

**HERFY FOR FOOD SERVICES COMPANY**  
(A Saudi Joint Stock Company)



**THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AND REVIEW REPORT  
FOR THE THREE months PERIOD ENDED 31 March 2020**

HERFY FOOD SERVICES COMPANY  
(A Saudi Joint Stock Company)  
THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE months PERIOD ENDED 31 March 2020

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INDEPENDENT AUDITOR'S REPORT  
ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To The Shareholders of  
Herfy Food Services Company  
"A Saudi Joint Stock Company"  
Riyadh, Kingdom of Saudi Arabia

**Introduction**

We have reviewed the accompanying condensed interim financial statements of Herfy Food Services Company - A Saudi Joint Stock Company ("the Company") which comprises:

the condensed statement of financial position as at 31 March 2020, the condensed statement of profit or loss and comprehensive income for the three-month period ended 31 March 2020, the accompanied condensed statement of changes in equity for the three-month period ended 31 March 2020, the accompanied condensed statement of cash flows for the three-month period ended 31 March 2020, And the notes, comprising a summary of significant accounting policies and other explanatory notes.

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

**Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of interim Financial Information Performed by the Independent Auditor of the Entity" that are endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements for the period ended 31 March 2020, are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

Date: ٢٤ Ramadan ١٤٤١ H  
Corresponding to:  
١٧ May ٢٠٢٠



ON BEHALF OF THE COMPANY OF  
SAUDI GROUP FOR ACCOUNTING & AUDITING

DAKHEEL ALI AL-DAKHEEL  
LIC No. (96)



مكتب الرئيسي ، ص.ب ١٦٩٩٤ الرمز البريدي ١١٤٧٤ هاتف ٠٦/٢٠٦٢١٢٨ ٤٧٧٧٠٦ (٠١١) فاكس : ٤٧٧٧٦٥٣ (٠١١)  
مكتب الدمام ، ص.ب ٦٧٢٠ الرمز البريدي ٣١٤٥٢ هاتف : ٨٣٤٤٩٣٦ (٠١٣) فاكس : ٨٣٤٤٨٩٥ (٠١٣)  
مكتب بريدة : ص.ب ٢٥٧١ الرمز البريدي ٥١٤٦١ - هاتف : ٣٢٤٩٩٢٢ (٠١٦) فاكس : ٣٢٤٩٩٥٥ (٠١٦)  
مكتب جدة : ص.ب ٢٢٧٨٨ الرمز البريدي ٢١٤١٦ - هاتف : ٦٤٥٨٠٠٤ (٠١٢) فاكس : ٦٤٥٢٣٤٠ (٠١٢)

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Herfy Food Services Company  
(A Saudi Joint Stock Company)  
Condensed Interim Statement of Financial Position as at 31 March 2019  
(All Amounts In Saudi Riyals Unless Otherwise Stated)

	Notes	31 March 2020 (Unaudited)	31 December 2019 (Audited)
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment		1,037,310,633	1,043,497,337
Right of Use of Assets	(1-5)	568,298,318	582,864,247
Net Investment in finance lease - non current portion	(6)	10,976,766	10,928,911
Intangible Assets		14,731,619	15,442,588
Real Estate Investments		29,020,514	29,880,890
		<u>1,660,337,850</u>	<u>1,682,613,973</u>
<b>Current Assets</b>			
Inventories		155,566,646	156,765,511
Trade and other Receivables		170,380,407	140,151,882
Net Investment in finance lease - current portion	(6)	1,221,673	1,534,095
Investments at Fair Value through profit and loss	(7)	41,561,024	26,515,939
Cash and cash equivalent		19,852,899	25,943,078
		<u>388,582,649</u>	<u>350,910,505</u>
<b>TOTAL ASSETS</b>		<u><b>2,048,920,499</b></u>	<u><b>2,033,524,478</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share Capital	(8)	646,800,000	646,800,000
Statutory Reserve		83,011,981	80,498,899
Retained Earnings		293,305,118	270,687,385
<b>TOTAL EQUITY</b>		<u><b>1,023,117,099</b></u>	<u><b>997,986,284</b></u>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Long Term Loans - non current portion	(9)	48,644,351	57,493,089
Lease Liabilities	(2-5)	479,075,854	496,966,719
Employee Benefits Provision		74,104,917	72,900,362
		<u>601,825,122</u>	<u>627,360,170</u>
<b>Current Liabilities</b>			
Current Portion of Long-term Loans	(9)	121,983,713	137,810,657
Lease Liabilities	(2-5)	88,722,238	82,361,166
Trade and other Payables		198,340,451	174,338,750
Zakat Provision		14,931,876	13,667,451
<b>TOTAL LIABILITIES</b>		<u><b>423,978,278</b></u>	<u><b>408,178,024</b></u>
		<u><b>1,025,803,400</b></u>	<u><b>1,035,538,194</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>2,048,920,499</b></u>	<u><b>2,033,524,478</b></u>

