

ALMUNAJEM FOODS COMPANY
(A Saudi Joint Stock Company)
Condensed Interim Financial Statements (Unaudited)

For the three-month and six-month periods ended
30 June 2022
Together with the
Independent Auditor's Limited Review Report

ALMUNAJEM FOODS COMPANY
(A Saudi Joint Stock Company)
Condensed Interim Financial Statements (Unaudited)
For the three-month and six-month periods ended 30 June 2022
Together with the
Independent's Auditor's Review Report

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KPMG Professional Services

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

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

To the Shareholders of Almunajem Foods Company

(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim financial statements of **Almunajem Foods Company** ("the Company"), which comprise:

- the condensed statement of financial position as at 30 June 2022,
- the condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2022,
- the condensed statement of changes in equity for the six-month period ended 30 June 2022,
- the condensed statement of cash flows for the six-month period ended 30 June 2022,
- the notes to the condensed interim financial statements for the three-month and six month periods ended 30 June 2022.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial 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 30 June 2022 condensed interim financial statements of **Almunajem Foods Company** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.



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

To the Shareholders of Almunajem Foods Company (Continued)
(A Saudi Joint Stock Company)

Other Matter

The condensed interim financial statements of the Company for the three-month and six-month periods ended 30 June 2021, and three-month ended 31 March 2022 were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 23 Safar 1443H corresponding to 30 September 2021 and 21 Shawwal 1443 corresponding to 22 May 2022, respectively.

The financial statements of the Company as at and for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 Sha'ban 1443H corresponding to 27 March 2022.

KPMG Professional Services

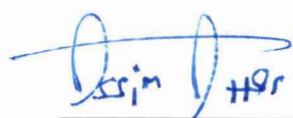
Fahad Mubark Aldossari
License No. 469



Al Riyadh, 23 Muharram 1444H
Corresponding to 21 August 2022

ALMUNAJEM FOODS COMPANY
(A Saudi Joint Stock Company)
Condensed Statement of Financial Position
As at 30 June 2022

		30 June 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
	Note		
ASSETS			
Non-current assets			
Property, plant, and equipment	4	280,084,782	286,736,574
Intangible assets		2,166,602	2,910,115
Right-of-use assets		48,776,607	48,433,604
Total non-current assets		<u>331,027,991</u>	<u>338,080,293</u>
Current assets			
Inventories	9	595,132,644	486,497,539
Trade receivables	6	244,057,058	219,833,980
Due from related parties	8	169,854,518	126,355,321
Prepayments and other assets	7	24,023,301	41,677,913
Cash and cash equivalents	5	86,356,480	85,525,433
Total current assets		<u>1,119,424,001</u>	<u>959,890,186</u>
TOTAL ASSETS		<u>1,450,451,992</u>	<u>1,297,970,479</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	600,000,000	600,000,000
Statutory reserve	10	39,577,074	39,577,074
Actuarial valuation reserve		(5,545,632)	(5,545,632)
Retained earnings		270,385,739	170,705,262
Total equity		<u>904,417,181</u>	<u>804,736,704</u>
Liabilities			
Non-current liabilities			
Lease liabilities – non-current portion		42,062,249	43,127,109
Employees' defined benefit liabilities		48,275,608	45,159,785
Total non-current liabilities		<u>90,337,857</u>	<u>88,286,894</u>
Current liabilities			
Lease liabilities – current portion		7,500,530	6,975,731
Zakat payable	12	11,170,251	14,802,310
VAT payable		30,895,373	25,712,519
Trade payables, accruals, and others	11	404,713,766	356,023,853
Due to related parties	8	103,374	196,710
Refund liabilities		1,313,660	1,235,758
Total current liabilities		<u>455,696,954</u>	<u>404,946,881</u>
Total liabilities		<u>546,034,811</u>	<u>493,233,775</u>
TOTAL EQUITY AND LIABILITIES		<u>1,450,451,992</u>	<u>1,297,970,479</u>



Assim Mohamed Al Attas
CFO



Thamer Abdulaziz Abanumay
CEO

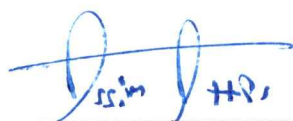


Saleh Abdullah Almunajem
Chairman

The accompanying notes from (1) to (22) form an integral part of these condensed interim financial statements.

