

Saudi Top for Trading Company
(A Saudi Joint Stock Company)
Financial Statements For the year ended 31 December 2024
And Independent Auditor's Report

Saudi Top for Trading Company

(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
Saudi Top for Trading Company
(A Saudi Joint Stock Company)**

Opinion

We have audited the financial statements of **Saudi Top for Trading Company**, a Saudi Joint Stock Company ("the Company"), which comprise the statement of financial position as at 31 December 2024, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, its financial performance and its cash flows for the year then ended, in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Chartered and Professional Accountants (SOCPA).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") 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 Financial Statements*" section of our report. We are independent of the Company in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards) endorsed in the Kingdom of Saudi Arabia (the "Code") that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<p>Revenue recognition</p> <p>During the year ended 31 December 2024, the Company has recognized revenue of SR 160.50 million.</p> <p>Revenue is one of the key indicators for measuring performance and consequently there is an inherent risk that revenue could be overstated to meet targets or expectations. Therefore, revenue recognition process has been considered as a key audit matter.</p>	<ul style="list-style-type: none"> - Assessed the appropriateness of the Company's accounting policy related to revenue recognition in compliance with the requirements of (IFRS) 15 "Revenue from Contracts with Customers" as endorsed in the Kingdom of Saudi Arabia. - Assessed the design and implementation of relevant key controls over the revenue cycle. - Performed testing of revenue transactions on a sample basis with underlying supporting documentation including dispatch documents and sales invoices. - Tested on a sample basis, revenue transactions made pre- and post-year end with underlying documentation to assess whether revenue is recognized in the correct accounting period. - Assessed the adequacy of the disclosures related to revenue in the accompanying financial statements.
<p>Refer note 3.12 of the accompanying financial statements for the accounting policy on revenue recognition and note 17 for related disclosures.</p>	

Independent Auditors' Report to the shareholders of Saudi Top for Trading Company (A Saudi Joint Stock Company) (Continued)

Other information

Other information consists of the information included in the Company's annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charge with governance. We have nothing to report in this regard.

Responsibilities of the management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's By-laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance, i.e., the Company's Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

As part of an audit in accordance with International Standards on Auditing as 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 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 Company's internal control.

Independent Auditors' Report to the shareholders of Saudi Top for Trading Company (A Saudi Joint Stock Company) (Continued)

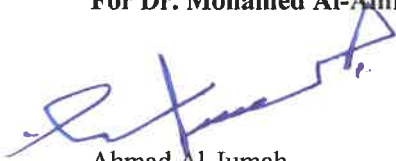
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, 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 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 Dr. Mohamed Al-Amri & Co.



Ahmad Al-Jumah
Certified Public Accountant
License Number 514



Date: 19 Ramadan, 1446 H
(Corresponding to 19th March 2025)

SAUDI TOP FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

	Note	31 December 2024	31 December 2023
Assets			
Non-current assets			
Property, plant and equipment	4	40,534,680	38,977,458
Right of use assets	5	5,925,679	11,645,768
Total non-current assets		46,460,359	50,623,226
Current assets			
Inventories	6	48,591,673	40,456,254
Trade and other receivables	7	12,461,395	17,827,546
Investments at fair value through profit or loss (FVTPL)		30,127	-
Cash and cash equivalents	8	15,662,693	24,385,073
Total current assets		76,745,888	82,668,873
Total assets		123,206,247	133,292,099
Equity and liabilities			
Equity			
Share capital	9	40,000,000	40,000,000
Statutory reserve	10	5,717,534	5,717,534
Retained earnings		20,537,520	22,391,702
Total equity		66,255,054	68,109,236
Non-current liabilities			
Employees' benefits obligations	11	1,335,883	1,438,102
Lease liabilities	5	5,248,228	9,136,595
Total non-current liabilities		6,584,111	10,574,697
Current liabilities			
Trade and other payables	12	34,790,760	34,088,547
Lease liabilities	5	542,100	2,087,456
Short-term loans	13	14,310,364	17,562,114
Zakat provision	14	723,858	870,049
Total current liabilities		50,367,082	54,608,166
Total liabilities		56,951,193	65,182,863
Total equity and liabilities		123,206,247	133,292,099

The accompanying notes from (1) to (29) form an integral part of these financial statements

Chairman	CEO	Chief Financial Officer
Mr. Abdullah Mohammed Obaid Al-Ajmi	Mr. Wail Majid Al Jaaidi	Mr. Abdulaziz Ezzat Abou Jindieh

SAUDI TOP FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

	Note	2024	2023
Revenue	17	160,503,242	142,162,794
Cost of revenue	18	(138,349,842)	(120,680,335)
Gross profit		22,153,400	21,482,459
Selling and distribution expenses	19	(10,527,990)	(10,403,422)
General and administrative expenses	20	(4,992,441)	(4,857,638)
Reversal / (allowance) for expected credit losses	7	629,590	(220,675)
Profit from operations		7,262,559	6,000,724
Finance cost		(1,765,153)	(1,180,959)
Other income	21	399,738	325,349
Net profit before Zakat		5,897,144	5,145,114
Zakat expense	14	(723,858)	(870,049)
Net profit for the year		5,173,286	4,275,065
Other comprehensive income			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Gain on re-measurement of employees' defined benefit obligations	11	172,532	20,054
Total comprehensive income for the year		5,345,818	4,295,119
Earnings per share			
Basic and diluted earnings per share	23	0.13	0.11

The accompanying notes from (1) to (29) form an integral part of these financial statements

Chairman	CEO	Chief Financial Officer
Mr. Abdullah Mohammed Obaid Al-Ajmi	Mr. Wail Majid Al Jaaidi	Mr. Abdulaziz Ezzat Abou Jindieh

