

SINAD HOLDING COMPANY
A SAUDI JOINT STOCK COMPANY

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH AND SIX-MONTH
PERIODS ENDED 30 JUNE 2023
TOGETHER WITH INDEPENDENT AUDITOR'S
REVIEW REPORT**

**SINAD HOLDING COMPANY
A SAUDI JOINT STOCK COMPANY**

**INDEX OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE THREE MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023 (UNAUDITED)**

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

To the shareholders of
Sinad Holding Company

“A Saudi Joint Stock Company”
Riyadh – Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Sinad Holding Company (the “Company”) and its subsidiaries (together the “Group”), as of 30 June 2023, the interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income for the three month and six month periods then ended, the interim condensed consolidated statements of changes in equity and the interim condensed consolidated statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial statement in accordance with International Accounting Standard 34 – (“IAS 34”) “Interim Financial Reporting” endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial statement based on our review.

Scope of Review

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

Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements of Sinad Holding Company (the "Company") and its subsidiaries (together the "Group"), as of 30 June 2023 (Continued)

Emphasis of matter

We draw attention to note No. (9) to the accompanying interim condensed consolidated financial statements, which states position of the two lawsuits against the seller of the land located in the north of Riyadh, at Al Khair District, and against the broker of the purchase deal. Our conclusion is not modified in respect of this matter.

Conclusion

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

For Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
License Number 362



Riyadh on: 22 Muharram 1445 (H)
Corresponding to: 09 August 2023 (G)

SINAD HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

		<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	Note	2023	2022	2023	2022
Net sales	4	357,757,370	414,213,312	776,991,444	887,190,885
Cost of sales		(263,006,000)	(288,892,146)	(570,890,093)	(628,428,144)
PROFIT FROM SALES		94,751,370	125,321,166	206,101,351	258,762,741
Investments					
Dividend income from investment and financial assets		4,186,267	16,509,000	5,572,534	16,509,000
Gain / (loss) from valuation of financial investments at fair value through statement of income for trading		5,748,767	(4,228,387)	6,678,888	(383,432)
Profit from sale of investment property		-	-	-	5,836,764
Gain from valuation of debt instruments at fair value through statement of income	7 (C)	269,732	-	269,732	-
Group's share from net loss of an associate Company	7 (A)	-	(16,499,870)	-	(11,347,093)
PROFIT / (LOSS) FROM INVESTMENT		10,204,766	(4,219,257)	12,521,154	10,615,239
GROSS PROFIT		104,956,136	121,101,909	218,622,505	269,377,980
Selling and distribution expenses		(81,453,454)	(79,349,430)	(150,244,024)	(149,120,643)
General and administrative expenses		(43,531,789)	(48,325,771)	(89,592,256)	(96,780,205)
Other operating (expenses) / income, net		(778,662)	466,935	138,984	442,034
TOTAL EXPENSES		(125,763,905)	(127,208,266)	(239,697,296)	(245,458,814)
NET (LOSS) / INCOME FROM OPERATIONS		(20,807,769)	(6,106,357)	(21,074,791)	23,919,166
Foreign currency exchange gain / (loss)		771,660	2,315,239	(317,484)	1,140,056
Finance charges		(13,706,369)	(8,309,728)	(25,705,758)	(12,633,812)
Other income		1,600,412	240,679	2,109,429	3,462,758
NET (LOSS) / INCOME BEFORE ZAKAT AND INCOME TAX		(32,142,066)	(11,860,167)	(44,988,604)	15,888,168
Zakat	5 (A)	(2,209,466)	(4,395,962)	(11,622,172)	(8,601,243)
Income tax	5 (B)	(3,949,953)	(5,070,222)	(7,256,536)	(11,819,062)
NET LOSS FOR THE PERIOD		(38,301,485)	(21,326,351)	(63,867,312)	(4,532,137)
NET (LOSS) / PROFIT FOR THE PERIOD ATTRIBUTABLE TO:					
Shareholders of the Parent Company		(23,644,939)	(20,270,494)	(45,159,317)	(10,035,162)
Non-controlling interests		(14,656,546)	(1,055,857)	(18,707,995)	5,503,025
		(38,301,485)	(21,326,351)	(63,867,312)	(4,532,137)
Basic and diluted loss per share attributable to the shareholders of the Parent Company					
Net loss for the period	6	(0.19)	(0.16)	(0.36)	(0.08)
Weighted average number of common shares at the end of the period		126,388,889	126,388,889	126,388,889	126,388,889