ALMUNAJEM FOODS COMPANY
(A Saudi Joint Stock Company)
Condensed Statement of Profit or Loss and Other Comprehensive Income
For the three-month and six-month periods ended 30 June 2022

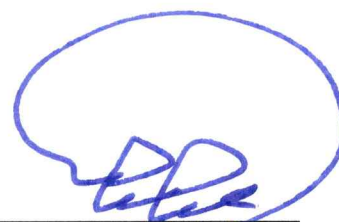
	Note	For the three-month period ended		For the six-month period ended	
		30 June 2022 SAR (Unaudited)	30 June 2021 SAR (Unaudited)	30 June 2022 SAR (Unaudited)	30 June 2021 SAR (Unaudited)
Revenue	13	712,475,334	614,482,412	1,500,482,765	1,242,537,816
Cost of sales		(515,301,681)	(505,480,872)	(1,130,033,042)	(1,036,095,819)
Gross profit		197,173,653	109,001,540	370,449,723	206,441,997
Selling and distribution expenses		(66,916,284)	(59,811,863)	(130,778,615)	(116,422,697)
General and administrative expenses		(7,462,963)	(5,424,533)	(14,009,071)	(10,641,512)
Provision for expected credit losses		(1,043,234)	(2,660,822)	(2,728,296)	(5,056,070)
Other income, net		6,749,670	1,593,775	8,783,820	2,154,830
Operating income		128,500,842	42,698,097	231,717,561	76,476,548
Finance costs	14	(389,720)	(856,446)	(713,215)	(1,594,568)
Profit before zakat		128,111,122	41,841,651	231,004,346	74,881,980
Zakat	12	(5,987,654)	(3,850,221)	(11,323,869)	(7,426,747)
Net profit for the period		122,123,468	37,991,430	219,680,477	67,455,233
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of employees' defined benefit liabilities		-	-	-	-
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		122,123,468	37,991,430	219,680,477	67,455,233
Basic and diluted earnings per share:					
Basic and diluted earnings per share from net profit	15	2.04	0.63	3.67	1.12



Assim Mohamed Al Attas
CFO



Thamer Abdulaziz Abanumay
CEO



Saleh Abdullah Almunajem
Chairman

ALMUNAJEM FOODS COMPANY
(A Saudi Joint Stock Company)
Condensed Statement of Changes in Equity
For the six-month period ended 30 June 2022

	Share capital SAR	Proposed increase in share capital SAR	Statutory reserve SAR	Actuarial valuation reserve SAR	Retained earnings SAR	Total SAR
As at 1 January 2022 (Audited)	600,000,000	-	39,577,074	(5,545,632)	170,705,262	804,736,704
Net profit for the period	-	-	-	-	219,680,477	219,680,477
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	219,680,477	219,680,477
Dividends (Note 16)	-	-	-	-	(120,000,000)	(120,000,000)
As at 30 June 2022 (Unaudited)	600,000,000	-	39,577,074	(5,545,632)	270,385,739	904,417,181
As at 1 January 2021 (Audited)	150,000,000	450,000,000	22,967,876	(3,739,413)	21,222,480	640,450,943
Net profit for the period	-	-	-	-	67,455,233	67,455,233
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	67,455,233	67,455,233
Increase in share capital	450,000,000	(450,000,000)	-	-	-	-
As at 30 June 2021 (Unaudited)	600,000,000	-	22,967,876	(3,739,413)	88,677,713	707,906,176



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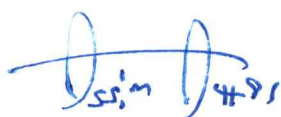


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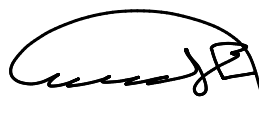
The accompanying notes from (1) to (22) form an integral part of these condensed interim financial statements.