SAUDI TOP FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

	Share capital	Statutory reserve	Retained earnings	Total equity
Balance as at 1 January 2024	40,000,000	5,717,534	22,391,702	68,109,236
Net profit for the year	-	-	5,173,286	5,173,286
Other comprehensive income for the year	-	-	172,532	172,532
Total comprehensive income for the year	-	-	5,345,818	5,345,818
Dividends (Note 15)	-	-	(7,200,000)	(7,200,000)
Balance as at 31 December 2024	40,000,000	5,717,534	20,537,520	66,255,054
Balance as at 1 January 2023	40,000,000	5,290,027	40,124,090	85,414,117
Net profit for the year	-	-	4,275,065	4,275,065
Other comprehensive income for the year	-	-	20,054	20,054
Total comprehensive income for the year	-	-	4,295,119	4,295,119
Transfer to statutory reserve	-	427,507	(427,507)	-
Dividends (Note 15)	-	-	(21,600,000)	(21,600,000)
Balance as at 31 December 2023	40,000,000	5,717,534	22,391,702	68,109,236

The accompanying notes from (1) to (29) form an integral part of these financial statements

Chairman
 Mr. Abdullah Mohammed Obaid Al-Ajmi

CEO
 Mr. Wail Majid Al Jaaidi

Chief Financial Officer
 Mr. Abdulaziz Ezzat Abou Jindieh

SAUDI TOP FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

	Note	2024	2023
<u>Cash flows from operating activities</u>			
Profit for the year before zakat		5,897,144	5,145,114
<u>Adjustments:</u>			
Depreciation of property, plant and equipment	4	4,279,035	3,535,249
Depreciation of right-of-use assets	5	1,290,367	1,621,162
(Reversal) / allowance for expected credit losses	7	(629,590)	220,675
Realized profit from sale of investments at FVTPL		(46,182)	-
Fair value changes of investments at FVTPL -unrealized		(6,627)	-
Finance cost		1,765,153	1,180,959
Gains on disposal of property, plant and equipment		(370)	-
Provision for employees' defined benefits obligations	11	280,794	288,388
		12,829,724	11,991,547
Changes in:			
Inventories		(8,135,419)	178,570
Trade and other receivables		5,995,741	(1,822,555)
Due from a shareholder		-	4,743,801
Trade and other payables		702,213	(627,783)
Employees' defined benefits obligations paid	11	(285,127)	(72,505)
Cash generated from operating activities		11,107,132	14,391,075
Zakat paid	14	(870,049)	(1,615,812)
Interest paid		(1,222,413)	(160,000)
Net cash generated from operating activities		9,014,670	12,615,263
<u>Cash flows from investing activities</u>			
Purchases of property, plant and equipment	4	(5,836,757)	(16,218,835)
Purchases of investments at FVTPL		(121,772)	-
Proceeds from sale of investments at FVTPL		144,454	-
Proceeds from disposal of property, plant and equipment		870	-
Net cash used in investing activities		(5,813,205)	(16,218,835)
<u>Cash flows from financing activities</u>			
(Repayment) / proceeds from short-term loans – net		(3,251,750)	17,057,457
Lease rentals payments - proceeds	5	(1,472,095)	(1,635,583)
Dividends paid	15	(7,200,000)	(21,600,000)
Net cash used in financing activities		(11,923,845)	(6,178,126)
Net change in cash and cash equivalents		(8,722,380)	(9,781,698)
Cash and cash equivalents at the beginning of the year		24,385,073	34,166,771
Cash and cash equivalents at the end of the year		15,662,693	24,385,073

The accompanying notes from (1) to (29) form an integral part of these financial statements.

Chairman	CEO	Chief Financial Officer
Mr. Abdullah Mohammed Obaid Al-Ajmi	Mr.Wail Majid Al Jaaidi	Mr.Abdulaziz Ezzat Abou Jindieh

SAUDI TOP FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

1- CORPORATE INFORMATION

Saudi Top for Trading Company is a Saudi Joint Stock Company (the “Company”), registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration number 1010237601 dated 23 Shawwal 1433H (corresponding to 10 September 2012). The Company is engaged in the activities of wholesale of primary plastic materials, rubber and synthetic fibers and sale of tools and plastic materials, including bags.

On 16 Jumada Al-Awwal 1443 H (corresponding to 20 December 2021), the Company was converted from a limited liability Company to a closed joint stock Company and the Company’s share capital was increased from SR 1,000,000 to SR 40,000,000, divided into 4,000,000 ordinary shares of SR 10 each, all of which are fully paid-up shares. The increase of SR 39,000,000 was fulfilled by Mr. Abdullah Muhammad Obaid Al-Ajmi who provided a property at the fair market value of SR 9,957,839 (according to the licensed and approved valuer’s report) as in-kind share in the Company’s share capital. The remaining amount of SR 29,042,161 was transferred from the Company’s retained earnings as of 31 December 2020. The Company was registered in the joint stock companies’ registry under Ministerial Resolution No. (775) dated 16 Jumada Al-Awwal 1443 H (corresponding to 20 December 2021) and Ministerial Resolution No. (784) dated 19 Jumada Al-Awwal 1443 H (corresponding to 23 December 2021). The decision of the Board of the Capital Market Authority was issued on 30 Safar 1444 H, (corresponding to 26 September 2022), approving the registration and offering of 880,000 shares representing 22% of the Company’s shares in the parallel market (Nomu). Tadawul Saudi Arabia announced the listing and commencement of trading of the Company’s shares in the parallel market (Nomu) as of 28 Jumada Al-Awwal 1444 H (corresponding to 22 December, 2022) and it was registered under No. 9552 in the Tadawul.

On 03 November 2024, the Board of Directors of the Company resolved to approve the transition of the Company from parallel market (Nomu) to the main market which is subject to regulatory and other approvals.

