

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

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

**FOR THE THREE-MONTH AND NINE-MONTH
PERIODS ENDED 30 SEPTEMBER 2021 AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

HALWANI BROTHERS COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

**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 financial position of Halwani Brothers Company - A Saudi Joint Stock Company - ("the Company" or "the Parent Company") and its Subsidiary ("the Group"), as at 30 September 2021, and the related interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended, and the changes in shareholders' equity and cash flows for the nine-month period then ended and a summary of significant accounting policies and other explanatory notes from 1 to 15 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 International Standard on Review Engagements 2410, "Review of interim condensed consolidated Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated 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, as 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 IAS 34, as endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.

Jamal M. Al-Amri
Certified Public Accountant
Registration No. 331



28 October 2021 (G)
22 Rabi ul Awwal 1443 (H)

HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2021

	NOTE	For the three-month period ended 30 September 2021 SR	For the three-month period ended 30 September 2020 SR	For the nine-month period ended 30 September 2021 SR	For the nine-month period ended 30 September 2020 SR
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue from contracts with customers	4	236,899,274	256,206,429	792,095,186	813,744,283
Cost of revenue		(166,793,624)	(169,751,940)	(534,732,289)	(532,550,230)
GROSS PROFIT		70,105,650	86,454,489	257,362,897	281,194,053
Selling and distribution expenses		(36,423,453)	(34,964,911)	(119,456,694)	(115,463,662)
General and administrative expenses		(11,169,542)	(16,046,853)	(46,207,349)	(49,672,152)
Impairment of property, plant and equipment		-	(2,599,616)	-	(2,599,616)
Other revenue / (expenses), net		609,490	2,589,572	2,945,876	(467,550)
PROFIT FROM OPERATIONS		23,122,145	35,432,681	94,644,730	112,991,073
Finance cost		(1,361,117)	(2,195,746)	(4,719,590)	(8,590,720)
Gain on derivative instruments at fair value through comprehensive income		95,661	142,580	315,694	408,390
Gain / (loss) on foreign currency differences		121,246	(353,961)	349,948	(500,867)
PROFIT BEFORE ZAKAT AND INCOME TAX		21,977,935	33,025,554	90,590,782	104,307,876
Zakat	5	(1,575,000)	(1,200,000)	(4,325,000)	(3,700,000)
Income tax	5	(6,364,082)	(6,784,359)	(20,590,742)	(19,219,944)
PROFIT FOR THE PERIOD		14,038,853	25,041,195	65,675,040	81,387,932
OTHER COMPREHENSIVE INCOME:					
<i>Items that can be reclassified to (loss) or profit in subsequent periods:</i>					
Foreign currency differences		(309,780)	3,158,460	(160,551)	2,878,123
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		13,729,073	28,199,655	65,514,489	84,266,055
EARNINGS PER SHARE					
Weighted average number of shares (per share)		35,357,145	35,357,145	35,357,145	35,357,145
Basic and diluted earnings per share	6	0.40	0.71	1.86	2.30



Chief Financial Officer
Yasser Awad Abdelwahab
Mohamed



Chief Executive Officer
Thamer Temairik



Authorized Board Member
Abd al-Ilah Abd al-Rahim
Sabahi

The attached notes 1 to 15 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 As at 30 September 2021

		30 September 2021 Unaudited SR	31 December 2020 Audited SR
	Note		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		511,490,750	524,192,658
Intangible assets		2,674,781	1,446,206
Right of use assets		15,549,655	20,095,621
Deferred tax asset		526,102	-
TOTAL NON-CURRENT ASSETS		530,241,288	545,734,485
CURRENT ASSETS			
Inventories		228,147,004	200,214,367
Trade receivables and other receivables	7	165,106,549	119,641,048
Cash and cash equivalent		82,432,545	77,180,188
TOTAL CURRENT ASSETS		475,686,098	397,035,603
TOTAL ASSETS		1,005,927,386	942,770,088
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	14	353,571,450	314,285,730
Statutory reserve	14	103,571,430	142,857,150
Retained earnings		239,805,275	221,273,095
Foreign currency translation reserve		(144,989,551)	(144,829,000)
TOTAL SHAREHOLDERS' EQUITY		551,958,604	533,586,975
NON-CURRENT LIABILITIES			
Term loans	8	24,998,000	56,250,000
Deferred tax liability		-	453,474
Lease contract obligations		6,981,082	11,986,232
Employee defined benefits' liabilities		38,508,102	37,871,102
TOTAL NON-CURRENT LIABILITIES		70,487,184	106,560,808
CURRENT LIABILITIES			
Current portion of term loans	8	32,293,000	37,500,000
Current portion of Islamic Murabaha Contracts	9	150,681,747	93,342,792
Current portion of lease contract obligations		7,250,596	5,149,427
Trade payables		112,705,333	77,926,192
Accrued expenses and other current liabilities	11	56,571,474	56,978,419
Zakat and income tax payable	5	23,979,448	31,725,475
TOTAL CURRENT LIABILITIES		383,481,598	302,622,305
TOTAL LIABILITIES		453,968,782	409,183,113
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,005,927,386	942,770,088

