

**AL OMRAN INDUSTRIAL TRADING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021**

AL OMRAN INDUSTRIAL TRADING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTH-PERIOD ENDED JUNE 30, 2021

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Report on the Review of the Condensed consolidated interim Financial Statements

To the Shareholders of AL OMRAN INDUSTRIAL TRADING COMPANY
(A Saudi Joint Stock Company)

Introduction:

We have reviewed the condensed consolidated interim financial statements of AL OMRAN INDUSTRIAL TRADING COMPANY ("the Company") and its subsidiaries ("the Group"), which comprise the condensed consolidated interim statement of financial position as at June 30, 2021, and the condensed consolidated interim statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial statements, including a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and presentation for these condensed consolidated interim 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 condensed consolidated interim financial statements based on our review.

Scope of review:

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards in 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Other matter:

The Company's consolidated financial statements for the year ended December 31, 2020 were reviewed by another auditor, who expressed an unmodified opinion on those financial statements on April 6, 2021.

The Company's condensed consolidated interim financial statements for the three-month and six-month periods ended June 30, 2020 were examined by another auditor, who expressed an unmodified conclusion on those condensed consolidated interim financial statements on August 23, 2020.

For Al-Kharashi Co.


Sulieman A. Al-Kharashi
License No. (91)

Riyadh:
Muharram 04, 1443H
August 12, 2021G



AL OMRAN INDUSTRIAL TRADING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021
(All amounts are in Saudi Riyals unless otherwise noted)

	Note	JUNE 30, 2021 (unaudited)	December 31, 2020 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	38,754,043	39,657,980
Right to use assets		1,849,124	2,081,524
Total non-current assets		40,603,167	41,739,504
Current assets			
Inventory	6	102,890,008	92,263,509
Trade receivables, net	7	44,331,871	30,067,719
Prepayments and other debit balances		11,356,467	14,736,252
Cash and cash equivalents		3,510,909	8,924,584
Total current assets		162,089,255	145,992,064
TOTAL ASSETS		202,692,422	187,731,568
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	60,000,000	60,000,000
Statutory reserve		9,921,843	9,921,843
Other reserves		695,834	695,834
Reserve for remeasurement of employee benefits		(37,348)	(37,348)
Retained earnings		43,702,042	36,448,426
Equity attributable to the company's shareholders		114,282,371	107,028,755
Non-controlling interest		(475,605)	(408,880)
Total Equity		113,806,766	106,619,875
Liabilities			
Non-current liabilities			
Loans	9	-	1,101,084
Lease liabilities		1,706,607	1,814,827
Employees' benefit obligations		6,189,157	5,900,174
Total non-current liabilities		7,895,764	8,816,085
CURRENT LIABILITIES:			
Loans	9	62,899,064	47,976,807
Lease liabilities		365,722	490,002
Trade payables		4,789,498	10,722,234
Accrued expenses and other credit balances		8,237,595	7,789,428
Due to a related party	10	429,447	452,249
Provision for expected claims	11-1	1,200,000	1,000,000
Provision for Zakat	11-2	3,068,566	3,864,888
Total current liabilities		80,989,892	72,295,608
TOTAL LIABILITIES		88,885,656	81,111,693
Total Equity and Liabilities		202,692,422	187,731,568

Saber Mohamed Hegazy
Chief Financial Officer

Abdul Rahman Muhammad bin Imran
Chief Executive Officer

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AL OMRAN INDUSTRIAL TRADING COMPANY

SAUDI JOINT STOCK COMPANY

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTH AND SIX MONTH-PERIOD ENDED JUNE 30, 2021

(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE NOTED)