The accompanying notes from (1) to (13) form an integral part of these condensed interim financial statements



Herfy Food Services Company

(A Saudi Joint Stock Company)

Condensed Interim Statement of Profit or Loss and other Comprehensive Income

for The Three Months Period Ended 31 March 2020

(All Amounts In Saudi Riyals Unless Otherwise Stated)

	Notes	January - March	
		2020 (Unaudited)	2019 (Unaudited)
Revenue		296,927,858	313,403,196
Cost of Revenue		(220,281,171)	(219,861,823)
<b>Gross Income</b>		<b>76,646,687</b>	<b>93,541,373</b>
Other Revenue, (net)		2,639,650	7,819,049
Selling and Distribution Expenses		(24,406,184)	(21,622,602)
General and Administrative Expenses		(20,053,075)	(20,519,736)
<b>Operating income</b>		<b>34,827,078</b>	<b>59,218,084</b>
Finance Cost		(8,431,838)	(9,890,113)
<b>Income before zakat</b>		<b>26,395,240</b>	<b>49,327,971</b>
Zakat		(1,264,425)	(1,264,425)
<b>Net income for the period</b>		<b>25,130,815</b>	<b>48,063,546</b>
<b>Other Comprehensive Income</b>			
<b>Items that would never be classified to profit or loss</b>			
Remeasurement of defined Benefits liabilities		-	-
<b>Total other Comprehensive Income for the period</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the period</b>		<b>25,130,815</b>	<b>48,063,546</b>
<b>Earnings per Share (SAR). based on Profit for the</b>	(10)		
- Basic		0.39	0.74
- Diluted		0.39	0.74

The accompanying notes from (1) to (13) form an integral part of these condensed interim financial statements

Herfy Food Services Company  
(A Saudi Joint Stock Company)

Condensed Interim Statement of Changes In Equity for the Three months period Ended 31 March 2020  
(All Amounts In Saudi Riyals Unless Otherwise Stated)

	Share Capital	Statutory Reserve	Retained Earnings	TOTAL EQUITY
Balance at 01 January 2019 (Audited)	646,800,000	59,389,111	226,678,377	932,867,488
Adjustment for Right of Use of Assets	-	-	6,928,369	6,928,369
Adjusted Balance at 01 January 2019	646,800,000	59,389,111	233,606,746	939,795,857
Profit for the period	-	-	48,063,546	48,063,546
Other Comprehensive Income for the period	-	-	-	-
Total Comprehensive Income	-	-	48,063,546	48,063,546
Dividends distributed	-	-	-	-
Transfer to statutory reserve	-	4,806,355	(4,806,355)	-
Balance at 31 March 2019 (Unaudited)	646,800,000	64,195,466	276,863,937	987,859,403
Balance at 01 January 2020 (Audited)	646,800,000	80,498,899	270,687,385	997,986,284
Income for the period	-	-	25,130,815	25,130,815
Other Comprehensive Loss for the period	-	-	-	-
Total Comprehensive Income	-	-	25,130,815	25,130,815
Dividends distributed	-	-	-	-
Transfer to statutory reserve	-	2,513,082	(2,513,082)	-
Balance at 31 March 2020 (Unaudited)	646,800,000	83,011,981	293,305,118	1,023,117,099

The accompanying notes from (1) to (13) form an integral part of these condensed interim financial statements





Herfy Food Services Company  
(A Saudi Joint Stock Company)

Condensed Interim Statement of Cash Flows For for The Three months period Ended 31 March 2020  
(All Amounts In Saudi Riyals Unless Otherwise Stated)

