MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022
AND INDEPENDENT AUDITOR'S REPORT

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Middle East Company for Manufacturing and Producing Paper and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Impairment loss on trade receivables The gross balance of trade receivables as at 31 December 2022 amounted to SR 328.95 million (2021: SR 306.6 million), against which an allowance for impairment of SR 31.2 million (2021: SR 15.1 million) was maintained. Assessment of expected credit losses is highly subjective due to the significant judgement, estimates and assumptions applied by the management in determining the expected losses. The management is required to determine an expected loss rate against the outstanding trade receivables based on the Group's historical credit loss experience adjusted with forward-looking information. We considered this as a key audit matter given the judgements and assumptions regarding the ECL impairment against trade receivables and the potential impact on the Group's consolidated financial statements Refer to note 3.8 to the consolidated financial statements for the significant accounting policy, note 2.6 for the critical accounting estimates and judgements and note 11 which details the disclosure of impairment against trade receivables.	We assessed the appropriateness of significant judgements, estimates and assumptions made by the management. We obtained and updated our understanding of management's assessment of ECL against trade receivables. We compared the Group's accounting policy for ECL allowance and the ECL methodology with the requirements of IFRS 9. We involved our specialists to review methodology implemented by the Group in relation to the requirements of IFRS (9). Particularly, we assessed the Group's approach regarding assessment of the probability of default and incorporation of forward-looking information in the calculation of ECL, as well as the changes in loss given default parameter. We reviewed the appropriateness of the Group's criteria and judgement for the determination of individually impaired receivable. We tested the completeness and accuracy of data, on a sample basis, supporting the ECL calculations. We also assessed the reasonableness and adequacy of disclosures in the consolidated financial statements as required by IFRS 9 and IFRS 7 *Financial instruments: Disclosure*.
Impairment of inventories As at 31 December 2022, the Group had inventories amounting to SR 218.9 million (2021: SR 151.7 million) and related provision for slow moving and obsolete inventories amounting to SR 6.1 million (2021: SR 7.7 million). These inventories comprise raw materials, work in progress, finished goods, consumable spare parts and goods-in-transit.	We tested the inventory provision calculations against the Group's policy for obsolete and slow-moving inventories. We attended stock counts at the year-end to observe and understand the Group's procedures for identifying obsolete inventory and we observed such inventories at the count.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Impairment of inventories (continued)	
For raw material, work in progress and finished goods including goods in transit, the Group adopts a policy of providing for inventories when there are specific quality/net realisable value concerns. For consumables spares, including supplies and other items, management considers them to be impaired when there is evidence of deterioration in the physical condition, technological changes and/or no movements in the specific period. We considered this as a key audit matter because establishing a provision for slow-moving, obsolete and damaged inventories involves significant management judgement in respect of factors such as identifying those slow moving, dormant and obsolete spare parts, and assessing their future use and respective allowance. The gross inventories and related provision are material to the consolidated financial statements. Refer to note 3.5 to the consolidated financial statements for the accounting policy relating to the inventories, note 2.6 for the critical accounting estimates and judgements and note 10 for the disclosures of movement in provision for slow moving and obsolete inventories.	We evaluated the assumptions and reasonableness of judgements used by management for provision assessment. For finished goods and work in progress, we traced, on a sample basis, inventories to sales subsequent to the year end and ensured that they were sold at more than net book value. For goods in transit, we tested, on sample basis, supporting documents including shipping documents and evidence of transfer of goods to the Group, and the subsequent receipts to those inventories. For raw materials, spares, including supplies and other items, which are assessed for impairment as per policy, on a sample basis, we performed the following procedures: ▪ We obtained an understanding of how the Group's management identifies the slow-moving and obsolete inventories and assessed the amount of allowance for inventories; ▪ We obtained an understanding and evaluated the appropriateness of the basis of identification of the slow-moving, dormant and obsolete inventories; and We have also assessed the disclosures in the consolidated financial statements, including the reasonableness of disclosure of judgment, estimates and assumptions applied by the management in determining of impairment of inventories.

Other information included in the Group's 2022 Annual Report

Other information consists of the information included in the Group's 2022 annual report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information in its annual report. The Group's 2022 annual report is expected to be made available to us after the date of this auditor's report.

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Other information included in the Group's 2022 Annual Report (continued)
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group's 2022 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Board of Directors and Those Charged with Governance for the Consolidated Financial Statements
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Parent Company's By-laws, and for such internal control as The Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Directors.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

for Ernst & Young Professional Services

Abdullah Ali AlMakrami
Certified Public Accountant
License No. (476)

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سجل تجاري ٤٠٣٠٢٧٦٦٤٤
CR 4030276644
شركة ارنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Jeddah: 29 Sha'ban 1444H
21 March 2023G

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022
(Expressed in Saudi Riyals unless otherwise stated)

	Note	*31 December 2022*	*31 December 2021*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**871,799,672**	939,046,594
Capital work in progress	6	**233,703,635**	94,546,859
Right-of-use assets	8	**28,660,645**	34,158,612
Intangible assets	9	**267,692**	902,718
TOTAL NON-CURRENT ASSETS		**1,134,431,644**	1,068,654,783
CURRENT ASSETS			
Inventories	10	**212,777,017**	144,017,771
Trade receivables	11	**297,736,735**	291,381,361
Prepayments and other receivables	12	**16,690,045**	15,254,395
Capital project advances	7	**47,715,916**	-
Other current assets	13	**91,911,302**	86,799,480
Financial asset at fair value through profit or loss	14	**5,633**	5,633
Cash and cash equivalents	15	**145,246,081**	264,004,358
TOTAL CURRENT ASSETS		**812,082,729**	801,462,998
TOTAL ASSETS		**1,946,514,373**	1,870,117,781
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	**666,666,660**	500,000,000
Statutory reserve	18	**135,278,852**	108,308,999
Treasury shares	19	**-**	(1,136,135)
Reserve for employees' share-based payments	19	**7,860,000**	1,715,000
Retained earnings		**371,242,769**	373,801,465
Equity attributable to equity holders of parent		**1,181,048,281**	982,689,329
Non- controlling interests		**1,237,841**	206,563
TOTAL EQUITY		**1,182,286,122**	982,895,892
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term borrowings	21	**411,327,423**	411,866,578
Lease liabilities	22	**21,999,430**	27,203,497
Employee benefits	23	**48,014,426**	42,244,799
TOTAL NON-CURRENT LIABILITIES		**481,341,279**	481,314,874
CURRENT LIABILITIES			
Zakat payable	24.2	**13,386,571**	6,752,605
Long-term borrowings – current portion	21	**99,828,007**	149,894,087
Lease liabilities – current portion	22	**7,430,410**	5,802,385
Short-term borrowings	25	**33,564,696**	97,349,450
Trade and other payables	26	**123,950,413**	134,836,567
Other current liability	27	**4,726,875**	11,271,921
TOTAL CURRENT LIABILITIES		**282,886,972**	405,907,015
TOTAL LIABILITIES		**764,228,251**	887,221,889
TOTAL EQUITY AND LIABILITIES		**1,946,514,373**	1,870,117,781

Chief Financial Officer

Chief Executive Officer

Chairman of the Board

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements.

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022
(Expressed in Saudi Riyals unless otherwise stated)

	Note	*2022*	*2021*
Revenue	4	**1,187,005,798**	1,057,399,630
Cost of revenue	28	**(684,219,701)**	(663,297,385)
GROSS PROFIT		**502,786,097**	394,102,245
Selling and distribution expenses	29	**(84,024,584)**	(81,451,821)
General and administrative expenses	30	**(95,347,820)**	(75,259,756)
Impairment loss on financial assets	11	**(16,283,851)**	(8,631,766)
Fair value gain on derivative financial instruments		-	364,800
Other operating (expenses)/income - net	31	**(2,835,459)**	13,194,236
OPERATING PROFIT		**304,294,383**	242,317,938
Finance costs – net	32	**(18,483,106)**	(14,493,805)
PROFIT BEFORE ZAKAT		**285,811,277**	227,824,133
Zakat expense	24.2	**(15,081,467)**	(6,957,475)
PROFIT FOR THE YEAR		**270,729,810**	220,866,658
Attributable to:			
Equity holders of the parent		**269,698,532**	220,710,095
Non-controlling interests		**1,031,278**	156,563
		270,729,810	220,866,658
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to statement of profit or loss:			
Actuarial losses on re-measurement of employee benefit obligations	23	**(4,199,580)**	(303,758)
TOTAL COMPREHENSIVE INCOME		**266,530,230**	220,562,900
Attributable to:			
Equity holders of the parent		**265,498,952**	220,406,337
Non-controlling interests		**1,031,278**	156,563
		266,530,230	220,562,900
EARNINGS PER SHARE:			
Earnings per share attributable to ordinary equity holders of the Parent (Saudi Riyals)			
- Basic and diluted	33	**4.05**	3.31

Chief Financial Officer	Chief Executive Officer	Chairman of the Board

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements.