Acting as Chief Financial Officer



Chief Executive officer



Authorized member of the Board of Directors



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

SINAD HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2023	2022	2023	2022
NET LOSS FOR THE PERIOD		(38,301,485)	(21,326,351)	(63,867,312)	(4,532,137)
OTHER COMPREHENSIVE INCOME:					
<u>Items that may be reclassified subsequently to consolidated statement of income</u>					
Subsidiary's financial statements' translation differences		(400,693)	(4,899,294)	(27,064,258)	(32,618,280)
<u>Items that will not be reclassified to consolidated statement of income</u>					
Net gains / (losses) on revaluation of equity instruments at fair value through other comprehensive income	7 (B)	46,830,000	(75,180,000)	38,290,000	(83,450,000)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		46,429,307	(80,079,294)	11,225,742	(116,068,280)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		8,127,822	(101,405,645)	(52,641,570)	(120,600,417)
ATTRIBUTABLE TO:					
Shareholders of the Parent Company		22,962,636	(98,170,092)	(21,892,687)	(111,591,569)
Non-controlling interests		(14,834,814)	(3,235,553)	(30,748,883)	(9,008,848)
		8,127,822	(101,405,645)	(52,641,570)	(120,600,417)

Acting as Chief Financial Officer



Chief Executive officer



Authorized member of the Board of Directors



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

SINAD HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

	Note	As of 30 June 2023 (Unaudited)	As of 31 December 2022 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		766,680,344	806,413,221
Right of use assets		42,210,216	39,919,885
Investment properties		5,000,000	5,000,000
Intangible assets		159,767,297	159,869,203
Investments and financial assets	7	679,301,952	640,742,220
Deferred tax assets		153,205	-
TOTAL NON-CURRENT ASSETS		1,653,113,014	1,651,944,529
CURRENT ASSETS			
Inventories		445,315,743	425,228,719
Trade receivables	8	244,107,363	260,860,672
Prepaid expenses and other assets	9	263,445,983	272,986,467
Assets available for sale		5,272,034	5,272,034
Investments at fair value through statement of income for trading		34,746,749	28,067,861
Due from related parties		1,686,962	1,309,201
Cash and cash equivalent		118,682,520	293,525,613
TOTAL CURRENT ASSETS		1,113,257,354	1,287,250,567
TOTAL ASSETS		2,766,370,368	2,939,195,096
EQUITY AND LIABILITIES			
EQUITY			
Capital		1,263,888,890	1,263,888,890
Statutory reserve		219,249,829	219,249,829
Accumulated losses		(72,658,130)	(27,498,813)
Net loss on revaluation of equity instrument at fair value through other comprehensive income	7 (B)	(59,393,807)	(97,683,807)
Subsidiary's financial statements' translation differences		(135,052,309)	(120,028,939)
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		1,216,034,473	1,237,927,160
Non-controlling interests		306,000,814	349,560,297
TOTAL EQUITY		1,522,035,287	1,587,487,457
NON-CURRENT LIABILITIES			
Islamic Murabaha contracts and long-term loans	10	60,609,651	84,300,980
Lease liability		33,765,896	33,470,917
Employees' benefits liabilities		87,127,334	94,469,651
Financial derivatives		-	17,837,774
Deferred tax liabilities		-	177,550
TOTAL NON-CURRENT LIABILITIES		181,502,881	230,256,872
CURRENT LIABILITIES			
Trade payables and other accruals		342,165,419	355,325,899
Islamic Murabaha financing and short-term loans	11	571,034,902	576,303,097
Islamic Murabaha contracts and long-term loans - Current portion	10	65,131,387	107,883,731
Lease liability – Current portion		14,860,796	12,658,780
Dividends payable		12,142,034	12,194,383
Due to related parties		11,094,419	793,360
Zakat and income tax	5	46,403,243	56,291,517
TOTAL CURRENT LIABILITIES		1,062,832,200	1,121,450,767
TOTAL LIABILITIES		1,244,335,081	1,351,707,639
TOTAL EQUITY AND LIABILITIES		2,766,370,368	2,939,195,096