The Company’s financial year begins on 1st January and ends on 31 December. The head office of the Company is located at the following address:

3886, Eastern Ring Road (New Al-Kharj Road) 6199, Al Noor district
Zip Code 14321 Riyadh
Kingdom of Saudi Arabia

The Company has following branches. The assets, liabilities and financial results of these branches are included in these financial statements.

Branch	CR No.	Date of issue
Saudi Top Factory for the Production of Plastic Granules	1010241089	23 Dhual-Qa’dah 1428H
Saudi Top for Contracting Company	1010715191	23 Shawwal 1438H
Specialty Polymers for Plastics Factory	1011143685	18 Muharram 1442H
West Coast Industrial Factory Company	4602115274	5 Safar 1445H

2- BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) as endorsed in Kingdom of Saudi Arabia (KSA) and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (referred to as “IFRS as endorsed in KSA”).

b) Basis of measurement

These financial statements have been prepared using the accrual basis of accounting under the historical cost convention except for remeasurement of employees’ benefits obligations that are measured at present value using “Projected Unit Credit Method” and the investments at FVTPL which are measured at fair values.

SAUDI TOP FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

2- BASIS OF PREPARATION (CONTINUED)

c) Functional and presentation currency

These financial statements are presented in Saudi Riyal (“SR”) which is also the functional currency of the Company. All amounts are rounded off to the nearest Saudi Riyal unless otherwise stated.

d) Significant estimates, judgments and assumptions

The preparation of these financial statements, in conformity with IFRS Accounting Standards as endorsed in the Saudi Arabia, requires the use of judgements, estimates and assumptions. Such estimates and assumptions may affect the balances reported for certain assets and liabilities as well as the disclosure of certain contingent assets and liabilities as at the reporting date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management’s best knowledge of current events and actions, actual results ultimately may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Allowance for Expected Credit Losses (ECL) on trade receivables

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Estimated useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated over the estimated useful life of the asset based on the expected use and obsolescence of the asset, the maintenance and repair program and technical obsolescence. Management reviews the useful lives of property, plant and equipment annually and future depreciation charge would be adjusted prospectively where the management believe that the useful life differs from the past estimates.

e) New Standards, interpretations and amendments

New Standards, interpretations and amendments not yet effective

There are number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board (“IASB”) that are effective in future accounting periods that the Company has decided not to adopt early. The Company will adopt these standards and amendments on its effective dates.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IAS 21	Amendment – Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability	1 January 2027

SAUDI TOP FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

2- BASIS OF PREPARATION (CONTINUED)

New standards, interpretations, and amendments effective in the current year (continued)

The following are the interpretations and amendments to standards that are effective in the current year but these have no material impact on these financial statements.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IFRS 16	Amendment – Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
IAS 1	Amendment – Non-current Liabilities with Covenants	1 January 2024
IAS 7 and IFRS 7	Amendment – Supplier Finance Arrangements	1 January 2024

3- MATERIAL ACCOUNTING POLICIES.

3.1 Property, plant and equipment

Items of property, plant and equipment are initially recognized at cost. Cost includes all costs incurred to bring the assets to the condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment, except capital work-in-progress are measured at cost less accumulated depreciation and accumulated impairment loss, if any. Capital work-in-progress is stated at cost less impairment, if any.

Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably.

Depreciation is recognized over the useful lives of the assets using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted on a prospective basis. Useful lives of property, plant and equipment are as follows:

Motor vehicles	4 years
Furniture and office equipment	4 -7 years
Buildings	10 -25 years
Leasehold improvements	10 years
Plant and equipment	5 -10 years
Tools and instruments	6.67 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceed and the carrying amount of the asset and is recognized in profit or loss.

3.2 Borrowing costs

Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed. All other costs are charged to the statement of profit or loss.

SAUDI TOP FOR TRADING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks and short-term highly liquid investments, if any, with original maturities of three months or less, which are available without any restrictions.

3.4 Right of use assets and leases liabilities – Company as a lessee

Lease contract

At the inception of the contract, the Company assesses whether the contract is a lease or involves a lease. A contract is a lease or involves a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether the contract transfers control to the use of an identified asset, the Company evaluates whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of being physically distinct. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- The Company has the right to direct the use of identified asset throughout the period of only if either:
 - a. The Company has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - b. The relevant decisions about how and for what purpose the asset is used are predetermined and:
 - (i) The Company has the right to operate the asset; or
 - (ii) The Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company records right of use assets and lease liabilities at lease contract commencement date.

Right of use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset using straight line method. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses borrowing rate at which it obtains the loan.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(EXPRESSED IN SAUDI RIYALS)

3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Leases (Continued)

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 Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

Short-term leases and leases of low-value assets:

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

3.5 Financial instruments

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

IFRS 9 introduces requirements for the presentation and measurement of financial assets and financial liabilities, impairment and hedge accounting. IFRS 9 requires all financial assets to be measured at amortized cost or fair value in subsequent financial periods following initial recognition.

Recognition

Financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to the financial instrument.

Classification

The Company classifies its financial assets and financial liabilities into the following measurement categories: 1) those to be measured subsequently at fair value either through other comprehensive income, or through profit or loss, and 2) those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those measured at amortized cost unless designated as liabilities subsequently measured at FVTPL. For assets and liabilities measured at fair value, gains and losses will either be recorded in profit or loss or in other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Financial assets

Initial recognition and measurement

Financial assets are initially measured at their fair values. The subsequent measurement of financial asset depends on its classification either at amortized cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (Continued)

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are “solely payments of principal and interest (SPPI) on the principal amount outstanding”. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company’s business model for managing financial assets refers to how it manages financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

a. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

Financial assets carried at fair value through profit or loss	These assets are subsequently measured at fair value recognized in profit or loss. Net gains and losses, including any interest income or dividend income are recognized in profit or loss.
Financial assets at amortized cost	Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investment at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses from these financial assets are never rolled into the income statement. Dividends are recognized as other income in the profit or loss statement when the right to pay arises, except when the company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, the profit is recorded in other comprehensive income. Equity instruments classified at fair value through other comprehensive income are not subject to impairment assessment.