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022
(Expressed in Saudi Riyals unless otherwise stated)

		Attributable to equity holders of the Parent							
	Note	*Share capital*	*Statutory reserve*	*Treasury shares*	*Reserve for employees' share-based payments*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total equity*
Balance as at 1 January 2022		**500,000,000**	**108,308,999**	**(1,136,135)**	**1,715,000**	**373,801,465**	**982,689,329**	**206,563**	**982,895,892**
Profit for the year		-	-	-	-	**269,698,532**	**269,698,532**	**1,031,278**	**270,729,810**
Other comprehensive income for the year		-	-	-	-	**(4,199,580)**	**(4,199,580)**	-	**(4,199,580)**
Total comprehensive income for the year		-	-	-	-	**265,498,952**	**265,498,952**	**1,031,278**	**266,530,230**
Transfer to statutory reserve	18	-	**26,969,853**	-	-	**(26,969,853)**	-	-	-
Bonus issue	16	**166,666,660**	-	-	-	**(166,666,660)**	-	-	-
Addition during the year		-	-	-	**7,860,000**	-	**7,860,000**	-	**7,860,000**
Transfer from treasury shares		-	-	**1,136,135**	**(1,136,135)**	-	-	-	-
Gain on employee share-based payment plan		-	-	-	**(578,865)**	**578,865**	-	-	-
Dividends	17	-	-	-	-	**(75,000,000)**	**(75,000,000)**	-	**(75,000,000)**
Balance as at 31 December 2022		**666,666,660**	**135,278,852**	-	**7,860,000**	**371,242,769**	**1,181,048,281**	**1,237,841**	**1,182,286,122**
Balance as at 1 January 2021		500,000,000	86,237,989	(6,816,812)	-	172,571,815	751,992,992	-	751,992,992
Profit for the year		-	-	-	-	220,710,095	220,710,095	156,563	220,866,658
Other comprehensive loss for the year		-	-	-	-	(303,758)	(303,758)	-	(303,758)
Total comprehensive income for the year		-	-	-	-	220,406,337	220,406,337	156,563	220,562,900
Transfer to statutory reserve	18	-	22,071,010	-	-	(22,071,010)	-	-	-
Additions during the year		-	-	-	10,290,000	-	10,290,000	50,000	10,340,000
Transfer from treasury shares		-	-	5,680,677	(5,680,677)	-	-	-	-
Gain on employee share-based payment plan		-	-	-	(2,894,323)	2,894,323	-	-	-
Balance as at 31 December 2021		500,000,000	108,308,999	(1,136,135)	1,715,000	373,801,465	982,689,329	206,563	982,895,892

Chief Financial Officer

Chief Executive Officer

Chairman of the Board

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements.

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022
(Expressed in Saudi Riyals unless otherwise stated)

	Note	*2022*	*2021*
OPERATING ACTIVITIES			
Profit before zakat		**285,811,277**	227,824,133
Adjustment to reconcile income before zakat to net cash inflow from operating activities:			
Depreciation and amortization	5,8,9	**100,368,813**	99,211,038
Finance costs	32	**18,483,106**	14,493,805
Loss/(gain) on disposal of property, plant and equipment	31	**1,966,544**	(5,011,646)
Impairment loss on property, plant and equipment	31	**432,450**	1,037,299
Gain on early settlement of other finance liability	31	-	(6,482,511)
Allowance for impairment of trade receivables	11	**16,283,851**	8,631,766
Allowance for slow moving inventories	10.1	**(1,208,641)**	5,487,950
(Reversal) /Provision against advances to suppliers and employees	13(c)	-	2,084,640
Employees' end of service benefits	23	**7,007,279**	6,362,236
Employee share-based payment cost		**7,860,000**	10,290,000
Fair value gain on derivative financial instruments		-	(364,800)
Fair value gain on financial asset at fair value through profit or loss	14	-	(52)
Re-measurement loss on lease liabilities		-	68,173
		437,004,679	363,632,031
Working capital adjustments:			
Inventories		**(67,550,605)**	17,659,960
Trade receivables		**(22,639,225)**	(113,963,133)
Prepayments and other receivables		**664,350**	(2,019,693)
Other current assets		**(5,111,822)**	(25,483,154)
Trade and other payables		**(10,886,154)**	34,423,044
Other current liabilities		**(6,545,046)**	4,663,376
Cash generated from operations		**324,936,177**	278,912,431
Finance costs paid		**(24,660,588)**	(14,272,262)
Zakat paid	24.2	**(8,447,501)**	(4,898,220)
Employees' end of service benefits paid	23	**(5,437,232)**	(8,440,207)
Net cash flows from operating activities		**286,390,856**	251,301,742
INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	5 & 9	**(21,246,254)**	(22,461,235)
Additions to capital work in progress		**(144,466,532)**	(41,529,066)
Additions to capital project advances		**(47,715,916)**	-
Proceeds on disposal of property, plant and equipment		**409,229**	6,282,887
Net cash used in investing activities		**(213,019,473)**	(57,707,414)
FINANCING ACTIVITIES			
Net change in short-term borrowings		**(63,684,296)**	11,119,803
Proceeds from long-term borrowings	21	**258,778,846**	301,600,359
Repayments of long-term borrowings	21	**(306,324,210)**	(235,925,929)
Payment of principal portion of lease liabilities	22	**(5,900,000)**	(10,932,890)
Payment of principal portion of other finance liability		-	(40,906,585)
Dividends	17	**(75,000,000)**	-
Net cash flows (used in) / from financing activities		**(192,129,660)**	24,954,758
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(118,758,277)**	218,549,086
Cash and cash equivalents at beginning of year		**264,004,358**	45,455,272
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	15	**145,246,081**	264,004,358

MAJOR NON-CASH TRANSACTIONS
Major non-cash transactions are reflected in note 5, 10, 11 and 22

Chief Financial Officer   Chief Executive Officer   Chairman of the Board

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements.

(Expressed in Saudi Riyals unless otherwise stated)

1. CORPORATE INFORMATION

Middle East Company for Manufacturing and Producing Paper ("MEPCO" or the "Company") and its subsidiaries (collectively "the Group") are engaged in the production and sale of container board and industrial paper. MEPCO is a Saudi Joint Stock Company incorporated and operating in the Kingdom of Saudi Arabia. The Company also uses the name Middle East Paper Company in its business operations, agreements and trademarks including places such as Saudi Stock Exchange.

The Company obtained its Commercial Registration No. 4030131516 on 3 Rajab 1421H, corresponding to 30 September 2000. During the year 2012, the legal status of the Company converted from a limited liability company into a Saudi Closed Joint Stock Company. The Ministry of Commerce approved the conversion of the Company to a Saudi Closed Joint Stock Company by Ministerial Decision No. 44 dated 14 Safar 1433H (corresponding to 8 January 2012). The Company's application for its initial public offering was accepted by the Capital Market Authority (CMA) on 25 Jumada I 1436H (corresponding to 16 March 2015). The Company was converted to Saudi Joint Stock Company on 14 Rajab 1436H (3 May 2015). The Company's head office is located at Jeddah, P.O. Box 32913, Jeddah 21438 Kingdom of Saudi Arabia.

The Company had investments in the following subsidiaries (collectively referred to as "Group"):

Subsidiary name	*Country of incorporation*	*Principal business activity*	***31 December 2022***	*31 December 2021*
			Effective ownership interest	
Direct holdings				
Waste Collection and Recycling Company Limited ("WASCO")	Saudi Arabia	Whole and retail sales of paper, carton and plastic waste	**100%**	100%
Juthor Paper Manufacturing Company formerly known Roots Paper Manufacturing Company Limited ("Juthor") (see note b)	Saudi Arabia	Production and sales of tissue paper rolls.	**100%**	100%
Special Achievements Company Limited ("SACO") (see note c)	Saudi Arabia	Whole and retail sales of used papers, carton and plastic products	**-**	100%
Indirect holdings				
Estidama Environmental Services Company LLC ("Estidama") (see note a)	Saudi Arabia	Whole sales of wastes, scrap, and other unclassified product and waste management and treatment services	**50%**	50%
Saudi- Jordanian Waste Collection and Recycling Company ("Saudi-Jordanian WASCO") (see note d)	Jordan	Recycle and collect carton waste, manufacture, import and export carton. Retail trade in paper and carton. Own movable and immovable funds to implement the company's objectives.	**50%**	50%

(a) On 18 August 2021 (corresponding to 10 Muharram 1443H), WASCO (a wholly owned subsidiary of the parent) established a subsidiary "Estidama Environmental Services Company LLC ("Estidama") with 50:50 shareholding along with "Jeddah Development and Urban Regeneration Company" where WASCO under an arrangement established management control over Estidama. The purpose of the Estidama is the materials recovery, waste management and treatment, treatment and disposal of non-hazardous wastes, treatment activities, other waste management services and the wholesale of wastes, scrap, and other unclassified products. Estidama started its operations during September 2021 and all transactions incurred during the period from September 2021 to 31 December 2021 has been reflected in the consolidated financial statements of WASCO and consolidated financial statements for MEPCO for the year ended 31 December 2021. The transactions for the period ended 1 January 2022 to 31 December 2022 are considered in the consolidation financial statements of WASCO and consolidated financial statements for MEPCO for the year ended 31 December 2022.

(b) On 21 January 2021 (corresponding to 8 Jumada II 1442H), the Company has established a subsidiary namely Juthor Paper Manufacturing Company also known as Roots Paper Manufacturing Company Limited ("Juthor") (a one-person limited liability company) with 100% investment in paid-up share capital to implement the expansion project of tissue paper factory in the industrial valley of King Abdullah Economic City, Rabigh, Saudi Arabia. The Company obtained Commercial Registration No. 4627100069 on 29 Rabi II 1442H, (corresponding to 14 December 2020). All the transactions incurred by Juthor have been reflected in these consolidated financial statements for the year ended 31 December 2021 and year ended 31 December 2022.

1. CORPORATE INFORMATION (continued)

(c) During November 2021, the Board had approved to initiate the liquidation process for SACO as it no longer serves any legal nor commercial purpose in the Group. On 20 July 2022, all the legal formalities for liquidation have been completed and accordingly SACO ceases to exist.

(d) On 18 April 2019 (corresponding to 13 Sha'ban 1440H), WASCO (a wholly owned subsidiary of the parent) acquired a subsidiary "Saudi- Jordanian Waste Collection and Recycling Company with 50% shareholding, where WASCO under an arrangement established management control over subsidiary. All the transactions incurred by Saudi-Jordanian WASCO have been reflected in these consolidated financial statements for WASCO and consolidated financial statements for MEPCO for the year ended 31 December 2021 and year ended 31 December 2022.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These consolidated financial statements are prepared under the historical cost convention, except for investment at fair value through profit or loss which are measured at fair value. For employees' defined benefit obligations, actuarial present value calculations are used.

2.3 Functional and presentation currency

These consolidated financial statements of the Group are presented in Saudi Riyals ("SR") which is the functional and presentation currency of the Group.

2.4 New standards, interpretions and ammendments standards adopted

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the consolidated financial statements of the Group as there was no onerous contract during the period.

Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

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

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).
These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

2. BASIS OF PREPARATION (continued)

2.4 New standards, interpretions and ammendments standards adopted (continued)

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

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

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

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

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

2. BASIS OF PREPARATION (continued)

2.5 Standards and interpretations issued but not yet applied by the Group

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

2. BASIS OF PREPARATION (continued)

2.5 Standards and interpretations issued but not yet applied by the Group (continued)

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

2.6 Use of judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosure relating to the Group's exposure to risks and uncertainties includes :

- Capital management (note 38)
- Financial instruments risk management and policies (note 37)
- Sensitivity analyses disclosures (note 23)

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Information about estimates and judgments made in applying accounting policies that could potentially have an effect on the amounts recognised in the consolidated financial statements, are discussed below:

(a) *Allowance for impairment of financial assets*

The Group uses a provision matrix to calculate expected credit losses("ECLs") for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product, inflation rate , CPI) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 11.

(b) *Allowance for inventory obsolescence*

The Group determines its allowance for inventory obsolescence based upon historical experience, current condition, and current and future expectations with respect to sales or use. The Group provides an amount as an allowance for obsolete and slow-moving inventories on a monthly basis and reassesses the closing balance at each reporting date based on the result of a physical count and the outcome of the periodic inspections of inventory undertaken by its technical team. The estimate of the Group's allowance for inventory obsolescence could change from period to period, which could be due to differing remaining useful life, change in technology, possible change in usage, their expiry, sales expectation and other qualitative factors of the portfolio of inventory from year to year.

2. BASIS OF PREPARATION (continued)

2.6 Use of judgments and estimates (continued)

(c) *Useful lives and residual values of property, plant and equipment*

The management determines the estimated useful lives and residual values of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear and expected proceeds on disposal of the respective assets. Management reviews the useful lives and residual values annually and future depreciation charges are adjusted where management believes the useful lives and residual values differ from previous estimates.

(d) *Employee benefits – defined benefit plan*

Employee benefits represent the employee termination benefits. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The cost of post-employment defined benefits are the present value of the related obligation, as determined using projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates or high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have a term approximating the terms of the related obligation.

As per IAS-19 guidelines, the rate used to discount Defined Benefit Obligation shall be determined by reference to market yield on high quality corporate bonds at the end of the reporting period. In the absence of deep market in such bonds, the market rates on government bonds should be used. The discount rate used for evaluating the liability is based on the Sukuk corporate bonds as of 31 December, 2022. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age, mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. With respect to determining the appropriate discount rate, yield and duration of high quality bonds obligation, as designated by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. Please see note 23 for assumptions used.

(e) *Right-of-use assets and lease liabilities*

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the weighted average Group's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

(f) *Zakat*

The Company and its subsidiaries are subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority("ZATCA").

A provision for zakat is estimated at the end of each reporting period in accordance with the regulations of the ZATCA and on a yearly basis zakat returns are submitted to the ZATCA. Differences, if any, at the finalization of final assessments are accounted for when such amounts are determined.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group for the preparation of these consolidated financial statements are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for accounting policies related to the new standard adopted by the Group effective as of 1 January 2022 (see note 2.4).

3.1 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities which are controlled by the Group. To meet the definition of control, all three criteria must be met:
i) the Group has power over the entity;
ii) the Group has exposure, or rights, to variable returns from its involvement with the entity; and
iii) the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

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

i) the contractual arrangement(s) with the other vote holders of the investee
ii) rights arising from other contractual arrangements
iii) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the control is transferred from the Group. The results of subsidiaries acquired or disposed of during the year, if any, are included in the consolidated statement of profit or loss and other comprehensive income from the date of the acquisition or up to the date of disposal, as appropriate.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

(b) Eliminations on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(c) Change in ownership

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3.2 Current versus non-current classification

The Company presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting year; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Current versus non-current classification (continued)

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting year; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

The Group classifies all other liabilities as non-current.

3.3 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use and borrowing costs on qualifying assets.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment are recognised net within other income in profit or loss.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(c) Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and capital work in progress are not depreciated.

The estimated useful lives for the current and comparative years are as follows:

	Years
• Buildings and mobile cabinets	6 – 33
• Machinery and equipment	2 – 30
• Furniture and office equipment	5 – 20
• Motor vehicles	4 – 5

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively, if required. For discussion on impairment assessment of property, plant and equipment, please refer Note 3.10.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Property, plant and equipment (continued)

(d) Capital work in progress

Assets in the course of construction are capitalised in the capital work-in-progress account. The asset under construction is transferred to the appropriate category in property, plant and equipment, once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of capital work-in-progress comprises its purchase price, construction / development cost and any other directly attributable to the construction or acquisition of an item intended by management.

Borrowing costs related to qualifying assets are capitalised as part of the cost of the qualified assets until the commencement of commercial production. Capital work-in-progress is measured at cost less any recognised impairment.

3.4 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets comprise software, which have finite lives and are amortised over between two to five years from the implementation date. The amortization expense on intangible assets is recognised in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset. These are tested for impairment whenever there is an indication that the intangible may be impaired. The amortization period and the amortization method for an intangible asset, with a finite useful life, is reviewed at least annually. Any change in the estimated useful life is treated as a change in accounting estimate and accounted for prospectively. The Group doesn’t have any intangible assets with indefinite useful life.

3.5 Inventories

Raw materials and spares, work in progress and finished goods are measured at the lower of cost and net realisable value.

Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other highly liquid investments with original maturities of three months or less from the date of acquisition.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary assets measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e. the translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

<u>Classification</u>

On initial recognition, a financial asset is classified in the following categories:
- subsequently measured at amortised cost;
- subsequently measured at fair value through other comprehensive income (“FVOCI”) – debt instrument;
- subsequently measured at fair value through other comprehensive income (“FVOCI”) – equity instrument; or
- subsequently measured at fair value through profit and loss (“FVPL”).

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

<u>Debt instruments</u>

A ‘debt instrument’ is classified as subsequently measured at amortised cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

If the above two conditions are not met, the ‘debt instrument’ is classified as subsequently measured at fair value, either at FVPL or FVOCI, based on the business model.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(i) Financial assets

(a) Measurement

Initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Debt instruments subsequently measured at amortised cost

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss. This category generally applies to trade and other receivables, cash and cash equivalents, security deposits, advances to employees.

Instruments subsequently measured at fair value

For this category, if applicable, such financial assets are subsequently measured at fair value at the end of each reporting period, with all changes recognised either in profit or loss for equity instruments classified as FVPL, or within other comprehensive income for equity instruments classified as FVOCI.

(b) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or,
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(i) Financial assets

(c) Impairment

The Group applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments, and are measured at amortised cost (e.g. deposits, trade and other receivables and bank balances). The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables, if they do not contain a significant financing component.

The application of a simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument.

The Group uses a provision matrix in the calculation of the ECL on financial assets to estimate the lifetime expected credit losses, applying certain provision rates to respective contractual past due aging buckets. The provision matrix was developed considering probability of default and loss given default which were derived from historical data of the Group and are adjusted to reflect the expected future outcome.

ECL impairment loss allowance or reversal recognised during the period is recognised as income/ expense in profit or loss.

(ii) Financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group classifies non-derivative financial liabilities as 'financial liabilities at amortized cost'. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the EIR method.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(iv) Derivative financial instruments

Derivative financial instruments, principally representing profit rate swaps, are initially recorded at fair value on the date a derivative contract is entered into and re-measured to their fair value at the end of each subsequent reporting periods. Changes in the fair value of derivative financial instruments, as these are not designated as a hedging instrument, are recognised in profit or loss as they arise and the resulting positive and negative fair values are reported under assets and liabilities, respectively, in the consolidated statement of financial position. There are no derivative financial instruments as at 31 December 2022.

3.9 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of consolidated statement of profit or loss and other over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on present value. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets (other than goodwill and intangible assets with indefinite useful lives, if any which are tested at least annually for impairment), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs of disposal and value in use. The fair value less costs of disposal is arrived based on available data from binding sales transactions at arm's length, for similar assets. The value in use is arrived based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre- tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of goodwill, if any, allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

3.11 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

Defined benefit plans

The Group operates a single post-employment benefit scheme of defined benefit plan, driven by the Labor Laws and Workman Laws of the Kingdom of Saudi Arabia, which is based on most recent salary and number of service years. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the Labor Law of Saudi Arabia.

The Group's obligation under employee end of service benefit plan is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurements of the defined benefit liability, which comprise actuarial gains and losses are recognised immediately in consolidated statement of profit or loss and other. The Group determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

3.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Revenue

Revenue comprises of sales to customers and is measured based on the considerations specified in contracts with customers and excludes rebates and amounts, if any, collected on behalf of third parties. Certain customers are eligible for volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract. Revenue is recognised, when (or as) the Group satisfies the performance obligations as specified in the contract with the customer (buyer), when the seller has transferred to the customer control over the promised goods and services.:

- at a point in time

The Group recognises revenue from the sale of the following goods directly to the customers:

- Sale of container board and industrial paper
- Whole and retail sales of paper, carton and plastic waste

The timing and measurement of revenue recognition for the above-mentioned main source of revenue is stated below:

Sale of goods directly to the customers
Revenue is recognised when a customer obtains control of the goods or services (i.e. when it has the ability to direct the use of and obtain benefits from the goods or services). Customers obtain control when goods are delivered to and have been accepted by the customers as per the applicable delivery terms, and accordingly, revenue is recognised at that point-in-time. This is normally happening in the case of the domestic sales for the Group.

Invoices are usually payable within the credit period agreed with the customer which may vary from one customer to another. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The Group sells a significant proportion of its goods which are exports on Cost and Freight ocean transport (“CFR”) and Cost, Insurance and Freight ocean transport (“CIF”) as per the International Commercial Terms (“Incoterms”) and therefore, the Group is responsible for loading the promised goods on the vessel at the loading port. The physical loading of the approved promised goods on the vessel, satisfies the Group’s performance obligation and triggers the recognition of revenue at a point in time as the control is transferred to the customer.