Acting as Chief Financial Officer

Chief Executive officer

Authorized member of the Board of Directors

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

SINAD HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
(IN SAUDI RIYALS)

Equity attributable to shareholders of the Parent Company

	Capital	Statutory reserve	Accumulated losses	Net loss on revaluation of equity instrument at fair value through other comprehensive income	Subsidiary's financial statements' translation differences	Total equity attributable to the parent Company	Non-controlling interests	Total equity
For the period ended 30 June 2023								
Balance as of 1 January 2023	1,263,888,890	219,249,829	(27,498,813)	(97,683,807)	(120,028,939)	1,237,927,160	349,560,297	1,587,487,457
Net loss for the period	-	-	(45,159,317)	-	-	(45,159,317)	(18,707,995)	(63,867,312)
Subsidiary's financial statements' translation differences	-	-	-	-	(15,023,370)	(15,023,370)	(12,040,888)	(27,064,258)
Gain from revaluation of equity instrument at fair value through other comprehensive income	-	-	-	38,290,000	-	38,290,000	-	38,290,000
Total comprehensive loss	-	-	(45,159,317)	38,290,000	(15,023,370)	(21,892,687)	(30,748,883)	(52,641,570)
Dividend in a subsidiary Company	-	-	-	-	-	-	(2,098,750)	(2,098,750)
Accrued dividend in a subsidiary Company (Note 12)	-	-	-	-	-	-	(10,711,850)	(10,711,850)
Balance as of 30 June 2023	1,263,888,890	219,249,829	(72,658,130)	(59,393,807)	(135,052,309)	1,216,034,473	306,000,814	1,522,035,287
For the period ended 30 June 2022								
Balance as of 1 January 2022	1,263,888,890	219,249,829	(40,135,864)	39,261,341	(80,435,824)	1,401,828,372	419,996,176	1,821,824,548
Net loss for the period	-	-	(10,035,162)	-	-	(10,035,162)	5,503,025	(4,532,137)
Subsidiary's financial statements' translation differences	-	-	-	-	(18,106,407)	(18,106,407)	(14,511,873)	(32,618,280)
Loss from revaluation of equity instrument at fair value through other comprehensive income	-	-	-	(83,450,000)	-	(83,450,000)	-	(83,450,000)
Total comprehensive loss	-	-	(10,035,162)	(83,450,000)	(18,106,407)	(111,591,569)	(9,008,848)	(120,600,417)
Dividend in a subsidiary Company	-	-	-	-	-	-	(37,866,088)	(37,866,088)
Accrued dividend in a subsidiary Company	-	-	-	-	-	-	(6,405,300)	(6,405,300)
Balance as of 30 June 2022	1,263,888,890	219,249,829	(50,171,026)	(44,188,659)	(98,542,231)	1,290,236,803	366,715,940	1,656,952,743

Acting as Chief Financial Officer

Chief Executive officer

Authorized member of the Board of Directors

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

SINAD HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
(IN SAUDI RIYALS)