Derecognition

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

- The rights to receive cash flows from the asset have expired, or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

When the Company 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 asset is recognized to the extent of the Company continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liabilities are measured on a basis that reflects the rights and liabilities the Company has retained.

Impairment

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on:

Receivable balances for which credit risk has not increased significantly since initial recognition are measured at 12-month ECLs (i.e., the risk of default occurring over the expected life of the financial instrument).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. The Company applies simplified approach for trade receivables which requires expected lifetime losses to be recognized from the initial recognition of receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Financial liabilities

Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, as loans or advances as the case may be.

All financial liabilities are initially recognized at fair value, after deducting costs directly attributable to transactions in the case of loans, other payables and advances. The Company's financial liabilities include trade payables, other payables, loans and advances, which include bank overdrafts and derivative financial instruments.

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3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading when they are acquired for the purpose of repurchasing in the near future. This category also includes derivative financial instruments used by the Company that are designated as hedging instruments in hedge relationships as defined by IFRS 9 (Financial Instruments). Separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not determined any financial obligation at fair value through profit or loss.

Financial liabilities at amortized cost

This category is relevant to the Company. After initial recognition, lease liabilities and interest-bearing loans, and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit or loss. This category applies to all interest-bearing loans.

Derecognition

A financial liability is derecognized when it is fulfilled, cancelled or expires. When an existing financial liability is replaced by another from the same lender on entirely different terms, or substantially the terms of an existing liability, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the separate statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is an enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

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3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (pre-zakat) that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, the most recent market transactions are taken into account. If such transactions cannot be identified, an appropriate evaluation model is used for this purpose.

Impairment losses of continuing operations are recognised in profit or loss in expense categories that correspond to the function of the impaired asset.

For assets other than goodwill, an assessment is made at each financial year-end as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income.

3.7 Payables and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3.8 Inventories

Inventory is stated at the lower of cost and net realizable value. Costs of inventories are determined on the weighted average basis. Inventories cost includes expenditures incurred in purchasing the inventories as well as other expenses in bringing them to their present location and condition. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.9 Zakat

Provision for Zakat is calculated at the date of the statement of financial position in accordance with regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. The resulting provision is recorded within the statement of profit or loss. Additional Zakat liability, if any, related to prior years' assessments arising from ZATCA are recognized in the period in which the assessments are finalized.

3.10 Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and measured reliably. 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.

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3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11 Employees' defined benefit obligations

Short-term employees' benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company 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.

Defined benefit plan

The Company's net obligations in respect of defined benefit obligations are calculated by estimating the present value of the amount of future benefits that employees have earned in current and prior periods. These benefits are currently unfunded. The calculation of defined benefit obligations is performed annually by a qualified actuary using the Projected Unit Credit Method.

Remeasurements of the net defined benefit obligations, which comprise actuarial gains and losses, are recognized immediately in Other Comprehensive Income (OCI). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

3.12 Revenue recognition

The revenue is generated through selling of primary plastic materials, rubber and synthetic fibers.

Revenue from sale of goods is generally expected to be the sole performance obligation by the Company. Revenue is recognised when a performance obligation is satisfied. This is defined as the point in time when control of the goods has been transferred to the customer, the amount of revenue can be measured reliably, and collection is probable. For local sales, the transfer of control to customers takes place generally at the date of delivery. For export sales, the transfer of control to customers takes place according to the trade agreement terms. The Company has concluded that revenue from sale of goods should be recognized at a point in time when the customer obtains control of promised goods and the Company satisfies the performance obligation.

Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment. No element of financing component is deemed present as the sales are made on credit terms falls in the range of 30 days to 60 days i.e, less than 12 months. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, if material.

3.13 Expenses

Costs incurred in relation to contracts and employees directly related to products are classified as cost of sales. Selling and marketing expenses are those arising from the Company's efforts underlying the marketing, selling and distribution functions.

All other expenses, excluding cost of sales, selling and distribution and financial charges, are classified as general and administrative expenses. Allocations of common expenses between cost of revenue and general and administrative expenses, when required, are made on a consistent basis.

3.14 Foreign currencies

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognized in statement of profit or loss.

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3- MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 Dividend

The Company recognizes dividend as a liability in the period in which these are approved by the shareholders of the Company.

3.16 Segment information

An operating segment is a segment that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. A geographical segment is associated with the provision of products or services in a specific economic environment that is subject to risks and rewards that differ from those of segments of business in economic environment.

3.17 Earnings per share

Basic earnings per share is calculated by dividing:

- Net profit for the year attributable to shareholders of the Company
- By the weighted average number of ordinary shares outstanding during the financial year.

The Company has not issued any potential ordinary shares; therefore, the basic and diluted earnings per share are the same.