The Group has full discretion over the price to sell the goods. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The Group recognises a trade receivable for the sale and delivery of the promised goods when the goods, delivered to the loading port, are loaded on to the vessel as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

3.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Borrowings (continued)

IAS 23, Borrowing costs requires any incremental transaction cost to be amortised using the Effective Interest Rate (EIR). The Group accounts for finance cost (Interest cost and amortization of transaction cost) as per the effective interest rate method. For floating rate loans, EIR determined at initial recognition of loan liabilities is used for the entire contract period. General and specific borrowing cost directly related for any qualifying assets are capitalised as part of the cost of the asset.

3.15 Zakat and taxes

Zakat

The Company and its subsidiaries are subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat expense for the Company and zakat related to the Company's ownership in the subsidiaries is charged to the profit or loss. Additional zakat, if any, is accounted for when determined to be required for payment.

Withholding tax

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under regulations of the ZATCA.

Value Added Tax ("VAT")

Assets and expenses are recognised net of amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to, ZATCA is included and shown in note 11.

3.16 Selling and distribution expenses

Selling and distribution expenses comprise of all costs for selling, distribution and transportation of the Group's products and include other sales related expenses. Allocation between cost of sales, selling and distribution expenses and general and administrative expenses are made on a consistent basis, when required.

3.17 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales or the selling and distribution activity of the Group. Allocation between cost of sales, selling and distribution expenses and general and administrative expenses are made on a consistent basis, when required.

3.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Segment reporting

Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

An operating segment is group of assets and operations:

(i) engaged in revenue producing activities;
(ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
(iii) financial information is separately available.

3.20 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3.21 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost. Treasury shares are presented as a deduction from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised as share premium or discount which is presented in equity. Treasury shares are adjusted to extent of shares transferred to the employees within Employee Share Option Program ("ESOP") as of 31 December 2022.

3.22 Equity-settled employee share-based payments

Employees (including key management) of the Group receive remuneration in the form of share-based payments, whereby qualifying employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made based on market price of the Company's shares on Saudi stock exchange (Tadawul) at the grant date (see note 19).

That cost is recognised in employee benefits expense in their respective entities of the Group based on entitled employees included in program, together with a corresponding increase in reserve for employee share-based payments in equity as capital reserves, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised as equity-settled transactions at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into consideration when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

Upon completion of vesting period, the treasury shares are offset with reserve for employee share-based payments in equity and any difference between reserve and treasury shares are directly charged to retained earnings.

3.23 Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by shareholders of the Company.

(Expressed in Saudi Riyals unless otherwise stated)

4. SEGMENT INFORMATION

The Group has two operating and reportable segments, i.e. manufacturing and trading, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's top management reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Manufacturing segment represents manufacturing of container board and industrial paper as well as tissue paper.
- Trading segment represents wholesale and retail sales of paper, carton and plastic waste.

Segment results that are reported to the Chairman of the Board of Directors and top management (Chief Executive Officer (CEO), Chief Operating Officer (COO) and Chief Financial Officer (CFO)) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues and profit (loss) before zakat, as included in the internal management reports that are reviewed by the top management.

The following table presents segment information:

	Manufacturing	*Trading*	*Elimination*	*Total*
Results for the year ended 31 December 2022				
Revenues	**1,167,957,709**	**333,238,799**	**(314,190,710)**	**1,187,005,798**
External revenues	**1,167,957,709**	**19,048,089**	**-**	**1,187,005,798**
Segment profit before zakat	**279,669,609**	**1,261,754**	**4,879,914**	**285,811,277**
Zakat	**14,372,318**	**709,149**	-	**15,081,467**
Financial costs	**16,971,636**	**1,511,470**	-	**18,483,106**
Additions to property, plant and equipment & capital work in progress (CWIP)	**162,853,168**	**7,703,566**	**(851,302)**	**169,705,432**
Additions to intangible assets	**38,000**	**172,500**	-	**210,500**
Depreciation and amortization	**83,053,000**	**17,315,813**	-	**100,368,813**
Results for the year ended 31 December 2021				
Revenues	1,033,880,437	386,416,100	(362,896,907)	1,057,399,630
External revenues	1,033,880,437	23,519,193	-	1,057,399,630
Segment profit before zakat	225,823,285	30,389,474	(28,388,626)	227,824,133
Zakat	6,227,589	729,886	-	6,957,475
Financial costs	13,150,455	1,343,350	-	14,493,805
Additions to property, plant and equipment & capital work in progress (CWIP)	57,505,581	8,238,214	(861,031)	64,882,764
Additions to intangible assets	27,000	696,947	-	723,947
Depreciation and amortization	86,947,581	12,263,457	-	99,211,038
As of 31 December 2022				
Total assets	**2,026,832,429**	**152,294,426**	**(232,612,482)**	**1,946,514,373**
Total liabilities	**706,816,209**	**82,171,468**	**(24,759,426)**	**764,228,251**
As of 31 December 2021				
Total assets	1,833,882,335	164,406,241	(128,170,795)	1,870,117,781
Total liabilities	826,575,004	93,315,234	(32,668,349)	887,221,889

The Group makes sales in local market and foreign markets in Middle East, Africa, Asia and Europe. Export external sales during the year ended 31 December 2022 amounted to Saudi Riyal 428.8 million (2021: Saudi Riyals 422.29 million). Local external sales during the year ended 31 December 2022 amounted to Saudi Riyals 758.2 million (2021: Saudi Riyals 635.11 million).

(Expressed in Saudi Riyals unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT

	Land	*Buildings and mobile cabinets*	*Machinery and equipment*	*Furniture and office equipment*	*Motor vehicles*	*Total*
Year ended 31 December 2021						
Opening net book value	139,704,302	125,396,531	681,876,237	4,916,033	8,021,740	959,914,843
Additions	748,599	603,596	16,715,864	3,897,479	1,388,160	23,353,698
Transfers						
- Cost	-	1,572,403	42,586,313	5,805,897	-	49,964,613
Disposals						
- Cost	(1,124,500)	(210,950)	(6,966,852)	(447,639)	(10,478,982)	(19,228,923)
- Accumulated depreciation	-	96,996	6,937,239	447,011	10,476,436	17,957,682
Write off						
- Cost	-	-	(11,328,238)	-	-	(11,328,238)
- Accumulated depreciation	-	-	10,290,939	-	-	10,290,939
Depreciation charge	-	(6,543,508)	(80,966,178)	(2,388,483)	(1,979,851)	(91,878,020)
	139,328,401	120,915,068	659,145,324	12,230,298	7,427,503	939,046,594
Closing net book value						
At 31 December 2021						
Cost	139,328,401	190,992,059	1,537,554,753	30,903,194	33,751,781	1,932,530,188
Accumulated depreciation	-	(70,076,991)	(878,409,429)	(18,672,896)	(26,324,278)	(993,483,594)
Net book value	139,328,401	120,915,068	659,145,324	12,230,298	7,427,503	939,046,594

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

(Expressed in Saudi Riyals unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	*Buildings and mobile cabinets*	*Machinery and equipment*	*Furniture and office equipment*	*Motor vehicles*	*Total*
Year ended 31 December 2022						
Opening net book value	139,328,401	120,915,068	659,145,324	12,230,298	7,427,503	**939,046,594**
Additions	170,476	406,534	14,628,241	3,047,676	2,782,827	**21,035,754**
Transfers	-	2,018,978	6,175,854	1,318,070	-	**9,512,902**
Disposals						
- Cost	-	(3,282,321)	(1,426,199)	(967,787)	(385,872)	**(6,062,179)**
- Accumulated depreciation	-	1,210,779	1,426,185	671,475	377,966	**3,686,405**
Write off						
- Cost	-	-	(2,222,302)	-	-	**(2,222,302)**
- Accumulated depreciation	-	-	1,789,852	-	-	**1,789,852**
Depreciation charge	-	(6,755,217)	(79,604,197)	(3,943,020)	(2,584,920)	**(92,887,354)**
Reclassification	(2,100,000)	-	-	-	-	**(2,100,000)**
Closing net book value	**137,398,877**	**114,513,821**	**599,912,758**	**12,356,712**	**7,617,504**	**871,799,672**
At 31 December 2022						
Cost	137,398,877	190,135,250	1,554,710,347	34,301,153	36,148,736	**1,952,694,363**
Accumulated depreciation	-	(75,621,429)	(954,797,589)	(21,944,441)	(28,531,232)	**(1,080,894,691)**
Net book value	**137,398,877**	**114,513,821**	**599,912,758**	**12,356,712**	**7,617,504**	**871,799,672**

5.1 An amount of SR 30 million given as advance is reclassified from the opening balance to advance paid to land acquisition in other current assets. Please refer note 13 for more details.

(Expressed in Saudi Riyals unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

5.2 All land, buildings and mobile cabinets, machinery and equipment and furniture and office equipment relating to the Company are pledged as collateral to Saudi Industrial Development Fund (SIDF) as a first-degree pledge (see note 20).

5.3 Depreciation charge has been allocated as follows:

	2022 ***SR***	*2021* *SR*
Cost of sales (note 28)	**89,313,067**	90,013,954
Selling and distribution expenses (note 29)	**538,031**	478,905
General and administration expenses (note 30)	**3,036,256**	1,385,161
	92,887,354	91,878,020

6. CAPITAL WORK-IN-PROGRESS

	Tissue Mill Factory	***Plant and Machinery***	***Total***
Year ended 31 December 2021			
Opening net book value	-	103,007,179	103,007,179
Additions	23,187,564	18,341,502	41,529,066
Transfers to property, plant and equipment (refer note 5)	-	(49,964,613)	(49,964,613)
Reclass to intangible assets	-	(24,773)	(24,773)
31 December 2021	23,187,564	71,359,295	94,546,859
Year ended 31 December 2022			
Opening net book value	**23,187,564**	**71,359,295**	**94,546,859**
Additions	**132,193,599**	**16,476,079**	**148,669,678**
Transfers to property, plant and equipment (refer note 5)	**-**	**(9,512,902)**	**(9,512,902)**
31 December 2022	**155,381,163**	**78,322,472**	**233,703,635**

Capital work-in-progress as at 31 December 2022 includes costs incurred related to the ongoing projects for plant and machinery, as well as construction of a tissue mill factory in King Abdullah Economic City, Rabigh under the wholly owned subsidiary Juthor Paper Manufacturing Company Limited. The projects are expected to complete during the year 2023 and the tissue mill project is expected to be completed during April 2023. Refer to note 34 for capital commitments.

