

**ALMUNAJEM FOODS COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

**ALMUNAJEM FOODS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

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**INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three-month period ended 31 March 2022

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**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 Review Report on the Interim Condensed Financial Statements**

**To the Shareholders of Almunajem Foods Company**

**(A Saudi Joint Stock Company)**

### **Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Almunajem Foods Company (the "Company") as at 31 March 2022, and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period ended 31 March 2022, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Rashid S. Roshod  
Certified Public Accountant  
License number (366)

Riyadh: 21 Shawwal 1443  
(22 May 2022)



**ALMUNAJEM FOODS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

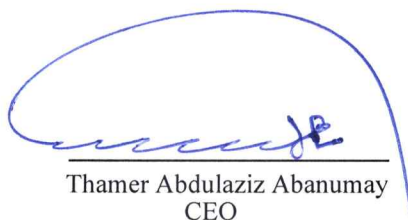
**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME (UNAUDITED)**

For the three-month period ended 31 March 2022

		<b>31 March 2022 SR (Unaudited)</b>	<b>31 December 2021 SR (Audited)</b>
	<i>Note</i>		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant, and equipment	6	282,694,357	286,736,574
Right-of-use assets		49,223,383	48,433,604
Intangible assets		2,526,838	2,910,115
<b>TOTAL NON-CURRENT ASSETS</b>		<b>334,444,578</b>	<b>338,080,293</b>
<b>CURRENT ASSETS</b>			
Bank balances and cash	7	220,904,127	85,525,433
Trade receivables	8	285,049,735	219,833,980
Prepayments and other assets	9	34,863,117	40,647,946
Right of return assets		1,217,277	1,029,967
Due from related parties	10	149,528,102	126,355,321
Inventories	11	401,209,749	486,497,539
<b>TOTAL CURRENT ASSETS</b>		<b>1,092,772,107</b>	<b>959,890,186</b>
<b>TOTAL ASSETS</b>		<b>1,427,216,685</b>	<b>1,297,970,479</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	12	600,000,000	600,000,000
Statutory reserve	12	39,577,074	39,577,074
Actuarial valuation reserve		(5,545,632)	(5,545,632)
Retained earnings		268,262,271	170,705,262
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>902,293,713</b>	<b>804,736,704</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability – non-current portion		41,498,904	43,127,109
Employees' defined benefit liabilities		46,240,378	45,159,785
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>87,739,282</b>	<b>88,286,894</b>
<b>CURRENT LIABILITIES</b>			
Lease liability – current portion		7,947,186	6,975,731
Refund liabilities		1,619,637	1,235,758
Due to related parties	10	1,582,329	196,710
Trade payables, accruals, and others	13	366,335,081	356,023,853
Zakat payable	14	20,138,525	14,802,310
VAT payable		39,560,932	25,712,519
<b>TOTAL CURRENT LIABILITIES</b>		<b>437,183,690</b>	<b>404,946,881</b>
<b>TOTAL LIABILITIES</b>		<b>524,922,972</b>	<b>493,233,775</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,427,216,685</b>	<b>1,297,970,479</b>



Assim Mohamed Al Attas  
CFO



Thamer Abdulaziz Abanumay  
CEO



Saleh Abdullah Almunajem  
Chairman

The attached notes 1 to 24 form part of these interim condensed financial statements.

ALMUNAJEM FOODS COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (UNAUDITED)

For the three-month period ended 31 March 2022

		<i>For the three-month period ended</i>	
		<i>31 March 2022 SR (Unaudited)</i>	<i>31 March 2021 SR (Unaudited)</i>
	<i>Note</i>		
Revenue	15	788,007,431	628,055,404
Cost of revenue		(614,731,361)	(530,620,371)
<b>GROSS PROFIT</b>		<b>173,276,070</b>	<b>97,435,033</b>
Selling and marketing expenses		(63,632,638)	(57,276,284)
General and administrative expenses		(6,361,177)	(5,044,273)
Depreciation of right-of-use assets		(2,099,686)	(1,903,606)
<b>OPERATING PROFIT</b>		<b>101,182,569</b>	<b>33,210,870</b>
Other income, net		2,034,150	567,581
Finance costs	16	(323,495)	(738,122)
<b>PROFIT BEFORE ZAKAT FOR THE PERIOD</b>		<b>102,893,224</b>	<b>33,040,329</b>
Zakat	14	(5,336,215)	(3,576,526)
<b>NET PROFIT FOR THE PERIOD</b>		<b>97,557,009</b>	<b>29,463,803</b>
Other comprehensive income for the period		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>97,557,009</b>	<b>29,463,803</b>
<i>Basic and diluted earnings per share:</i>			
Basic and diluted earnings per share from net income	17	1.63	0.49

