

**SINAD HOLDING COMPANY (FORMERLY ASEER
FOR TRADING, TOURISM, INDUSTRY,
AGRICULTURE, REAL ESTATE AND
CONTRACTING COMPANY)
A SAUDI JOINT STOCK COMPANY**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH AND SIX-MONTH
PERIODS ENDED 30 JUNE 2022
TOGETHER WITH INDEPENDENT AUDITOR'S
REVIEW REPORT**

SINAD HOLDING COMPANY (FORMERLY ASEER FOR TRADING, TOURISM, INDUSTRY, AGRICULTURE, REAL ESTATE AND CONTRACTING COMPANY) (A SAUDI JOINT STOCK COMPANY)

INDEX OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022 (UNAUDITED)

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

**To the shareholders of
Sinad Holding Company (Formerly Aseer for Trading, Tourism, Industry, Agriculture,
Real Estate and Contracting Company)**

"A Saudi Joint Stock Company"
Riyadh – Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Sinad Holding Company (Formerly Aseer for Trading, Tourism, Industrial, Agricultural, Real Estate and Contracting Company) (the "Company") and its subsidiaries (together the "Group"), as of 30 June 2022, the interim condensed consolidated statement of income, interim condensed consolidated statement of other comprehensive income for the three month and six month periods then ended, the interim condensed consolidated statements of changes in equity and the interim condensed consolidated statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial statement in accordance with International Accounting Standard 34 – ("IAS 34") "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor*" endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated 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 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.

Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Information of Sinad Holding Company (Formerly Aseer for Trading, Tourism, Industrial, Agricultural, Real Estate and Contracting Company) (the "Company") and its subsidiaries (together the "Group"), as of 30 June 2022 (Continued)

Emphasis of matter

We draw attention to note No. (9) to the accompanying condensed consolidated interim financial statements, which states that in December 2019, the Group filed two lawsuits at the Public Court in Riyadh against the seller of the land located in the north of Riyadh, at Al Khair District, and against the broker of the purchase deal in order to obligate both the land's seller and the purchasing broker to refund the amount paid to them. During November 2020 a court ruling has been issued in favor of the Group, where the seller of the land is obligate to pay an amount of SR 202 million. During the year ended 31-December 2021, the seller of the land has filed a petition to the Court and was accepted. Accordingly, the court decided to withdraw the previous ruling and dismiss the case due to lack of jurisdiction, and the group has objected on the court ruling. On 03 February 2022, the General Department for large cases of the General Court has issued a preliminary ruling in the favor of the Group to terminate the land sale contract and obligate the seller to repay an amount of SR 202 million in favor of the Group. On 24 April 2022, the Court of Appeal issued its ruling confirming the ruling issued by the General Department for large cases. Our conclusion is not modified in respect of this matter.

Conclusion

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

For Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
Registration No. 362



Riyadh on: 24 Muharram 1444 (H)
Corresponding to: 22 August 2022 (G)

**SINAD HOLDING COMPANY (FORMERLY ASEER FOR TRADING, TOURISM, INDUSTRY,
AGRICULTURE, REAL ESTATE AND CONTRACTING COMPANY)
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
(IN SAUDI RIYALS)**