ALMUNAJEM FOODS COMPANY
(A Saudi Joint Stock Company)
Condensed Statement of Cash Flows
For the six-month period ended 30 June 2022

		30 June 2022 SAR (Unaudited)	30 June 2021 SAR (Unaudited)
	Note		
OPERATING ACTIVITIES			
Profit before zakat		231,004,346	74,881,980
<i>Non-cash adjustments to reconcile profit before zakat to net cash flows:</i>			
Depreciation of right-of-use assets		4,315,623	3,943,264
Depreciation of property, plant and equipment	4	14,092,387	13,432,492
Amortization of intangible assets		743,513	768,415
Interest on lease liabilities		650,507	623,909
Interest on short-term loans		62,708	970,659
Allowance for expected credit losses	6	2,728,297	5,056,071
Provision for slow moving & obsolete items		500,000	
Gain on disposal of property, plant and equipment		(1,116,032)	(1,745,308)
Employees' defined benefit liabilities		3,943,760	4,202,318
		<u>256,925,109</u>	<u>102,133,800</u>
Working capital adjustments:			
Trade receivables		(26,951,375)	(22,222,284)
Prepayments and other assets		17,654,612	(11,797,223)
Inventories		(109,135,105)	(76,168,351)
Trade payables, accruals and others		48,689,913	4,740,854
Refund liabilities		77,902	1,558
VAT payable		5,182,854	(146,578)
Due from/to related parties		(43,592,533)	(21,017,454)
		<u>148,851,377</u>	<u>(24,475,678)</u>
Finance costs paid		(623,611)	(1,547,720)
Employees' defined benefit liabilities paid		(827,937)	(724,413)
Zakat paid		(14,955,928)	-
Net cash generated from / (used in) operating activities		<u>132,443,901</u>	<u>(26,747,811)</u>
INVESTING ACTIVITIES			
Additions to property, plant and equipment	4	(7,544,750)	(10,536,676)
Proceeds from disposal of property, plant and equipment		1,220,187	1,788,179
Additions to intangible assets		-	(52,760)
Net cash used in investing activities		<u>(6,324,563)</u>	<u>(8,801,257)</u>
FINANCING ACTIVITIES			
Payment of lease liabilities		(5,288,291)	(5,103,266)
Proceeds from short-term borrowings	14.1	90,000,000	2,175,000,000
Repayments of short-term borrowings	14.1	(90,000,000)	(2,128,000,000)
Dividends paid	16	(120,000,000)	-
Net cash (used in) / generated from financing activities		<u>(125,288,291)</u>	<u>41,896,734</u>
Net increase in cash and cash equivalents		831,047	6,347,666
Cash and cash equivalents at the beginning of the period	5	85,525,433	19,906,229
Cash and cash equivalents at the end of the period	5	<u>86,356,480</u>	<u>26,253,895</u>
Non-cash transactions:			
Transfer of proposed increase in share capital to share capital		-	450,000,000



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CEO



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Chairman

The accompanying notes from (1) to (22) form an integral part of these condensed interim financial statements.

ALMUNAJEM FOODS COMPANY
(A Saudi Joint Stock Company)
Notes to the Condensed Interim Financial Statements (Unaudited)
For the three-month and six-month periods ended 30 June 2022

1. CORPORATE INFORMATION

Almunajem Foods Company (the “Company”) is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010231822, dated 7 Rabi’ Al Thani 1428H (corresponding to 24 April 2007). The registered address of the Company is Al Takhassousi Street, Al Mathar Ash Shamali District, PO Box 1544, Riyadh 11441, 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 Closed Joint Stock Company). Legal formalities were completed on 17 February 2021.

As of 20 December 2021, 30% of the Company’s shares became listed and trading started 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	Branch location
1131026002	Buraydah
2050059043	Dammam
4030176226	Jeddah
5855030212	Khamis Mushait
4650046753	Medina
3550027505	Tabuk
3350031238	Hail
2250045420	Al-Ahsa
4031067309	Makkah
4032032800	Taif
5900017953	Jizan
1010401313	Riyadh
1010465454	Riyadh
4030291805	Jeddah
1010653210	Riyadh
3400119907	Sakaka

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The condensed interim financial statements should be read in conjunction with the Company’s annual financial statement as at 31 December 2021 (“last annual financial statements”). These condensed interim financial statements do not include all of the information and disclosures required to prepare a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in Company’s financial position and performance since the last annual financial statements.