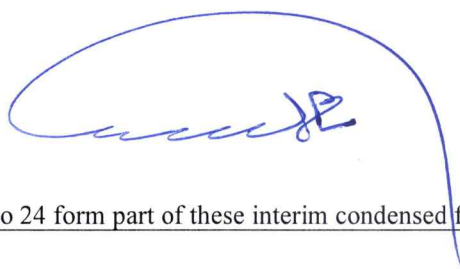
The attached notes 1 to 24 form part of these interim condensed financial statements.

ALMUNAJEM FOODS COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended at 31 March 2022

	Share capital SR	Proposed increase in share capital SR	Statutory reserve SR	Actuarial valuation reserve SR	Retained earnings SR	Total SR
As at 1 January 2022	600,000,000	-	39,577,074	(5,545,632)	170,705,262	804,736,704
Net income for the period	-	-	-	-	97,557,009	97,557,009
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	97,557,009	97,557,009
As at 31 March 2022 (Unaudited)	<u>600,000,000</u>	<u>-</u>	<u>39,577,074</u>	<u>(5,545,632)</u>	<u>268,262,271</u>	<u>902,293,713</u>
As at 1 January 2021	150,000,000	450,000,000	22,967,876	(3,739,413)	21,222,480	640,450,943
Net income for the period	-	-	-	-	29,463,803	29,463,803
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	29,463,803	29,463,803
Increase in share capital (note 12)	<u>450,000,000</u>	<u>(450,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 March 2021 (Unaudited)	<u>600,000,000</u>	<u>-</u>	<u>22,967,876</u>	<u>(3,739,413)</u>	<u>50,686,283</u>	<u>669,914,746</u>


The attached notes 1 to 24 form part of these interim condensed financial statements.



ALMUNAJEM FOODS COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the three-month period ended at 31 March 2022

		31 March 2022 SR (Unaudited)	31 March 2021 SR (Unaudited)
Note			
<b>OPERATING ACTIVITIES</b>			
	Profit before zakat	102,893,224	33,040,329
	<i>Non-cash adjustments to reconcile income before zakat to net cash flows from operating activities</i>		
	Depreciation of right-of-use assets	2,107,863	1,909,030
6	Depreciation	6,991,996	6,759,333
	Amortization of intangible assets	383,277	383,938
	Interest on lease liabilities	323,495	314,655
	Interest on short-term loans	-	423,467
8	Provision for expected credit losses, net	1,685,063	2,395,248
	Provision for slow moving & obsolete items	500,000	-
	Gain on disposal of property, plant and equipment	(504,826)	(319,196)
	Employees' defined benefit liabilities	1,326,091	1,278,717
		<u>115,706,183</u>	<u>46,185,521</u>
	<i>Working capital adjustments:</i>		
	Trade receivable	(66,900,818)	(42,154,157)
	Prepayments and other assets	5,784,829	(14,416,801)
	Inventories	84,787,790	(39,599,498)
	Right of return assets	(187,310)	(207,038)
	Trade payables, accruals and others	10,311,228	70,941,882
	Refund liabilities	383,879	245,704
	VAT payable	13,848,413	9,600,368
	Due to related parties	1,385,619	2,878,636
	Due from related parties	(23,172,781)	9,470,208
		<u>141,947,032</u>	<u>42,944,825</u>
	Finance costs paid	-	(400,112)
	Employees' defined benefit liabilities paid	(245,498)	(258,819)
	<b>Net cash from operating activities</b>	<u>141,701,534</u>	<u>42,285,894</u>
<b>INVESTING ACTIVITIES</b>			
6	Additions to property, plant and equipment	(2,954,518)	(6,376,571)
	Proceeds from disposal of property, plant and equipment	509,565	336,830
	Additions to intangible assets	-	(10,000)
	<b>Net cash used in investing activities</b>	<u>(2,444,953)</u>	<u>(6,049,741)</u>
<b>FINANCING ACTIVITIES</b>			
	Payment of lease liabilities	(3,877,887)	(3,910,319)
	Proceeds from short-term loans	-	1,013,000,000
	Repayments of short-term loans	-	(1,036,000,000)
	<b>Net cash used in financing activities</b>	<u>(3,877,887)</u>	<u>(26,910,319)</u>
	Increase in bank balances and cash	135,378,694	9,325,834
7	Bank balances and cash at the beginning of the period	85,525,433	19,906,229
7	<b>Bank balances and cash at the end of the period</b>	<u>220,904,127</u>	<u>29,232,063</u>