Chief Financial Officer
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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 2021

	Share capital SR	Statutory reserve SR	Retained earnings SR	Foreign currency translation reserve SR	Total equity SR
As at 1 January 2021	314,285,730	142,857,150	221,273,095	(144,829,000)	533,586,975
Bonus shares issued (Note 14)	39,285,720	(39,285,720)	-	-	-
Net profit for the period	-	-	65,675,040	-	65,675,040
Other comprehensive loss	-	-	-	(160,551)	(160,551)
Total comprehensive income	-	-	65,675,040	(160,551)	65,514,489
Dividends (Note 14)	-	-	(47,142,860)	-	(47,142,860)
Balance at 30 September 2021 (Unaudited)	353,571,450	103,571,430	239,805,275	(144,989,551)	551,958,604

	Share capital SR	Statutory reserve SR	Retained earnings SR	Foreign currency translation reserve SR	Total equity SR
As at 1 January 2020	314,285,730	142,857,150	152,733,459	(147,989,432)	461,886,907
Net profit for the period	-	-	81,387,932	-	81,387,932
Other comprehensive income	-	-	-	2,878,123	2,878,123
Total comprehensive income	-	-	81,387,932	2,878,123	84,266,055
Dividends (Note 14)	-	-	(31,428,573)	-	(31,428,573)
Balance at 30 September 2020 (Unaudited)	314,285,730	142,857,150	202,692,818	(145,111,309)	514,724,389

Chief Financial Officer
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Mohamed

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HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the nine-month period ended 30 September 2021

	For the nine-month period ended 30 September 2021 SR Unaudited	For the nine-month period ended 30 September 2020 SR Unaudited
OPERATING ACTIVITIES		
Profit before zakat and tax	90,590,782	104,307,876
<i>Adjustment to reconcile operating income to net cash flows:</i>		
Depreciation of property, plant and equipment and right of use assets	35,273,193	33,687,610
Amortization for intangible assets	190,238	3,281,777
Employee benefits' liabilities	3,015,621	3,150,000
Gain on derivative instruments at fair value through comprehensive income	(315,694)	-
Provision for expected credit losses for trade receivables and other receivables	1,063,862	773,426
Provision for slow moving inventory	251,763	2,302,376
Impairment of property, plant and equipment	-	2,599,616
Gain on disposal of property, plant and equipment and intangible assets	(600,979)	-
Other Provisions	1,812,509	1,923,668
Finance cost	4,719,590	8,909,072
	136,000,885	160,935,421
<i>Changes in items of operating assets and liabilities</i>		
Inventories	(28,184,400)	(9,110,338)
Trade receivables and other receivables	(46,529,363)	(13,940,325)
Trade payables and accrued expenses and other current liabilities	32,875,381	52,528,288
	94,162,503	190,413,046
Zakat and income tax paid	(33,644,330)	(27,020,728)
Employee benefits' liabilities paid	(2,378,621)	(1,668,343)
Finance cost paid	(3,660,785)	(8,293,739)
<i>Net cash generated from operating activities</i>	54,478,767	153,430,236
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(16,630,103)	(11,773,139)
Purchase of intangible assets	(1,418,813)	-
Proceeds from sale of property, plant and equipment	736,526	-
<i>Net cash used in investing activities</i>	(17,312,390)	(11,773,139)
FINANCING ACTIVITIES		
Proceeds from Islamic Murabaha Contracts	374,411,631	391,668,986
Payments of Islamic Murabaha Contracts	(317,087,096)	(383,410,277)
Payment of lease liabilities	(5,510,055)	(6,709,646)
Proceeds from term loans	111,458,000	-
Payment of term loans	(147,917,000)	(64,936,113)
Dividends	(47,142,860)	(31,428,573)
<i>Net cash used in financing activities</i>	(31,787,380)	(94,815,623)
NET CHANGES IN CASH AND CASH EQUIVALENTS	5,378,997	46,841,474
Net difference in foreign currency translation	(126,640)	4,712,960
Cash and cash equivalent at the beginning of the period	77,180,188	40,124,303
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	82,432,545	91,678,737
SIGNIFICANT NON-CASH TRANSACTIONS:		
Change effect in the differences of translation of foreign currencies	(160,551)	2,878,123
Bonus shares issued	39,285,720	-

