

**AL OMRAN FOR INDUSTRIAL AND TRADING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE -AND SIX - MONTH PERIOD ENDED
JUNE 30, 2022**

AL OMRAN FOR INDUSTRIAL AND TRADING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE -AND SIX - MONTH PERIOD ENDED JUNE 30, 2022

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Report on the Review of the Condensed consolidated interim Financial Statements

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

Introduction:

We have reviewed the condensed consolidated interim financial statements of **AL OMRAN FOR INDUSTRIAL AND TRADING COMPANY** ("the Company") and its subsidiaries ("the Group"), which comprise the condensed consolidated interim statement of financial position as at June 30, 2022, and the condensed consolidated interim statements of profit or loss and other comprehensive income for the three months and six months period then ended, changes in shareholders' equity and cash flows for the six months 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 of 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.

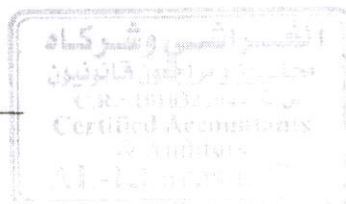
Conclusion:

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.

For Al-Kharashi Co.



Abdullah S. Al Msned
License No. (456)



Riyadh at:

August 20, 2022

Muharram 22, 1444

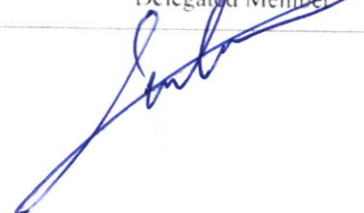
AL OMRAN FOR INDUSTRIAL AND TRADING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022
(All amounts are in Saudi Riyals unless otherwise noted)

	Note	JUNE 30, 2022 (unaudited)	December 31, 2021 (audited)
ASSETS			
Non-current assets			
Property and equipment, net	5	36,801,608	37,975,494
Rights of use assets, net		1,407,883	1,616,724
Total non-current assets		38,209,491	39,592,218
Current assets			
Inventory	6	112,533,592	102,841,945
Trade receivables, net	7	44,995,628	38,440,554
Prepayments and other debit balances		11,346,758	6,851,037
Cash and cash equivalents		1,960,397	4,112,549
Total current assets		170,836,375	152,246,085
TOTAL ASSETS		209,045,866	191,838,303
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	60,000,000	60,000,000
Statutory reserve		10,915,307	10,915,307
Agreement reserve		695,834	695,834
Actuarial reserve		(1,217,454)	(1,217,454)
Retained earnings		46,767,214	45,389,603
Equity attributable to the shareholders of the company		117,160,901	115,783,290
Non-controlling rights		(471,776)	(477,000)
Total Equity		116,689,125	115,306,290
Liabilities			
Non-current liabilities			
Employees' post-employment benefits		7,234,277	6,942,426
Loans - Non-current	9	917,570	1,156,132
Lease obligations - non-current		1,394,304	1,120,980
Total non-current liabilities		9,546,151	9,219,538
CURRENT LIABILITIES:			
loans - Current	9	42,211,392	44,551,143
Lease obligations - Current		250,000	938,849
Trade Payables		21,611,124	4,594,011
Accrued expenses and other credit balances		11,556,660	11,923,842
Due to related parties	10	1,158,118	540,758
Provision for contingent Liabilities	11-1	1,997,211	1,997,211
Zakat provision	11-2	4,026,085	2,766,661
Total current liabilities		82,810,590	67,312,475
TOTAL LIABILITIES		92,356,741	76,532,013
Total Equity and Liabilities		209,045,866	191,838,303

Saber Mohamed Hegazy
Chief Financial Officer



Abdul Rahman Muhammad bin Imran
Delegated Member



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

AL OMRAN FOR INDUSTRIAL AND TRADING COMPANY

SAUDI JOINT STOCK COMPANY

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

FOR THE THREE -AND SIX- MONTH-PERIOD ENDED JUNE 30, 2022

(ALL AMOUNTS ARE IN SAUDI RIYALS UNLESS OTHERWISE NOTED)