		<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	Note	2022	2021	2022	2021
Net sales	4	420,752,227	403,398,914	893,729,800	829,603,417
Cost of sales		(310,425,982)	(288,927,642)	(649,961,980)	(589,525,500)
PROFIT FROM SALES		110,326,245	114,471,272	243,767,820	240,077,917
Investments					
Dividend's income		16,509,000	2,800,000	16,509,000	2,800,000
Losses of investment for trading at fair value though profit and loss	(10)	(4,228,387)	-	(383,432)	-
Gain from sale of investment property		-	-	5,836,764	-
Company's share from net (loss) / profit of an associate Company	7 (A)	(16,499,870)	1,950,090	(11,347,093)	4,801,468
(LOSS) / PROFIT FROM INVESTMENT		(4,219,257)	4,750,090	10,615,239	7,601,468
GROSS PROFIT		106,106,988	119,221,362	254,383,059	247,679,385
Selling and distribution expenses		(68,429,294)	(61,929,994)	(138,200,507)	(129,573,129)
General and administrative expenses		(44,250,986)	(40,109,828)	(92,705,420)	(83,157,497)
Other operating income		466,935	2,443,172	442,034	3,206,175
TOTAL EXPENSES		(112,213,345)	(99,596,650)	(230,463,893)	(209,524,451)
NET (LOSS) / INCOME FROM OPERATIONS		(6,106,357)	19,624,712	23,919,166	38,154,934
Foreign currency exchange gain		2,315,239	283,357	1,140,056	243,462
Finance charges		(8,309,728)	(4,726,216)	(12,633,812)	(9,263,927)
Other income		240,679	335,995	3,462,758	1,158,878
NET (LOSS) / INCOME BEFORE ZAKAT AND INCOME TAX		(11,860,167)	15,517,848	15,888,168	30,293,347
Zakat	5 (A)	(4,395,962)	(3,895,173)	(8,601,243)	(7,841,041)
Income tax	5 (B)	(5,070,222)	(7,428,206)	(11,819,062)	(14,226,660)
NET (LOSS) / INCOME FOR THE PERIOD		(21,326,351)	4,194,469	(4,532,137)	8,225,646
NET (LOSS) / INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Shareholders of the Parent Company		(20,270,494)	(784,905)	(10,035,162)	(2,173,559)
Non-controlling interests		(1,055,857)	4,979,374	5,503,025	10,399,205
		(21,326,351)	4,194,469	(4,532,137)	8,225,646
Basic and diluted loss per share attributable to the shareholders of the Parent Company					
Net loss for the period	6	(0.16)	(0.01)	(0.08)	(0.02)
Weighted average number of common shares at the end of the period		126,388,889	126,388,889	126,388,889	126,388,889


Managing Director and CEO


Chief Financial Officer

The accompanying notes from 1 to 15 form an integral part of these consolidated financial statements.

**SINAD HOLDING COMPANY (FORMERLY ASEER FOR TRADING, TOURISM, INDUSTRY,
AGRICULTURE, REAL ESTATE AND CONTRACTING COMPANY)
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(UNAUDITED)
(IN SAUDI RIYALS)**

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2022	2021	2022	2021
NET (LOSS) / INCOME FOR THE PERIOD		(21,326,351)	4,194,469	(4,532,137)	8,225,646
OTHER COMPREHENSIVE INCOME:					
<u>Items that may be reclassified subsequently to consolidated statement of income</u>					
Subsidiary's financial statements' translation differences		(4,899,294)	121,353	(32,618,280)	149,229
<u>Items that will not be reclassified to consolidated statement of income</u>					
Net unrealized (losses) / gains on revaluation of equity instruments at fair value through OCI	7 (B)	(75,180,000)	74,340,000	(83,450,000)	127,470,000
TOTAL OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		(80,079,294)	74,461,353	(116,068,280)	127,619,229
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		(101,405,645)	78,655,822	(120,600,417)	135,844,875
ATTRIBUTABLE TO:					
Shareholders of the Parent Company		(98,170,092)	73,622,458	(111,591,569)	125,379,278
Non-controlling interests		(3,235,553)	5,033,364	(9,008,848)	10,465,597
		(101,405,645)	78,655,822	(120,600,417)	135,844,875


Managing Director and CEO


Chief Financial Officer

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

**SINAD HOLDING COMPANY (FORMERLY ASEER FOR TRADING, TOURISM, INDUSTRY,
AGRICULTURE, REAL ESTATE AND CONTRACTING COMPANY)
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(IN SAUDI RIYALS)**