Chief Financial Officer
Yasser Awad Abdelwahab Mohamed

Chief Executive Officer
Thamer Temairik

Authorized Board Member
Abd al-Ilah Abd al-Rahim Sabahi

The attached notes 1 to 15 form an integral part of these unaudited interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2021

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 headquarter 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").

These interim condensed consolidated financial statements for the Group for the period ended 30 September 2021, were approved by the Board of Directors on 28 October 2021 corresponding to 22 Rabi ul Awwal 1443.

2 SIGNIFICANT ACCOUNTING POLICIES (GROUP)

2.1 Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" "IAS 34" that 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 2020. In addition, results for the interim period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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 for employee benefits, projected unit credit method is used. The interim condensed consolidated financial statements are presented in Saudi Riyals ("SR"), which is the functional and presentational currency of the Group.

2.2 COVID-19 updates

The outbreak of novel coronavirus ("COVID-19") since early 2020, its spread across mainland China and then globally caused disruptions to businesses and economic activity globally including the Kingdom of Saudi Arabia and Arab Republic of Egypt. The Group's management has proactively assessed the impact on its operations and has taken a series of preventive measures, including the formation of ongoing crisis management teams and processes, to ensure the health and safety of its employees, customers, consumers and society as a wider range as well as to ensure the continuity of supplying its products in all its markets. Despite these challenges, the Group's business and operations are currently still largely unaffected as the food industry in general has been exempt from various bans and restrictions imposed by the various regulatory authorities. The primary demand from retail and wholesale customers on the Group's products was not affected to a large extent. Based on these factors, the Group's management believes that the COVID-19 epidemic has not had a significant financial impact on the Group's results that were reported for the quarter ended 30 September 2021.

The extent and duration of these impacts remain uncertain and depends on future developments that cannot be predicted and accurately at present in terms of the rate of change of the emerging corona virus COVID-19 and the extent and effectiveness of the containment measures taken. The Group's management will continue to monitor the situation closely to update any developments that may affect its financial statements, although the management at this time is not aware of any expected factors that may affect the Group's operations during or after 2021.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
For the nine-month period ended 30 September 2021

2 SIGNIFICANT ACCOUNTING POLICES (Continued)

2.3 New standards, interpretations and amendments adopted by the Group

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

These amendments had no material impact on the interim condensed consolidated financial statements.

2.4 Basis of consolidation

The interim condensed consolidated financial statements include the interim financial statements of the Company and the Subsidiary (the "Group") as of 30 September 2021. 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 condensed 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 it's 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
For the nine-month period ended 30 September 2021

2 SIGNIFICANT ACCOUNTING POLICES (Continued)

2.4 Basis of consolidation (Continued)

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 and other components of equity, while any resultant gain or loss is recognized in interim condensed consolidated statement of comprehensive income. Any investment retained is recognized at fair value.

Below are the details of the subsidiary:

Company name	Country of incorporation	Ownership percentage as at 30 September 2021	Ownership percentage as at 31 December 2020	Activity
Halwani Brothers Company (a closed Egyptian Joint Stock Company)	Alsharqia - 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 manufacturing, filling, whole and retail trade of food products.