ALMUNAJEM FOODS COMPANY
(A Saudi Joint Stock Company)
Notes to the Condensed Interim Financial Statements (Unaudited)
For the three-month and six-month periods ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for employees' defined benefit liabilities which are recognized at the present value of future obligations using projected credit method. Further, the condensed interim financial statements are prepared using accrual basis of accounting and the going concern basis of assumption.

b) Functional and presentation currency

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

c) Use of estimates and judgements

The preparation of Company's condensed interim financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by Saudi Organization for Chartered and Professional Accountants require management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Actual results may differ from these estimates.

The significant estimates made by the management when applying the Company's accounting policies and the significant sources of uncertainties were similar to those shown in the Company's latest annual financial statements.

2.2 Summary of significant accounting policies

The accounting policies adopted in the preparation of these condensed interim 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 from 1 January 2022 as disclosed in note 3.

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are standards issued but not yet effective as following:

The Company has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

Effective for annual periods beginning on or after	New standards and amendments
1 January 2023	IFRS 17 <i>Insurance Contracts</i> *, including amendments <i>Initial Application of IFRS 17</i>
	Classification of Liabilities as Current or Non-current – Amendments to IAS 1 <i>Presentation of Financial Statements</i>
	Definition of Accounting Estimates – Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
	Disclosure Initiative: Accounting Policies – Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IFRS Practice Statement 2 <i>Making Materiality Judgements</i>
	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 <i>Income Taxes</i>
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i>

ALMUNAJEM FOODS COMPANY
(A Saudi Joint Stock Company)
Notes to the Condensed Interim Financial Statements (Unaudited)
For the three-month and six-month periods ended 30 June 2022

4. PROPERTY, PLANT AND EQUIPMENT

	30 June 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
<i>Cost:</i>		
At the beginning of the period / year	536,621,255	514,532,525
Additions during the period / year	7,544,750	32,451,354
Disposals during the period / year	(3,995,494)	(9,693,680)
Transfer to a related party	-	(668,944)
At the end of the period / year	540,170,511	536,621,255
<i>Accumulated depreciation:</i>		
At the beginning of the period / year	249,884,681	233,498,867
Charge during the period / year	14,092,387	26,460,299
Disposals during the period / year	(3,891,339)	(9,412,316)
Transfer to a related party	-	(662,169)
At the end of the period / year	260,085,729	249,884,681
<i>Net book value:</i>		
At the end of the period / year	280,084,782	286,736,574

The property, plant, and equipment balance as of 30 June 2022 includes construction work in progress with the amount of SAR 643,347 (31 December 2021: Nil)

5. CASH AND CASH EQUIVALENTS

	30 June 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
Short term deposits (note 5.1)	50,000,000	-
Cash at banks	33,407,947	82,651,450
Cash in hand	2,948,533	2,873,983
	86,356,480	85,525,433

5.1 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 the Condensed Interim Financial Statements (Unaudited)
For the three-month and six-month periods ended 30 June 2022

6. TRADE RECEIVABLES

	30 June 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
Trade receivables	257,916,992	230,965,617
Less: Provision for expected credit losses	(13,859,934)	(11,131,637)
	<u>244,057,058</u>	<u>219,833,980</u>

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 six-months period ended 30 June 2022 and the year ended 31 December 2021 was as follows:

	30 June 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
At the beginning of the period / year	11,131,637	6,806,409
Provision during the period / year	2,728,297	4,402,885
Write-off	-	(77,657)
As at the end of the period / year	<u>13,859,934</u>	<u>11,131,637</u>

7. PREPAYMENTS AND OTHER ASSETS

	30 June 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
Advances to suppliers and contractors	6,126,838	29,058,080
Prepayments	14,688,154	9,987,544
Employee receivables	927,072	458,405
Right of return assets	982,835	1,029,967
Others	1,298,402	1,143,917
	<u>24,023,301</u>	<u>41,677,913</u>

ALMUNAJEM FOODS COMPANY
(A Saudi Joint Stock Company)
Notes to the Condensed Interim Financial Statements (Unaudited)
For the three-month and six-month periods ended 30 June 2022

8. 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.

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'l Qi'dah 1376H (corresponding to 10 June 1957). The registered address of the Parent is Al Takhassousi Street, Al Mathar Ash Shamali District, PO Box 2395, Riyadh 11451, KSA.