	Note	As of 30 June 2022 (Unaudited)	As of 31 December 2021 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		841,643,553	871,334,654
Right of use assets		49,248,915	51,013,624
Investment properties		5,000,000	7,163,236
Intangible assets		159,808,661	159,989,718
Investments and financial assets	7	812,114,165	906,911,258
Deferred tax assets		1,067,356	446,342
TOTAL NON-CURRENT ASSETS		1,868,882,650	1,996,858,832
CURRENT ASSETS			
Inventories, net		498,082,612	401,870,424
Trade receivables, net	8	273,181,277	231,853,653
Prepaid expenses and other assets	9	270,741,531	256,143,761
Assets available for sale		10,080,000	10,080,000
Investments for trading at fair value through profit or loss	10	29,616,568	-
Due from related parties		992,507	1,395,083
Cash and cash equivalent		191,184,602	149,233,146
TOTAL CURRENT ASSETS		1,273,879,097	1,050,576,067
TOTAL ASSETS		3,142,761,747	3,047,434,899
EQUITY AND LIABILITIES			
EQUITY			
Capital		1,263,888,890	1,263,888,890
Statutory reserve		219,249,829	219,249,829
Accumulated losses		(50,171,026)	(40,135,864)
Net (loss) / gains on re-valuation of equity instrument at fair value through other comprehensive income	7 (B)	(44,188,659)	39,261,341
Subsidiary's financial statements' translation differences	14	(98,542,231)	(80,435,824)
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		1,290,236,803	1,401,828,372
Non-controlling interests		366,715,940	419,996,176
TOTAL EQUITY		1,656,952,743	1,821,824,548
NON-CURRENT LIABILITIES			
Islamic Murabaha contracts and long-term loans	11	213,183,260	228,871,422
Lease liability		36,931,587	36,116,696
Employees' benefits liabilities		105,198,762	111,522,743
TOTAL NON-CURRENT LIABILITIES		355,313,609	376,510,861
CURRENT LIABILITIES			
Trade payables and other accruals		344,783,101	301,397,244
Islamic Murabaha financing and short-term loans	12	597,829,671	321,614,951
Islamic Murabaha contracts and long-term loans - Current portion	11	102,952,622	126,630,614
Lease liability – Current portion		16,030,440	17,849,831
Dividends payable		12,943,614	12,943,614
Due to related parties	13	6,963,442	967,652
Zakat and income tax	5	48,992,505	67,695,584
TOTAL CURRENT LIABILITIES		1,130,495,395	849,099,490
TOTAL LIABILITIES		1,485,809,004	1,225,610,351
TOTAL EQUITY AND LIABILITIES		3,142,761,747	3,047,434,899

Managing Director and CEO

Chief Financial Officer

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

Equity attributable to shareholders of the Parent Company

Managing Director and CEO

~~Chief Financial Officer~~

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

SINAD HOLDING COMPANY (FORMERLY ASEER FOR TRADING, TOURISM, INDUSTRY, AGRICULTURE, REAL ESTATE AND CONTRACTING COMPAN)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
(IN SAUDI RIYALS)

		For the six-month period ended 30 June	
		2022	2021
	Notes		
OPERATING ACTIVITIES			
Net profit before zakat and income tax		15,888,168	30,293,347
Adjustments for:			
Company's share from net loss / (profit) of an associate Company	7 (A)	11,347,093	(4,801,468)
Dividend from investment and financial assets		(16,509,000)	(2,800,000)
Losses from investments for trading at fair value through profit or loss	10	383,432	-
Gain from sale of investment property		(5,836,764)	-
Depreciation of property, plant and equipment and right of use assets		51,448,187	52,377,000
Amortization of intangible assets		203,618	118,884
Gains from sale of property, plant and equipment		(386,069)	(874,039)
Gain from financial instruments at fair value through profit and loss		(186,981)	(220,033)
Provision for expected credit loss		1,891,739	941,192
Provision for claims		1,316,407	2,290,152
Finance charges		12,633,812	9,248,459
		<u>72,193,642</u>	<u>86,573,494</u>
Changes in operating assets and liabilities:			
Trade receivables, prepaid expenses and other assets		(65,566,979)	(103,478,462)
Inventories		(120,046,697)	7,542,080
Trade payable and other accruals		56,240,651	(7,562,050)
Due to related parties		(6,934)	(384,351)
Employees' benefits liabilities		(5,622,156)	(11,570,879)
Cash from operations		<u>(62,808,473)</u>	<u>(28,880,168)</u>
Zakat and income tax paid		(36,693,806)	(39,452,119)
Finance charges paid		(10,285,664)	(8,973,716)
Net cash used in operating activities		<u>(109,787,943)</u>	<u>(77,306,003)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment and assets under constructions		(23,710,660)	(12,111,379)
Proceeds from sale of property, plant and equipment		376,105	905,311
Purchase of intangible assets		(31,542)	-
Payment for purchase of investments		(30,000,000)	(33,787,190)
Proceeds from investment income and financial assets		16,509,000	2,800,000
Proceeds from sale of investment properties		8,000,000	-
Net cash used in investing activities		<u>(28,857,097)</u>	<u>(42,193,258)</u>
FINANCING ACTIVITIES			
Net movement in Murabaha financing and short and long-term loans		242,592,019	146,557,648
Dividend income paid		-	(22,060)
Share of non-controlling interest of dividend in a subsidiaries Companies		(37,866,088)	(23,108,961)
Lease liabilities paid		(10,549,108)	(6,950,013)
Net cash generated from financing activities		<u>194,176,823</u>	<u>116,476,614</u>
NET CHANGE IN CASH AND CASH EQUIVALENT		<u>55,531,783</u>	<u>(3,022,647)</u>
Effect of exchange difference from translation of cash and cash equivalent		(13,580,327)	89,581
Cash and cash equivalent at the beginning of the period		149,233,146	177,571,679
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD		<u>191,184,602</u>	<u>174,638,613</u>