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 2021 and 31 December 2020 as follows:

<u>Segments</u>	Kingdom of Saudi Arabia in thousands SR	Arab Republic of Egypt in thousands SR	Reconciliation in thousands SR	Total in thousands SR
<u>As per 30 September 2021 (Unaudited)</u>				
Total assets	872,854	295,725	(162,652)	1,005,927
Total liabilities	320,896	134,357	(1,284)	453,969
<u>As per 31 December 2020 (audited)</u>				
Total assets	833,679	257,123	(148,032)	942,770
Total liabilities	300,092	110,655	(1,564)	409,183

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 2021 and 30 September 2020 is as follows:

<u>Segments</u>	Kingdom of Saudi Arabia in thousands SR	Arab Republic of Egypt in thousands SR	Reconciliation in thousands SR	Total in thousands SR
<u>For nine month period ended 30 September 2021 (Unaudited)</u>				
Revenue from contracts with customers	337,662	454,531	(98)	792,095
Segment profit for the period	65,675	62,651	(62,651)	65,675
<u>For nine month period ended 30 September 2020 (Unaudited)</u>				
Revenue from contracts with customers	400,016	413,728	-	813,744
Segment profit for the period	81,388	56,076	(56,076)	81,388

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
For the nine-month period ended 30 September 2021

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 ended 30 September 2021 and 30 September 2020:

<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>
<u>For the nine-month period ended 30 September 2021 (Unaudited)</u>				
Type of goods				
Sesame products	169,573	42,252	-	211,825
Meat products	39,518	377,546	-	417,064
Other products	128,571	34,733	(98)	163,206
Total	337,662	454,531	(98)	792,095
Type of customers				
Key customers	94,092	81,279	-	175,371
Wholesalers	94,364	226,841	-	321,205
Retailers	67,216	103,097	-	170,313
Catering	39,056	15,647	-	54,703
Exports	42,535	27,667	(98)	70,104
Others	399	-	-	399
Total	337,662	454,531	(98)	792,095
<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>
<u>For the nine-month period ended 30 September 2020 (Unaudited)</u>				
Type of goods				
Sesame products	221,978	44,074	-	266,052
Meat products	46,267	340,048	-	386,315
Other products	131,771	29,606	-	161,377
Total	400,016	413,728	-	813,744
Type of customers				
Key customers	125,191	75,144	-	200,335
Wholesalers	116,406	201,614	-	318,020
Retailers	81,678	101,788	-	183,466
Catering	29,873	9,804	-	39,677
Exports	44,249	25,378	-	69,627
Others	2,619	-	-	2,619
Total	400,016	413,728	-	813,744

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
For the nine-month period ended 30 September 2021

4- REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

	For the nine-month period ended 30 September	
	2021 thousands in SR Unaudited	2020 thousands in SR Unaudited
Geographical markets		
Kingdom of Saudi Arabia	295,127	355,767
Arab Republic of Egypt	426,864	388,350
Other markets	70,104	69,627
	792,095	813,744

5. ZAKAT AND INCOME TAX

- a) Zakat and income tax provision as reported in the Group's interim condensed consolidated statement of financial position is as follows:

	30 September 2021 SR Unaudited	31 December 2020 SR Audited
Zakat provision	5,335,090	6,695,477
Income tax provision	18,644,358	25,029,998
	23,979,448	31,725,475

- b) Zakat charged to the interim condensed consolidated statement of comprehensive income:

	30 September 2021 SR Unaudited	30 September 2020 SR Unaudited
Charge during the period	4,325,000	3,700,000

- c) Movement in zakat provision during the period / year is as follows

	30 September 2021 SR Unaudited	31 December 2020 SR Audited
Balance at beginning of the period / year	6,695,477	3,777,437
Charge during the period / year	4,325,000	6,024,904
Paid during the period / year	(5,685,387)	(3,106,864)
Balance at the end of the period / year	5,335,090	6,695,477

- d) Movement in income tax provision during the period / year consists of the following:

	30 September 2021 SR Unaudited	31 December 2020 SR Audited
Balance at the beginning of the period / year	25,029,998	21,070,394
Charge during the period / year	21,571,974	28,716,805
Paid during the period / year	(27,958,943)	(25,203,361)
foreign currency differences	1,329	446,160
Balance at the end of the period / year	18,644,358	25,029,998

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
For the nine-month period ended 30 September 2021

5. ZAKAT AND INCOME TAX (Continued)

e) Tax charged to the interim condensed consolidated statement of comprehensive income:

	30 September 2021 SR Unaudited	30 September 2020 SR Unaudited
Current income tax	21,571,974	20,168,057
Deferred tax income	(981,232)	(948,113)
	20,590,742	19,219,944

f) Zakat and Income Tax status

Parent

There has been no material change in the parent company's zakat status compared to the year ended 31 December 2020, except for the following:

The Parent Company submitted zakat returns for the years 2019 and 2020 and obtained a zakat certificate. Subsequent to the date of the interim condensed consolidated financial statements, the Zakat, Tax and Customs Authority "ZATCA" issued zakat assessments for the mentioned years raising additional zakat demand of SR 4.2 million. The Parent Company is in the process of filing appeal against the above assessment order and believes that the results of the appeal would be in the favour of the Parent Company. Accordingly, no additional provision is made in these interim condensed consolidated financial statements.

