

**HALWANI BROTHERS COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS (UNAUDITED)**

**FOR THE THREE AND NINE-MONTHS  
PERIODS ENDED 30 SEPTEMBER 2023 AND  
INDEPENDENT AUDITOR'S REVIEW REPORT**

**HALWANI BROTHERS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**For the three and nine-months period ended 30 September 2023**

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

TO THE SHAREHOLDERS OF  
HALWANI BROTHERS COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
Jeddah - Kingdom of Saudi Arabia

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of the financial position of Halwani Brothers Company - A Saudi Joint Stock Company - ("the Company") and its Subsidiary (referred together with "the Group"), as at 30 September 2023, and the related interim condensed consolidated statement of profits or losses and other comprehensive income for the three-month and nine-months period ended on September 30, 2023, and interim condensed consolidated statement of changes in equity and cash flows for the nine-month period ended and a summary of significant accounting policies and other explanatory notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated 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", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily to the 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 consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, as endorsed in the Kingdom of Saudi Arabia

For Dr. Mohamed Al-Amri & Co.



Maher Al-Khatieb  
Certified Public Accountant  
License Number 514



07 November 2023(G)  
23 Rabi Al-Thani 1445 (H)

**HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFITS OR LOSSES AND OTHER**  
**COMPREHENSIVE INCOME (UNAUDITED)**

For the three and nine-months period ended 30 September 2023

		For the three- months period ended 30 September 2023	For the three- months period ended 30 September 2022	For the nine- months period ended 30 September 2023	For the nine- months period ended 30 September 2022
		SR	SR	SR	SR
	Note	Unaudited	Unaudited	Unaudited	Unaudited
Revenue from contracts with customers	(4)	211,100,221	229,760,804	656,010,376	769,795,403
Cost of revenue		(181,176,595)	(186,235,733)	(516,725,709)	(565,605,210)
<b>GROSS PROFIT</b>		<b>29,923,626</b>	<b>43,525,071</b>	<b>139,284,667</b>	<b>204,190,193</b>
Selling and distribution expenses		(45,312,594)	(38,942,562)	(126,301,222)	(126,307,526)
General and administrative expenses		(15,237,280)	(15,201,020)	(49,125,199)	(51,584,294)
Other income		827,703	276,024	1,148,974	340,086
<b>(LOSS) / PROFIT FROM OPERATIONS</b>		<b>(29,798,545)</b>	<b>(10,342,487)</b>	<b>(34,992,780)</b>	<b>26,638,459</b>
Finance costs		(6,001,747)	(4,510,873)	(18,007,725)	(9,244,782)
Gain on derivative instruments at fair value through statement of comprehensive income		81,316	121,200	42,167	308,181
Gain / (Loss) on foreign currency differences		416,938	(806,062)	191,416	(166,657)
<b>(LOSS) / PROFIT BEFORE ZAKAT AND INCOME TAX</b>		<b>(35,302,038)</b>	<b>(15,538,222)</b>	<b>(52,766,922)</b>	<b>17,535,201</b>
Zakat		(1,966,000)	(1,100,000)	(5,366,000)	(4,500,000)
Income tax		(5,226,161)	(6,334,496)	(12,482,697)	(18,153,558)
<b>NET LOSS FOR THE PERIOD</b>		<b>(42,494,199)</b>	<b>(22,972,718)</b>	<b>(70,615,619)</b>	<b>(5,118,357)</b>
<b>OTHER COMPREHENSIVE INCOME:</b> Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences		(108,500)	(5,782,704)	(27,172,758)	(38,400,984)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(42,602,699)</b>	<b>(28,755,422)</b>	<b>(97,788,377)</b>	<b>(43,519,341)</b>
<b>LOSSES PER SHARE</b>					
Weighted average number of shares (per share)		35,357,145	35,357,145	35,357,145	35,357,145
Basic and diluted loss per share for the period attributable to ordinary shareholders from net loss	(6)	(1.20)	(0.65)	(2.00)	(0.14)

Chief Financial officer

Nouman Farrukh M Abdussalam



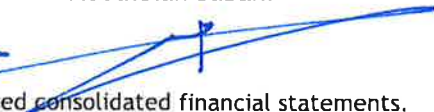
Chief Executive officer

Eng. Amr W. Farghal



Authorized member of the

Board of Directors  
Abdulah Sabahi



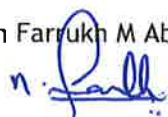
The attached notes 1 to 16 form an integral part of these unaudited interim condensed consolidated financial statements.

**HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**As at 30 September 2023**

	Note	30 September 2023 (Unaudited) SR	31 December 2022 (Audited) SR
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant, and equipment		435,616,777	465,325,434
Intangible assets		2,773,346	2,863,569
Right of use assets		25,557,604	28,422,295
Deferred tax assets		284,006	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>464,231,733</b>	<b>496,611,298</b>
<b>CURRENT ASSETS</b>			
Other Assets		5,272,034	5,272,034
Inventories		239,025,240	246,253,588
Trade receivables and other receivables		134,628,113	164,300,865
Investment at amortized cost	(7)	47,231,188	-
Cash and cash equivalent	(8)	37,470,530	97,529,513
<b>TOTAL CURRENT ASSETS</b>		<b>463,627,105</b>	<b>513,356,000</b>
<b>TOTAL ASSETS</b>		<b>927,858,838</b>	<b>1,009,967,298</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		353,571,450	353,571,450
Statutory reserve		106,071,435	106,071,435
Retained earnings		119,642,234	190,257,853
Foreign currency translation reserve		(243,402,156)	(216,229,398)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>335,882,963</b>	<b>433,671,340</b>
<b>NON-CURRENT LIABILITIES</b>			
Term loans	(9)	-	4,163,000
Islamic Murabaha Contracts	(10)	4,718,400	7,915,762
Deferred tax liabilities		-	177,550
Lease liabilities		19,278,411	22,812,504
Employees defined benefits' obligations		28,346,331	36,286,100
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>52,343,142</b>	<b>71,354,916</b>
<b>CURRENT LIABILITIES</b>			
Current portion of term loans	(9)	8,330,000	16,668,000
Current portion of long term Islamic Murabaha Contracts	(10)	6,065,682	7,610,049
Islamic Murabaha Contracts short term	(10)	338,206,230	304,492,489
Letters of credit liabilities		6,382,984	18,291,178
Current portion of lease contract obligations		7,103,096	5,511,739
Trade payables		63,139,435	68,463,818
Accrued expenses and other current liabilities		94,597,003	66,469,759
Zakat and income tax		15,808,303	17,434,010
<b>TOTAL CURRENT LIABILITIES</b>		<b>539,632,733</b>	<b>504,941,042</b>
<b>TOTAL LIABILITIES</b>		<b>591,975,875</b>	<b>576,295,958</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>927,858,838</b>	<b>1,009,967,298</b>

Chief Financial officer

Nouman Farrukh M Abdussalam



Chief Executive officer

Eng. Amr W. Farghal



Authorized member of the

Board of Directors

Abdulelah Sabahi



The attached notes 1 to 16 form an integral part of these unaudited interim condensed consolidated financial statements.

**HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
For the nine-month period ended 30 September 2023

	Share capital SR	Statutory reserve SR	Retained earnings SR	Foreign currency translation reserve SR	Total equity SR
As at 1 January 2023	353,571,450	106,071,435	190,257,853	(216,229,398)	433,671,340
Net (loss) for the period	-	-	(70,615,619)	-	(70,615,619)
Other comprehensive loss	-	-	-	(27,172,758)	(27,172,758)
<b>Net comprehensive loss for the period</b>	-	-	<b>(70,615,619)</b>	<b>(27,172,758)</b>	<b>(97,788,377)</b>
<b>Balance at 30 September 2023 (Unaudited)</b>	<b>353,571,450</b>	<b>106,071,435</b>	<b>119,642,234</b>	<b>(243,402,156)</b>	<b>335,882,963</b>

As at 1 January 2022	353,571,450	106,071,435	255,193,058	(144,903,303)	569,932,640
Net (loss) for the period	-	-	(5,118,357)	-	(5,118,357)
Other comprehensive loss	-	-	-	(38,400,984)	(38,400,984)
<b>Net comprehensive loss for the period</b>	-	-	<b>(5,118,357)</b>	<b>(38,400,984)</b>	<b>(43,519,341)</b>
Dividends	-	-	<b>(70,714,290)</b>	-	<b>(70,714,290)</b>
<b>Balance at 30 September 2022 (Unaudited)</b>	<b>353,571,450</b>	<b>106,071,435</b>	<b>179,360,411</b>	<b>(183,304,287)</b>	<b>455,699,009</b>

Chief Financial officer

Nouman Farrukh M Abdussalam



Chief Executive officer

Eng. Amr W. Farghal



Authorized member of the Board of  
Directors

Abdulelah Sabahi



The attached notes 1 to 16 form an integral part of these unaudited interim condensed consolidated financial statements.