	For the THREE-months period ending June 30,		For the Six-months period ending June 30,	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	43,196,944	61,720,719	81,849,566	93,300,741
Cost of revenues	(33,427,131)	(52,371,215)	(63,082,726)	(79,619,452)
Gross profit	9,769,813	9,349,504	18,766,840	13,681,289
Selling and Marketing expenses	(3,101,077)	(3,797,994)	(6,939,697)	(6,498,203)
General and administrative expenses	(1,412,012)	(1,373,377)	(2,606,134)	(2,553,862)
Operating profit	5,256,724	4,178,133	9,221,009	4,629,224
Financing costs	(397,603)	(662,852)	(946,729)	(825,192)
Provision for expected claims	-	(1,150,000)	(200,000)	(1,150,000)
Other income	-	4,000	27,305	4,000
Net profit before zakat	4,859,121	2,369,281	8,101,585	2,658,032
Zakat	(480,041)	(725,071)	(914,694)	(1,000,071)
net profit after zakat	4,379,080	1,644,210	7,186,891	1,657,961
Profit for the period attributable to				
Shareholders of the company	4,414,679	1,629,341	7,253,616	1,666,660
Non-controlling Interest	(35,599)	14,869	(66,725)	(8,699)
	4,379,080	1,644,210	7,186,891	1,657,961
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	4,379,080	1,644,210	7,186,891	1,657,961
Total Comprehensive income for the period attributable to:				
Shareholders of the company	4,414,679	1,629,341	7,253,616	1,666,660
Non-controlling interest	(35,599)	14,869	(66,725)	(8,699)
	4,379,080	1,644,210	7,186,891	1,657,961
Basic and diluted earnings per share				
Earnings per share from net profit the period attributable to shareholders of the company	<u>0.73</u>	<u>0.27</u>	<u>1.20</u>	<u>0.27</u>

Saber Mohamed Hegazy
Chief Financial Officer

Abdul Rahman Muhammad bin Imran
Chief Executive Officer

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AL OMRAN INDUSTRIAL TRADING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE NOTED)

	Share capital	Statutory reserve	Other reserves	Reserve for remeasurement of employees benefits	Retained earnings	Equity attributable to the company's shareholders	Non-controlling interest	Total
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020								
Balance at January 1, 2020 (audited)	60,000,000	9,841,112	695,834	1,110,913	35,721,847	107,369,706	(202,747)	107,166,959
Profit for the period	-	-	-	-	1,666,660	1,666,660	(8,699)	1,657,961
Balance at JUNE 30, 2020 (unaudited)	60,000,000	9,841,112	695,834	1,110,913	37,388,507	109,036,366	(211,446)	108,824,920
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021								
Balance at January 1, 2021 (audited)	60,000,000	9,921,843	695,834	(37,348)	36,448,426	107,028,755	(408,880)	106,619,875
Profit for the period	-	-	-	-	7,253,616	7,253,616	(66,725)	7,186,891
Balance at JUNE 30, 2021 (unaudited)	60,000,000	9,921,843	695,834	(37,348)	43,702,042	114,282,371	(475,605)	113,806,766

Saber Mohamed Hegazy
Chief Financial Officer

Abdul Rahman Muhammad bin Imran
Chief Executive Officer

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AL OMRAN INDUSTRIAL TRADING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE NOTED)

	Note	For the SIX-month period ended JUNE 30,	
		2021 (unaudited)	2020 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before zakat		8,101,585	2,658,032
to reconcile the net profit for the period Adjustments generated from/(used in) before zakat to the net cash flow operating activities			
Depreciation of property, plant and equipment		1,489,162	1,542,628
capital gains		-	(4,000)
Provision for employee benefit obligations		396,556	502,437
Depreciation of the right to use leased assets		232,400	352,866
Provision for expected claims	11_1	200,000	1,150,000
financing costs		946,729	825,192
		<u>11,366,432</u>	<u>7,027,155</u>
Changes in items of working capital stock			
Inventory		(10,626,499)	20,916,566
Trade receivables		(14,264,152)	(19,420,063)
Prepayments and other debit balances		3,379,785	(7,973,306)
Due from related parties		-	(314,088)
checks		-	18,589,302
Trade payables		(5,932,736)	2,447,665
Accrued expenses and other credit balances		448,167	1,916,175
Due to related parties		(22,802)	63,651
Cash (used in) / generated from operating activities		<u>(15,651,805)</u>	<u>23,253,057</u>
Paid employee benefits obligations		(107,573)	(376,603)
zakat paid	11_2	(1,711,016)	(1,665,680)
Net cash flow (used in) / output from operating activities		<u>(17,470,394)</u>	<u>21,210,774</u>
cash flow from investing activities			
Payments for the purchase of property, plant and equipment	5	(585,225)	(86,932)
Proceeds from the sale of property, plant and equipment		-	4,000
cash flows from financing activities		<u>(585,225)</u>	<u>(82,932)</u>
cash flows from financing activities			
Settlements of loans		(22,053,474)	-
Proceeds of loans		35,874,647	-
Lease obligations		22,500	(252,777)
Exclusion of lease obligations		(255,000)	-
Finance costs paid		(946,729)	(773,896)
cash flows (used in)/output from financing activities		<u>12,641,944</u>	<u>(1,026,673)</u>
Net change in cash and cash equivalents		(5,413,675)	20,101,169
Cash and cash equivalents at beginning of period		8,924,584	1,616,852
Cash and cash equivalents at end of period		<u>3,510,909</u>	<u>21,718,021</u>