MAJOR NON-CASH TRANSACTIONS:

Effect of exchange in a subsidiary's financial statements' translation differences	(32,618,280)	149,229
Right of use assets and lease liability	675,057	578,729
Net unrealised (loss) / gains on re-valuation of equity instrument at fair value through OCI	(83,450,000)	127,470,000
Non-controlling interest accrued dividend	6,405,300	10,675,500

Managing Director and CEO

Chief Financial Officer

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**SINAD HOLDING COMPANY (FORMERLY ASEER FOR TRADING, TOURISM, INDUSTRY, AGRICULTURE, REAL ESTATE AND CONTRACTING COMPANY)
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022

(All amounts are presented in Saudi Riyals unless otherwise indicated)

1. COMPANY'S INFORMATION

Sinad Holding Company (Formerly Aseer for Trading, Tourism, Industry, Agriculture, Real estate and Contracting Company) ("the Company" or the "Parent Company") was incorporated as a Saudi Joint Stock Company, in accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, according to Royal Decree No. 78 dated 7 Dhul- Qadah 1395 H (corresponding to 11 November 1975). The Company operates under Commercial Registration No. 5850000276 issued in Abha on 15 Muharam 1397 H, (corresponding to 5 January 1977).

On 9th January 2022 (corresponding to 6 Jumada al-Tahni 1443), the shareholder's General Assembly approved to amend the Company's commercial name to be "Sinad Holding". During the period ended 30 June 2022, all legal procedures have been completed and the new amended commercial registration and article of association have been issued.

The Company is also listed in the Capital Market Authority in Kingdom of Saudi Arabia. The Parent Company is 53.18% owned by a major shareholder (Dallah Al Baraka Holding Company) and 46.82% by other shareholders.

The capital of the Parent Company consists of 126,388,889 shares as of 30 June 2022, the value of each of which is 10 Saudi riyals (31 December 2021: 126,388,889 shares).

The Company's activity is represented in the following:

- Managing its subsidiaries, or participating in managing other Companies in which it contributes and providing the necessary support to them.
- Investing in stocks and other securities.
- Owning real estate and movables necessary to carry out its activity.
- Providing loans, guarantees and financing to its subsidiaries.
- Owning industrial property rights such as patents, trademarks, industrial rights, franchises and other moral rights, and exploiting and leasing them to its subsidiaries or others.
- Any other activity consistent with the nature of the Company.

The registered office of the Company is CMC tower, Almalqa district, KING Fahad road, Riyadh, Kingdome of Saudi Arabia.

2. BASIS OF PREPARATION AND SUMMEERY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed consolidated financial statements do not include all the information and explanations required in the annual financial statements, and they must be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2021. Also, the results for the initial financial period ended on 30 June 2022 do not necessarily reflect the results that would be expected for the fiscal year ending on 31 December 2022.

2.2 BASIS OF MEASUREMENT

These interim condensed consolidated financial statements have been prepared on a historical cost convention, except for financial instruments that have been measured at fair value. For employees' defined benefit liabilities that is measured at the present value of future obligations using the Projected Unit Credit Method.

SINAD HOLDING COMPANY (FORMERLY ASEER FOR TRADING, TOURISM, INDUSTRY, AGRICULTURE, REAL ESTATE AND CONTRACTING COMPANY)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022

(All amounts are presented in Saudi Riyals unless otherwise indicated)

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Saudi Riyals, which is the functional currency of the Group, unless otherwise indicated.

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (together the “Group”) as at 30 June 2022.