3.18 Current / non-current classification

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

Assets are current when they are:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for trading purposes;
- Due to be settled within 12 months after the reporting period, or;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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4- PROPERTY, PLANT AND EQUIPMENT

	<u>Motor vehicles</u>	<u>Furniture and office equipment</u>	<u>Plant and equipment</u>	<u>Tools and instruments</u>	<u>Buildings and leasehold improvements</u>	<u>Capital work in progress</u>	<u>Total</u>
Cost:							
As at 1 January 2023	1,149,795	3,817,225	10,139,210	58,866	18,847,162	-	34,012,258
Additions	77,500	79,391	9,166,276	34,061	6,357,554	504,053	16,218,835
Transfers	-	-	-	-	226,643	(226,643)	-
As at 31 December 2023	1,227,295	3,896,616	19,305,486	92,927	25,431,359	277,410	50,231,093
Additions	600,000	103,489	3,872,743	150,337	-	1,110,188	5,836,757
Transfers	-	-	-	-	80,424	(80,424)	-
Disposals	-	-	(21,750)	-	-	-	(21,750)
Reclassification	-	-	-	-	(5,879,312)	5,879,312	-
As at 31 December 2024	1,827,295	4,000,105	23,156,479	243,264	19,632,471	7,186,486	56,046,100
Accumulated Depreciation							
As at 1 January 2023	890,934	1,804,409	2,747,027	26,304	2,249,712	-	7,718,386
Charged during the year	134,489	570,590	1,189,042	6,043	1,635,085	-	3,535,249
As at 31 December 2023	1,025,423	2,374,999	3,936,069	32,347	3,884,797	-	11,253,635
Charged during the year	147,637	585,379	2,235,588	18,277	1,292,154	-	4,279,035
Disposals	-	-	(21,250)	-	-	-	(21,250)
As at 31 December 2024	1,173,060	2,960,378	6,150,407	50,624	5,176,951	-	15,511,420
Net book value:							
As at 31 December 2024	654,235	1,039,727	17,006,072	192,640	14,455,520	7,186,486	40,534,680
As at 31 December 2023	201,872	1,521,617	15,369,417	60,580	21,546,562	277,410	38,977,458

4.1) The Company's plants and warehouses are situated on lands leased from Saud Authority for Industrial Cities and Technology Zones (MODON) and an individual. The lease period ranges from 3 to 10 years and are renewable subject to the agreement of both parties

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4- PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

4.2) Depreciation expenses have been allocated as follows:

	<u>2024</u>	<u>2023</u>
Cost of revenue (Note 18)	3,506,772	2,786,062
Selling and distribution expenses (Note 19)	129,991	121,237
General and administration expenses (Note 20)	642,272	627,950
	<u>4,279,035</u>	<u>3,535,249</u>

5- RIGHT OF USE ASSETS AND LEASE LIABILITIES

Amounts recognized in the statement of financial position:

The statement of financial position includes the following amounts relating to leases:

	<u>Right-of-use Assets (Land)</u>
Balance as at 1 January 2023	7,511,948
Additions during the year	5,754,982
Depreciation charged during the year	(1,621,162)
Balance as at 31 December 2023	11,645,768
Additions during the year	385,408
Depreciation charged during the year	(1,290,367)
Lease termination	(77,703)
Lease modifications	(4,737,427)
Balance as at 31 December 2024	<u>5,925,679</u>
	<u>Lease liability</u>
Balance as at 1 January 2023	6,645,742
Additions during the year	5,754,982
Interest expense for the year	458,910
Lease payments during the year	(1,635,583)
Balance as at 31 December 2023	11,224,051
Additions during the year	385,408
Lease termination	(77,703)
Lease modifications	(4,737,427)
Interest expense for the year	468,094
Lease payments during the year	(1,472,095)
Balance as at 31 December 2024	<u>5,790,328</u>
	<u>2023</u>
Current portion of lease liabilities	2,087,456
Non-current portion of lease liabilities	9,136,595
Balance as at 31 December 2023	11,224,051
	<u>2024</u>
Current portion of lease liabilities	542,100
Non-current portion of lease liabilities	5,248,228
Balance as at 31 December 2024	<u>5,790,328</u>

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5- RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Depreciation expense has been allocated as follows:

	<u>2024</u>	<u>2023</u>
Cost of revenue (Note 18)	912,058	1,242,856
Selling and distribution expenses (Note 19)	335,343	335,340
General and administrative expenses (Note 20)	42,966	42,966
	<u>1,290,367</u>	<u>1,621,162</u>

5.2 Amounts recognized in statement of profit and loss

	<u>2024</u>	<u>2023</u>
Interest expense on lease liability	468,094	458,910
Depreciation charge during the year	1,290,367	1,621,162
	<u>1,758,461</u>	<u>2,080,072</u>

6- INVENTORIES

	<u>31 December 2024</u>	<u>31 December 2023</u>
Raw materials	38,959,333	21,823,431
Finished goods	8,657,989	18,299,415
Packing and packaging materials	737,571	333,408
Spare parts inventory	236,780	-
	<u>48,591,673</u>	<u>40,456,254</u>

7- TRADE AND OTHER RECEIVABLES

	<u>31 December 2024</u>	<u>31 December 2023</u>
Trade receivables	9,057,935	7,358,356
Less: Allowance for expected credit losses	(550,790)	(1,180,380)
Trade receivables, net	8,507,145	6,177,976
Advances to suppliers	666,693	5,890,741
Margin against LGs	-	4,000,000
Value Added Tax	1,176,850	1,275,804
Employees' advances	149,822	172,862
Others	1,960,885	310,163
	<u>12,461,395</u>	<u>17,827,546</u>

Movement in the allowance for expected credit losses on trade receivables is as follows:

	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	1,180,380	959,705
Charged during the year	-	220,675
Reversal during the year	(629,590)	-
Balance at the end of the year	<u>550,790</u>	<u>1,180,380</u>

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7- TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing analysis of trade receivables is as follows:

	31 December 2024	31 December 2023
Not past due	7,002,983	5,318,008
31 -60 days	161,536	45,576
61 - 90 days	546,210	87,395
91 - 180 days	491,446	689,977
181 to 365 days	17,328	216,081
More than 365 days	838,432	1,001,319
	<u>9,057,935</u>	<u>7,358,356</u>

8- CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash at banks	15,639,787	24,376,388
Cash in hand	22,906	8,685
	<u>15,662,693</u>	<u>24,385,073</u>

9- SHARE CAPITAL

The Company's issued and paid-up share capital is 40,000,000 shares of SR 1 each (31 December 2023: 40,000,000 shares of SR 1 each).