Subsidiary

There has been no material change in the Subsidiary Company's tax status compared to the year ended 31 December 2020, except for the following:

- **Corporate taxation:** The returns were submitted until the year 2020, and paid the dues according to the returns.
- **Business earning taxes:** The Subsidiary Company's books and records were examined until the year 2019, and paid the due tax. However, the books and records for the year 2020 were not examined.
- **Stamp due taxes:** The Subsidiary Company's books and records were examined until 2020, and the due tax were not paid.
- **Withholding Tax:** The second period of 2021 has been paid, and there are no financial dues on the Subsidiary Company.
- **Real estate taxes:** Accounting and payment of dues have been made until 2021, and there are no financial dues on the Subsidiary Company.

6. EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) is calculated by dividing the profit 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 net income and the shares data used in calculating basic and diluted earnings per share:

	30 September 2021 SR Unaudited	30 September 2020 SR Unaudited
Net profit for the period (Saudi Riyals)	65,675,040	81,387,932
Weighted average number of shares during the period (per share)	35,357,145	35,357,145
Basic and diluted earnings per share (Saudi Riyals)	1.86	2.30

The comparative figures have been adjusted in accordance with the requirements of International Accounting Standard 33 "Earnings per Share" adopted in the Kingdom of Saudi Arabia

There was no reduction element affecting the weighted average number of shares during the period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
For the nine-month period ended 30 September 2021

7. TRADE RECEIVABLES AND OTHER RECEIVABLES

	<i>As at 30 September 2021 SR Unaudited</i>	<i>As at 31 December 2020 SR Audited</i>
Trade receivables	145,187,390	104,983,429
Allowance for expected credit losses	(5,925,174)	(4,830,434)
Trade receivables, net	139,262,216	100,152,995
Due from related parties (Note 10)	12,560	67,923
Prepaid expenses	7,077,106	3,353,265
Employee loan	2,499,323	2,307,027
Advance payments to suppliers	10,685,832	10,461,148
Other receivables	5,569,512	3,298,690
	165,106,549	119,641,048

8. TERM LOAN

	<i>As at 30 September 2021 (Unaudited)</i>	<i>As at 31 December 2020 (Audited)</i>
Alrajhi Bank financing (Note a)	41,666,000	-
Banque Saudi Fransi financing (Note b)	15,625,000	93,750,000
	57,291,000	93,750,000
Less: current portion (Note a , b)	(32,293,000)	(37,500,000)
Non-current portion (Note a , b)	24,998,000	56,250,000

- a) During the year 2021, the Parent Company signed a financing agreement with Al-Rajhi Bank in the amount of SR 65 million. An amount of SR 50 million was withdrawn by the Parent Company. According to the terms of the agreement, the loan is repayable in quarterly installments of SR 4.167 million, starting from 30 June 2021, and the last installment is due on 31 March 2024. The financing entails financing fees at the prevailing Saudi rate ("SIBOR") plus a profit margin and secured by the promissory note.
- b) During the year 2019, the Parent Company signed a financing agreement (Tawarruq) with Banque Saudi Fransi in the amount of SR 150 million. The balance of the financing has been completely withdrawn by the Parent Company. According to the terms of the agreement, the financing is due in quarterly installments of SR 9.375 million, starting from 30 September 2019, and the last installment is due on 30 September 2023. During the first quarter of the year 2021, the Parent Company paid an amount of SR 50 million as an advance payment to Banque Saudi Fransi from the installments owed by the Company, so that the last installment will be paid on 31 March 2022.