	Note	For the three-month period ending June 30,		For the six-month period ending June 30,	
		2022	2021	2022	2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	12	34,461,538	43,196,944	75,939,017	81,849,566
Cost of revenues		(24,217,636)	(33,427,131)	(57,289,781)	(63,082,726)
Gross profit		10,243,902	9,769,813	18,649,236	18,766,840
Selling and Marketing expenses		(3,499,357)	(3,101,077)	(6,944,597)	(6,939,697)
General and administrative expenses		(1,682,849)	(1,412,012)	(3,164,143)	(2,606,134)
Operating profit		5,061,696	5,256,724	8,540,496	9,221,009
Financing costs		(883,336)	(397,603)	(1,398,237)	(946,729)
Provision for expected claims		-	-	-	(200,000)
Other income		-	-	-	27,305
Profit before zakat		4,178,360	4,859,121	7,142,259	8,101,585
Zakat	11	(575,331)	(480,041)	(1,259,424)	(914,694)
Profit for the Period		3,603,029	4,379,080	5,882,835	7,186,891
Profit for the period attributable to					
Shareholders of the company		3,616,546	4,414,679	5,877,611	7,253,616
Non-controlling Interest		(13,517)	(35,599)	5,224	(66,725)
		3,603,029	4,379,080	5,882,835	7,186,891
Other comprehensive income:		-	-	-	-
Total comprehensive income for the period		3,603,029	4,379,080	5,882,835	7,186,891
Total Comprehensive income for the period attributable to:					
Shareholders of the company		3,616,546	4,414,679	5,877,611	7,253,616
Non-controlling interest		(13,517)	(35,599)	5,224	(66,725)
		3,603,029	4,379,080	5,882,835	7,186,891
Basic and diluted earnings per share					
Earnings per share from net profit the period attributable to shareholders of the company	15	0.60	0.73	0.98	1.20

Saber Mohamed Hegazy
Chief Financial Officer

Abdul Rahman Muhammad bin Imran
Delegated Member

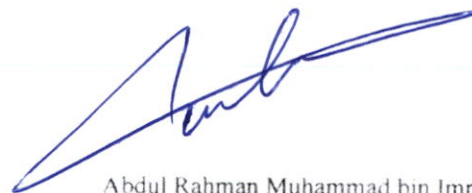
The accompanying notes are an integral part of these condensed consolidated interim financial statements

AL OMRAN FOR INDUSTRIAL AND TRADING COMPANY
SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH-PERIOD ENDED JUNE 30, 2022
(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, 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
FOR THE SIX MONTH-PERIOD ENDED JUNE 30, 2022								
Balance at January 1, 2022 (audited)	60,000,000	10,915,307	695,834	(1,217,454)	45,389,603	115,783,290	(477,000)	115,306,290
Profit for the period	-	-	-	-	5,877,611	5,877,611	5,224	5,882,835
Dividend	-	-	-	-	(4,500,000)	(4,500,000)	-	(4,500,000)
Balance at June 30, 2022 (unaudited)	60,000,000	10,915,307	695,834	(1,217,454)	46,767,214	117,160,901	(471,776)	116,689,125



Saber Mohamed Hegazy
Chief Financial Officer



Abdul Rahman Muhammad bin Imran
Delegated Member

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

AL OMRAN FOR INDUSTRIAL AND TRADING COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

		FOR THE SIX MONTH-PERIOD ENDED JUNE 30,	
	Note	2022 (unaudited)	2021 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit before zakat		7,142,259	8,101,585
Adjustments to reconcile the net profit for the period before generated from/(used in) operating zakat to the net cash flow activities			
Depreciation of property, plant, and equipment		1,398,364	1,489,162
Amortization of the right to use the leased assets		208,841	232,400
Provision for expected liabilities		16,029	22,500
Provision for employees' end of service benefits		414,713	396,556
Benefits of rental obligations		-	200,000
Finance costs		1,398,237	946,729
		10,578,443	11,388,932
Changes in working capital items:			
Inventory		(9,691,647)	(10,626,499)
Trade receivables		(6,555,074)	(14,264,152)
Prepayments and other debit balances		(4,495,721)	3,379,785
Trade payables		17,017,113	(5,932,736)
Accrued expenses and other credit balances		(367,182)	448,167
Due to related parties		617,360	(22,802)
Cash (used in) / generated from operating activities		7,103,292	(15,629,305)
Paid employee benefits obligations		(122,862)	(107,573)
zakat paid	11-2	-	(1,711,016)
Net Cash generated from / (used in) operating activities		6,980,430	(17,447,894)
<u>Cash flows from investing activities:</u>			
Additions to property, plant, and equipment	5	(224,478)	(585,225)
Net cash (used in) investing activities		(224,478)	(585,225)
<u>Cash flows from financing activities:</u>			
Settlements of loans		(52,864,823)	(22,053,474)
Proceeds of loans		49,605,851	35,874,647
Settlements of lease obligations		(431,554)	(255,000)
Finance costs paid		(717,578)	(946,729)
Dividends Paid		(4,500,000)	-
Net cash (used in) / generated from financing activities		(8,908,104)	12,619,444
Net change in cash and cash equivalents		(2,152,152)	(5,413,675)
Cash and cash equivalents at beginning of period		4,112,549	8,924,584
Cash and cash equivalents at end of period		1,960,397	3,510,909

Saber Mohamed Hegazy
Chief Financial Officer

Abdul Rahman Muhammad bin Imran
Delegated Member

AL OMRAN FOR INDUSTRIAL AND TRADING COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022
(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

- 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. 4111 02101929 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 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.