Below are the details of subsidiaries:

Subsidiary	Country of incorporation	Ownership percentage	
		30 June 2022	31 December 2021
Aseer Al Arabiah for Industrial Investment Company Limited (Single owner Company) and subsidiaries (see notes A below)	Kingdom of Saudi Arabia	100%	100%
Al Khawatem for Trading and Contracting Company Limited (Single owner Company)	Kingdom of Saudi Arabia	100%	100%
Al-Mawajed International Real Estate Development & Development Co., Ltd. (Single owner Company)	Kingdom of Saudi Arabia	100%	100%

A- Aseer Al Arabiah for Industrial Investment Company Limited consolidated financial statements include the following subsidiaries (a subsidiary of the Parent Company):

Subsidiary	Operation	Country of incorporation	Ownership percentage	
			30 June 2022	31 December 2021
Halawani Brothers Company (a Saudi Joint Stock Company) (see note B below)	Manufacturing, packaging and trade of food products	Kingdom of Saudi Arabia	55.51%	55.51%
Al Rabie Saudi Foods Company Limited	Manufacture of dairy products, juices and beverages	Kingdom of Saudi Arabia	57.30%	57.30%
Textile & Readymade Garments Company Limited	Production of the Saudi dress and uniforms	Kingdom of Saudi Arabia	62.30%	62.30%

SINAD HOLDING COMPANY (FORMERLY ASEER FOR TRADING, TOURISM, INDUSTRY, AGRICULTURE, REAL ESTATE AND CONTRACTING COMPANY)
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022

(All amounts are presented in Saudi Riyals unless otherwise indicated)

B- The consolidated financial statements of Halawani Brothers (Saudi Joint Stock Company) include the following subsidiary:

Subsidiary	Country of incorporation	Ownership percentage	
		30 June 2022	31 December 2021
Halawani Brothers Company (a closed joint stock company)	Egypt	100%	100%

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, judgments and estimates applied in preparing the accompanying interim condensed consolidated financial statements are the same as those mentioned in the group's consolidated financial statements as of 31 December 2021.

2.6 SIGNIFICANT ACCOUNTING POLICIES

New standards, amendments to existing standards and interpretations

There are no new standards issued by the International Accounting Standards Board (IASB), however, a number of amendments to the standards are effective as of January 1, 2022, which were explained in the annual consolidated financial statements of the group as of December 31, 2021 and there is no material impact on the interim condensed consolidated financial statements of the group as of June 30, 2022.

3. SEGMENTAL INFORMATION

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), and its profits and losses are different from other segments.

The Group uses business segment and geographical segment. The Group performs its activities in Kingdom of Saudi Arabia, Egypt and other countries. The selected financial information for geographical and business segments as follows:

A) Business segments

The Group's business segments are represented in the investment and industrial segments. Following is selected information about each of those two segments:

	<i>Investment segment SR'000'</i>	<i>Industrial segment SR'000'</i>	<i>Total SR'000'</i>
30 June 2022			
Total assets	1,132,016	2,010,746	3,142,762
Total liabilities and non-controlling interests	391,055	1,461,470	1,852,525
Property, plant and equipment	3,907	837,737	841,644
Net sales and investment income	10,615	893,730	904,345
Gross profit	10,615	243,768	254,383
Depreciation and amortization of intangible assets	775	50,877	51,652
Capital expenditures	309	23,433	23,742

SINAD HOLDING COMPANY (FORMERLY ASEER FOR TRADING, TOURISM, INDUSTRY, AGRICULTURE, REAL ESTATE AND CONTRACTING COMPANY)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022

(All amounts are presented in Saudi Riyals unless otherwise indicated)

	<i>Investment segment SR'000'</i>	<i>Industrial segment SR'000'</i>	<i>Total SR'000'</i>
31 December 2021			
Total assets	1,185,447	1,861,988	3,047,435
Total liabilities and non-controlling interests	392,765	1,252,842	1,645,607
Property, plant and equipment	3,958	867,377	871,335
Capital expenditures	678	27,685	28,363
30 June 2021			
Net sales and investment income	7,601	829,603	837,204
Gross profit	7,601	240,078	247,679
Depreciation and amortization of intangible assets	775	51,721	52,496

B) Geographical segments

30 June 2022	<i>Kingdom of Saudi Arabia</i>	<i>Egypt</i>	<i>Other Arab and foreign countries</i>	<i>Reconciliations</i>	<i>Total</i>
	<i>SR '000'</i>	<i>SR '000'</i>	<i>SR '000'</i>	<i>SR '000'</i>	<i>SR '000'</i>
Total assets	2,976,915	300,347	-	(134,500)	3,142,762
Total liabilities	1,319,962	166,326	-	(479)	1,485,809
Net sales	513,157	291,806	88,941	(174)	893,730
31 December 2021					
	<i>SR '000'</i>	<i>SR '000'</i>	<i>SR '000'</i>	<i>SR '000'</i>	<i>SR '000'</i>
Total assets	2,941,366	292,964	-	(186,895)	3,047,435
Total liabilities	1,119,541	106,240	-	(171)	1,225,610
30 June 2021					
Net sales	470,496	313,318	45,887	(98)	829,603