The financing entails financing fees at the prevailing Saudi rate ("SIBOR") plus a profit margin and secured by the promissory notes.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
For the nine-month period ended 30 September 2021

9. ISLAMIC MURABAHA CONTRACTS

The carrying value of the Islamic Murabah contracts as at 30 September 2021 and 31 December 2020 is as follows:

Finance type	Notes	Currency	Amount in original currency		Amount in Saudi Riyals	
			As at 30 September 2021 (Unaudited)	As at 31 December 2020 (Audited)	As at 30 September 2021 (Unaudited)	As at 31 December 2020 (Audited)
Tawaruq	a	Saudi Riyals	98,000,000	80,000,000	98,000,000	80,000,000
Tawaruq	a	Saudi Riyals	50,000,000	-	50,000,000	-
Murabaha (Note 10)	b	Egyptian Pound	6,219,114	19,902,528	1,479,202	4,735,798
Murabaha	b	Egyptian Pound	5,055,946	36,171,503	1,202,545	8,606,994
Total facilities					150,681,747	93,342,792
Less: current portion					(150,681,747)	(93,342,792)
Non-current portion					-	-

a) The Parent Company entered into short-term Islamic Murabaha (Tawaruq) Contracts with local banks in the Kingdom of Saudi Arabia. These Murabaha are paid within a period of three to eight months and involves financing fees at prevailing Saudi rate ("SIBOR") plus a profit margin. On 30 September 2021, the outstanding balance of these contracts amounted to SR 148 million (31 December 2020 : SR 80 million). The Murabaha was guaranteed by promissory notes issued to the banks.

b) The Subsidiary has entered into short term Murabaha Contracts with local banks in the Arab Republic of Egypt to finance its operations. The Subsidiary pays financing charges according to prevailing market rate. As of 30 September 2021, the outstanding balance of these contracts amounted to an amount of SR 2.7 million (31 December 2020: SR 13.3 million) there is no non-current portion.

10. 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
Dallah Trading Company	An affiliate owned by one of the major shareholders
Textile and Garment Company Ltd.	An affiliate owned by one of the major shareholders
Ismailia Poultry Company-Egypt	Party to one of the members of the Board of Directors
Watan Creativity Company for Retail Trade	Party to one of the members of the Board of Directors
Albaraka Bank	Party to one of the members of the Board of Directors
Affiliates of the Parent Company	Related parties
Key management	Related parties
Board members	Related parties

The following are the main transactions relating to related parties during the nine month periods ended 30 September 2021 and 30 September 2020 and balances as on 30 September 2021 and 31 December 2020:

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
For the nine-month period ended 30 September 2021

10. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

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

	Transaction (net) for the nine-month period ended				
(Nature of transaction)	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	As at 30 September 2021 (Unaudited)	As at 31 December 2020 (Audited)	
Other parties	Various transactions	327,667	415,611	515,871	680,835
		327,667	415,611	515,871	680,835
Less: impairment of the value of related parties			(503,311)	(612,912)	
			12,560	67,923	

b) Due to related parties:

		Transaction (net) for the nine-months period ended			
		30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	As at 30 September 2021 (Unaudited)	As at 31 December 2020 (Audited)
(Nature of transaction)					
Due to related parties (Accrued expenses and other current liabilities)					
Dallah Trading Company	Purchase	658,375	615,817	358,225	-
Textile and Garment Company Ltd.	Purchase of finished goods	-	-	-	15,180
Ismailia Poultry Company- Egypt	Purchase of raw materials	2,600,758	2,295,889	350,495	641,957
Other parties	Various transactions	65,898	268,740	36,245	44,680
				744,965	701,817

Due to related parties (Islamic Murabaha contracts)

Albaraka Bank*	Finance cost	678,428	671,643	1,182,607	1,983,065
	Islamic Murabaha	5,742,853	17,181,454	<u>1,182,607</u>	<u>1,983,065</u>

*Al Baraka Bank balance is allocated as follows:

	As at 30 September 2021 (Unaudited)	As at 31 December 2020 (Audited)
Current accounts with banks (cash and cash equivalent)	296,595	2,752,733
Islamic Murabaha (Note 9)	<u>(1,479,202)</u>	<u>(4,735,798)</u>
	<u>(1,182,607)</u>	<u>(1,983,065)</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
For the nine-month period ended 30 September 2021

10. 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:

	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
Salaries and compensation	8,491,987	10,965,011
End of service benefits	240,740	340,781
Rewards and allowances for attending the meetings	4,205,529	2,830,367
	12,938,256	14,136,159