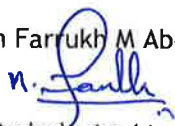


**HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**For the nine-month period ended 30 September 2023**

		For the nine-month period ended 30 September 2023 SR	For the nine-month period Ended 30 September 2022 SR
	Note	Unaudited	Unaudited
<b>OPERATING ACTIVITIES</b>			
(loss)/ profit for the period before zakat and tax		(52,766,922)	17,535,201
<b>Adjustment to reconcile net operating (loss) / profit to net cash flows:</b>			
Depreciation of property, plant, and equipment and right of use assets		30,758,758	34,491,017
(Gain) / Loss on disposal of property, plant, equipment and intangible assets		(724,084)	83,999
Amortization of intangible assets		324,228	306,445
Provision for employees defined benefits' obligations		3,393,057	3,226,056
Gain on derivative instruments at fair value through statement of profit or loss		(42,167)	(308,181)
Provision for expected credit losses in customer value and other receivables		4,534,761	2,230,927
Provision for slow-moving inventory		257,039	4,685,679
Provision for contingencies		661,963	2,204,783
Finance costs		18,007,725	9,244,782
Provisions no longer required		(3,049,660)	-
		<b>1,354,698</b>	<b>73,700,708</b>
<b>Changes in items of operating assets and liabilities</b>			
Inventories		(13,830,859)	(119,450,132)
Trade receivables and other receivables		19,292,177	(10,322,988)
Trade payables and other current liabilities		34,476,936	22,818,073
Zakat and income tax paid		(14,401,862)	(27,735,201)
Defined Employees benefits' obligations paid		(11,332,826)	(2,880,501)
<b>Net cash generated from / (used in) operating activities</b>		<b>15,558,264</b>	<b>(63,870,041)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangible assets		(4,689,227)	(26,092,175)
Proceeds from sales of property, plant and equipment		972,104	-
<b>Net cash used in investing activities</b>		<b>(3,717,123)</b>	<b>(26,092,175)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from Islamic Murabaha Contracts		668,433,667	711,449,693
Finance cost paid		(16,749,425)	(8,213,516)
Payments of Islamic Murabaha Contracts		(629,753,705)	(523,517,348)
Payment of lease liabilities		(6,438,622)	(8,821,448)
Payment of term loans		(12,501,000)	(18,751,000)
Payments / Proceeds from letters of credit liabilities		(11,908,194)	19,757,844
Payments of Dividends		-	(70,714,290)
<b>Net cash (used in) / generated from financing activities</b>		<b>(8,917,279)</b>	<b>101,189,935</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENT</b>		<b>2,923,862</b>	<b>11,227,719</b>
Net difference in foreign currency translation		(15,751,657)	(13,078,303)
Cash and cash equivalent at the beginning of the period		97,529,513	90,365,697
<b>CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD</b>	(8)	<b>84,701,718</b>	<b>88,515,113</b>
<b>SIGNIFICANT NON-CASH TRANSACTIONS:</b>			
Change effect in the differences of translation of foreign currencies		(27,172,758)	(38,400,984)
Transfer from projects under construction to property, plant, equipment, and intangible assets.		4,157,063	3,700,287

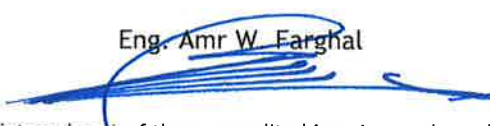
Chief Financial officer

Nouman Farrukh M Abdussalam




Chief Executive officer

Eng. Amr W. Farghal



Authorized Member of the  
Board of Directors

Abdulelah Sabahi



The attached notes 1 to 16 form an integral part of these unaudited interim condensed consolidated financial statements.