Saber Mohamed Hegazy
Chief Financial Officer

Abdul Rahman Muhammad bin Imran
Chief Executive Officer

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

AL OMRAN INDUSTRIAL TRADING COMPANY**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

1. The organizational situation and the nature of the activity:

Al-Omran Company for Industry and Trade (the "Company") is a Saudi joint stock company that operates under Commercial Registration No. 1010187735 issued in the city of Riyadh on 18 Rabi' al-Akhir 1424H corresponding to June 18, 2003G.

As indicated in Note No. (2), the consolidated financial statements include the financial statements of the company and its subsidiary - Al-Omran Plastic Industries Company, collectively referred to as the "Group".

The issued and authorized capital of the group is 60 million Saudi riyals divided into 6 million shares, the value of each share is 10 Saudi riyals.

- The Group operates through the following branches, whose assets, liabilities and results of operations have been included in the attached consolidated financial statements:

Branch Name	CR NO.	CR Date (Hijri)	CR Date (Gregorian)	City
Comfort Air Conditioning Factory	1010154984	27 Rabi' al-Akhir 1420H	August 9, 1999G	Riyadh
Al-Omran Factory for Metal Kitchens	1010440482	Muharram 19 1437H	November 1, 2015G	Riyadh
Al Reef Zawia Factory for Display Refrigerators and Refrigerators	1010179603	Jumada Al-Akher 1423H	August 12, 2002G	Riyadh

- The company is engaged in the production of household and electronic appliances, the metal, plastic, paper and cardboard industries, and their complementary and complementary works under the industrial license No. (1677 / S) issued on 12 Jumada al- Akhirah 1428H (corresponding to: June 27, 2007G), import, export, wholesale and retail trade in household and electronic appliances and plastic products, paper and cardboard, spare parts, purchase of land to construct buildings on it and invest it for the benefit of the company, and management and operation of real estate for the company.
- The activity of the Al Raha Air Conditioners Factory - Al-Omran Company for Industry and Trade branch is engaged in the manufacture of air conditioners (units or central) Freon, and the manufacture of desert air conditioners of various sizes under the industrial license renewed by Resolution No. 411102101929 dated 26 Jumada Al-Awwal 1441H corresponding to January 21, 2020G.
- Al-Omran Factory for Metal Kitchens - a branch of Al-Omran Industry and Trade Company - is engaged in the production of metal industries under the industrial license renewed by Resolution No. 1001008484 dated Safar 29, 1441H corresponding to October 28, 2019G.
- The activity of Al-Reef Zawia Factory for Display Refrigerators and Refrigerators - a branch of Al-Omran Company for Industry and Trade - is engaged in other industries of freezing and refrigeration equipment and its accessories for commercial purposes. It includes refrigerators, display and freezers, water and liquid coolers in the facilities.
- The main activity of Al-Omran Plastic Industries Company is the production of desert air conditioners, plastic air conditioner spare parts, spoons, chocolates, plastic knives, fittings, profile water standards, display shelves, joints for display coolers, joints and bases for display shelves, plastic chair, plastic containers, and profiles for industrial and plastic refrigerator doors under the industrial license renewed by the decision No. 1001008937 dated Safar 29 1441H corresponding to October 28, 2019G.