The attached notes 1 to 24 form part of these interim condensed financial statements.

# ALMUNAJEM FOODS COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2022

### 1. ORGANISATION AND ACTIVITIES

Almunajem Foods Company (the “Company”) is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia (KSA) under commercial registration number 1010231822, dated 7 Rabie Thani 1428H (corresponding to 24 April 2007). The registered address of the Company is P O Box 1544, Riyadh 11441, KSA.

The Company is a subsidiary of Abdullah Al Ali Almunajem Sons Company (the “Parent”) which is a Closed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010000565 dated 11 Dhu Al-Qidah 1376H (corresponding to 10 June 1957). The registered address of the Parent is P O Box 2395, Riyadh 11451, KSA.

On 11 October 2020, the shareholders decided to go for an IPO. Also, the shareholders decided in their meeting dated 2 November 2020 to convert the Company from Limited Liability Company to a Closed Joint Stock Company. In addition, the Company’s name was changed from “Almunajem Cold Stores Company” to “Almunajem Foods Company” (A Saudi Joint Stock Company). Legal formalities were completed on 17 February 2021. As of 20 December 2021, the Company’s 30% shares became listed and start trading in the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia.

The Company is engaged in wholesale and retail trading in fruits, vegetables, cold and frozen poultry and meat, bottled, food stuff, through its following branches:

#### *Commercial registration*

1131026002  
2050059043  
4030176226  
5855030212  
4650046753  
3550027505  
3350031238  
2250045420  
4031067309  
4032032800  
5900017953  
1010401313  
1010465454  
4030291805  
1010653210  
3400119907

#### *Branch location*

Burieda  
Dammam  
Jeddah  
Khamis Mushait  
Madina  
Tabouk  
Hail  
Ahsa  
Makkah  
Taif  
Jizan  
Riyadh  
Riyadh  
Jeddah  
Riyadh  
Sakaka

### 2. BASIS OF PREPARATION

#### *2.1 Statement of compliance*

These interim condensed financial statements for the three months period ended 31 March 2022 have been prepared in accordance with International Accounting Standard “Interim Financial Reporting” (“IAS 34”) endorsed in the Kingdom of Saudi Arabia. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at 31 December 2021.



# ALMUNAJEM FOODS COMPANY

## (A SAUDI JOINT STOCK COMPANY)

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### NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

31 March 2022

#### 2. BASIS OF PREPARATION (continued)

##### 2.2 *Judgments and estimates*

The preparation of these interim condensed financial statements in conformity with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

##### 2.3 *Basis of measurement*

These interim condensed financial statements have been prepared under the historical cost convention using the accruals basis of accounting. For employee and other post-employment benefits, actuarial present value calculations are used.

##### 2.4 *Functional and presentation currency*

These interim condensed financial statements are presented in Saudi Riyals ("SR") which is also the functional currency of the Company.

#### 3. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022 as disclosed in note 4.

#### 4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed financial statements of the Company. The amendments along with their impact on the interim condensed financial statements is as follows:

##### *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under 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 include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of 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 contract.