## **1 CORPORATE INFORMATION**

Halwani Brothers Company ("the Company" or "the Parent Company"), a Saudi Joint Stock Company established in accordance with Company's regulations in the Kingdom of Saudi Arabia. It is registered in Jeddah city under Commercial Registration (CR) No. 4030005702 dated on 11 Rabi` al-Thani 1388H (corresponding to 7 July 1968).

The Company is listed in the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia. It is also 55.5% owned by Aseer Al Arabiah for Industrial Investment Co., and 44.5% by other shareholders.

The Company is mainly engaged in the manufacturing, packaging, wholesale and retail trade of food products.

The registered address of the Company is in Jeddah, Industrial area, fourth stage, P. O. Box 690, Jeddah 21421, Kingdom of Saudi Arabia. The headquarters of the Company is located in Jeddah. The Parent Company operates in the Kingdom of Saudi Arabia, through its branches located in various regions of the Kingdom of Saudi Arabia

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and the financial statements of Halwani Brothers Egypt - a closed Egyptian Joint Stock Company - a wholly owned Subsidiary of the Parent Company (the "Subsidiary"), which is engaged in manufacturing, packaging and distribution of all foodstuffs (together referred as the "Group").

## **2 SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Statement of Compliance**

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" "IAS 34" which is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. They should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022. In addition, results for the interim period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

### **2.2 Preparation of the Financial Statements**

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for financial derivatives that have been measured at fair value and the employee benefits have been measured at the fair value of future obligation using the projected unit credit method.

### **2.3 Functional and Presentation Currency**

The interim condensed consolidated financial statements are presented in Saudi Riyals ("SR"), which is the functional and presentational currency of the Group - Unless otherwise stated.

### **2.4 Going concern assessment**

The Group's management has made an assessment of the Group's ability to continue to carry out its business in accordance with the principle of going concern and the group is convinced that it has the resources to continue its business in the foreseeable future. Also, management is not aware of any material uncertainties that may affect the Group's ability to continue its business. Accordingly, these Interim condensed consolidated financial statements have been prepared on a going concern basis.

### **2.5 New Standards Amendment to Standards and Interpretations**

There are new standards issued and number of amendments to standards which are effective from 1 January 2023 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Interim Condensed Consolidated Financial Statements.



## **2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.6 Basis of consolidation**

The interim condensed consolidated financial statements include the interim financial statements of the Company and the Subsidiary (the "Group") as of September 30, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its transactions with the investee and has the ability to affect those returns through exercising its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its transactions with the investee.
- The ability to use its power over the investee to affect its returns.

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

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a Subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the it ceases to control the Subsidiary. When necessary, adjustments are made to the financial statements of the Subsidiaries to bring its accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a Subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a Subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognized in the interim condensed consolidated statement of comprehensive income. Any investment retained is recognized at fair value.

**Below are the details of the Subsidiary:**

<b>Company name</b>	<b>Country of incorporation</b>	<b>Ownership percentage as at 30 September 2023</b>	<b>Ownership percentage as at 31 December 2022</b>	<b>Activity</b>
Halwani Brothers Company (a closed Egyptian Joint stock Company)	Arab Republic of Egypt	100%	100%	Manufacturing, packaging, canning and distribution of all foods.

## **3 SEGMENT REPORTING**

A segment is a distinguishable component of the Group that is engaged in providing products or specific services (business segment) or providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from other segments. The Group uses the geographical segment only as it operates in the manufacturing, filling, whole, and retail trade of food products.

**HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**For the nine-month period ended 30 September 2023**

**3 SEGMENT REPORTING (CONTINUED)**

The financial information of assets and liabilities related to geographical sectors after excluding the effect of balances among companies of the Group as at 30 September 2023 and 31 December 2022 as follows:

<u>Segments</u>	<u>Kingdom of Saudi Arabia in thousands SR</u>	<u>Arab Republic of Egypt in thousands SR</u>	<u>Reconciliation in thousands SR</u>	<u>Total in thousands SR</u>
<b><u>As per 30 September 2023 (Unaudited)</u></b>				
Total assets	815,364	267,574	(155,079)	927,859
Total liabilities	479,481	125,472	(12,977)	591,976
<b><u>As per 31 December 2022 (audited)</u></b>				
Total assets	882,417	271,622	(144,072)	1,009,967
Total liabilities	448,745	136,423	(8,872)	576,296