Impact of covid-19

- In reference to the events related to the spread of the Covid-19 virus and the consequent impact on business sectors at the global level, the group has taken many measures and measures necessary to protect the group and its employees and continue working to improve the group's performance.
- Despite these challenges that the group faced, like other companies, the group's operations are still not significantly affected; This is because the group implements policies to confront the crisis well and takes advantage of the initiatives and incentives provided by the government. The group will present any material changes in the future if they occur, knowing that the group believes that there are no factors that warrant disclosure with regard to the impact of the group's operations.

AL OMRAN INDUSTRIAL TRADING COMPANY**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

2. Group Structure

- The interim condensed consolidated financial statements as on June 30, 2021G include the financial statements of the company, its subsidiaries and the following subsidiary company (together referred to as the "Group"):

Company name	CR NO.	Country of incorporation	Ownership percentage	
			June 30, 2021G	December 31, 2020G
Al-Omran Plastic Industries Company	1010432884	Saudi	%70	%70

- Al-Omran Plastic Industries Company is a limited liability company that operates under Commercial Registration No. 1010432884 issued in the city of Riyadh on Rajab 2, 1436H corresponding to April 21, 2015G.
- The main activity of Al-Omran Plastic Industries Company is the production of desert air conditioner faces, plastic air conditioner spare parts, spoons, chocolates, plastic knives, fittings, profile water standards, display shelves, joints for display coolers, joints and bases for display shelves, plastic chair, plastic containers, and industrial and plastic refrigerator door profiles under the renewed industrial license by Resolution No. 1001008937 dated Safar 29 1441H corresponding to October 28, 2019G.

3. BASIS OF PREPARATION AND MEASUREMENT:**3.1 BASIS OF CONSOLIDATION**

Subsidiaries are entities controlled by the group, and control exists when the group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, consideration is given to potential voting rights that are currently exercisable. Subsidiaries are consolidated from the date of acquisition (the date on which the company obtains control) and the consolidation is continued until the date that control ceases.

All balances and transactions within the Group, transactions, expenses, profits and losses resulting from transactions within the Group and included in the assets are completely excluded. Likewise, any unrealized gains or losses resulting from intra-Group transactions are eliminated upon consolidation.

3.2 Statement of compliance

The company's condensed consolidated interim financial statements have been prepared for the six-month period ending June 30, 2021 in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in Kingdom of Saudi Arabia (KSA) and Standards and other publications approved by the Saudi Organization for Auditors and Accountants.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at 31 December 2020. In addition, the results of the operations of the initial periods are not necessarily indicative of the results of the operations of the full year.

3.3 Functional and presentation currency

The condensed consolidated interim financial statements have been prepared in Saudi Riyals, which is the functional and presentation currency for the Group.

AL OMRAN INDUSTRIAL TRADING COMPANY

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

3. BASIS OF PREPARATION AND MEASSUREMENT (CONTINUED):

3.4 Use of estimates and assumptions

The preparation of Company's condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, actual results may differ from these estimates.

In particular, information about significant matters relating to the estimation of uncertainty in the application of accounting policies that have the most significant effect on the amounts recognized in the financial statements is summarized as follows:

Management periodically re-estimates the useful lives of tangible assets based on the general condition of these assets and management's expectations for their useful lives in the future.

Management takes the provision for trade receivables based on its estimates of the recoverability of those receivables in accordance with International Financial Reporting Standards.

Management estimates the recoverable amount of financial assets to determine whether there is any impairment in their value.

The estimates and assumptions applied are reviewed continually and changes in accounting estimates are recognized in the period in which the estimates are changed and in future years affected by that change.

4. Summary of significant accounting policies:

The accounting policies used in preparing the interim condensed consolidated financial statements are consistent with the policies used in preparing the annual financial statements of the Group for the year ended December 31, 2020G, the Group has not applied any of the new and revised International Financial Reporting Standards issued and not yet effective.