These amendments had no impact on the interim condensed financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

ALMUNAJEM FOODS COMPANY  
(A SAUDI JOINT STOCK COMPANY)

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NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

31 March 2022

**4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)**

***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.

These amendments had no impact on the interim condensed financial statements of the Company as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arising during the period.

***Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16***

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.

These amendments had no impact on the interim condensed financial statements of the Company 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 consolidated 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 interim condensed financial statements of the Company as it does not have any subsidiary.

***IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities***

The amendments clarify 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*.

These amendments had no impact on the interim condensed financial statements of the Company as there were no modifications of the Company'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 interim condensed financial statements of the Company as it did not have any assets in scope of *IAS 41* as at the reporting date.

**ALMUNAJEM FOODS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

31 March 2022

**5. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS**

The preparation of the Company's interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

The significant judgments made by management in applying the Company's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2021. However, in view of the current uncertainty regarding COVID 19, any future change in assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amounts of assets or liabilities in future periods. As the situation continues to evolve, management will continue to assess the impact based on prospective developments (see also note 21).

**6. PROPERTY, PLANT AND EQUIPMENT**

	<b>31 March 2022 SR (Unaudited)</b>	<b>31 December 2021 SR (Audited)</b>	<b>31 March 2021 SR (Unaudited)</b>
<i>Cost:</i>			
At the beginning of the period / year	<b>536,621,255</b>	514,532,525	514,532,525
Additions during the period / year	<b>2,954,518</b>	32,451,354	6,376,571
Disposals during the period / year	<b>(1,371,367)</b>	(9,693,680)	(983,572)
Transfer to a related party	-	(668,944)	-
At the end of the period / year	<b>538,204,406</b>	536,621,255	519,925,524
<i>Accumulated depreciation:</i>			
At the beginning of the period / year	<b>249,884,681</b>	233,498,867	233,498,868
Depreciation charge for the period / year	<b>6,991,996</b>	26,460,299	6,759,333
Relating to disposals during the period / year	<b>(1,366,628)</b>	(9,412,316)	(965,937)
Relating to transfer to a related party	-	(662,169)	-
At the end of the period / year	<b>255,510,049</b>	249,884,681	239,292,264
<i>Net book amounts:</i>			
At the end of the period / year	<b>282,694,357</b>	286,736,574	280,633,260

**7. BANK BALANCES AND CASH**

	<b>31 March 2022 SR (Unaudited)</b>	<b>31 December 2021 SR (Audited)</b>
Short term deposits (note 7.1)	<b>150,000,000</b>	-
Cash at banks	<b>69,167,734</b>	82,651,450
Cash on hand	<b>1,736,393</b>	2,873,983
	<b>220,904,127</b>	85,525,433

7.1 These are Islamic short term deposits with an original maturity 2-3 months carrying profit at the prevailing market rates.

**ALMUNAJEM FOODS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

31 March 2022

**8. TRADE RECEIVABLES**

	<b>31 March 2022 SR (Unaudited)</b>	<b>31 December 2021 SR (Audited)</b>
Trade receivables	<b>297,866,435</b>	230,965,617
Less: Provision for expected credit losses	<b>(12,816,700)</b>	(11,131,637)
	<b><u>285,049,735</u></b>	<u>219,833,980</u>

Terms and conditions of the above financial assets:

Trade receivables are non-interest bearing and are generally on terms from 15 to 60 days. It is not the practice of the Company to obtain collateral over receivables and the vast majority is, therefore, unsecured.

The movement in the provision for expected credit losses during the three month period ended 31 March 2022 and 31 March 2021, and the year ended 31 December 2021 was as follows:

	<b>31 March 2022 SR (Unaudited)</b>	<b>31 December 2021 SR (Audited)</b>	<b>31 March 2021 SR (Unaudited)</b>
At the beginning of the period/year	<b>11,131,637</b>	6,806,409	6,806,409
Provision for expected credit losses, net	<b>1,685,063</b>	4,402,885	2,395,248
Write-off	-	(77,657)	-
As at the end of the period/year	<b><u>12,816,700</u></b>	<u>11,131,637</u>	<u>9,201,657</u>