11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	As at 30 September 2021 (Unaudited)	As at 31 December 2020 (Audited)
Accrued expenses	11,729,897	11,109,304
Due to related parties (Note 10)	744,965	701,817
Advances from customers	4,476,727	3,385,108
Liabilities arising from rights to return the goods	17,022,547	14,246,394
Employee accruals	10,804,997	16,196,463
Subsidiary tax accrual	6,139,326	5,756,893
Financial derivatives	330,720	646,414
Other accruals	5,322,295	4,936,026
	56,571,474	56,978,419

12. FAIR VALUE MEASUREMENT

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 and cash equivalent, trade receivables and other receivables, while its financial liabilities consist of trade payables, accrued expenses and other current liabilities, Islamic Murabaha Contracts, term loan and lease contract obligation, as below:

12.1 Financial assets

	As at 30 September 2021 (Unaudited)	As at 31 December 2020 (Audited)
Trade receivables and other receivables	165,106,549	119,641,048
Cash and cash equivalent	82,432,545	77,180,188
	247,539,094	196,821,236

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
For the nine-month period ended 30 September 2021

12. FAIR VALUE MEASUREMENT (Continued)

12.2 Financial liability

	<i>As at</i> 30 September 2021 <i>(Unaudited)</i>	<i>As at</i> 31 December 2020 <i>(Audited)</i>
Trade payables	112,705,333	77,926,192
Accrued expenses and other current liabilities	56,571,474	56,978,419
Islamic Murabaha Contracts	150,681,747	93,342,792
Term loans	57,291,000	93,750,000
Lease contract obligations	14,231,678	17,135,659
	391,481,232	339,133,062

Financial assets and financial liabilities have been measured at amortized cost and there were no financial instruments measured at fair value other than financial derivatives. Derivatives for which fair values have been measured and whose fair values have been 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 at 30 September 2021 and 31 December 2020, 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 at 30 September 2021 and 31 December 2020 is the carrying amounts 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 ended 30 September 2021, and 31 December 2020.

13. CONTINGENT LIABILITIES

There has been no change in the Group's contingent liabilities since 31 December 2020, except for the following:

On 27 September 2021, the Parent Company received Custom Assessment Order from ZATCA based on the audit carried out by ZATCA on the customs data for the years from 2016 to 2021, and raised additional custom duties amounting to SR 9.5 million. The Parent Company has submitted an objection against the above assessment order. Management and its consultant believe that the outcome of the above objection will be in favor of the Parent Company, accordingly, no additional provisions have been made in these interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
For the nine-month period ended 30 September 2021

14. SHARE CAPITAL AND DIVIDENDS

On 27 December 2020, the Board of Directors of the Parent Company has recommended increasing the share capital of the Parent Company to SR 353,571,450 through the issuance of 1 share for every 8 ordinary shares using the statutory reserve balance, which was approved by the General Assembly on 28 April 2021. Accordingly, the Company's By-laws were amended.

On 3 February 2021, the General Assembly approved the recommendation of the Board of Directors to distribute cash dividends for the fiscal year 2020 at SR 1.5 per share, representing 15% of the nominal value and in a total amount of SR 47,142,860.

On 14 May 2020, the General Assembly approved the recommendation of the Board of Directors to distribute cash dividends for the fiscal year 2019 at SR 1 per share, representing 10% of the nominal value and in a total amount of SR 31,428,573.

15. COMPARATIVE FIGURES

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

	<i>As at 31 December 2020</i>		<i>As at 31 December 2020</i>
Statement of financial position	<i>Before reclassification</i>	<i>reclassification</i>	<i>after reclassification</i>
Property, plant and equipment	523,679,436	513,222	524,192,658
Trade receivables and other receivables	120,154,270	(513,222)	119,641,048
	<i>For the nine- month period Ended 30 September 2020</i>		<i>For the nine- month period Ended 30 September 2020</i>
Interim condensed consolidated statement of comprehensive income	<i>Before reclassification</i>	<i>reclassification</i>	<i>after reclassification</i>
Cost of revenue	532,550,129	101	532,550,230
Selling and distribution expenses	115,236,762	226,900	115,463,662
General and administrative expenses	45,807,972	3,864,180	49,672,152
Finance cost	8,909,072	(318,352)	8,590,720
Other income (expenses), net	4,240,379	(3,772,829)	467,550