AL OMRAN INDUSTRIAL TRADING COMPANY

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

5. PROPERTY, PLANT, AND EQUIPMENT:

	<u>Lands</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Cars</u>	<u>Furniture and fixtures</u>	<u>Monitoring systems</u>	<u>Total</u>
Book value:							
Balance at January 1, 2021 (audited)	20,408,620	14,122,338	36,014,896	7,397,455	3,293,856	21,730	81,258,895
Additions during the period	-	-	529,630	-	55,595	-	585,225
Balance at JUNE 30, 2021 (unaudited)	<u>20,408,620</u>	<u>14,122,338</u>	<u>36,544,526</u>	<u>7,397,455</u>	<u>3,349,451</u>	<u>21,730</u>	<u>81,844,120</u>
Accumulated depreciation							
Balance at January 1, 2021 (audited)	-	9,386,715	22,269,995	7,266,256	2,662,318	15,631	41,600,915
Charged during the period	-	260,980	1,044,214	70,519	112,965	484	1,489,162
Balance at JUNE 30, 2021 (unaudited)	<u>-</u>	<u>9,647,695</u>	<u>23,314,209</u>	<u>7,336,775</u>	<u>2,775,283</u>	<u>16,115</u>	<u>43,090,077</u>
Net Book Value							
Balance at JUNE 30, 2021 (unaudited)	<u>20,408,620</u>	<u>4,474,643</u>	<u>13,230,317</u>	<u>60,680</u>	<u>574,168</u>	<u>5,615</u>	<u>38,754,043</u>
Balance at December 31, 2020 (audited)	<u>20,408,620</u>	<u>4,735,623</u>	<u>13,744,901</u>	<u>131,199</u>	<u>631,538</u>	<u>6,099</u>	<u>39,657,980</u>

In 2016, a plot of land located in Al-Kharj Road neighborhood in Riyadh, which amounted to 20,408,620 Saudi riyals as on June 30, 2021 G (2020: 20,408,62 Saudi riyals), was mortgaged against an Islamic financing agreement signed with Riyad Bank. (Note 9).

AL OMRAN INDUSTRIAL TRADING COMPANY**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

6. INVENTORY:

	JUNE 30, 2021	December 31, 2020
	<i>(Unaudited)</i>	<i>(Audited)</i>
finished goods	54,547,277	54,214,705
spare parts	35,250,006	24,597,818
Raw materials	11,074,764	10,719,569
production in progress	3,706,795	4,420,251
Total	104,578,842	93,952,343
Deducted from it:		
Provision for impairment of inventory	(1,688,834)	(1,688,834)
	102,890,008	92,263,509

The movement in the provision for impairment in inventory value is as follows:

	JUNE 30, 2021	December 31, 2020
	<i>(Unaudited)</i>	<i>(Audited)</i>
Balance at the beginning of the year	1,688,834	-
Charged during the year	-	1,688,834
Balance at the end of the year	1,688,834	1,688,834

7. Trade receivables, net :

	JUNE 30, 2021	December 31, 2020
	<i>(Unaudited)</i>	<i>(Audited)</i>
Trade receivables	53,431,244	39,215,200
Less: provision for expected credit losses	(9,099,373)	(9,147,481)
	44,331,871	30,067,719

The movement in the allowance for expected credit losses is as follows:

	JUNE 30, 2021	December 31, 2020
	<i>(Unaudited)</i>	<i>(Audited)</i>
Balance at the beginning of the year	9,147,481	4,812,072
Charged during the year	(48,108)	4,335,409
Balance at the end of the year	(9,099,373)	9,147,481

8. Capital

As on June 30, 2021, the company's subscribed and paid-in capital amounted to 60,000,000 Saudi riyals (December 31, 2020 G: 60,000,000 Saudi riyals), divided into 6,000,000 shares of equal value, the value of each share being 10 Saudi riyals, all of which are ordinary shares. Shareholders have subscribed to all the company's shares.

9. Loans

This item represents the value of the user from the bank facilities to import goods under documentary credits issued by local banks, these loans are often of a revolving nature and loan fees are determined based on market prices, these loans are guaranteed in favor of the banks through the land owned by the company under the instrument No. For an order amounting to 39 million Saudi riyals (note 5).

AL OMRAN INDUSTRIAL TRADING COMPANY**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

10. Transactions and balances with related parties:

Parties are considered as related parties if one party has the ability to control the other or exercise significant influence over the other party in making financial and operating decisions. Related parties consist of shareholders, directors, committees and businesses in which the shareholders and directors, individually or collectively, have significant influence. The Group's transactions with related parties are conducted on an arm's length basis in the ordinary course of business and are approved by the management.