**9. PREPAYMENTS AND OTHER ASSETS**

	<b>31 March 2022 SR (Unaudited)</b>	<b>31 December 2021 SR (Audited)</b>
Advances to suppliers and contractors	<b>14,744,747</b>	29,058,080
Prepayments	<b>17,407,460</b>	9,987,544
Employee receivables	<b>748,995</b>	458,405
Others	<b>1,961,915</b>	1,143,917
	<b><u>34,863,117</u></b>	<u>40,647,946</u>

**10. RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties represent major shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

**ALMUNAJEM FOODS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
**31 March 2022**

**10. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)**

Transactions with related parties included in the statement of profit or loss are as follows:

**a) Related parties transactions**

	<i>Sales</i>	<i>Purchases</i>	<i>Expenses</i>	<i>Property, plant &amp; equipment purchase</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<b>For the three-month period ended 31 March 2022 (Unaudited)</b>				
France Poultry (a subsidiary to the parent company)	-	113,410,093	-	-
Shawaya House Company (a subsidiary to the parent company)	10,381,776	-	8,933	-
Gulf Catering Company (a subsidiary to the parent company)	3,272,334	-	418,365	-
Nutrition and Diet Center Company (a subsidiary to the parent company)	1,233,439	-	329,725	-
Az-Zad Saudi Company (a subsidiary to the parent company)	156,398	-	11,298	-
Burieda Trading and Refrigeration Company (a subsidiary to the parent company)	-	-	57,184	560,000
Al-Kafa'a Real State Company (a shareholder) company)	-	-	639,000	-
Abdullah Al Ali Almunajem Sons Company (the parent company)	-	-	494,881	-
Thati Limited Company (a subsidiary to the parent company)	45,405	-	39,628	-
Four Steps International (an establishment owned by a member of the board of directors)	-	-	18,000	-
	<i>Sales</i>	<i>Purchases</i>	<i>Expenses</i>	<i>Property, plant &amp; equipment purchase</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<b>For the three-month period ended 31 March 2021 (Unaudited)</b>				
France Poultry (a subsidiary to the parent company)	-	111,869,105	-	-
Shawaya House Company (a subsidiary to the parent company)	9,022,085	66,871	118,505	-
Gulf Catering Company (a subsidiary to the parent company)	2,570,927	348,958	918,748	-
Nutrition and Diet Center Company (a subsidiary to the parent company)	1,313,071	520,143	1,549,231	3,656,268
Az-Zad Saudi Company (a subsidiary to the parent company)	255,987	28,879	47,287	-
Burieda Trading and Refrigeration Company (a subsidiary to the parent company)	-	861,680	80,332	-
Al-Kafa'a Real State Company (a shareholder)	-	-	618,375	-
Abdullah Al Ali Almunajem Sons Company (the parent company)	-	-	2,109,056	-
Four Steps International (an establishment owned by a member of the board of directors)	-	-	27,000	-

Balances with related parties included in the statement of financial position are as follows:

**b) Amounts due from related parties**

	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>SR</b>	<b>SR</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
France Poultry	<b>137,468,840</b>	116,284,184
Shawaya House Company	<b>7,794,850</b>	7,381,216
Gulf Catering Company	<b>2,628,589</b>	1,763,183
Nutrition and Diet Center Company	<b>1,533,136</b>	714,713
Az-Zad Saudi Company	<b>65,036</b>	93,738
Thati Limited Company	<b>37,651</b>	118,287
	<b>149,528,102</b>	126,355,321

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**10. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)**

***Terms and conditions of transactions with related parties***

Outstanding balances with related parties at the period end are unsecured, interest free and settled within 30-45 days. There have been no guarantees provided or received for any related party receivables or payables. The assessment for recoverability is undertaken at each reporting period end by examining the financial position of the related party and the market in which the related party operates. As at 31 March 2022, no related party balances were impaired (31 December 2021: nil).