2. Group Structure

- The interim condensed consolidated financial statements as on March 31, 2022G 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, 2022G	December 31, 2021G
Al-Omran Plastic Industries Company	1010432884	Saudi	%70	%70

- Al-Omran Plastic Industries Company (subsidiary 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.

AL OMRAN FOR INDUSTRIAL AND TRADING COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

3. BASIS OF PREPARATION AND MEASSUREMENT:

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 three-month period ending March 31, 2022, 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 2021. 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.

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, 2021G, the Group has not applied any of the new and revised International Financial Reporting Standards issued and not yet effective.

AL OMRAN FOR INDUSTRIAL AND TRADING COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

5. Property and equipment, net:

	<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, 2022 (audited)	20,408,620	14,122,338	36,844,724	7,635,338	2,816,263	21,730	81,849,013
Additions during the period	-	-	-	142,000	82,478	-	224,478
Balance at June 30, 2022 (unaudited)	20,408,620	14,122,338	36,844,724	7,777,338	2,898,741	21,730	82,073,491
Accumulated depreciation							
Balance at January 1, 2022 (audited)	-	9,908,676	24,331,300	7,328,502	2,288,442	16,599	43,873,519
Charged during the period	-	260,980	979,019	46,044	111,837	484	1,398,364
Balance at June 30, 2022 (unaudited)	-	10,169,656	25,310,319	7,374,546	2,400,279	17,083	45,271,883
Net Book Value							
Balance at June 30, 2022 (unaudited)	20,408,620	3,952,682	11,534,405	402,792	498,462	4,647	36,801,608
Balance at December 31, 2021 (audited)	20,408,620	4,213,662	12,513,424	306,836	527,821	5,131	37,975,494

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, 2022, G (2021: 20,408.62 Saudi riyals), was mortgaged against an Islamic financing agreement signed with Riyad Bank. (Note 9).

AL OMRAN FOR INDUSTRIAL AND TRADING COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

6. Inventory:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
finished goods	61,832,479	51,433,625
spare parts	34,484,243	36,562,470
Raw materials	14,450,144	12,301,844
production in progress	3,455,560	4,232,840
Total	114,222,426	104,530,779
Deducted from it:		
Provision for impairment of inventory	(1,688,834)	(1,688,834)
	112,533,592	102,841,945

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at the beginning of the year	1,688,834	1,688,834
Charged during the year	-	-
Balance at the end of the period/ year	1,688,834	1,688,834

7. Trade receivables, net:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade receivables	55,166,765	48,402,376
Less: provision for expected credit losses	(8,942,957)	(8,942,957)
Discounts payable to customers	(1,228,180)	(1,018,865)
	44,995,628	38,440,554

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at the beginning of the year	8,942,957	9,147,481
Charged during the period/ year	-	-
excluded during the period/year	-	(204,524)
Balance at the end of the period/ year	8,942,957	8,942,957

8. Capital

As on June 30, 2022, the company's subscribed and paid-in capital amounted to 60,000,000 Saudi riyals (December 31, 2021, 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.

AL OMRAN FOR INDUSTRIAL AND TRADING COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

9. Loans

This item represents the value used from bank facilities to import goods under documentary credits issued by local banks. These borrowings are often of a renewable nature and loan fees are determined based on market prices. These borrowings are guaranteed for the benefit of the banks through the land owned by the company under the instrument number 910106038304 and bonds. For an order worth 39 million Saudi riyals (note 5).