10-1 Due to a related party

Entity name	JUNE 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Abaad Real Estate Investment Company	429,447	452,249
	429,447	452,249

10-2 The most significant transactions that took place with the related party during the period are as follows:

	Nature of relationship	The nature of the transactions	JUNE 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Abaad Real Estate Investment Company	Associate Company	Paying expenses on behalf of the Company	528,040	597,904

10-3 Benefits, Remunerations and Compensations of Board Members and Senior Executives:

	For the period ending June 30, 2021		For the period ending June 30, 2020	
Committee members' fees	36,500	8,000	27,000	6,000
salaries and wages	-	513,360	-	513,360
allowances	-	168,748	-	163,716
End of service	-	42,780	-	42,780
	36,500	732,888	27,000	725,856

11- Zakat provision**11-1 Zakat situation**

The Group submitted its zakat returns to the General Authority of Zakat and Tax ("the Authority") until the year ending on December 31, 2020 G and has obtained a certificate from the General Authority for Zakat and Tax valid until 18 Ramadan 1442 H corresponding to April 30, 2021 G, for the zakat returns submitted for the year ending on December 31 2019 G. On July 20, 2020, an initial zakat assessment was made on Al-Omran Company for Industry and Trade "the parent company" by the General Authority for Zakat and Income for the years from 2014 G to 2018 G in the amount of 2.75 million Saudi riyals. On September 20, 2020, the group submitted an objection to the General Authority Zakat and income and is still under examination and study by the Authority. The balance of the provision formed to meet the expected claims for the zakat assessment amounted to 1,200,000 Saudi riyals as of June 30, 2021 (December 31, 2020: SR 1,000,000).

AL OMRAN INDUSTRIAL TRADING COMPANY**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021

(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

11.2 Movement of Zakat Provision

	JUNE 30, 2021 <i>(Unaudited)</i>	December 31, 2020 <i>(Audited)</i>
Balance at the beginning of the period/year		
Component during the period/year	3,864,888	3,825,773
Paid during the period/year	914,694	1,704,795
Balance at the end of the period/year	(1,711,016)	(1,665,680)
Balance at the beginning of the period/year	3,068,566	3,864,888

12-Contingent Liabilities

Contingent liabilities are documentary credits issued by commercial banks for the purpose of the group and are as follows:

	JUNE 30, 2021 <i>(Unaudited)</i>	December 31, 2020 <i>(Audited)</i>
Letters of credit	2,492,335	16,516,741
	2,492,335	16,516,741

13-Segments reports

Segmental information relates to the activities and works of the group, which the group's management relied on as a basis for preparing its own financial information, for its compatibility with internal reporting methods, transactions between segments are carried out on the same terms as dealing with other parties.

The assets, liabilities and operating activities of the segments include items that are directly related to a particular segment and items that can be allocated to different segments on a reasonable basis.

The following is a summary of the financial sectoral information in Saudi riyals as of June 30, 2021 G and June 30, 2020 G, respectively, according to the nature of the activity:

	June 30, 2021G		
	Industrial sector	commercial sector	Total
Revenues	35,077,074	46,772,492	81,849,566
net profit for the period	3,819,272	3,367,619	7,186,891
total assets	97,037,983	105,654,439	202,692,422
Total Liabilities	38,685,705	50,199,951	88,885,656
	June 30, 2020G		
	Industrial sector	commercial sector	Total
Revenues	32,607,640	60,693,101	93,300,741
net profit for the period	822,693	835,268	1,657,961
	December 31, 2020		
total assets	90,886,484	96,845,084	187,731,568
Total Liabilities	33,975,047	47,136,646	81,111,693

Foreign sales did not meet any of the quantitative limits referred to in IFRS 8 "Operating Segments" and therefore the geographical segments information was not disclosed.

14- Earning per share

The basic and diluted share of net profit is calculated by dividing the profit for the year attributable to the shareholders of the company by the weighted average number of ordinary shares outstanding at the end of the period. The number of shares outstanding as on June 30, 2021 amounted to 6 million shares (6 million shares: June 30, 2020).