**c) Amounts due to related parties**

	<b>31 March 2022 SR (Unaudited)</b>	<b>31 December 2021 SR (Audited)</b>
Abdullah Al Ali Almunajem Sons Company	<b>807,381</b>	-
Burieda Trading and Refrigeration Company	<b>774,948</b>	196,710
	<b><u>1,582,329</u></b>	<b><u>196,710</u></b>

***Terms and conditions of the above due to related parties:***

These amounts are non-interest bearing and are generally on terms of 30 to 45 days.

**d) Key management compensation:**

Key management personnel of the Company comprise of key members of the management having authority and responsibility for planning, directing, and controlling the activities of the Company. The compensation to key management is shown below:

	<b>31 March 2022 SR (Unaudited)</b>	<b>31 March 2021 SR (Unaudited)</b>
Short-term employee benefits	<b>1,621,087</b>	1,362,694
Employees' defined benefit liabilities	<b>98,126</b>	108,441
	<b><u>1,719,213</u></b>	<b><u>1,471,135</u></b>

Key management remuneration includes SR 0.26 million (2021: SR Nil) pertaining to board of directors' remuneration.

**11. INVENTORIES**

	<b>31 March 2022 SR (Unaudited)</b>	<b>31 December 2021 SR (Audited)</b>
Goods for resale	<b>206,807,007</b>	286,556,992
Goods in transit	<b>183,418,111</b>	190,861,008
Spares and consumables	<b>11,984,631</b>	9,579,539
Less: Allowance for slow moving and obsolete items	<b>(1,000,000)</b>	(500,000)
	<b><u>401,209,749</u></b>	<b><u>486,497,539</u></b>



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**11. INVENTORIES (continued)**

The movement of slow moving and obsolete items for the three-month period ended 31 March 2022 and year ended 31 December 2021 is as follows:

	<b>31 March 2022 SR (Unaudited)</b>	<b>31 December 2021 SR (Audited)</b>
Balance at the beginning of period/year	<b>500,000</b>	-
Charge for the period/year*	<b>500,000</b>	500,000
Balance at the end of period/year	<b>1,000,000</b>	500,000

This pertains to specifically identified spares that are no longer useable. Provision for slow moving and obsolete items as of 31 March 2021 and for the three month period then ended was SR Nil.

**12. SHARE CAPITAL AND STATUTORY RESERVE**

**(a) Share Capital**

During the year 2020, the shareholders of the Company in their meeting held on 16 Rabi' al-Awwal 1442H (corresponding to 2 November 2020) resolved to increase the share capital of the Company from SR 150,000,000 to SR 600,000,000 (divided into 60,000,000 shares of SR 10 each) by transferring an amount of SR 450,000,000 from proposed increase in capital and to change the legal structure of the Company from a limited liability company to a closed joint stock company. The legal formalities for the increase in share capital and change of legal structure, including approval by the Ministry of Commerce and issuance of ministerial resolution, were completed on 5 Rajab 1442H (corresponding to 17 February 2021).

Authorized, issued and paid-up capital is divided into 60,000,000 shares of SR 10 each as at 31 March 2022 (31 December 2021: 60,000,000 shares of SR 10 each).

**(b) Statutory Reserve**

In accordance with Saudi Arabian Regulations for Companies and the Company's by-law, the Company must transfer 10% of its net income by the end of each year, until this reserve reaches 30% of the capital. This reserve is not available for distribution.

**13. TRADE PAYABLES, ACCRUALS AND OTHERS**

	<b>31 March 2022 SR (Unaudited)</b>	<b>31 December 2021 SR (Audited)</b>
Trade payables	<b>331,401,653</b>	322,249,533
Accrued expenses	<b>32,909,466</b>	30,487,440
Advances from customers	<b>450,164</b>	1,382,325
Other payables	<b>1,573,798</b>	1,904,555
	<b>366,335,081</b>	356,023,853

**Terms and conditions of the above financial liabilities:**

Trade and other payables are non-interest bearing and have a term of 30 to 90 days.