During the year ended 31 December 2022, finance costs amounting to SR 4.2 million were capitalized as part of capital work-in-progress (year ended 31 December 2021: SR 1.6 million). Average capitalization rate used ranges from 2.33%-3.45% (31 December 2021: 1.93% - 2.57%).

7. CAPITAL PROJECT ADVANCES

Capital project advances as at 31 December 2022 includes advances related to the ongoing projects for plant and machinery, as well as construction of a tissue mill factory in King Abdullah Economic City, Rabigh under the wholly owned subsidiary Juthor Paper Manufacturing Company Limited. The materials and the services related to the projects are expected to complete during the year 2023.

(Expressed in Saudi Riyals unless otherwise stated)

8. RIGHT OF USE ASSETS

The Group has leases various employees' accommodation, offices, warehouses buildings which are shown under the category buildings and landfills sites for its subsidiary shown under leased land. Rental contracts are typically made for fixed periods of 1 to 15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leased premises with lease terms of 12 months or less. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

	Leased land	*Buildings*	*Total*
At 1 January 2021			
Cost	48,028,022	4,574,011	52,602,033
Accumulated depreciation	(11,898,992)	(2,417,569)	(14,316,561)
Net book value	36,129,030	2,156,442	38,285,472
Year ended 31 December 2021			
Opening net book value	36,129,030	2,156,442	38,285,472
Additions	-	2,495,122	2,495,122
Depreciation charge	(5,138,521)	(1,483,461)	(6,621,982)
Closing net book value	30,990,509	3,168,103	34,158,612
At 31 December 2021			
Cost	48,028,022	7,069,133	55,097,155
Accumulated depreciation	(17,037,513)	(3,901,030)	(20,938,543)
Net book value	30,990,509	3,168,103	34,158,612

	Leased land	***Buildings***	***Total***
Year ended 31 December 2022			
Opening net book value	**30,990,509**	**3,168,103**	**34,158,612**
Additions	**-**	**1,137,966**	**1,137,966**
Depreciation charge	**(4,977,252)**	**(1,658,681)**	**(6,635,933)**
Closing net book value	**26,013,257**	**2,647,388**	**28,660,645**
At 31 December 2022			
Cost	**48,028,022**	**8,207,099**	**56,235,121**
Accumulated depreciation	**(22,014,765)**	**(5,559,711)**	**(27,574,476)**
Net book value	**26,013,257**	**2,647,388**	**28,660,645**

(Expressed in Saudi Riyals unless otherwise stated)

8. RIGHT OF USE ASSETS (continued)

(a) The following are the amounts recognised in the statement of profit or loss:

	2022 ***SR***	*2021* *SR*
Depreciation expense of right-of-use assets	**6,635,933**	6,621,982
Interest expense on lease liabilities (refer 22)	**1,185,992**	1,385,590
Expense relating to short-term leases (included in cost of revenue)	**1,235,509**	1,500,557
Total amount recognised in statement of profit or loss	**9,057,434**	9,508,129

Depreciation has been charged to cost of sales.

The Company had total cash outflows for leases of SR 5.9 million (2021: SR 10.9 million). The Company also had non-cash additions to right-of-use assets and lease liabilities of SR 1.14 million (2021: SR 2.5 million). The future cash outflows relating to leases that have not yet commenced are disclosed in note 37.5.

9. INTANGIBLE ASSETS

Computer software and ERP	
At 1 January 2021	
Cost	7,813,426
Accumulated amortization	(6,923,619)
Net book value	889,807
Year ended 31 December 2021	
Opening net book value	889,807
Additions	723,947
Amortization	(711,036)
Closing net book value	902,718
At 31 December 2021	
Cost	8,537,373
Accumulated amortization	(7,634,655)
Net book value	902,718
Year ended 31 December 2022	
Opening net book value	**902,718**
Additions	**210,500**
Amortization	**(845,526)**
Closing net book value	**267,692**
At 31 December 2022	
Cost	**8,747,873**
Accumulated amortization	**(8,480,181)**
Net book value	**267,692**

(Expressed in Saudi Riyals unless otherwise stated)

10. INVENTORIES

	31 December 2022	*31 December 2021*
Raw materials	**107,021,516**	49,933,168
Finished goods	**44,094,754**	26,629,944
Goods in transit	**11,010,578**	15,052,044
Work-in-progress	**2,679,115**	2,660,375
Consumable spare parts, not held for sale	**54,075,024**	57,401,721
	218,880,987	151,677,252
Less: Allowance for slow moving inventories (refer note 10.1)	**(6,103,970)**	(7,659,481)
	212,777,017	144,017,771

10.1 Movement in allowance for slow moving inventories is as follows:

	2022	*2021*
1 January	**7,659,481**	3,227,034
(Reversal) / Provided during the year	**(1,208,641)**	5,487,950
Write-offs	**(346,870)**	(1,055,503)
31 December	**6,103,970**	7,659,481

10.2 Addition in allowance for slow moving inventories is recognised as an expense under cost of revenue.

11. TRADE RECEIVABLES

	31 December 2022	*31 December 2021*
Trade receivables – Local	**260,954,638**	222,238,636
Trade receivables – Foreign	**67,992,516**	84,318,984
	328,947,154	306,557,620
Less: Allowance for impairment	**(31,210,419)**	(15,176,259)
	297,736,735	291,381,361

Movement in allowance for impairment of trade receivables is as follows:

	2022	*2021*
1 January	**15,176,259**	6,544,493
Additions	**16,283,851**	8,631,766
Write off during the year	**(249,691)**	-
31 December	**31,210,419**	15,176,259

(Expressed in Saudi Riyals unless otherwise stated)

11. TRADE RECEIVABLES (continued)

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. The average credit period on sales of goods is less than one year and therefore are all classified as current and are mostly secured through trade insurance. Trade receivables are recognised at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Before accepting any new credit customer, the Group uses an internal credit review system to assess the potential customer's credit quality and defines credit limits by customer.

No interest is charged on trade receivables balances that are overdue. The overdue amounts are constantly monitored by the management and a provision towards expected credit loss is made in the books if required.

The Group has applied IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for average historical recovery rates. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and is based on the ageing of the days the receivables are past due and the rates as calculated in the provision matrix. On that basis, the loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows:

Ageing	***Gross carrying amount***	***Expected credit loss range (%)***	***Loss allowance***
As at 31 December 2022:			
Within the credit period	150,628,262	0.00% - 0.3%	**437,287**
1-90 days past due	143,596,451	0.00%-6.22%	**8,890,026**
91-180 days past due	12,465,246	0.00% -19%	**2,316,963**
181- 270 days past due	2,074,461	34.47%-100%	**718,425**
271- 360 days past due	2,099,673	72.86%-100%	**1,540,071**
More than 1 year past due	18,083,061	94.75%-100%	**17,307,647**
Total	328,947,154		**31,210,419**

Ageing	***Gross carrying amount***	***Expected credit loss range (%)***	***Loss allowance***
As at 31 December 2021:			
Within the credit period	252,399,510	0.00% - 43.16%	1,011,149
1-90 days past due	35,185,671	1.36% - 43.16%	861,834
91-180 days past due	2,950,518	4.07% - 43.16%	87,562
181- 270 days past due	2,064,239	10.57% - 100.00%	227,427
271- 360 days past due	1,168,342	43.16% - 95.49%	324,873
More than 1 year past due	12,789,340	45.19% - 100.00%	12,663,414
Total	306,557,620		15,176,259

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses in profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

(Expressed in Saudi Riyals unless otherwise stated)

12. PREPAYMENT AND OTHER RECEIVABLES

	31 December 2022	*31 December 2021*
Prepaid expenses	**10,226,333**	9,814,415
Net value added tax (VAT) receivables	**2,680,845**	3,705,382
Deposits with suppliers	**1,023,330**	779,680
Others	**3,159,537**	954,918
Less: Provision against deposits with suppliers	**(400,000)**	-
	16,690,045	15,254,395

Provision against deposits with suppliers is charged to cost of revenue for the year ended 31 December 2022.

13. OTHER CURRENT ASSETS

	Note	***31 December 2022***	*31 December 2021*
Advances to suppliers		**40,134,826**	34,266,165
Advances to suppliers – related parties		**20,050,000**	20,050,000
Advance against land	(a)	**30,000,000**	30,000,000
Receivable from Higher Institute for Paper and Industrial Technology (HIPIT)	(b)	**-**	1,923,363
Advances to employees		**5,413,250**	4,246,726
		95,598,076	90,486,254
Less: allowance for impairment loss on advances	(c)	**(3,686,774)**	(3,686,774)
		91,911,302	86,799,480

(a) During 2017, the management paid an amount of SR 30 million to acquire a land through public auction and classified it as land under property, plant and equipment account. Accordingly, the Court of appeal ruling of Makkah Region, issued a judgement to transfer this land to the name of Group. However, during 2021, received certain information that the General Prosecution has banned the use and control of the land. During the year ended 31 December 2022, the Board has appointed a consultant to investigate and secure the land's title deed in the name of the Group. The Group's management consulted an external lawyer and is of the view that such a transfer in the name of the Group is a procedural aspect and would be completed in the near future, or otherwise the amount paid would be refunded and is recoverable. Accordingly, the management has decided to reclassify the land from property, plant and equipment to advances paid for acquisition of land till the time the control is transferred to the Group. As a result, the amount of SR 30 million is reclassified to advances paid for acquisition of land within other current assets in the year ended 31 December 2022 along with the comparatives number for the year ended 31 December 2021.