There was no write-down component affecting the weighted average number of ordinary shares.

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15- Financial instruments and risk management

The Group's principal financial liabilities include loans and trade payables, accrued expenses and other current liabilities, due to a related party and lease obligations. The Group's principal financial assets consist of cash and cash equivalents, trade receivables and other current assets. The main financial risks arising from the Group's financial instruments are market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. Management reviews and aligns policies to manage those risks.

15-1 Market Risk

It is the risk of fluctuation in a financial instrument due to changes in prices prevailing in the market, such as foreign exchange rates and interest rates, which affect the group's income or the value of its financial instruments. Market risk management aims to manage and control market risk exposures within acceptable parameters, while maximizing returns. There has been no change in the Group's exposure to market risk or the way it is managed and how it is measured.

15-1-1 Interest Rate Risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group is exposed to interest rate risk on its interest bearing assets and liabilities, which mainly consist of bank facilities and loans. Management limits interest rate risk by monitoring changes in interest rates. Management monitors changes in interest rates and believes that the cash flow and interest rate risks to the fair value of the Group are not significant.

Group receivables and payables carried at amortized cost are not subject to interest rate risk as defined in IFRS 7 as the carrying amount or future cash flows do not change due to changes in market interest rates. Accordingly, the Group is not exposed to fair value interest rate risk.

15-1-2 Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when future commercial transactions, assets and liabilities are denominated in a currency other than the Saudi Riyal. The Group's exposure to foreign currency risk is primarily limited to transactions in the Euro and the US dollar. The Group's management believes that its exposure to foreign currency risk is limited as the Saudi Riyal is pegged to the US Dollar, and fluctuations in the Euro exchange rates are monitored on an ongoing basis.

Management monitors fluctuations in foreign exchange rates and believes that the Group is not materially exposed to changes in exchange rates, and since the Company's transactions are very few in Euros, management considers it insignificant.

15-2 Credit risk

It is the risk that one party will not be able to fulfill its obligations, causing financial losses to the other party. The Group does not have a significant concentration of credit risk. Cash and cash equivalents are deposited with local banks with high credit ratings. Trade and other receivables are mainly due from customers in the local market and are stated at their estimated collectible value. The Group has policies in place to reduce its exposure to credit risk.

AL OMRAN INDUSTRIAL TRADING COMPANY

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

15- Financial instruments and risk management (continued)

15-3 Liquidity Risk

It is the risk that the Group will encounter difficulty in obtaining the financing necessary to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of liquidity available to meet the Group's financial obligations. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and established conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

15-4 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, in a transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will take place either:

- Through the principal market for the asset or liability, or
 - By the most advantageous market for the asset or liability in the absence of the principal market.
- The principal or most advantageous market must be accessible to the group.

The fair value of an asset or liability is measured using the assumptions that market participants use when pricing the asset or liability, assuming that market participants act in their best economic interests.

The fair value measurement of a non-financial asset takes into account the ability of market parties to provide economic benefits by using the asset for the best benefit from it or by selling it to another party in the market to use it for the best benefit from it.

The Group uses valuation techniques that are appropriate to the circumstances and conditions and have sufficient data to measure fair value, maximize the use of relevant observable data, and minimize the use of unobservable data.

All assets and liabilities whose fair values are measured or whose fair values are disclosed in the consolidated financial statements are categorized within the fair value hierarchy set out below based on the lowest level inputs that are significant to the fair value measurement as a whole:

- First level: prices quoted in active markets for the same assets or liabilities.
- Level two: other valuation techniques in which the minimum amount of material data is directly or indirectly observable to the fair value measurement.
- Level Three: other valuation techniques in which the minimum essential inputs to the fair value measurement are unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have taken place between levels in the above hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Consolidated financial statements.

The carrying amount of a financial asset that cannot be measured at fair value is the approximate value of its fair value. All financial liabilities are measured at amortized cost, which reasonably approximate their fair value.

16- Subsequent events

Management believes that there are no significant subsequent events since the end of the period that would require disclosure or adjustment to these interim condensed consolidated financial statements.

17- Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements for the period ending on June 30, 2021G were approved by the Board of Directors on Muharram 4, 1443H corresponding to August 12, 2021G.