	Notes	2020 (Unaudited)	2019 (Unaudited)
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit for the period		25,130,815	48,063,546
Depreciation and Amortization		23,609,341	21,024,078
Provision for Employee Benefits		2,955,239	2,955,833
(Gain) on sale of property, plant and equipment		(77,935)	773,893
Provision of slow moving Items		3,000,000	-
Financial charges		8,431,838	9,890,113
Zakat		1,264,425	1,264,425
		<u>64,313,723</u>	<u>83,971,888</u>
<b><u>Changes in assets and liabilities for the period</u></b>			
Inventories		(1,801,135)	(14,230,426)
Trade, and Other Receivables		(30,228,521)	3,546,422
Right of Use of Assets	(5)	3,036,136	18,539,004
Trade, Other Payables, and Accrued Expenses,		24,001,701	(22,730,791)
Cash From Operating Activities		<u>59,321,904</u>	<u>69,096,097</u>
Employee Benefits Paid		(1,750,684)	(857,703)
Zakat Paid		-	-
Net Cash Generated from Operating Activities		<u>57,571,220</u>	<u>68,238,394</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Additions to Property, Plant and Equipment		(16,051,900)	(15,077,703)
Investments at Fair Value through profit or loss	(7)	(15,045,089)	9,791,934
Net Investment in finance lease	(6)	264,567	-
Proceeds from sale from property, plant and equipment		278,543	215,000
Net Cash Used in Investing Activities		<u>(30,553,879)</u>	<u>(5,070,769)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Repayment of loans and borrowings	(9)	(33,107,520)	(50,255,915)
Adjustment for the Right of Use Assets		-	(6,928,369)
Net cash flows from / (used in) financing activities		<u>(33,107,520)</u>	<u>(57,184,284)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(6,090,179)</u>	<u>5,983,342</u>
Cash and Cash Equivalents at 01 January		25,943,078	17,023,147
Cash and Cash Equivalents at 31 March 2019		<u>19,852,899</u>	<u>23,006,489</u>

The accompanying notes from (1) to (13) form an integral part of these condensed interim financial statements



Herfy for Food Services Company  
(A Saudi Joint Stock Company)

Notes to The Condensed Interim Financial Statements for The Three-Months Period Ended 31 March 2020  
(All Amounts in Saudi Riyals Unless Otherwise Stated)

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1- **Corporate information**

HERFY Food Services Company, "The Company", "HERFY" is principally engaged in establishing and operating restaurants, providing companies and others with cooked meals, production and sale of bakery and pastry products, the sale and purchase of lands for the purpose of constructing building, and own use, maintaining, and leases of stores and food store fridges.

The Company is joint stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010037702 issued in Riyadh on Jamad-ul-Awal 4, 1401H (March 9, 1981). The registered address of the Company is at Al Moroug District, P.O. Box 86958 Riyadh 11632, Kingdom of Saudi Arabia.

At March 31, 2020, the total number of restaurants owned and leased by the Company were 40 and 343 respectively (31 December 2019: 40 owned and 342 leased), operating in the Kingdom of Saudi Arabia under the trademark of "HERFY". The Company also operates bakeries and bakery shops "The Bakeries".

During 2005, the Company established a meat factory in Riyadh ("Meat Factory"), which operates under commercial registration number 1010200515 issued on Jamad -ul-Thani 16, 1425 (August 2, 2004) and in accordance with industrial license number 249 /S issued on Safar 16, 1422H (May 9, 2001). The Meat factory commenced production in October 2005.

During 2012, the Company established a cake factory in Riyadh ("The Cake Factory"), which operates under commercial registration number 1010294755 issued on Shawal 20, 1431 H (September 29, 2010) and in accordance with industrial license number 11583/T issued on Shawwal 18, 1431 H (September 27, 2010). The cake factory commenced production in June 2012.

The accompanying interim financial statements include the accounts of the Company's head office and aforementioned restaurants, bakeries, shops and factories.

2- **BASIS OF PREPARATION**

2-1 **Statement of Compliance**

These Condensed Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA"), and should be read in conjunction with the Company's last annual Financial Statements as at and for the year ended 31 December 2019 ("last annual Financial Statements"). They do not include all of the information required for a complete set of IFRS Financial Statements however, accounting policies and selected explanatory notes are included to explain events and



Herfy for Food Services Company  
(A Saudi Joint Stock Company)

Notes to The Condensed Interim Financial Statements for The Three-Months Period Ended 31 March 2020  
(All Amounts in Saudi Riyals Unless Otherwise Stated)

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transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual Financial Statements.