(b) The last year balance represents the expenses paid by the Company on behalf of HIPIT. HIPIT is an independent not-for-profit vocational training and administrative training institute, which is supported by the Group along with other local companies as part of their Corporate Social Responsibility project.

(Expressed in Saudi Riyals unless otherwise stated)

13. OTHER CURRENT ASSETS (continued)

(c) Movement in allowance for impairment loss on advances is as follows:

	2022	*2021*
1 January	**3,686,774**	3,017,838
Additions	-	2,084,640
Write-offs	-	(1,415,704)
31 December	**3,686,774**	3,686,774
Impairment loss charged to:		
Cost of revenue	-	350,000
General and admin expense	-	1,734,640
Total	-	2,084,640

14. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT AND LOSS

During 2017, the Company had acquired the units of an unlisted open-ended mutual fund. As at 31 December 2022, the fair value of the investment is Saudi Riyals 5,633 (2021: Saudi Riyals 5,633).

15. CASH AND CASH EQUIVALENTS

	31 December 2022	*31 December 2021*
Cash in hand	**785,771**	716,464
Cash at bank (see note below)	**144,460,310**	263,287,894
	145,246,081	264,004,358

The cash at bank as of 31 December 2021 is abnormally high, as the Company received disbursements amounting SR 218.365 million on 29 December 2021 as part of the Group’s plan to optimize its debt – equity structure and consolidate its loan facilities. The loan proceeds were received to early settle existing long-term loans from other commercial banks and the Company has settlement with the commercial banks for the year ended 31 December 2022.

16. SHARE CAPITAL

As at 31 December 2022, the Company’s authorized and issued share capital is Saudi Riyals 666.67 million (2021: Saudi Riyals 500 million) consists of 66.67 million (2021: 50 million) fully paid shares of Saudi Riyals 10 each. The Company has only one class of equity shares having a par value of Saudi Riyals 10 per share. 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.

During the third quarter of the year 2022, the Board of Directors recommended on 08 August 2022 (corresponding to 10 Muharram 1444H) to the Extra ordinary General Assembly (EGA) to increase the Company’s share capital from SR 500 million to SR 666.67 million via the capitalization of SR 166.67 million of retained earnings. Each shareholder is granted 1 share for each 3 shares owned at the eligibility date. The proposed increase in share capital was approved by the EGA on 24 November 2022 (corresponding to 30 Rabi’ al-Thani 1444H) and bonus shares issuance to shareholders was completed during fourth quarter of the year 2022. As at 31 December 2022, the increase is reflected in the increase in capital in consolidated statement of equity amounting to SR 166.67 million. The Company is still in the process of completing the relevant regulatory requirements, including the update of the Commercial Registration for the revised capital amount, and the amendment of the Company's by-laws.

(Expressed in Saudi Riyals unless otherwise stated)

17. DIVIDENDS

No dividend were declared during the year ended 31 December 2021. On 14 March 2022, the Board proposed a final dividend for the year ended 31 December 2021 amounting to SR 50 million (SR1.00 per share). The Annual General Assembly in its meeting held on 13 June 2022 approved the cash dividends of SR 50 million and was paid in the period ended 30 June 2022. The Annual General Assembly also authorized Board of Directors to distribute interim dividends for the year ending 31 December 2022. The Board declared an interim dividend amounting to SR 25 million (SR 0.5 per share) and has paid it for the year ended 31 December 2022.

18. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of profit for the year until the reserve equals 30% of the share capital. This reserve is not available for dividend distribution.

19. EQUITY SETTLED EMPLOYEE SHARE-BASED PAYMENTS PLAN

During 2021, the Group's Board of Directors approved the equity settled share-based payments plan for the employees (including some key management personnel) working in operational departments of Group on completion of 3 years' vesting period ended on 1 January 2021 with a grant date of 1 July 2021. The Company had already purchased 300,000 equity shares at cost of SR 6,816,812 during 2018 for the purposes of this plan and recorded the shares as treasury shares in equity. The Group accordingly recognised the employees' service cost amounting to SR 10.29 million in statement of profit and loss and created a reserve for employee share-based payments plan in equity. The Company has transferred all of the entitled shares to respective employees as of the period ended 31 December 2022. Accordingly, the Company only proportionately recognized the realized gain for the period ended 31 December 2022 amounting SR 578,865 on employees' equity settled shared based payment plan asset as the difference between cost of purchase of treasury shares and fair value at grant date in retained earnings.

During the year ended 31 December 2022, shared based payments of the 300,000 equity shares of Parent are granted to President of the Parent with service for 5 years. The exercise price of the shares is equal to the market price of the underlying shares on the date of grant. The share options vest if and when the conditions mentioned for the President which are service, performance and market based are met. The share based payments granted are subject to the ratification of the Board once the review is performed by them in 2023.

The fair value of the share options is estimated using market rate taking into account the terms and conditions on which the shared based payment were granted.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share. The Group accounts for the share of the Parent as an equity-settled plan.

20. RETAINED EARNINGS

Other comprehensive loss accumulated in retained earnings:

	31 December 2022	*31 December 2021*
Actuarial losses on re-measurements of defined benefits liability	**12,216,776**	8,017,196

(Expressed in Saudi Riyals unless otherwise stated)

21. LONG TERM BORROWINGS

	31 December 2022	*31 December 2021*
SIDF loans - Principal	**114,000,000**	67,089,142
Accrued finance charges – SIDF	**456,169**	160,334
Less: Deferred financial charges	**(7,024,155)**	(2,465,009)
Saudi Industrial Development Fund (SIDF) (refer note a)	**107,432,014**	64,784,467
Islamic banking facilities (Tawarruq)	**402,143,846**	496,600,068
Accrued finance charges – Banks	**1,579,570**	500,360
Less: Deferred financial charges	**-**	(124,230)
Islamic banking facilities (Tawarruq) (refer note b)	**403,723,416**	496,976,198
Long-term borrowings	**511,155,430**	561,760,665
Current portion shown under current liabilities		
Borrowings - gross	**98,649,784**	150,427,376
Accrued finance charges	**2,035,739**	660,693
Less: Deferred financial charges	**(857,516)**	(1,193,982)
	99,828,007	149,894,087
Long term borrowings shown under non-current liabilities		
Borrowings - gross	**417,494,062**	413,261,835
Less: Deferred financial charges	**(6,166,639)**	(1,395,257)
	411,327,423	411,866,578
Long-term borrowings	**511,155,430**	561,760,665

Reconciliation of cash movement of borrowings	***2022***	*2021*
Balance at beginning of year	**561,760,665**	496,380,521
Disbursements	**258,778,846**	301,600,359
Repayment of principal instalments	**(306,324,210)**	(235,925,929)
Movement in accrued financial charges	**1,375,045**	(899,837)
Movement in deferred financial charges	**(4,434,916)**	605,551
Balance at end of year	**511,155,430**	561,760,665

21. LONG TERM BORROWINGS (continued)

(a) The Group signed a loan agreement with SIDF amounting to SR 124.7 million in 2013 to finance the construction of manufacturing facilities. This loan was fully utilized as at 31 December 2017. The loan is repayable in unequal semi-annual instalments up to March 2022. The loan has been paid entirely in second quarter for the year ended 31 December 2022.

During 2020, the Group had obtained new facility from SIDF amounting Saudi Riyals 55 million (2021: Saudi Riyals 55 million) to finance the construction of manufacturing facilities. The loan is repayable in unequal semi-annual instalments up to August 2025.

During 2021, the Group had obtained new facility from SIDF for the tissue paper factory amounting Saudi Riyals 150 million to finance the construction of manufacturing facilities. The Group has utilized Saudi Riyals 75 million as of 31 December 2022 (2021: Nil).

Upfront fees were deducted at the time of receipt of the loans. These fees are amortised over the periods of respective loans. The loans bear a follow up fee to be paid on periodic basis. Under the terms of the SIDF loan agreement, the Company's property, plant and equipment are pledged as collateral to SIDF.

(b) The Company has also obtained long-term credit facilities from commercial banks. These loans bear financial charges based on prevailing market rates in Kingdom of Saudi Arabia ("SIBOR") for the current year (31 December 2021: SIBOR and United Kingdom ("LIBOR")).

Upfront fees were deducted at the time of receipt of loans from commercial banks, which are amortised over the period of the respective loans. These loans are repayable up to the year 2027. During the year ended 31 December 2022, as part of the Group's plan to optimize its debt-equity structure and consolidate its loan facilities the Group has utilized loan proceeds received on 29 December 2021 to early settle existing long-term loans from other commercial banks.

The above loans and facilities include certain covenants which require the Company to maintain certain levels of current and leverage ratios and certain restriction on dividend distribution and also notify the bank any breach or probable breach immediately. The Company is in compliance with all its related covenants as of 31 December 2022 and 31 December 2021.

All the above long term loans are denominated in Saudi Riyals as at 31 December 2022 and 31 December 2021.