The financial information of revenue / loss and selected income relating to the geographical segments excluding the effect of transactions between the Group's companies for the nine-month period ended 30 September 2023 and 30 September 2022 is as follows:

<u>Segments</u>	<u>Kingdom of Saudi Arabia in thousands SR</u>	<u>Arab Republic of Egypt in thousands SR</u>	<u>Reconciliation in thousands SR</u>	<u>Total in thousands SR</u>
<b><u>For the nine-month period ended 30 September 2023 (Unaudited)</u></b>				
Revenue from contracts with customers	282,236	374,069	(295)	656,010
Company's share in the results of the Subsidiary	34,681	-	(34,681)	-
Segment (loss)/profit for the period	(70,616)	34,681	(34,681)	(70,616)
<b><u>For the nine-month period ended 30 September 2022 (Unaudited)</u></b>				
Revenue from contracts with customers	328,816	441,147	(168)	769,795
Company's share in the results of the Subsidiary	50,138	-	(50,138)	-
Segment (loss)/profit for the period	(5,118)	50,138	(50,138)	(5,118)

Detailed revenue information from contracts with customers for geographical segments is shown in Note (4).

**HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
For the nine-month period ended 30 September 2023

**4 REVENUE FROM CONTRACTS WITH CUSTOMERS**

The following are the details of the Group's revenue from contracts with customers for the nine-month period ending on September 30, 2023, and September 30, 2022:

<u>Segments</u>	<u>Kingdom of Saudi Arabia in thousands SR</u>	<u>Arab Republic of Egypt in thousands SR</u>	<u>Reconciliation in thousands SR</u>	<u>Total in thousands SR</u>
<b><u>For the nine-month period ending September 30, 2023 (Unaudited)</u></b>				
<b>Type of goods</b>				
Sesame products	146,149	73,797	-	219,946
Meat products	28,007	269,643	-	297,650
Other products	108,080	30,629	(295)	138,414
<b>Total</b>	<b>282,236</b>	<b>374,069</b>	<b>(295)</b>	<b>656,010</b>
<b>Type of customers</b>				
Key customers	50,731	64,396	-	115,127
Wholesalers	89,518	148,841	-	238,359
Retailers	38,346	89,354	-	127,700
Catering	54,627	27,356	-	81,983
Exports	29,312	44,122	(295)	73,139
Others	19,702	-	-	19,702
<b>Total</b>	<b>282,236</b>	<b>374,069</b>	<b>(295)</b>	<b>656,010</b>

<u>Segments</u>	<u>Kingdom of Saudi Arabia in thousands SR</u>	<u>Arab Republic of Egypt in thousands SR</u>	<u>Reconciliation in thousands SR</u>	<u>Total in thousands SR</u>
<b><u>For the nine-month period ending September 30, 2022 (Unaudited)</u></b>				
<b>Type of goods</b>				
Sesame products	152,933	55,088	-	208,021
Meat products	38,632	352,485	-	391,117
Other products	137,251	33,574	(168)	170,657
<b>Total</b>	<b>328,816</b>	<b>441,147</b>	<b>(168)</b>	<b>769,795</b>
<b>Type of customers</b>				
Key customers	83,567	72,238	-	155,805
Wholesalers	85,384	202,792	-	288,176
Retailers	60,987	108,970	-	169,957
Catering	44,963	26,061	-	71,024
Exports	52,061	31,086	(168)	82,979
Others	1,854	-	-	1,854
<b>Total</b>	<b>328,816</b>	<b>441,147</b>	<b>(168)</b>	<b>769,795</b>

**For the nine-month period ended 30  
September**

<b>Geographical markets</b>	<b>2023 thousands in SR Unaudited</b>	<b>2022 thousands in SR Unaudited</b>
Kingdom of Saudi Arabia	252,924	276,587
Arab Republic of Egypt	329,947	410,061
Other markets	73,139	83,147
	<b>656,010</b>	<b>769,795</b>

## 5 ZAKAT AND INCOME TAX

There has been no material change in the Group's zakat or tax status compared to the year ended December 31, 2022.

## 6 LOSSES PER SHARE

Basic and diluted losses per share (LPS) is calculated by dividing the losses for the period attributable to ordinary shareholders by the weighted average number of ordinary outstanding shares on the date of the interim condensed consolidated statement of financial position.

