<b>(Un-audited)</b>	(Un-audited)
Net profit for the period (SR)	<b>21,062,146</b>	15,141,502	<b>34,359,835</b>	29,197,562
Weighted average number of outstanding shares	<b>19,200,000</b>	19,200,000	<b>19,200,000</b>	19,023,279
Basic/ diluted earnings per share (SR)	<b>1.10</b>	0.79	<b>1.79</b>	1.53

**10. SUPPLEMENTAL CASHFLOW INFORMATION**

	<b>June 30, 2022</b> <b>(Un-audited)</b> <b>SR</b>	June 30, 2021 <b>(Un-audited)</b> <b>SR</b>
Spare parts capitalized	-	634,663
Advances related to right issue settled during the period	-	1,183,584

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**11. STATUTORY RESERVE**

Statutory reserve is computed based on results of the whole year. Accordingly, no transfer to statutory reserves is made in the six months period ended June 30, 2022.

**12. CONTINGENCIES AND COMMITMENTS**

- As of June 30, 2022, the Group was contingently liable for letter of credits and bank guarantees issued in the normal course of the business amounting to SR 103.4 million (December 31, 2021: SR 48.16 million) and SR 0.806 million (December 31, 2021: SR 0.698 million) respectively.
- As of June 30, 2022, the Group capital expenditure contracted amounted to SR 67.2 million, of which SR 29.7 million has been paid as advance as of the reporting date.
- During the year ended December 31, 2020, the Company has received assessments from Zakat, Tax and Custom Authority (ZATCA) for the years 2014 to 2018 claiming additional liability amounting to SR 36.1 million. In 2020, related to 2014 assessment claim of SR 9.2 million, the Company has filed an objection and settled by SR 0.48 million and received the final assessment. For the remaining assessments for the year 2015 to 2018 amounting to SR 26.9 million the Company has paid SR 1 million and filed an objection against the remaining amount of SR 25.9. During the year 2021 the objection was rejected by ZATCA, and the Company has appealed against these assessments in General Secretariat of Tax Committees (GSTC). During the period ended June 30, 2022, the appeal was rejected by GSTC. However, the Company is in process to re-appeal to GSTC against the decision. The management believes that the provision recognised against aforementioned assessments is adequate and no further provision is required.

**13. SIGNIFICANT EVENT**

During the year ended December 31, 2021, the Court of law has given ruling in favour of the Company to receive SR 17.3 million in respect of sale of the Company's land made in 2017. Accordingly, the Company has recorded receivable and related income. During the period, the amount was collected in full.

**14. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company and authorized for issue on July 25, 2022 corresponding to 26 Dhul Hijjah 1443H.