Nature of transactions with related parties are as follows:

a) Related parties transactions

	Sales	Purchases	Expenses	Property, plant, & equipment purchase
<i>For the six-months period ended 30 June 2022</i>				
<i>(Unaudited)</i>	SAR	SAR	SAR	SAR
France Poultry (a subsidiary to the parent company)	-	235,003,600	-	-
Shawaya House Company (a subsidiary to the parent company)	16,641,003	-	52,435	-
Gulf Catering Company (a subsidiary to the parent company)	6,524,593	-	504,395	-
Nutrition and Diet Center Company (a subsidiary to the parent company)	2,222,200	-	625,811	-
Az-Zad Saudi Company (a subsidiary to the parent company)	284,047	-	22,247	-
Thati Limited Company (a subsidiary to the parent company)	162,057	-	23,648	-
Burieda Trading and Refrigeration Company (a subsidiary to the parent company)	-	-	111,038	1,131,400
Al-Kafa'a Real State Company (a shareholder)	-	-	639,000	-
Abdullah Al Ali Almunajem Sons Company (parent company)	-	-	604,409	-
Four Steps International (an establishment owned by a member of the board of directors)	-	-	59,000	-

	Sales	Purchases	Expenses	Property, plant, & equipment purchase
<i>For the six-months period ended 30 June 2021</i>				
<i>(Unaudited)</i>	SAR	SAR	SAR	SAR
France Poultry (a subsidiary to the parent company)	-	195,872,332	-	-
Shawaya House Company (a subsidiary to the parent company)	19,198,977	106,806	213,112	-
Gulf Catering Company (a subsidiary to the parent company)	5,433,671	626,167	1,314,382	-
Nutrition and Diet Center Company (a subsidiary to the parent company)	2,339,823	879,633	2,678,532	3,702,669
Az-Zad Saudi Company (a subsidiary to the parent company)	538,750	47,025	86,001	-
Thati Limited Company (a subsidiary to the parent company)	92,679	-	19,943	-
Burieda Trading and Refrigeration Company (a subsidiary to the parent company)	-	1,217,490	167,108	-
Al-Kafa'a Real State Company (a shareholder)	-	-	618,900	-
Abdullah Al Ali Almunajem Sons Company (parent company)	-	-	2,149,069	-
Four Steps International (an establishment owned by a member of the board of directors)	-	-	49,500	-

ALMUNAJEM FOODS COMPANY
(A Saudi Joint Stock Company)
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8. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

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

b) Due from related parties

	30 June 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
France Poultry	158,687,360	116,284,184
Shawaya House Company	7,254,822	7,381,216
Gulf Catering Company	2,849,880	1,763,183
Nutrition and Diet Center Company	895,868	714,713
Thati Limited Company	74,726	118,287
Az-Zad Saudi Company	70,870	93,738
Burieda Trading and Refrigeration Company	20,992	-
	<u>169,854,518</u>	<u>126,355,321</u>

c) Due to related parties

	30 June 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
Burieda Trading and Refrigeration Company	-	196,710
Abdullah Al Ali Al Munajem Sons Company	103,374	-
	<u>103,374</u>	<u>196,710</u>

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 30 June 2022, no related party balances were impaired (31 December 2021: nil).

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:

	For the three-months period ended 30 June 2022 SAR (Unaudited)	30 June 2021 SAR (Unaudited)	For the six-months period ended 30 June 2022 SAR (Unaudited)	30 June 2021 SAR (Unaudited)
Short-term employee benefits	2,078,019	1,430,364	3,699,106	2,793,058
Employees' defined benefit liabilities	98,130	121,935	196,256	230,376
	<u>2,176,149</u>	<u>1,552,299</u>	<u>3,895,362</u>	<u>3,023,434</u>

Key management remuneration includes SAR 0.98 million (2021: SAR Nil) pertaining to board of directors' remuneration.

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9. INVENTORIES

	30 June 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
Goods for resale	412,418,896	286,556,992
Goods in transit	169,600,039	190,861,008
Spares and consumables	14,113,709	9,579,539
Less: Allowance for slow moving and obsolete items	(1,000,000)	(500,000)
	<u>595,132,644</u>	<u>486,497,539</u>

The movement of slow moving and obsolete items is as follows:

	30 June 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
Balance at the beginning of period / year	500,000	-
Charge for the period / year*	500,000	500,000
Balance at the end of period / year	<u>1,000,000</u>	<u>500,000</u>

*This pertains to specifically identified spares that are no longer useable.