The scheduled maturities of the long-term borrowings outstanding are as follows:

Year ending 31 December 2022:	***Loan's principal***	***Deferred financial charges***	***Accrued financial charges***	***Net loan amount***
2023	**98,649,784**	**(857,516)**	**2,035,739**	**99,828,007**
2024	**118,335,962**	**(3,300,467)**	**-**	**115,035,495**
2025	**129,135,962**	**(1,255,005)**	**-**	**127,880,957**
2026	**116,535,960**	**(874,246)**	**-**	**115,661,714**
2027	**53,486,178**	**(736,921)**	**-**	**52,749,257**
	516,143,846	**(7,024,155)**	**2,035,739**	**511,155,430**

Year ending 31 December 2021:	*Loan's principal*	*Deferred financial charges*	*Accrued financial charges*	*Net loan amount*
2022	150,427,376	(1,193,982)	660,693	149,894,087
2023	147,187,404	(906,802)	-	146,280,602
2024	109,552,789	(445,525)	-	109,107,264
2025	90,930,392	(42,930)	-	90,887,462
2026	65,591,250	-	-	65,591,250
	563,689,211	(2,589,239)	660,693	561,760,665

(Expressed in Saudi Riyals unless otherwise stated)

22. LEASE LIABILITIES

Movement in lease liabilities is summarized as follows:

	2022	*2021*
At the beginning of the year	**33,005,882**	39,989,886
Additions	**1,137,966**	2,495,122
Remeasurement	**-**	68,173
Accretion of interest	**1,185,992**	1,385,591
Payments	**(5,900,000)**	(10,932,890)
At the end of the year	**29,429,840**	33,005,882

The scheduled maturities of the lease liabilities are as follows:

As at 31 December 2022	***Principal amount***	***Interest***	***Net lease liabilities***
Current portion	**8,404,062**	**(973,652)**	**7,430,410**
Non-current portion	**24,078,993**	**(2,079,563)**	**21,999,430**
	32,483,055	**(3,053,215)**	**29,429,840**

As at 31 December 2021	*Principal amount*	*Interest*	*Net lease liabilities*
Current portion	6,968,597	(1,166,212)	5,802,385
Non-current portion	30,240,067	(3,036,570)	27,203,497
	37,208,664	(4,202,782)	33,005,882

23. EMPLOYEES END OF SERVICE BENEFITS

Movement in provision for employees' end of service benefits is summarized as follows:

	2022	*2021*
At beginning of year	**42,244,799**	44,019,012
Current year charge:		
- Current service cost	**6,152,104**	5,940,895
- Interest cost	**855,175**	421,341
	7,007,279	6,362,236
Re-measurement losses :		
- Financial assumptions	**2,400,245**	118,222
- Experience adjustment	**1,804,115**	185,536
- Demographic assumptions	**(4,780)**	-
	4,199,580	303,758
Payments	**(5,437,232)**	(8,440,207)
At end of year	**48,014,426**	42,244,799

(Expressed in Saudi Riyals unless otherwise stated)

23. EMPLOYEES END OF SERVICE BENEFITS (continued)

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	2022	*2021*
Discount rate	**4.10%**	2.05%
Future salary growth	**5.50%**	2.60%

Sensitivity analysis

	31 December 2022		*31 December 2021*	
	Increase	***Decrease***	*Increase*	*Decrease*
Discount rate (1% movement)	**(2,634,290)**	**2,967,827**	(4,963,097)	1,257,936
Future salary growth (1% movement)	**3,143,255**	**(2,843,665)**	1,204,485	(4,095,747)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee termination.

The expected maturity analysis of undiscounted employee benefits obligations is as follows:

	2022	*2021*
Less than a year	**8,283,703**	7,335,624
Between 1 – 5 years	**18,544,930**	15,701,059
Over 5 years	**35,228,050**	23,782,268

24. ZAKAT

24.1 Components of zakat base

The Company and its subsidiaries file separate zakat declarations which are filed on an unconsolidated basis. The significant components of the zakat base of each Company under zakat and income tax regulations are principally comprised of shareholder’s equity, provisions at the beginning of the year, long-term borrowings and adjusted net income, less deductions for the adjusted net book value of property, plant and equipment and certain other items.

24.2 Provision for zakat

	2022	*2021*
At the beginning of the year	**6,752,605**	4,693,350
Provisions		
- Provision for current year	**13,605,121**	6,752,605
- Adjustment related to prior years	**1,476,346**	204,870
Payments	**(8,447,501)**	(4,898,220)
At the end of the year	**13,386,571**	6,752,605

24. ZAKAT (continued)

24.3 Status of final assessments

The zakat assessments of the Group are finalized for the years through 31 December 2008. During 2019, the Company received revised assessments for the years 2009 to 2012, where the Zakat, Tax and Customs Authority (“ZATCA”) claimed SR 6.83 million. The Company escalated its objection to the General Secretariat for Tax Committees (“GSTC”), where the Tax Violation and Disputes Resolution Committee (“TVDRC”) recently issued its decision in favor of the Company, reducing SR 6.3 million from the original amount. During the current year ended 31 December 2022, ZATCA raised an appeal to the Tax Violation & Disputes Appeal Committee (“TVDAC”) against the TVDRC’s decision. The Company has submitted its reply memo against ZATCA’s appeal. Management believes that TVDAC’s decision will be in favor of the Company, in-line with the decision issued by the TVDRC.
During July 2020, the ZATCA has issued an assessment for the year 2014, without any additional claim on zakat.

During December 2020, the ZATCA issued an assessment for the years ended 31 December 2015 to 2018 claiming SR 30 million in additional Zakat. The Company objected against these assessments, however it was subsequently rejected by ZATCA. The Company escalated its objection to GSTC. During 2022, TVDRC rejected the Company’s objection in Form, however the Company escalated the case to the Tax Violation & Disputes Appeal Committee (“TVDAC”). Subsequently on 1 March 2023, the Company submitted a rejoinder memo to TVDAC, clarifying that a similar case was accepted by the Committee in relation to the formal aspect. Management believes that the ultimate outcome of the case will not result in any material additional liability to the Company.

During 2021, ZATCA issued its assessment for the years 2019 & 2020, claiming additional zakat of SR 3.6 million. The company objected against ZATCA’s claim, and subsequently ZATCA revised its claim to be only SR 1.6 for both years. The Company settled the revised claimed amount to clear these years with ZATCA.
The zakat declarations of the Company for the years 2013 to 2021 are filed with the ZATCA and unrestricted zakat certificates have been obtained till 30 April 2023.

During July 2021, WASCO received the assessment for the years 2016 and 2017 where ZATCA claimed additional Zakat of SR 1.39 million and SR 0.169 million respectively. WASCO objected against these assessments, however ZATCA rejected the objection and accordingly WASCO escalated its objection to the GSTC to be heard in-front of the TVDRC. On 18 September 2022, the TVDRC issued their decision in favor of ZATCA. Accordingly, subsequently on 18 October 2022, the Company raised an appeal against TVDRC’s decision. The zakat declarations of WASCO for the years 2018 to 2021 are currently under review by ZATCA and unrestricted zakat certificates have been obtained till 30 April 2023.

Juthor and Estidama has filed the zakat declaration first time in 2022. During the year ended 31 December 2022, SACO commercial registration has been closed and there are no ongoing assessment in these regards

25. SHORT TERM BORROWINGS

	31 December 2022	*31 December 2021*
Islamic banking facilities (Tawarruq)	**20,625,000**	90,000,000
Notes payable	**12,708,618**	7,017,914
Accrued financial charges	**231,078**	331,536
	33,564,696	97,349,450

The Group has short-term credit facilities from commercial banks comprising of short-term loans, letters of credit and guarantees. These borrowings bear financing charges at the prevailing market rates. These facilities include certain financial covenants which require the Group to maintain certain levels of ratios. The Group is in compliance with these debt covenants at 31 December 2022. All The loans are denominated in Saudi Riyals as at 31 December 2022 and 31 December 2021.

The short term borrowings under Islamic banking facilities bears interest rate of 6.84%.

(Expressed in Saudi Riyals unless otherwise stated)

26. TRADE AND OTHER PAYABLES

	31 December 2022	*31 December 2021*
Trade payables - third parties	**75,925,960**	84,441,948
Trade payables - related party (see note 36.3)	**6,169,941**	4,885,290
Employees related accruals	**33,813,502**	29,197,847
Accrued transportation expenses	**230,427**	5,005,281
Accrued sales services expenses	**646,342**	543,780
Net Value Added Tax (VAT) payables	**119,016**	7,103,209
Accrued legal and consultancy fees	**552,225**	690,973
Accrued directors' remuneration	**405,751**	246,250
Others	**6,087,249**	2,721,989
	123,950,413	134,836,567

27. OTHER CURRENT LIABILITY

	31 December 2022	*31 December 2021*
Advances from customers	**4,726,875**	11,271,921

28. COST OF REVENUE

	2022	*2021*
Material and employees' cost	**511,271,901**	485,916,268
Depreciation and maintenance cost	**130,952,391**	131,576,776
Transportation cost	**15,285,479**	15,666,339
Rent	**1,235,509**	1,500,557
Other overheads	**25,474,421**	28,637,445
	684,219,701	663,297,385

29. SELLING AND DISTRIBUTION EXPENSE

	2022	*2021*
Transportation and shipping	**69,592,755**	67,965,819
Salaries and related benefits	**7,922,592**	7,372,766
Sales commission	**2,236,037**	2,314,418
Sales service expenses	**774,645**	-
Credit insurance	**720,000**	339,260
Depreciation (refer note 5.3)	**538,031**	478,905
Others	**2,240,524**	2,980,653
	84,024,584	81,451,821

(Expressed in Saudi Riyals unless otherwise stated)

30. GENERAL AND ADMINISTRATIVE EXPENSE

	Note	*2022*	*2021*
Salaries and related benefits		**59,233,995**	53,118,338
Training		**1,940,731**	2,118,474
Depreciation and amortization		**3,738,020**	1,758,752
Directors' remuneration	36	**3,209,490**	2,996,817
Bank charges		**2,545,143**	1,578,093
Consultation fee		**4,875,451**	3,257,560
Government fee		**2,377,831**	1,370,915
Insurance expenses		**1,376,879**	833,883
Travel expenses		**1,060,967**	222,760
Professional fee		**1,210,633**	856,097
Communication		**949,665**	960,293
Repairs and maintenance		**732,489**	528,214
Others		**12,096,526**	5,659,560
		95,347,820	75,259,756

31. OTHER OPERATING (EXPENSES)/ INCOME – NET

	2022	*2021*
Foreign currency exchange loss	**(4,133,050)**	(828,628)
(Loss)/gain on disposal of property, plant and equipment	**(1,966,544)**	5,011,646
Impairment loss on write-off of property, plant and equipment	**(432,450)**	(1,037,299)
Gain on early settlement of other finance liability	**-**	6,482,511
Loss on disposal of investment in subsidiary	**(167,527)**	-
Fair value gain on investment at fair value through profit or loss	**-**	52
Loss on re-measurement of lease liabilities	**-**	(68,173)
Scrap sales	**1,034,615**	3,821,427
Others, net	**2,829,497**	(187,300)
	(2,835,459)	13,194,236

32. FINANCE COSTS – NET

	Note	*2022*	*2021*
Finance costs on long-term borrowings:	21		
- Tawarruq		**12,887,322**	8,023,895
- SIDF charges		**1,086,470**	1,723,266
- Amortisation of deferred financial charges		**1,243,261**	1,104,364
- Lease liabilities	22	**1,185,992**	1,385,590
- Interest rate swap settlements		**-**	267,896
Finance costs on short-term borrowings:			
- Tawarruq		**2,080,061**	1,988,794
		18,483,106	14,493,805

(Expressed in Saudi Riyals unless otherwise stated)

33. EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	2022	*2021*
Net profit for the year attributable to equity holders of the Parent Company	**269,698,532**	220,710,095
Weighted average number of shares	**66,666,438**	66,616,667
Basic and diluted earnings per share	**4.05**	3.31

33.1 The weighted average number of shares for calculation of Basic EPS and Diluted EPS are adjusted the effect of changes in treasury shares issued and the effect of the bonus shares for the year ended 31 December 2022. The weighted average number of ordinary shares issued and outstanding at year end 31 December 2021 have been adjusted for the bonus shares issued during the year ended 31 December 2022.

34. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group holds various financial instruments in the ordinary course of its activities.

34.1. Financial instruments by category

(a) Financial assets subsequently measured at amortised cost:

	Notes	***31 December 2022***	*31 December 2021*
Trade receivables	11	**297,736,735**	291,381,361
Other current assets			
(Advances to employees and receivable from HIPIT)	13	**5,413,250**	6,170,089
Cash and cash equivalents	15	**145,246,081**	264,004,358
		448,396,066	561,555,808

(b) Financial assets at fair value through profit or loss:

	Notes	***31 December 2022***	*31 December 2021*
Investments at fair value through profit or loss	14	**5,633**	5,633

(c) Financial liabilities at amortised cost:

	Notes	***31 December 2022***	*31 December 2021*
Borrowings	21, 25	**544,720,126**	659,110,115
Trade and other payables	26	**138,455,025**	134,836,567
Lease liabilities	22	**29,429,840**	33,005,882
		712,604,991	826,952,564

The carrying amount of financial assets and liabilities approximates their fair value. Financial assets are not considered to pose a significant credit risk. Trade receivables are due from customers who have been assessed for credit worthiness prior to entering into transactions with them.

(Expressed in Saudi Riyals unless otherwise stated)

34. FINANCIAL INSTRUMENTS (continued)

34.2 Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included 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).

The Group fair values the derivative financial instruments and investment at fair value through profit or loss. The fair value of derivative financial instrument is calculated as the present value of the estimated future cash flows based on observable yield curves.

The fair value of investment at fair value through profit or loss is based on the net assets value (NAV) communicated by the fund manager. The fair values under Level 2 were as follows:

	31 December 2022	*31 December 2021*
Level 2		
Investments at fair value through profit or loss	**5,633**	5,633

During the year ended 31 December 2022, there were no movements between the levels.

35. COMMITMENT AND CONTIGENCIES

i. At 31 December 2022, the Group had outstanding letters of credit of Saudi Riyals 28 million (2021: Saudi Riyals 127.83 million) and letters of guarantee of Saudi Riyals 1.5 million (2021: Saudi Riyals 1.86 million) that were issued in the normal course of the business.

ii. The capital expenditure contracted by the Group but not incurred till 31 December 2022 was approximately Saudi Riyals 125 million (2021: Saudi Riyals 166.6 million).

iii. Litigation is in process against the Group relating to a matter with General Authority of Competition who alleges that the one of the subsidiary has been involved in fixing the prices and incurs penalty charges of Saudi Riyals 10 million. The information usually required by IAS 37 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation. The directors are of the opinion that the claim can be successfully resisted by the Group.

(Expressed in Saudi Riyals unless otherwise stated)

36. RELATED PARTIES

36.1 Transactions with key management personnel

Key management personnel compensation comprised the following:

	2022	*2021*
Short term benefits	**32,750,360**	25,050,141
Post-employment benefits	**302,056**	289,800
Termination benefits	**830,800**	3,333,778
	33,883,216	28,673,719

Compensation to key management personnel includes salaries, and contributions to post-employment defined benefit plan. During the year ended 31 December 2022 and 2021, Director of operation of Juthor has been added in key management personnel compensation.

36.2 Related parties' transactions

Significant transactions with related parties in the ordinary course of business included in the consolidated financial information is summarized below:

Related party	*Description of transaction*	*Relationship*	*2022*	*2021*
Arabian Maize Company for Industry (formerly "Al Masirah International Industrial Investments Company")	Purchase of materials	Company of chairman board of directors	**35,716,109**	23,035,088
Jeddah Development and Urban Regeneration Company	Advance for purchase of materials	Shareholder of subsidiary	**-**	20,050,000
Directors	Directors' remuneration	Directors	**3,209,490**	2,996,817

36.3 Related parties' balances

Significant due from/(to) balances with related parties are summarized below:

Related party	*31 December 2022*	*31 December 2021*
Jeddah Development and Urban Regeneration Company	**20,050,000**	20,050,000
Advances to key management personnel	**188,488**	151,940
Accrued directors' remuneration	**(917,828)**	(1,077,569)
Arabian Maize Company for Industry	**(6,169,941)**	(4,885,290)

(Expressed in Saudi Riyals unless otherwise stated)

37. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group also uses derivative financial instruments to hedge certain risk exposures.

37.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is represented by interest rate risk, currency risk and other price risk.

37.2 Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments as and entering into interest rates swap arrangements.

At 31 December 2022, if interest rates had been 1% higher/lower with all other variables held constant, future interest on outstanding loans will increase/decrease by Saudi Riyals 8,957,586 (2021: Saudi Riyals 4,664,837).

37.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did undertake significant transactions in currencies Saudi Riyals and US Dollars during the year ended 31 December 2022 and 2021. Since Saudi Riyal is pegged to the US Dollar, the Group is not exposed to significant foreign currency risk.

The Group also has significant exposure to Euro at the end of 2022 and 2021. The following tables demonstrate the sensitivity to a reasonably possible change in Euro and Saudi Riyals exchange rates, with all other variables held constant. The impact on the Group's profit before zakat is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in rate Euros	*Effect on profit before zakat*
31 December 2022		
	+ 5%	**4,880,176**
	- 5%	**(4,880,176)**
31 December 2021		
	+ 5%	2,727,679
	- 5%	(2,727,679)

37.4 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The management continuously monitors the credit exposure towards the customers and makes allowances against those balances considered doubtful of recovery using the expected credit loss model. To mitigate the risk, the Group has developed a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Most of the customers are secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

(Expressed in Saudi Riyals unless otherwise stated)

37. FINANCIAL RISK MANAGEMENT (continued)

37.4 Credit risk (continued)

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	31 December 2022	*31 December 2021*
Financial assets		
Trade receivables	**328,947,154**	306,557,620
Other current assets (*)	**5,413,250**	6,170,089
Cash at banks	**144,460,310**	263,287,894
Investment at FVTPL	**5,633**	5,633
	478,826,347	576,021,236

(*) Other current assets comprise of advances to employees and receivable from HIPIT (see Note 13).

Trade receivables are due from customers who have been assessed for credit worthiness prior to entering into transactions with them. Cash at bank and short-term investments are placed with reputable local banks. There were no past due or impaired receivables from related parties.

37.5 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. The Group has no significant concentration of liquidity risk. For instance, concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets. The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at 31 December 2022. The Group does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.

31 December 2022	***1 year or less***	***Above 1 year to 5 years***	***More than 5 years***	***Total***
Non derivative financial liabilities				
Borrowings	**160,338,353**	**450,884,298**	**-**	**611,222,651**
Trade and other payables	**123,950,413**	**-**	**-**	**123,950,413**
Lease liabilities	**8,404,062**	**10,244,121**	**13,834,872**	**32,483,055**
	292,692,828	**461,128,419**	**13,834,872**	**767,656,119**

31 December 2021	*1 year or less*	*Above 1 year to 5 years*	*More than 5 years*	*Total*
Non derivative financial liabilities				
Borrowings	259,650,161	429,811,080	-	689,461,241
Trade and other payables	134,836,567	-	-	134,836,567
Lease liabilities	6,968,597	23,211,547	7,028,520	37,208,664
	401,455,325	453,022,627	7,028,520	861,506,472

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(Expressed in Saudi Riyals unless otherwise stated)

38. CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt.

The capital gearing ratio is as follows:

	2022	*2021*
Borrowings	**544,720,126**	659,110,115
Total debt	**544,720,126**	659,110,115
Cash and cash equivalents	**(145,246,081)**	(264,004,358)
Net debt	**399,474,045**	395,105,757
Share capital	**666,666,660**	500,000,000
Statutory reserve	**135,278,852**	108,308,999
Treasury shares	**-**	(1,136,135)
Reserve for employee share-based payments	**7,860,000**	1,715,000
Retained earnings	**371,242,769**	373,801,465
Non-controlling interest	**1,237,841**	206,563
Net equity	**1,182,286,122**	982,895,892
TOTAL EQUITY AND NET DEBT	**1,581,760,167**	1,378,001,649
Capital gearing ratio - %	**25%**	29%

39. COMPARATIVE FIGURES

Certain account balances of prior year were reclassified to improve the consistency of information presented.

Reclassification in the statement of financial position for the year ended 31 December 2022 is summarised below:

	As previously reported	*Reclassification*	*As currently reported*
<u>*Non-current assets*</u>			
Property, plant and equipment	1,063,593,453	(124,546,859)	939,046,594
Capital work in progress	-	94,546,859	94,546,859
<u>*Current assets*</u>			
Other current assets	56,799,480	30,000,000	86,799,480

40. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Company's Board of Directors on 21 March 2023G.