**2-2 Preparation of the Financial Statements**

These Condensed Interim Financial Statements have been prepared on the historical cost basis except for the following material items in the Condensed Statement of Financial Position:

- Investments at Fair Value through profit or loss is recognised in the statement of profit or loss.
- The defined benefit obligation is recognised at the present value of future obligations using the Projected Unit Credit Method.

**2-3 Use of Judgments and Estimates**

In preparing these Condensed Interim Financial Statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those described in the last annual Financial Statements.

**3- FUNCTIONAL AND PRESENTATION CURRENCY**

These Financial Statements are presented in Saudi Riyal ("SAR"), which is the Company's functional and presentation currency. All amounts have been rounded to the Saudi Riyal, unless otherwise indicated.

**4- Significant accounting policies**

**4-1 New Standards, Amendment to Standards and Interpretations:**

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2020 and has been explained in The Company's annual Financial Statements, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements.

Herfy Food Services Company  
(A Saudi Joint Stock Company)

Notes To The Condensed Interim Financial Statement For for The Three months period Ended 31 March 2020  
(All Amounts In Saudi Riyals Unless Otherwise Stated)

5	Lease			
5-1	Right of Use of Asstes	Land	Buildings	Total
	At the beginning of the period	275,671,979	307,192,268	582,864,247
	Additions	-	4,872,084	4,872,084
	Depreciation for the period	(9,062,812)	(10,375,201)	(19,438,013)
	Net book value (Non Audited)	<u>266,609,167</u>	<u>301,689,151</u>	<u>568,298,318</u>
	Depreciation are distributed on the Items of income as follow:			
	Cost of Revenue	8,720,198	9,833,414	18,553,612
	Selling and Distribution Expenses	-	53,217	53,217
	General and Administration Expenses	342,614	488,570	831,184
		<u>9,062,812</u>	<u>10,375,201</u>	<u>19,438,013</u>

5-2 Lease liabilities

The weighted-average rate applied is 4.25 % for the leases of the Company based on varying lease terms.

	31 March 2020 (Non Audited)	31 December 2019 (Audited)
Less than one year	88,722,238	82,361,166
More than one year	479,075,854	496,966,719
<b>Total lease liabilities</b>	<u>567,798,092</u>	<u>579,327,885</u>
Distrbuted as follows:		
Current lease laibilities	88,722,238	82,361,166
Non-current lease laibilities	479,075,854	496,966,719
	<u>567,798,092</u>	<u>579,327,885</u>

Set out below, are the amounts recognised in profit or loss:

	31 March 2020 (Non Audited)	31 March 2019 (Non Audited)
Depreciation expense of right-of-use of assets	19,438,013	18,539,004
Interest expenses on lease liabilities	6,954,810	7,407,968
Rent expenses - short-term leases	7,317,339	7,750,189
<b>Total amounts recognised in profit or loss</b>	<u>33,710,162</u>	<u>33,697,161</u>

Herfy Food Services Company

(A Saudi Joint Stock Company)

Notes To The Condensed Interim Financial Statement For for The Three months period Ended 31 March 2020

(All Amounts In Saudi Riyals Unless Otherwise Stated)

**6 Net Investment in Finance Lease**

	31 March 2020 (Non Audited)	31 December 2019 (Audited)
Carrying Amonut - beginning of the period /year	12,463,006	13,766,382
Addition During the the period /year	-	-
Lease payments Received	(392,500)	(1,852,500)
Finance Income	127,933	549,124
Carrying Amonut - end of the period /year	<u>12,198,439</u>	<u>12,463,006</u>

Distrbuted as follow:

	Gross Investment (Undiscounted)	Unearned finance Charge	Net Investment (Discounted)
<b>Future Lease Payments expected to be</b>			
During one year	1,502,500	280,827	1,221,673
more than one year	13,500,000	2,523,234	10,976,766
	<u>15,002,500</u>	<u>2,804,061</u>	<u>12,198,439</u>

**7 Investements at Fair Value through profit or loss**

Investements at Fair Value through profit or loss are investments in Commodities Mudaraba Al-Rajhi Fund - SAR, The movement in Investments Fair value through profit or loss as follows:

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Opening balance	26,515,939	30,887,603
Purshasing	60,000,000	235,000,000
Redmpetion	(44,954,915)	(239,423,195)
Change in fair value	-	51,531
Closing balance	<u>41,561,024</u>	<u>26,515,939</u>

**8 Share Capital**

The Company's paid-up capital consists of 64.680 million shares (31 December2017 : 64.680 million shares) of SAR 10 each.