4. NET SALES

Below is the classification of the Group's revenue from contracts with customers as per the various classifications affected by the nature of economic factors, amount and the timing of sales:

	For the period ended 30 June 2022	30 June 2021
Food products	540,034,599	555,195,912
Drinks and beverages	352,892,948	273,565,573
Other	802,253	841,932
	893,729,800	829,603,417

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5. ZAKAT AND INCOME TAX PAYABLE

Provision for zakat and income tax payable consists of the following:

	As at	
	30 June 2022	31 December 2021
Zakat payable	39,511,549	41,875,530
Income tax payable	9,480,956	25,820,054
	48,992,505	67,695,584

A) Zakat

Movement in zakat on the Group was as follows:

	For the period / year ended	
	30 June 2022	31 December 2021
Balance at the beginning of the period / year	41,875,530	39,491,244
Provided during the period / year	8,601,243	16,323,856
Paid during the period / year	(10,965,224)	(13,695,859)
Adjustments	-	(243,711)
Balance at the end of the period / year	39,511,549	41,875,530

Zakat charged to the interim condensed consolidated statement of income:

	For the period ended	
	30 June 2022	30 June 2021
Provided during the period	8,601,243	7,841,041

B) Income tax

Movement in income tax was as follows:

	For the period / year ended	
	30 June 2022	31 December 2021
At the beginning of the period / year	25,820,054	25,029,998
Income tax during the period / year	12,573,871	29,949,306
Paid during the period / year	(25,728,582)	(29,160,095)
Translation differences	(3,184,387)	845
Balance at the end of the period / year	9,480,956	25,820,054

Income tax charged to interim condensed consolidated statement of income as follows:

	For the period ended	
	30 June 2022	30 June 2021
Current income tax	12,573,871	15,324,633
Deferred income tax	(754,809)	(1,097,973)
	11,819,062	14,226,660

C) Zakat and tax status

There has been no material change in the group's zakat or tax status compared to the zakat and tax status for the year ended 31 December 2021.

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6. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net loss for the period attributable to the shareholders of the Parent Company by the number of outstanding ordinary shares as follows:

	For the period ended	
	30 June 2022	30 June 2021
Loss for the period attributable to the shareholders of the Parent Company	(10,035,162)	(2,173,559)
Weighted average number of outstanding ordinary shares	126,388,889	126,388,889
Basic and diluted loss per share attributable to the shareholders of Parent Company	(0.08)	(0.02)

7. INVESTMENTS AND FINANCIAL ASSETS

	30 June 2022	31 December 2021
Investments in associate (see note "a" below)	-	11,347,093
Equity instruments at fair value through OCI (see note "b" below)	699,679,165	783,129,165
Debt instruments at fair value through profit or loss (see note "c" below)	112,435,000	112,435,000
	812,114,165	906,911,258

a) Investments in an associate

Company's name	Country of incorporation	Main activity	Shareholding percentage		30 June 2022	31 December 2021
			2022	2021		
Alessa Industries Company (see note below)	Kingdom of Saudi Arabia	Wholesale and retail	38%	38%	-	11,347,093

During the period ended 30 June 2022, the associate Company reduced its capital to absorb the accumulated losses by cancelling 25 million shares. The number of shares owned by the Company is 19 million shares of the total capital of Alessa Industries Company amounted to 50 million shares with 38% ownership of its equity (31 December 2021: 28.5 million shares of the total capital in Alessa Industries Company amounted to 75 million shares with 38% ownership of its equity).

Movement in investment for the period ended 30 June is as follows:

	30 June 2022	31 December 2021
Investment balance at the beginning of the period / year	11,347,093	72,612,289
Group's share from net loss of an associate	(11,347,093)	(60,380,298)
Group's share of other comprehensive income	-	(884,898)
	-	11,347,093

During the period ended 30 June 2022, the investment balance in the associate Company was fully reduced, accordingly the Company discontinued to recognize additional losses that are recorded in the books of the associate Company.