The table below reflects the income and the shares data used in calculating basic and diluted earnings per share:

	For the three- months period ended 30 September 2023 SR Unaudited	For the three- months period ended 30 September 2022 SR Unaudited	For the nine- months period ended 30 September 2023 SR Unaudited	For the nine - months period ended 30 September 2022 SR Unaudited
Net loss for the period	(42,494,199)	(22,972,718)	(70,615,619)	(5,118,357)
Weighted average number of shares during the period	35,357,145	35,357,145	35,357,145	35,357,145
Basic and diluted earnings per share (SR)	(1.20)	(0.65)	(2.00)	(0.14)

There was no reduction component affecting the weighted average number of common shares.

## 7. INVESTMENT AT AMORTIZED COST

During the period the Group purchased treasury bills with an value of EGP 380,009,535, equivalent to SR 46,029,457, with a nominal value of EGP 403,050,000, and the present value reached an amount of SR 47,231,188 as of September 30, 2023.

## 8 CASH AND CASH EQUIVALENTS

	As at 30 September 2023 Unaudited	As at 31 December 2022 Audited
Cash on hand and at bank	31,485,510	94,004,905
Cheques under collection	5,985,020	3,524,608
	<b>37,470,530</b>	<b>97,529,513</b>

For the purposes of preparing the interim condensed consolidated statement of cash flows, cash and cash equivalents are as follows:

	As at 30 September 2023 Unaudited	As at 31 December 2022 Audited
Investments at amortized cost - less than three months cash and cash equivalents	47,231,188	-
	37,470,530	97,529,513
	<b>84,701,718</b>	<b>97,529,513</b>

## 9 TERM LOANS

	As at 30 September 2023 Unaudited	As at 31 December 2022 Audited
Alrajhi Bank (Note a)	8,330,000	20,831,000
	<b>8,330,000</b>	<b>20,831,000</b>
Less: current portion	<b>(8,330,000)</b>	<b>(16,668,000)</b>
Non-current portion	-	<b>4,163,000</b>

(A) During the year 2021, the parent company signed a financing agreement with Al Rajhi Bank in the amount of SR 65 million. The amount of SR 50 million was withdrawn by the parent company. According to the terms of the agreement, the financing is due to be repaid in quarterly installments of SR 4.2 million starting from June 30, 2021, and the last installment is due on March 31, 2024. The financing incurs financing fees (at the prevailing rate in the market between Saudi banks plus a profit margin). The financing was secured by promissory notes issued to the bank.

## 10 ISLAMIC MURABAHA CONTRACTS

The following is the carrying value of the Islamic Murabaha contracts as of September 30, 2023 and December 31, 2022:

### 10.1 LONG TERM ISLAMIC MURABAHA CONTRACTS

The following is the carrying value of the Islamic Murabaha contracts as of September 30, 2023 and December 31, 2022:

Finance type	Notes	Amount in Egyptian Pound		Amount in Saudi Riyals	
		As at 30 September 2023 Unaudited	As at 31 December 2022 Audited	As at 30 September 2023 Unaudited	As at 31 December 2022 Audited
Murabaha (Note 11.b)	(a)	89,031,111	102,739,882	10,784,082	15,525,811
(less) Current portion of long term of long term Murabaha				(6,065,682)	(7,610,049)
Non- current portion of long term of long term Murabaha				4,718,400	7,915,762

a) The Subsidiary company entered into long-term Murabaha contracts with a local bank in Egypt to finance its operations. The Subsidiary company pays financing charges according to prevailing market rates. As of September 30, 2023, the outstanding balance of these contracts amounted to SR 10.8 million (31 December 2022: SR 15.5 million), and there is a non-current part of SR 4.7 million Saudi Riyals (31 December 2022: SR 7.9 million).

**HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
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**10 ISLAMIC MURABAHA CONTRACTS (CONTINUED)**

**10.2 ISLAMIC MURABAHA CONTRACTS SHORT TERM**

The carrying value of the Islamic Murabaha contracts as at 30 September 2023 and 31 December 2022 is as follows:

Finance type	Notes	Currency	Amount in original currency		Amount in Saudi Riyals	
			As at September 2023 Unaudited	As at 31 December 2022 Audited	As at September 30, 2023 Unaudited	As at December 31, 2022 Audited
Tawaruq	(a)	Saudi Riyals	92,200,000	92,500,000	92,200,000	92,500,000
Tawaruq	(a)	Saudi Riyals	34,630,202	62,984,446	34,630,202	62,984,446
Tawaruq	(a)	Saudi Riyals	98,400,000	65,000,000	98,400,000	65,000,000
Tawaruq	(a)	Saudi Riyals	33,000,000	50,000,000	33,000,000	50,000,000
Tawaruq	(a)	Saudi Riyals	63,363,130	-	63,363,130	-
Murabaha	(b)	Egyptian Pound	107,649,063	225,043,457	13,039,220	34,008,043
Murabaha	(b)	Egyptian Pound	17,983,694	-	2,178,313	-
Murabaha	(b)	Egyptian Pound	11,519,843	-	1,395,365	-
<b>Total facilities</b>					<b>338,206,230</b>	<b>304,492,489</b>

- a) The parent company entered into short-term Islamic Murabaha contracts (Tawarruq) with local banks in the Kingdom of Saudi Arabia. These murabahas are paid within a period of three to eight months, and the parent company pays financing charges on the financing according to the prevailing market rate between Saudi banks plus a profit margin, as of September 30, 2023, the outstanding balance of these contracts amounted to SR 321.6 million (December 31, 2022: SR 270.4 million). Murabahas were secured by promissory notes issued to banks.
- b) The subsidiary also entered into short Murabaha contracts with local banks in the Arab Republic of Egypt to finance its operations. The Subsidiary company pays financing charges according to the rates prevailing in the market. As of September 30, 2023, the outstanding balance of these contracts amounted to SR 16.6 million (December 31, 2022: SR 34 million).

**11 RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties represent major shareholders, board members, and key management personnel of the Group and entities controlled or significantly influenced by such parties. The Groups' major-related parties are described as follows:

Name	Relationship
Alrabie Saudi foods company	Affiliate owned by a major shareholder
Dallah Trading Company	Affiliate owned by a major shareholder
Ismailia Poultry Company-Egypt	Affiliate owned by a major shareholder
Albaraka Bank	A party to a member of the board of directors
Al Wasta Food Services Co. Ltd	A party to a member of the board of directors
Aquat Food Industries	A party to a member of the board of directors
Albaik food systems Co.	A party to a member of the board of directors
Mecca Corporation for Printing	A party to a member of the board of directors
Emaar The Economic City Company	A party to a member of the board of directors
Affiliates of the Parent Company	Related parties
Key management	Related parties
Board members	Related parties



**HALWANI BROTHERS COMPANY (A S AUDI JOINT STOCK COMPANY)**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**For the nine-month period ended 30 September 2023**

**11 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)**

The following are the main transactions relating to related parties during the nine months ended September 30, 2023 and September 30, 2022, and related party balances as of September 30, 2023, and December 31, 2022:

**a) Due from related parties (trade receivables and other receivables)**

		<u>Transaction for the nine-month period ended</u>		<u>As at</u>	<u>As at</u>
	<u>(Nature of transaction)</u>	<u>30 September 2023</u>	<u>30 September 2022</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
		<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Albaik food systems Co.	Selling finished goods	7,238,133	7,907,886	1,595,611	664,486
Other parties	Different transactions	2,334,738	3,744,262	53,941	849,172
				<u>1,649,552</u>	<u>1,513,658</u>
Less: impairment of the value of related parties				(9,614)	(261,311)
				<u>1,639,938</u>	<u>1,252,347</u>

**b) Due to related parties**

**b.1 Due to related parties (accruals and other payable)**

		<u>Transaction for the nine-month period ended</u>		<u>As at</u>	<u>As at</u>
	<u>(Nature of transaction)</u>	<u>30 September 2023</u>	<u>30 September 2022</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
		<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Dallah Trading Company	Purchase	-	829,188	-	68,042
Ismailia Poultry Company-Egypt	Purchase of raw materials	36,901	1,799,766	-	66,793
Other parties	Various transactions	428,082	472,260	-	85,355
				<u>-</u>	<u>220,190</u>