Herfy Food Services Company

(A Saudi Joint Stock Company)

Notes To The Condensed Interim Financial Statement For for The Three months period Ended 31 March 2020

(All Amounts In Saudi Riyals Unless Otherwise Stated)

9	Loans and borrowings	31 March 2020	31 December 2019
		(Unaudited)	(Audited)
	Total	170,628,064	195,303,746
		<u>170,628,064</u>	<u>195,303,746</u>
	Distributed as follows:		
	Non-Current Loans	48,644,351	57,493,089
	Current loans	121,983,713	137,810,657
		<u>170,628,064</u>	<u>195,303,746</u>

#### 9-1 Details of long term loans

##### Al Rajhi Bank

The Company has various facilities available with Al Rajhi bank. Such facilities, which are unsecured and payable in semi annual installments, have mark up cost which is generally based on SIBOR plus a margin fixed for the duration of the facility. During the period ended 31 March 2020 the Company repaid an amount of Saudi Riyals 18.97 million (December 31, 2019 : Saudi Riyals 94.23 million).

##### SABB Bank

The Company has a Murabaha Liquidity Finance by Metal (Tawarruq) agreement with SABB Bank for five years, which is repriced evrey three monthes.

##### Loans from SIDF

Under the terms of the SIDF loan agreement and extension agreement (" The agreements"), the Company's Property, plant and equipment that relate to the meat and cake factories are pledged as collateral against financings from SIDF. These loans are also guaranteed by the majority shareholders on pro-rata basis where Savola Group and Mr. Ahmed Al Saeed have guaranteed 70% and 30% of the amount respectively.

These loans are repayable in semi-annual installments. SIDF charges an upfront fee which are presented net of the borrowed amount, The Company has to comply with certain covenants related to the loans availed for meat factory regarding the maintenance of certain financial rates, distribution of profits, maximum maintenance charges and maximum capital expenditures

Herfy Food Services Company

(A Saudi Joint Stock Company)

Notes To The Condensed Interim Financial Statement For for The Three months period Ended 31 March 2020

(All Amounts In Saudi Riyals Unless Otherwise Stated)

10 EARNING PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Income for the Period	25,130,815	48,063,546
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings.	64,680,000	64,680,000
Earnings per Share (SAR), based on Profit for the Period		
- Basic	0.39	0.74
- Diluted	0.39	0.74

Earnings per share for the two periods ended 31 March 2020, and 31 March 2019 were calculated by dividing each of the net income for the two Periods by 64.68 million shares.

Herfy Food Services Company  
(A Saudi Joint Stock Company)

Notes To The Condensed Interim Financial Statement For The Three months period Ended 31 March 2020  
(All Amounts In Saudi Riyals Unless Otherwise Stated)

11- Segment information

For management purposes the company operates principally in the following major business segments:

- 1- Providing catering services and operating of restaurants;
- 2- Manufacturing and selling of meat products of the Meat Factory;
- 3- Manufacturing and selling of pastries and bakery products which are considered Bakeries and other.

These operating segments are identified based on internal reports that the entity's Chief Financial Officer (CFO) regularly reviews and allocating resources to segments and in assessing their performance 'management approach'. The management approach is based on the way in which management organizes the segments within the entity for making operating decisions and in assessing performance. The management of HERFY at the end of every reporting period, reviews the above segments for quantitative thresholds as well as criteria for presenting the revenues and expenses for the segments.