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**14. ZAKAT PAYABLE**

Abdullah Al Ali Almunajem Sons Company (the “Parent Company”) and the Company initially filed their zakat declaration on a standalone basis until the year ended 31 December 2016. On 23 Muharram 1439 H (corresponding to 13 October 2017), the Parent Company obtained an approval from the Zakat, Tax and Customs Authority (“ZATCA”) to submit its zakat returns on a combined basis, including the Company and therefore, from 2008 and onwards, the Parent Company started filing the combined zakat declarations for all wholly owned subsidiaries, including the Company. Declaration for the years ended 31 December 2008 through 2016 have been already resubmitted with ZATCA. The Parent Company also submitted the combined zakat declarations for all wholly owned subsidiaries, including the Company, for the years from 2017 to 2020. The Parent Company has obtained the zakat certificate until 31 December 2020. Zakat expense used to be calculated by the Parent Company at the group level and allocated to the Company. Effective 1 January 2021, the Company is filling its zakat return on standalone basis.

The Parent Company has pledged that any additional liability that may arise upon the finalization of zakat assessments that may arise in the future related to the years from 2008 until 2020 will be settled by the Parent Company.

***Zakat expense***

The zakat charge for the three month period ended 31 March 2022 and 31 March 2021, and year ended 31 December 2021 is as follows:

	<b>31 March 2022 SR (Unaudited)</b>	<b>31 December 2021 SR (Audited)</b>	<b>31 March 2021 SR (Unaudited)</b>
Current period /year	<b>5,336,215</b>	14,802,310	3,576,526
Adjustment for period/ year	-	(135,728)	-
Total provided during the period/year	<b>5,336,215</b>	14,666,582	3,576,526

Movement in the zakat provision:

	<b>31 March 2022 SR (Unaudited)</b>	<b>31 December 2021 SR (Audited)</b>	<b>31 March 2021 SR (Unaudited)</b>
At the beginning of the period /year	<b>14,802,310</b>	5,285,909	5,285,909
Current period /year provision	<b>5,336,215</b>	14,666,582	3,576,526
Payment during the period /year	-	(5,150,181)	-
At the end of the period /year	<b>20,138,525</b>	14,802,310	8,862,435

***Status of assessments***

Combined Zakat returns have been filed by the Parent Company, including the Company, with the Zakat, Tax and Customs Authority (ZATCA) for the years from 2008 to 2020.

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NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

31 March 2022

15. REVENUE

	<i>For the three-month period ended</i>	
	<i>31 March 2022 SR (Unaudited)</i>	<i>31 March 2021 SR (Unaudited)</i>
Non-retail	458,197,409	348,077,089
Retail	326,494,915	278,344,027
Storage rent revenue	3,315,107	1,634,288
	<u>788,007,431</u>	<u>628,055,404</u>
	<i>For the three-month period ended</i>	
	<i>31 March 2022 SR (Unaudited)</i>	<i>31 March 2021 SR (Unaudited)</i>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	784,692,324	626,421,116
Services transferred over time	3,315,107	1,634,288
	<u>788,007,431</u>	<u>628,055,404</u>

Revenue is generated inside the Kingdom of Saudi Arabia.

16. FINANCE COSTS

	<i>For the three-month period ended</i>	
	<i>31 March 2022 SR (Unaudited)</i>	<i>31 March 2021 SR (Unaudited)</i>
Interest on lease liabilities	323,495	314,655
Interest on bank borrowings	-	423,467
	<u>323,495</u>	<u>738,122</u>

17. EARNING PER SHARE

Basic and diluted earnings per share ("EPS") is calculated by dividing the net income for the period attributable to ordinary equity holders with the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is the same as the basic earnings per share as the Company does not have any convertible securities or diluted instruments to exercise.

The following table reflects the income for the period attributable to ordinary equity holders and weighted average number of ordinary share outstanding during the period used in the basic and diluted EPS computations:

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**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

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**17. EARNING PER SHARE (continued)**

Basic and diluted earnings per share from total income.

	<i>For the three-month period ended</i>	
	<b>31 March 2022 SR (Unaudited)</b>	<b>31 March 2021 SR (Unaudited)</b>
Total income for the period	<b>97,557,009</b>	29,463,803
Weighted average no of shares for basic & diluted earnings per share	<b>60,000,000</b>	60,000,000
Basic and diluted earnings per share	<b>1.63</b>	0.49

**18. DIVIDENDS**

The Board of Directors proposed a dividend of SAR 2 per share, amounting to SAR 120 million (2021: nil), in their meeting held on 27 March 2022 (corresponding to 24 Sha'aban 1443H) which is subject to approval of shareholders in the forthcoming Annual General Meeting.