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b) Equity instruments at fair value through OCI

	Quoted	Un-quoted	Total 30 June 2022	Total 31 December 2021
Cost:				
At the beginning of the period / year	390,600,000	353,267,824	743,867,824	710,080,634
Additions	-	-	-	33,787,190
At the end of the period / year	390,600,000	353,267,824	743,867,824	743,867,824
Net unrealized (loss) / gain from revaluation of investments and financial assets:				
At the beginning of the period / year	101,370,000	(62,108,659)	39,261,341	(51,177,261)
Revaluation	(83,450,000)	-	(83,450,000)	90,438,602
At the end of the period / year	17,920,000	(62,108,659)	(44,188,659)	39,261,341
Net book value	408,520,000	291,159,165	699,679,165	783,129,165

During the year ended 31 December 2021, one of the investee Company increased its capital. Accordingly, the Group maintained its percentage of investment in this Company, and the investment value was increased by 33.7 million Saudi Riyals.

The Group owns 35 million shares as of 30 June 2022 (31 December 2021: 35 million shares) in Emaar the Economic City, with a value of 345 million Saudi Riyals, as of 30 June 2022 (31 December 2021: 418 million Saudi Riyals). The group is required to obtain the approval of the Economic Cities Authority before disposing of the shares it owns.

c) Debt instruments at fair value through profit or loss

	30 June 2022	31 December 2021
Balance as at the beginning of the period / year	112,435,000	109,855,000
Revaluation of debt instruments at fair value through statement of income	-	2,580,000
Balance as at the end of the period / year	112,435,000	112,435,000

8. TRADE RECEIVABLES, NET

	30 June 2022	31 December 2021
Trade receivables	297,870,741	255,075,256
Provision of expected credit losses	(24,689,464)	(23,221,603)
	273,181,277	231,853,653

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9. PREPAID EXPENSES AND OTHER ASSETS

On 28 April 2019, the Company received a letter from the seller stating that the title deed of the purchased land in 2009 amounting to SR 219,739,441 was revoked by an order issued from the Public Court in Riyadh for a reason outside the control of the seller and Company's will. The Company paid SR 207,239,441 and the remaining amount of SR 12,500,000 was unpaid. The decision has become final and must be adhered to and implemented. The seller presented some solutions and suggestions to the Company in a way that preserves all its rights. After receiving the above-mentioned letter, the Company confirmed its validity through the concerned parties and is assured that the revocation is correct for reasons pertaining the seller as the revocation is attributive to the main title deed of the land and its scope. The Company has no relation or involvement in this matter and was not informed or involved in this matter, court hearings, sessions, discussions, or investigations. The Company inquired before purchasing the land, confirmed the validity of the title deed through a committee of attorney public composed of three members as per statement of permission issued on 28 Rajab 1430H.

On 18 Rabi II 1441H (corresponding to: 15 December 2019), the Company filed two lawsuits at the Public Court in Riyadh against the seller of the land located north of Riyadh, Al Khair District, and against the broker of the purchase deal requesting to compel both the land seller and purchase broker (claimers) to return the amount paid to them amounted to SR 207,239 million of the land value to the Company with retaining its right to claim any compensation for any losses or financial claims that have arisen or that may be caused due to revocation of the said land deed. Based on the opinion of the legal consultant of the Company and inquiries made with him, the documents and papers presented in both lawsuits are strong and explicit and form legal evidence of contractual relationship and prove the right of the Company to collect and recover the purchase amount paid due to revocation of the title deed and its right as well as to collect and recover the brokerage fees paid to the sale broker.

During the year ended 31 December 2019, the Company de-recognized the total land amount from the books amounted to SR 181,500,000 and recognized as trade receivable on the seller and broker with total amount of SR 207,239,441 after deducting the remaining amount due to the seller of the land value of SR 12,500,000. The book value of the land amounts to SR 181,500,000 representing purchase price of SR 219,739,441 less impairment previously recognized amounting to SR 38,239,441.

During November 2020, a final ruling was issued in favor of the Company to revoke the sale contract between the Company and the seller of the land and bind the seller of the land to pay an amount of SR 202 million to the Company.

On 19 Shaaban 1442 H corresponding to 01 April 2021, the Company received a letter from its legal counsel stating the following:

That the defendant (land's seller) filed a petition to the court on 05 Shaaban 1442H, corresponding to 18 March 2021, to overturn the verdict and dismiss the case after the expiry of the formal objection period and petition was accepted, and according to that:

The Court dismissed the previous ruling and dismiss the case for lack of jurisdiction because the case is one of the big cases with amounts of more than 100 million Saudi Riyals.