11-1 Selected financial information as of March 31 and for the Period ended, summarized by the above business segments, was as follows (in 000 Saudi Riyals)

	Restaurants and Catering services		Meat factory		Bakeries and others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Total segment revenue	233,949	263,744	39,717	37,742	50,593	42,292	324,259	343,778
Inter-segment revenue	-	-	(22,172)	(25,790)	(5,159)	(4,585)	(27,331)	(30,375)
Revenue (net)	233,949	263,744	17,545	11,952	45,434	37,707	296,928	313,403
Net income	(183)	28,057	13,241	10,360	12,073	9,647	25,131	48,064
Finance cost	8,124	9,657	53	57	255	176	8,432	9,890
Depreciation and amortization	18,347	15,924	1,538	1,542	3,725	3,558	23,610	21,024
Property, plant and equipment	880,319	903,145	44,183	39,346	167,537	166,835	1,092,039	1,109,326
Right of Use of Assets	551,807	620,555	2,076	2,440	14,415	5,806	568,298	628,801
Total assets	1,661,903	1,715,385	130,077	94,562	256,940	241,806	2,048,920	2,051,753
Total liabilities	944,354	979,423	22,573	24,700	56,876	62,770	1,025,803	1,066,893



## 12- Contingencies and commitments

- 1) The Company is facing contingent liabilities relating to bank guarantees issued on behalf of the company amounting to Saudi Riyals 8.17 million (31 December 2019: S.R 7.65 million) and letters of credit issued on behalf of the company amounting to Saudi Riyals 3.65 million (31 December 2019: S.R 3.65 million) in the normal course of business.
- 2) The capital expenditure contracted by the company but not incurred till March 31, 2020 is approximately 11 million Saudi Riyal (31 December 2019: S.R 10.40 million)

## 13- Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(A Saudi Joint Stock Company)

Notes To The Condensed Interim Financial Statement For The Three months period Ended 31 March 2020

(All Amounts In Saudi Riyals Unless Otherwise Stated)

		31-Mar-20				
		Carrying amount		Fair Value		
Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets measured at fair value</b>						
Investments in FVTPL						
41,561,024	-	41,561,024	41,561,024	-	-	41,561,024
<b>41,561,024</b>	<b>-</b>	<b>41,561,024</b>	<b>41,561,024</b>	<b>-</b>	<b>-</b>	<b>41,561,024</b>
<b>Financial Assets not measured at fair value</b>						
Trade and Other Receivables						
170,380,407	-	170,380,407	-	-	-	-
Cash and Bank Balances						
19,852,899	-	19,852,899	-	-	-	-
<b>190,233,306</b>	<b>-</b>	<b>190,233,306</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities not measured at fair value</b>						
Loans and borrowings						
-	170,628,064	-	-	170,628,064	-	170,628,064
Trade and Other Payables						
-	198,340,451	-	-	198,340,451	-	198,340,451
<b>-</b>	<b>368,968,515</b>	<b>-</b>	<b>-</b>	<b>368,968,515</b>	<b>-</b>	<b>368,968,515</b>

	31-Dec-19						
	Carrying amount		Fair Value				
	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets measured at fair value</b>							
Investments in FVTPL	26,515,939	-	26,515,939	26,515,939	-	-	26,515,939
	<b>26,515,939</b>	<b>-</b>	<b>26,515,939</b>	<b>26,515,939</b>	<b>-</b>	<b>-</b>	<b>26,515,939</b>
<b>Financial Assets not measured at fair value</b>							
Trade and other Receivables	140,151,882	-	140,151,882	-	-	-	-
Cash and Bank Balances	25,943,078	-	25,943,078	-	-	-	-
	<b>166,094,960</b>	<b>-</b>	<b>166,094,960</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities not measured at fair value</b>							
Loans and borrowings	-	195,303,746	-	-	195,303,746	-	195,303,746
Trade and other Payables	-	174,338,750	-	-	174,338,750	-	174,338,750
	<b>-</b>	<b>369,642,496</b>	<b>-</b>	<b>-</b>	<b>369,642,496</b>	<b>-</b>	<b>369,642,496</b>

#### 14- Subsequent Events

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread globally including the Kingdom of Saudi Arabia (KSA), causing disruptions to many businesses and economic activities. The management considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, management does not consider it practicable to determine a quantitative estimate of the potential impact of this outbreak on the future financial statements of the Company at this stage.

#### 15- Board Of Directors Approval

These Financial Statements were approved by the Board of Directors on 24 Ramadan 1441 H. (17 May 2020).