**19. SEGMENT INFORMATION**

For management purposes, the Company is organised into business units based on its geographical regions within the Kingdom of Saudi Arabia, as follows:

	<b>Central region SR</b>	<b>Eastern region SR</b>	<b>Western region SR</b>	<b>Total SR</b>
<i>For the three-month period ended at 31 March 2022 (Unaudited)</i>				
Revenue	341,355,898	161,806,994	284,844,539	788,007,431
Cost of revenue	269,389,110	125,430,770	219,911,481	614,731,361
Asset depreciation and amortization	2,551,875	1,460,110	3,363,288	7,375,273
Depreciation of right-of-use assets	1,101,701	345,556	660,606	2,107,863
<b>Segment profit before zakat</b>	<b>41,330,586</b>	<b>23,789,813</b>	<b>37,772,825</b>	<b>102,893,224</b>
Total assets as at 31 March 2022 (Unaudited)	872,789,258	201,183,903	353,243,524	1,427,216,685
Total liabilities as at 31 March 2022 (Unaudited)	487,584,983	13,201,287	24,136,702	524,922,972
<i>For the three-month period ended at 31 March 2021 (Unaudited)</i>				
Revenue	289,392,183	121,778,940	216,884,281	628,055,404
Cost of revenue	245,871,958	102,664,268	182,084,145	530,620,371
Asset depreciation and amortization	2,719,611	1,608,372	2,815,288	7,143,271
Depreciation of right-of-use assets	1,048,164	279,709	581,157	1,909,030
<b>Segment profit before zakat</b>	<b>14,738,822</b>	<b>7,452,067</b>	<b>10,849,440</b>	<b>33,040,329</b>
Total assets as at 31 March 2021 (Unaudited)	604,641,795	219,931,564	337,667,804	1,162,241,163
Total liabilities as at 31 March 2021 (Unaudited)	459,834,350	11,968,677	20,523,390	492,326,417

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### NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

31 March 2022

#### **19. SEGMENT INFORMATION (continued)**

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

#### **20. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

The Company has given letters of guarantee amounting to SR 600,000 (31 December 2021: SR 600,000), in respect of contract performance, and letters of credit amounting to SR 55,484,888 (31 December 2021: SR 25,662,592). There are capital commitments amounting to SR 952,492 as at 31 March 2022 (31 December 2021: SR 1,629,211) related to property, plant and equipment.

#### **21. SIGNIFICANT MATTERS DURING THE PERIOD**

A novel strain of coronavirus ("COVID-19") was first identified at the end of December 2019, subsequently in March 2020 was declared as a pandemic by the World Health Organization ("WHO"). COVID-19 continues to spread throughout in nearly all regions around the world including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in the cities which resulted in a slowdown of economic activities and shutdowns of many sectors at global and local levels.

The extent to which coronavirus pandemic impacts the Company's business, operations, and financial results, is uncertain and depends on many factors and future developments, that the Company may not be able to estimate reliably during the current period. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by governmental authorities to reduce the spread of the epidemic and the impact of those actions on economic activity, the impact to the businesses of the Company's customers and partners and other factors.

As far and as of the date of preparation of the interim condensed financial statements for the period ended 31 March 2022, the Company's operations did not have a significant negative impact of the COVID-19 outbreak. The Company's management will continue to evaluate the nature and extent of the impact of COVID-19 on the Company's business and financial results.

Further, the evolving Russia-Ukraine situation does not materially affect the Company, as it has no operating presence in Ukraine and in relation to Russia, the imports are not material. Accordingly, no material risk is currently anticipated in this context.

#### **22. SUBSEQUENT EVENTS**

No significant subsequent events have occurred since 31 March 2022 that would have a material impact on the financial position or financial performance of the Company.

#### **23. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements were approved for issuance by the board of directors on 16 May 2022 (corresponding to 17 Shawwal 1443H).