The Company has objected the ruling as it was not valid, as the Company's legal advisor considers that the ruling violates the law and the rules of procedures in the courts. The Company's legal advisor believes that the court's rejection of the lawsuit will not have an impact on the Company's position, as it is a formal procedure, not subjective.

On 03 February 2022, the General Department for large cases of the General Court has issued a preliminary ruling in the favor of the Group as follow:

First: To terminate the sale's contract pertaining to north Riyadh land between the Company and the seller and what's entitled to it.

Second: Obligate the land seller to repay an amount of SR 202 million in favor of the Company.

On 24 April 2022, the Court of Appeal issued its ruling confirming the ruling issued by the General Department for large cases.

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10. INVESTMENTS FOR TRADING AT FAIR VALUE THROUGH PROFIT OR LOSS

During the period ended on 30 June 2022, the Company invested in one of the investment portfolios which managed by one of the licensed parties for an amount of SR 30 million, and the investment resulted in losses by SR 383 thousand. The investment balance as of 30 June 2022 is SR 29.6 million.

11. ISLAMIC MURABAHA CONTRACTS AND LONG-TERM LOANS

	30 June 2022	31 December 2021
Facilities and long-term loans	316,135,882	355,502,036
Amounts due within a year	(102,952,622)	(126,630,614)
Non-current portion	213,183,260	228,871,422

The group has a number of Islamic Murabaha contracts agreements and long-term loans that were disclosed in the group's financial statements as of 31 December 2021, in addition to the following contracts that the group cancelled during the period ended 30 June 2022, which are as follows:

During the year 2019, one of the subsidiaries signed a financing agreement (Tawarruq) with Banque Saudi Fransi in the amount of SR 150 million. The entire financing balance has been withdrawn by the Company. According to the terms of the agreement, the repayment of the financing is due in instalments ending on 30 September 2023. However, the subsidiary, during the period ended 30 June 2022, paid the total instalments due on the loan.

12. ISLAMIC MURABHA FINANCING AND SHORT-TERM LOANS

	30 June 2022	31 December 2021
Balance at the beginning of the period / year	321,614,951	185,827,234
Net movement during the period / year	276,214,720	135,787,717
Balance at the beginning of the period / year	597,829,671	321,614,951

The group has a number of short-term Islamic Murabaha financing agreements that were disclosed in the group's financial statements as at 31 December 2021, in addition to the following agreement entered into by the group during the period ended on 30 June 2022, which is as follows:

During the period ended 30 June 2022, the Parent Company entered into an Islamic financing agreement with Al Rajhi Bank, the total value of the financing facilities amounting to SR 200 million. And the loan balance as of 30 June 2022 is amounted to SR 100 million.

One of the subsidiaries Company has entered into a Sharia-compliant financing facility contract to issue partnership letters of credit for the purpose of financing working capital with one of the banks in the Kingdom of Saudi Arabia secured by promissory notes. The balance of the letters of credit liabilities as of 30 June 2022 amounted to SAR 65.14 million (31 December 2021: Nil).

13. DUE TO RELATED PARTY

The balance of the due to related parties as of 30 June 2022, includes an amount of SAR 6,405,300, which is represented in dividends due to non-controlling interests that were approved by the Al Rabie Saudi Foods Company Limited (one of the subsidiaries) and in accordance with the Partner's resolution on 04 April 2022.

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14. SIGNIFICANT EVENTS

During the period ended 30 June 2022, the Egyptian Pound recorded a decrease in the exchange rate against the Saudi Riyal. As a result, translation differences were recorded in a subsidiary Company in the Arab Republic of Egypt by SR 32.6 million in the interim condensed consolidated statement of other comprehensive income.

During the current period; there has been a significant decrease in the number of registered cases. As a result, some restrictions related to COVID-19, such as social distancing and travel bans have been lifted. Based on these factors, management believes that the COVID-19 pandemic did not have a material impact on the Group's reported financial results for the period ended June 30, 2022, including significant accounting judgments and estimates. The Group continues to monitor the situation of (Covid-19) closely, although management at this time is not aware of any expected factors that may change the impact of the pandemic on the Group's operations during 2022 or beyond.

15. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by Board of Directors on 24 Muharram 1444 (H) (Corresponding to 22 August 2022 (G)).