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, 2022 (Unaudited)	December 31, 2021 (Audited)
Abaad Real Estate Investment Company	1,158,118	540,758
	1,158,118	540,758

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 31, 2022 (Unaudited)	June 31, 2021 (Unaudited)
Abaad Real Estate Investment Company	Sister Company	Paying expenses on behalf of the Company	232,640	528,040
		Fund	850,000	-

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

	For the period ending June 30, 2022		For the period ending June 30, 2021	
	Members of BOD and committees	Key management personnel	Members of BOD and committees	Key management personnel
Committee members' fees	36,500	6,000	36,500	8,000
salaries and wages	-	555,360	-	513,360
allowances	-	170,424	-	168,748
End of service	-	55,038	-	42,780
	36,500	786,822	36,500	732,888

AL OMRAN FOR INDUSTRIAL AND TRADING COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022
(ALL AMOUNTS EXPRESSED IN SAUDI RIYAL UNLESS OTHERWISE STATED)

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, 2021, G and has obtained a certificate from the General Authority for Zakat and Tax valid until 29 Ramadan 1443 H corresponding to April 30, 2022 G, for the zakat returns submitted for the year ending on December 31, 2020 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. On October 31, 2021, the Al Omran Industry and Trade company (The parent) submitted an objection to the General Authority Zakat and income for the years, 2019G to 2020G amounting to 797,211 Saudi riyals. The balance of the provision formed to meet the expected claims for the zakat assessment amounted to 1,997,211 Saudi riyals as of June 30, 2022 (December 31, 2020: SR 1,997,211).

11-2 Movement of Zakat Provision

	June 30, 2022 <i>(Unaudited)</i>	December 31, 2021 <i>(Audited)</i>
Balance at the beginning of the period/year		
Component during the period/year	2,766,661	3,864,888
Paid during the period/year	1,259,424	2,736,371
Balance at the end of the period/year	-	(3,834,598)
Balance at the beginning of the period/year	4,026,085	2,766,661

12. Revenues

	June 30, 2022 <i>(Unaudited)</i>	June 30, 2021 <i>(Unaudited)</i>
storage systems	14,462,644	12,910,364
Refrigeration and air conditioning equipment national industry	18,365,992	21,257,342
Home appliances	41,479,949	46,772,492
plastic products	1,630,432	909,368
	75,939,017	81,849,566

13. Contingent Liabilities

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

	June 30, 2022 <i>(Unaudited)</i>	December 31, 2021 <i>(Audited)</i>
Letters of credit	25,933,052	19,451,994
	25,933,052	19,451,994

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14. 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, 2022, G and June 30, 2021, G, respectively, according to the nature of the activity:

	June 30, 2022G		
	Industrial sector	commercial sector	Total
Revenue	34,459,068	41,479,949	75,939,017
Cost of sales	24,852,913	32,436,868	57,289,781
Gross profit	9,606,155	9,043,081	18,649,236
Selling and marketing expenses	3,293,336	3,651,261	6,944,597
General and administrative expenses	1,649,151	1,514,992	3,164,143
Profit from operating	4,663,668	3,876,828	8,540,496
Finance costs	629,215	769,022	1,398,237
Provision expense for contingent Liabilities	-	-	-
Other income	-	-	-
profit before zakat	4,034,453	3,107,806	7,142,259
Zakat	670,580	588,844	1,259,424
profit for the period	3,363,873	2,518,962	5,882,835

	June 30, 2021G		
	Industrial sector	commercial sector	Total
Revenue	35,077,074	46,772,492	81,849,566
Cost of sales	25,614,070	37,468,656	63,082,726
Gross profit	9,463,004	9,303,836	18,766,840
Selling and marketing expenses	3,306,147	3,633,550	6,939,697
General and administrative expenses	1,358,395	1,247,739	2,606,134
Profit from operating	4,798,462	4,422,547	9,221,009
Finance costs	435,495	511,234	946,729
Provision expense for contingent	100,000	100,000	200,000
Other income	13,652	13,653	27,305
profit before zakat	4,276,619	3,824,966	8,101,585
Zakat	457,347	457,347	914,694
profit for the period	3,819,272	3,367,619	7,186,891

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.

15. Earning per share

The basic and diluted share of net profit is calculated by dividing the profit for the period / 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, 2022, amounted to 6 million shares (6 million shares: June 30, 2021).

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

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16. 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.

16-1 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.

16-1-1 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.

16-1-2 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.

16-2 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.

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16. Financial instruments and risk management (continued)

16-3 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.

16-4 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.

17. Significant events

Referring to the events related to the spread of the Covid-19 virus and the consequent impact of business segments at the global level, the group has taken many measures and measures necessary to protect the group and its workers and continue to work to improve the performance of the group.

Despite these challenges, the group faced similarly to the rest of the companies, the group's operations are still largely unaffected. This is because the group has implemented the policies to cope well with the crisis, and the group will disclose any material changes in the future if they occur. The management does not believe that there is any factor causing the change in the pandemic conditions that may affect the company's operations during 2022.

18. Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements for the period ended June 30, 2022G were approved by the Board of Directors on Muharram 22, 1444H corresponding to August 20, 2022G.