**b.2 Due to related parties (Islamic Murabaha)**

		<u>Transaction for the nine-month period ended</u>		<u>As at</u>	<u>As at</u>
	<u>(Nature of transaction)</u>	<u>30 September 2023</u>	<u>30 September 2022</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
		<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Albaraka Bank*	Islamic Murabaha and current accounts	21,013,450	29,083,703	10,382,942	14,662,272
	Finance interest	540,034	921,427	-	-
				<u>10,382,942</u>	<u>14,662,272</u>

\*Al Baraka Bank balance is allocated as follows:

	<u>As at</u>	<u>As at</u>
	<u>30 September 2023</u>	<u>31 December 2022</u>
	<u>Unaudited</u>	<u>Audited</u>
Current accounts with banks	(401,140)	(863,539)
Islamic Murabaha (Note 10.1)	10,784,082	15,525,811
	<u>10,382,942</u>	<u>14,662,272</u>

## 11 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

### c) Board of directors and key management's allowances and remunerations

Compensation of key management personnel and Board of Directors recognized as an expense during the period is as follows:

	For the period ended in 30 September 2023 Unaudited	For the period ended in 30 September 2022 Unaudited
Salaries and other compensation	9,528,411	7,847,465
End of service benefits	180,917	245,832
Rewards and allowances for attending the meetings	4,869,204	6,322,110
	<b>14,578,532</b>	<b>14,415,407</b>

## 12 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group's financial assets consist of cash in hand and at banks, trade and other receivables and Investment at amortized cost, while its financial liabilities consist of supplier's trade payables, Islamic Murabaha Contracts, term loans, obligation under finance leases, and Lease contract obligations, as below:

### 12.1 Financial assets

	As at 30 September 2023 Unaudited	As at 31 December 2022 Audited
Trade and other receivables	134,628,113	164,300,865
Investment at amortized cost	47,231,188	-
Cash and cash equivalent	37,470,530	97,529,513
	<b>219,329,831</b>	<b>261,830,378</b>

### 12.2 Financial liability

	As at 30 September 2023 Unaudited	As at 31 December 2022 Audited
Trade payables	63,139,435	68,463,818
Accrued expenses and other current liabilities	94,597,003	66,469,759
Islamic Murabaha Contracts	348,990,312	320,018,300
Term loans	8,330,000	20,831,000
Letters of credit liabilities	6,382,984	18,291,178
Lease contract obligations	26,381,507	28,324,243
	<b>547,821,241</b>	<b>522,398,298</b>

## **12 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group enters into derivative financial instruments primarily with financial institutions that have credit ratings. The derivatives valued through technical valuation techniques with observable market data are interest rate swaps. The most widely used technical valuation techniques include price and swap models - using present value calculations.

As of September 30, 2023, and December 31, 2022, the fair values of the Group's financial instruments were estimated to approximate their book values and categorized within Level 2 of the fair value hierarchy. The fair value of financial assets as at September 30, 2023, and December 31, 2022 is the carrying value due to the fact that the balances of these receivables are short-term in nature.

There were no transfers between Level 1, Level 2, and Level 3 during the period ending on September 30, 2023 and September 30, 2022.

## **13 CONTINGENT LIABILITIES**

	As at 30 September 2023 Unaudited	As at 31 December 2022 Audited
Letters of guarantee and documents for collection issued by banks	18,017,342	28,125,313

### **14. Devaluation of the currency of the Arab Republic of Egypt:**

During the period ending on September 30, 2023, the Egyptian pound recorded a decrease in the exchange rate by 25% against the Saudi Riyal comparing with December 31, 2022. As a result, a currency translation adjustment was recorded in relation of the translation of operations for the subsidiary in the Arab Republic of Egypt.

## **15. COMPARATIVE FIGURES**

Some figures of the previous period have been reclassified to conform with the presentation for the current period, the most important of which are as follows:

	For the nine months period ended 30 September 2022 before reclassification	reclassification	For the nine months period ended 30 September 2022 after reclassification
<b><u>INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</u></b>			
Cost of revenue	(565,346,630)	(258,580)	(565,605,210)
Other income	81,506	258,580	340,086

	For the three months period ended 30 September 2022 before reclassification	reclassification	For the three months period ended 30 September 2022 after reclassification
<b><u>INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</u></b>			
Cost of revenue	(185,977,153)	(258,580)	(186,235,733)
Other income	17,444	258,580	276,024

## **16 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements for the Group for the nine-month period ended 30 September 2023, were approved by the Board of Directors on 31/10/2023.