10- STATUTORY RESERVE

According to the latest update in the Regulations for Companies in the Kingdom of Saudi Arabia, the mandatory statutory reserve requirement has been abolished. Accordingly the Company has amended its Article of Association.

The management is considering to transfer such reserve to retained earnings after getting approval of shareholders in the upcoming General Assembly Meeting.

11- EMPLOYEES' BENEFITS OBLIGATIONS

The movement in employees' post-employment benefits recognized in the statement of financial position is as follows:

	2024	2023
At the beginning of the year	1,438,102	1,184,881
Statement of profit or loss		
Current service cost	280,794	288,388
Interest cost	74,646	57,392
	1,793,542	1,530,661
Other comprehensive income		
Remeasurement gain	(172,532)	(20,054)
Benefits paid during the year	(285,127)	(72,505)
At the end of the year	<u>1,335,883</u>	<u>1,438,102</u>

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11- EMPLOYEES' BENEFITS OBLIGATIONS (CONTINUED)

The actuarial valuation was performed by a qualified and independent actuary using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuation are as follows:

	31 December 2024	31 December 2023
Discount rate per annum	6%	5.75%
Salary increase rate per annum	5%	6%

Sensitivity analysis

The sensitivity analysis presented below was determined based on reasonably possible changes to relevant assumptions occurring at the end of the reporting period, with all other assumptions remaining constant.

	31 December 2024	31 December 2023
Increase in discount rate of 1%	1,249,308	1,347,902
Decrease in discount rate of 1%	1,434,053	1,539,970
Increase in rate of salary of 1%	1,428,204	1,538,705
Decrease in rate of salary of 1%	1,252,979	1,347,295

12- TRADE AND OTHER PAYABLES

	31 December 2024	31 December 2023
Trade payables	30,251,523	28,826,369
Advances from customers (note 17.1)	2,485,443	2,722,633
Sales commission	444,655	896,276
Vacations and air tickets	879,785	783,689
Others	729,354	859,580
	34,790,760	34,088,547

12.1 Trade payables include balance due to a related party i.e., "Yafel Plastic Factory Company" amounted to SR 4,640,093 (2023: SR 4,967,774) related to Operating activities and purchasing during the year (Note 16).

13- SHORT-TERM LOANS

	31 December 2024	31 December 2023
Short term loans from banks	14,310,364	17,562,114
	14,310,364	17,562,114

- On 28 Shawwal, 1445, corresponding to 18 May, 2023, the Company entered into a Murabaha facility agreement with a local bank for working capital requirements with a total amount of SR 10 million. This facility was subject to a financing cost of 5.29% per annum. On 26 November, 2023, this agreement was renewed and the annual financing cost was adjusted to 5.12%. On 26 November 2024, this agreement was renewed and the annual financing cost was adjusted to 5.75%.
- The Company has also entered into various other Murabaha and Tawarruq facilities agreements with local banks for working capital requirements with a total facility amount of SR 55 million. These facilities are subject to a finance cost (Sibor + 2%) per annum.
- These facilities are classified under current liabilities as they fall due within 12 months from the year ended 31 December 2024.

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14- ZAKAT PROVISION

a. Zakat status

The Company has submitted the Zakat and withholding tax declarations to the Zakat, Tax, and Customs Authority (the Authority) in the Kingdom of Saudi Arabia till the year ended 31 December, 2023, and has obtained the Zakat certificates.

b. Zakat provision

The movement of the zakat provision for the year ended December 31 is as follows:

	2024	2023
Balance at the beginning of the year	<u>870,049</u>	1,615,812
Charged for the year	723,858	870,049
Paid during the year	(870,049)	(1,615,812)
Balance at the end of the year	<u>723,858</u>	<u>870,049</u>

15- DIVIDENDS

On 31 January 2023, the shareholders, in their Extraordinary General Assembly Meeting, approved Board of Directors' recommendation to distribute cash dividend amounted to SR 14,400,000 (SR 12 per share) to the shareholders (except for one shareholder who waived his dividend) for the financial year 2022.

On 08 August 2023, the Board of Directors of the Company resolved to distribute cash dividends amounted to SR 7,200,000 (SR 6 per share) to the shareholders (except for one shareholder who waived his dividend) for the first half of year 2023.

On August 28, 2024, the shareholders, in the Ordinary General Assembly meeting, approved the Board of Directors' recommendation to distribute cash dividend amount to SAR 7,200,000 (SR 0.60 per share) to the shareholders (except for one shareholder who waived his dividend) for the second half of the year 2023.

16- TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Transactions with related parties represent purchases and expenses incurred / paid on behalf of the companies owned by the shareholders. These transactions took place in the normal course of the Company's activities. Significant transactions with related parties and the resulting balances are as follows:

a. Related party transactions

<u>Name</u>	<u>Nature of relationship</u>	<u>Nature of transactions</u>	<u>Amounts of transactions</u>	
			2024	2023
Yafel Plastic Factory Company	Company owned by shareholders	Transfers and payment Operating activities and purchasing	2,787,000 (2,459,319)	3,386,500 (3,874,335)
Mr. Abdullah Muhammad Al-Ajmi	Shareholder and Chairman of BoD	Reimbursement of IPO cost to the Company	-	(4,743,801)

b. Balance due to Yafel Plastic Factory Company has been disclosed in note 12.