10. 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 SAR 150,000,000 to SAR 600,000,000 (divided into 60,000,000 shares of SAR 10 each) by transferring an amount of SAR 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 SAR 10 each as at 30 June 2022 (31 December 2021: 60,000,000 shares of SAR 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 profit by the end of each year, until this reserve reaches 30% of the capital. This reserve is not available for distribution.

11. TRADE PAYABLES, ACCRUALS AND OTHERS

	30 June 2022 SAR (Unaudited)	31 December 2021 SAR (Audited)
Trade payables	366,240,205	322,249,533
Accrued expenses	32,918,979	30,487,440
Advances from customers	3,162,890	1,382,325
Other payables	2,391,692	1,904,555
	<u>404,713,766</u>	<u>356,023,853</u>

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

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12. 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 1439H (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 and based on this agreement no further Zakat expenses will be allocated to the company in relation to the prior periods till the end of 2020.

Movement in the zakat provision:

	30 June 2022	31 December 2021
	SAR	SAR
	(Unaudited)	(Audited)
At the beginning of the period /year	14,802,310	5,285,909
Current period / year provision	11,323,869	14,666,582
Payment during the period /year	(14,955,928)	(5,150,181)
At the end of the period /year	11,170,251	14,802,310

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.

The Company filed the Zakat declaration for the year 2021, the Zakat payable has been paid based on this declaration. A Zakat certificate was issued for year 202.

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13. REVENUE

	For the three-months period ended		For the six-months period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	SAR	SAR	SAR	SAR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Non-retail - goods transferred at a point in time	421,013,702	378,135,531	879,211,111	726,212,620
Retail - goods transferred at a point in time	288,152,366	234,309,816	614,647,281	512,653,843
Services transferred over time	3,309,266	2,037,065	6,624,373	3,671,353
	712,475,334	614,482,412	1,500,482,765	1,242,537,816

	For the three-months period ended		For the six-months period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	SAR	SAR	SAR	SAR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Timing of revenue recognition				
Goods transferred at a point in time	709,166,068	612,445,347	1,493,858,392	1,238,866,463
Services transferred over time	3,309,266	2,037,065	6,624,373	3,671,353
	712,475,334	614,482,412	1,500,482,765	1,242,537,816

14. FINANCE COSTS

	For the three-months period ended		For the six-months period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	SAR	SAR	SAR	SAR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank borrowings (Note 14.1)	62,708	547,192	62,708	970,659
Interest on lease liabilities	327,012	309,254	650,507	623,909
	389,720	856,446	713,215	1,594,568

14.1 Short-term Murabaha And Tawaruq Loans

The Company has obtained Murabaha and Tawaruq loans from local banks for financing the Company's working capital requirements. Some of loan facilities are secured by corporate guarantee from the Parent Company and carry interest rate commercial rates that ranges between 0.9% - 1% plus SIBOR and have a maturity of less than a month.

As of 30 June 2022, the Company has obtained total loan facilities amounting to SAR 600 million (31 December 2021: SAR 520 million)

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15. EARNING PER SHARE

Basic and diluted earnings per share ("EPS") is calculated by dividing the net profit 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 profit 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:

Basic and diluted earnings per share from net profit.

	For the three-months period ended		For the six-months period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	SAR	SAR	SAR	SAR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit for the period	122,123,468	37,991,430	219,680,477	67,455,233
Weighted average number of ordinary shares	60,000,000	60,000,000	60,000,000	60,000,000
Basic and diluted earnings per share	2.04	0.63	3.67	1.12

16. DIVIDENDS

The Extraordinary General Assembly meeting held on 1 June 2022 (corresponding to 2 Dhu'l Qi'dah 1443) based on the recommendation of the Company's Board of Directors held on 27 March 2022, (corresponding to 24 Sha'ban 1443) approved to pay cash dividends of SAR 120 million for the year ended 31 December 2021 amounting to SR 2 per share, which represents 20% of the Company's capital.