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16- TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)

c. Transactions with key management personnel

<u>Name</u>	<u>2024</u>	<u>2023</u>
Salaries and other benefits	1,667,519	1,448,750
End of service benefits	83,803	78,915
Remuneration of the Board of Directors and Audit Committee members	492,000	492,000
	<u>2,243,322</u>	<u>2,019,665</u>

17- REVENUE

	<u>2024</u>	<u>2023</u>
Revenue from industrial activities – Export	102,064,324	108,435,173
Revenue from trading activities – Local	58,438,918	33,727,621
	<u>160,503,242</u>	<u>142,162,794</u>

All Company's revenues are recognized at a point in time. The Company's operations are located in the Kingdom of Saudi Arabia.

17.1 Contract balances

The following table provides information about the trade receivables and contract liabilities from contracts with customers.

	<u>31 December 2024</u>	<u>31 December 2023</u>
Trade receivables - gross (note 7)	9,057,935	7,358,356
Advances from customers (note 12)	2,485,443	2,722,633

Advances from customers represent advance consideration received from customers for the products to be sold, for which revenue is recognized at point in time. This will be recognized as revenue when the Company delivers the products to the customers and their balances for advances are settled with the revenue made. The amount of SR 2,134,604 in advance from customers as at 31 December 2023 has been recognized as revenue in financial year 2024 (2023: SR 1,726,686).

18- COST OF REVENUE

	<u>2024</u>	<u>2023</u>
Cost of raw materials	117,195,071	102,055,267
Transportation fees and shipping cost	6,284,672	5,443,825
Salaries and wages	4,803,789	4,226,685
Packing and packaging	2,152,269	1,609,462
Granulating, crushing and cleaning of materials	901,628	789,408
Depreciation of property, plant and equipment (Note 4)	3,506,772	2,786,062
Depreciation of right-of-use assets (Note 5)	912,058	1,242,856
Others	2,593,583	2,526,770
	<u>138,349,842</u>	<u>120,680,335</u>

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19- SELLING AND DISTRIBUTION EXPENSES

	<u>2024</u>	<u>2023</u>
Shipping expenses	5,729,162	5,502,079
Salaries and wages	2,379,706	2,066,786
Sales commission	1,229,724	1,616,227
Depreciation of right-of-use assets (Note 5)	335,343	335,340
Depreciation of property, plant and equipment (Note 4)	129,991	121,237
Others	724,064	761,753
	<u>10,527,990</u>	<u>10,403,422</u>

20- GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2024</u>	<u>2023</u>
Salaries and wages	2,138,605	2,021,250
Depreciation of property, plant and equipment (Note 4)	642,272	627,950
Legal and professional	517,626	468,500
Board and committees' remunerations	492,000	492,000
Utilities	186,411	123,665
Travelling	148,667	113,833
Depreciation of right-of-use assets (Note 5)	42,966	42,966
Others	823,894	967,474
	<u>4,992,441</u>	<u>4,857,638</u>

21- OTHER INCOME

	<u>2024</u>	<u>2023</u>
Revenue from sales of scrap	127,112	155,013
Interest income	219,447	170,336
Gain on sale of investments at FVTPL	46,182	--
Fair value changes in investments at FVTPL- unrealized	6,627	--
Gains on disposal of property, plant and equipment	370	--
	<u>399,738</u>	<u>325,349</u>

22- CAPITAL MANAGEMENT AND CATEGORIES OF FINANCIAL INSTRUMENTS

22.1 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value. The Company's overall strategy remains unchanged from the previous year.

The capital structure of the Company consists of equity comprising the Company's share capital, the statutory reserve and retained earnings. The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

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22- CAPITAL MANAGEMENT AND CATEGORIES OF FINANCIAL INSTRUMENTS
(CONTINUED)

22.1 Capital management (continued)

The Company's net debt to equity ratio at the end of the year is as follows:

	31 December 2024	31 December 2023
Short-term loans	14,310,364	17,562,114
Lease liabilities	5,790,328	11,224,051
Less: cash and cash equivalents	(15,662,693)	(24,385,073)
Net debt	4,437,999	4,401,092
Total equity	66,255,054	68,109,236
Net debt to equity ratio	6.7%	6.5%

22.2 Categories of financial instruments

	31 December 2024	31 December 2023
Financial assets (amortized cost)		
Cash and cash equivalents	15,662,693	24,385,073
Trade and other receivables	8,507,145	6,177,976
Other receivables	-	4,000,000
Financial assets (at fair value through profit or loss)		
Investments at FVTPL	30,127	-
Total financial assets	24,199,965	34,563,049
Financial liabilities (amortized cost)		
Trade payables	30,251,523	28,826,369
Other payables	1,324,440	1,679,965
Short-term loans	14,310,364	17,562,114
Lease liabilities	5,790,328	11,224,051

Fair values of financial assets and liabilities at amortized cost are not significantly different from their carrying values.

23- EARNINGS PER SHARE – BASIC AND DILUTED

Basic earnings per share was calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year.

The diluted earnings per share are the same as the basic earnings per share as the Company has no dilutive instruments.

	2024	2023
Net profit for the year	5,173,286	4,275,065
Weighted average number of ordinary shares outstanding	40,000,000	40,000,000
Earnings per share – basic and diluted	0.13	0.11

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24- SEGMENT INFORMATION

The Company's activities are mainly represented in two sectors which are as follows:

Trading

Trading is represented by the activities of wholesale of primary plastic materials, rubber and synthetic fibers, and sale of tools and plastic materials.

Industrial

Industrial sector is represented mainly by semi-manufactured plastics, producing paraffin wax, manufacturing industrial candles, industrial thread, painting and coloring material and industrial solvents.

a. *Financial information for revenues and profits for each segment for the years ended 31st December 2024 and 2023 is as follows:*

	Trading		Industrial	
	2024	2023	2024	2023
Revenue from external customers	58,438,918	33,727,621	102,064,324	108,435,173
Depreciation and amortization	867,752	882,773	4,701,650	4,273,638
Profit for the year before zakat	2,580,159	1,278,794	3,316,985	3,866,320
Finance cost	109,656	189,872	1,655,497	991,087

b. *Financial information for assets and liabilities for each segment as at 31st December 2024 and 2023 is as follows:*

	Trading		Industrial	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Total assets	44,237,793	45,978,230	78,968,454	87,313,869
Total liabilities	23,296,400	29,568,070	33,654,793	35,614,793

All non-current assets of the Company as at December 31, 2023 and 2024 are located in Kingdom of Saudi Arabia.