The Board of Directors meeting held on 17 July 2022 (corresponding to 28 Dhu'l Hijjah 1443), based on authority granted by shareholders during their Extraordinary General Assembly meeting dated 1 June 2022 (corresponding to 2 Dhu'l Qi'dah 1443) to authorize Board of Directors to approve payment of dividends during interim periods of 2022, have approved to distribute cash dividends of SAR 75 million to the shareholders for the first half of 2022 amounting to SAR 1.25 per share.

17. 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:

	Central region	Eastern region	Western region	Total
	SAR	SAR	SAR	SAR
<i>For the six-months period ended</i>				
<i>30 June 2022 (Unaudited)</i>				
Revenues	659,003,168	307,664,235	533,815,362	1,500,482,765
Cost of	498,796,738	230,106,167	401,130,137	1,130,033,042
Asset depreciation and amortization	5,175,155	2,917,975	6,742,770	14,835,900
Depreciation of right-of-use assets	2,263,084	711,421	1,341,118	4,315,623
Segment profit before zakat	101,843,934	51,812,375	77,348,037	231,004,346
Total assets as at 30 June 2022 (Unaudited)	780,665,215	248,960,801	420,825,976	1,450,451,992
Total liabilities as at 30 June 2022 (Unaudited)	506,893,536	13,031,887	26,109,388	546,034,811

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17. SEGMENT INFORMATION (continued)

	Central region	Eastern region	Western region	Total
<i>For the six-month period ended 30 June 2021 (Unaudited)</i>	SAR	SAR	SAR	SAR
Revenues	566,515,619	242,631,002	433,391,195	1,242,537,816
Cost of Sales	477,329,538	202,105,621	356,660,660	1,036,095,819
Asset depreciation and amortization	4,989,301	2,912,735	6,298,871	14,200,907
Depreciation of right-of-use assets	2,138,878	597,581	1,206,805	3,943,264
Segment profit before zakat	32,768,655	16,987,705	25,125,620	74,881,980
Total assets as at 30 June 2021 (Unaudited)	608,992,819	203,351,478	386,872,313	1,199,216,610
Total liabilities 30 June 2021 (Unaudited)	457,074,182	13,383,681	20,852,571	491,310,434

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

18. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Company has no letters of guarantees as of 30 June 2022 (31 December 2021: SAR 600,000), in respect of contract performance. The Company has letters of credit as of 30 June 2022 amounting to SAR 43,225,663 (31 December 2021: SAR 25,662,592). There are capital commitments as of 30 June 2022 amounting to SAR 7,349,604 (31 December 2021: SAR 1,629,211) related to property, plant, and equipment.

19. IMPACT OF COVID-19

The COVID-19 pandemic continues to disrupt global markets as many geographies are experiencing waves of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns and strict social distancing rules. The Government of Kingdom of Saudi Arabia ("the Government") however has managed to successfully control the outbreak to date, owing primarily to the unprecedented yet effective measures taken by the Government, following which the Government has ended the lockdowns and has taken phased measures towards normalization.

Recently, number of COVID-19 vaccines have been developed and approved for mass distribution by various governments around the world. Despite, the fact that there are some uncertainties around the COVID-19 vaccine such as how long the immunity last, whether vaccine will prevent transmission or not etc.; however, the testing results showed exceptionally high success rates. Hence, the Company continues to be cognizant of both the micro and macroeconomic challenges that COVID-19 has posed, the teething effects of which may be felt for some time and is closely monitoring its exposures.

The Company continues to monitor the impact of the pandemic on the Company's activities. The Company did not find any indicators that should be monitored that could lead to changing the assumptions and estimates that are disclosed in the company's financial statements as at 30 June 2022.

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20. SUBSEQUENT EVENTS

No other matter has occurred up to and including the date of the approval of condensed interim financial statements by the management which could materially affect the condensed interim financial statements and the related disclosures for the six-months period ended 30 June 2022 except for what is mentioned in note 16.

21. CHANGE IN COMPARATIVE FIGURES

Prior period's comparative figures have been reclassified to ensure the correct classification and presentation as per IFRS standard. As a result, certain line items have been reclassified in the condensed statement of financial position, condensed statement of profit or loss and other comprehensive income, and condensed statements of cash flow, and the related notes to the condensed interim financial statement

22. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved for issuance by the Board of Directors on 18 August 2022 (corresponding to 20 Muharram 1444).