The revenue of the Company categorized by geographical region is as follows:

	2024	2023
Asia	64,871,558	70,685,041
Middle East and Africa (Excluding Kingdom of Saudi Arabia)	22,037,847	23,698,902
Kingdom of Saudi Arabia	58,439,688	33,727,622
Europe	15,154,149	14,051,229

25- CASH FLOW INFORMATION

25.1 Non-cash items

Additions to right of use assets and lease liabilities (Refer note 5).

25.2 Changes in liabilities arising from financing activities

2024	1 January 2024	Cashflows	Others	31 December 2024
Short term loans	17,562,114	(3,251,750)	-	14,310,364
Lease liabilities	11,224,051	(1,472,094)	(3,961,629)	5,790,328
As at 31 December 2024	28,786,165	(4,723,844)	(3,961,629)	20,100,692

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25- CASH FLOW INFORMATION (CONTINUED)

25.2 Changes in liabilities arising from financing activities (continued)

2023	1 January 2023	Cashflows	Others	31 December 2023
Short term loans	-	17,057,457	504,657	17,562,114
Lease liabilities	6,645,742	(1,635,583)	6,213,892	11,224,051
As at 31 December 2023	6,645,742	15,421,874	6,718,549	28,786,165

Dividend declared in the year 2023 and 2024 have been fully paid in the respective years. The ‘Others’ column includes the finance cost impacts, additions to lease liabilities, lease modification and termination impacts.

26- FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company’s activities are exposed to market risk (foreign exchange risk and commission rate risk), credit risk and liquidity risk.

The Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company’s financial performance.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company’s risk management policies and procedures are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and regulations are reviewed regularly to reflect changes in market conditions and the Company’s activities.

The Company, through its training and management framework standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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 consists of the following risk:

- Foreign currency exchange risk
- Commission (interest rate) risk

a. Foreign currency exchange risk

Currency risk is the risk that a financial instrument will fluctuate due to changes in foreign exchange rates. The Company principally transacts in Saudi Riyals and U.S. dollars. The Saudi Riyal is pegged to US Dollar. For other currencies, the exposure is not material.

b. Commission (interest) rate risk

Commission (interest) rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market commission rates. The Company’s exposure to the risk of changes in market commission rates relates primarily to the Company’s loans with floating commission rates. The Company manages its exposure to this risk by continuously monitoring movements in commission rates. The sensitivity of the profit to possible changes in commission rate by 100 basis points, with all other variables held constant, is not considered material by the management.

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26- FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk represents the inability of a counterparty to meet its obligations, causing the other party to incur a financial loss. The Company is mainly exposed to credit risk on cash and cash equivalents and trade and other receivables. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date as follows:

	31 December 2024	31 December 2023
Cash at banks	15,639,787	24,376,388
Trade receivables	8,507,145	6,177,976
Other receivables	-	4,000,000
	24,146,932	34,554,364

Customers' credit risk is managed subject to the Company's established procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an internal assessment. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses as per Company's accounting policy. Funds are placed in banks with sound credit ratings and are therefore not subject to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The Company manages its liquidity risk by ensuring that bank facilities are available.

The table below analyses the Company's undiscounted financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date noting all current financial liabilities fall within a maturity period of one year or less.

	As at 31 December 2024				Total
	Less than 1 year	1-2 years	2-5 years	Over 5 years	
Trade payables	30,251,523	-	-	-	30,251,523
Other payables	1,324,440	-	-	-	1,324,440
Short term loans	14,310,364	-	-	-	14,310,364
Lease liability	824,097	1,122,533	1,195,310	6,750,000	9,891,940
Total	46,710,424	1,122,533	1,195,310	6,750,000	55,778,267

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26- FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

	As at 31 December 2023				Total
	Less than 1 year	1-2 years	2-5 years	Over 5 years	
Trade payables	28,826,369	-	-	--	28,826,369
Other payables	1,679,965	-	-	--	1,679,965
Short term loans	17,562,114	-	-		17,562,114
Lease liability	2,284,330	2,261,000	3,114,822	8,526,548	16,586,700
Total	50,352,778	2,261,000	3,114,822	8,526,548	64,655,148

Fair value

The Company measures its financial instruments at fair value at the reporting date. Fair value is the price that will be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place either:

- In the primary market for assets or liabilities, or
- In the absence of the primary market, in the most advantageous market for assets or liabilities.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic interest.

The Company uses appropriate valuation techniques under the circumstances in which sufficient statements are available for measuring fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities that are measured at fair value in the financial statements are categorized according to the fair value hierarchy described below:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be obtained at the measurement date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for assets or liabilities either directly (such as prices) or indirectly (derived from prices).
- level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest significant data for measuring fair value as a whole) at the end of each reporting period. The Company's investments at FVTPL represent equity shares listed in Saudi Stock Exchange and therefore, classified at level 1 of FV hierarchy.

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27- CONTINGENCIES AND COMMITMENTS

As at 31 December 2024, the Company has letter of guarantee amounted to SR 2,000,000 (31st December 2023: SR 2,000,000) issued from bank in the Kingdom of Saudi Arabia.

28- SUBSEQUENT EVENT

In the management's opinion, there have been no significant subsequent events since the year ended 31st December 2024 that would either require disclosure or adjustment in these financial statements.

29- APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company 16 Ramadan, 1446H corresponding to 16th March 2025.