**For the six-month period ended
30 June**

<u>Notes</u>	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Net (loss) / profit before zakat and income tax	(44,988,604)	15,888,168
Adjustments for:		
Group's share from net loss of an associate Company	7 (A) -	11,347,093
Dividend from investment and financial assets	(5,572,534)	(16,509,000)
Gain / (loss) from investments for trading at fair value through statement of income	(6,678,888)	383,432
Gain from valuation of debt instruments at fair value through statement of income	(269,732)	-
Gain from sale of investment property	-	(5,836,764)
Depreciation of property, plant and equipment and right of use assets	44,628,565	51,448,187
Amortization of intangible assets	215,989	203,618
Gains from sale of property, plant and equipment	(1,244,450)	(386,069)
Gain from financial derivative at fair value through statement of income	(1,298,625)	(186,981)
Provision for expected credit loss	4,502,951	1,891,739
Provision for claims	242,262	1,316,407
Finance charges	25,705,758	12,633,812
	<u>15,242,692</u>	<u>72,193,642</u>
Changes in operating assets and liabilities:		
Trade receivables, prepaid expenses and other assets	12,867,840	(65,566,979)
Inventories	(41,359,583)	(120,046,697)
Trade payable and other accruals	(1,436,357)	56,240,651
Due from / to related parties	(788,552)	(6,934)
Employees' benefits liabilities	(7,342,317)	(5,622,156)
Cash from operations	<u>(22,816,277)</u>	<u>(62,808,473)</u>
Zakat and income tax paid	(24,452,872)	(36,693,806)
Finance charges paid	(25,846,066)	(10,285,664)
Net cash used in operating activities	<u>(73,115,215)</u>	<u>(109,787,943)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and assets under constructions	(7,353,157)	(23,710,660)
Proceeds from sale of property, plant and equipment	1,919,473	376,105
Purchase of intangible assets	-	(31,542)
Payment for purchase of investments	-	(30,000,000)
Proceeds from investment income and financial assets	5,572,534	16,509,000
Proceeds from sale of investment properties	-	8,000,000
Net cash generated from / (used in) investing activities	<u>138,850</u>	<u>(28,857,097)</u>
FINANCING ACTIVITIES		
Proceed from Islamic Murabaha financing contracts and long and short-term loans	645,303,600	768,743,154
Paid to Islamic Murabaha financing contracts and long and short-term loans	(705,581,987)	(527,077,075)
Dividend income paid	(52,348)	-
Share of non-controlling interest of dividend in a subsidiaries Companies	(2,098,750)	(37,866,088)
Lease liabilities paid	(8,719,581)	(9,623,168)
Payment of financial derivatives	(16,500,000)	-
Net cash (used in) / generated from financing activities	<u>(87,649,066)</u>	<u>194,176,823</u>
NET CHANGE IN CASH AND CASH EQUIVALENT	<u>(160,625,431)</u>	<u>55,531,783</u>
Effect of exchange difference from translation of cash and cash equivalent	(14,217,662)	(13,580,327)
Cash and cash equivalent at the beginning of the period	293,525,613	149,233,146
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	<u>118,682,520</u>	<u>191,184,602</u>

MAJOR NON-CASH TRANSACTIONS:

Effect of exchange in a subsidiary's financial statements' translation differences	(27,064,258)	(32,618,280)
Right of use assets and lease liability	-	675,057
Net gain / (loss) from revaluation of equity instrument at fair value through other comprehensive income	38,290,000	(83,450,000)
Non-controlling interest accrued dividend	(10,711,850)	(6,405,300)

Acting as Chief Financial Officer

Chief Executive officer

Authorized member of the Board of Directors

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

SINAD HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE THREE MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023**

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

1. COMPANY'S INFORMATION

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

On 9th January 2022 (corresponding to 6 Jumada al-Tahni 1443), the shareholder's General Assembly approved to amend the Company's commercial name to be "Sinad Holding Company". During the year ended 31 December 2022, all legal procedures have been completed and the new amended commercial registration and article of association have been issued.

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

The capital of the Parent Company consists of 126,388,889 shares as of 30 June 2023, the value of each of which is 10 Saudi riyals (31 December 2022: 126,388,889 shares).

The Company's activity is represented in the following:

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

The registered office of the Company is CMC tower, Almalqa district, King Fahad Road, Riyadh, Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION AND SUMMEERY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

The interim condensed consolidated financial statements do not include all the information and explanations required in the annual financial statements, and they must be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022. Also, the results for the initial financial period ended on 30 June 2023 do not necessarily reflect the results that would be expected for the fiscal year ending on 31 December 2023.

2.2 BASIS OF MEASUREMENT

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

SINAD HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE THREE MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023**

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (together the "Group") as at 30 June 2023.

Below are the details of subsidiaries:

Subsidiary	Country of incorporation	Ownership percentage	
		30 June 2023	31 December 2022
Aseer Al Arabiah for Industrial Investment Company Limited (Single owner Company LLC) and subsidiaries (see notes A below)	Kingdom of Saudi Arabia	100%	100%
Al Khawatem for Trading and Contracting Company Limited (Single owner Company LLC)	Kingdom of Saudi Arabia	100%	100%
Al Mawajed International for Real Estate Development Company Limited (Single owner Company LLC)	Kingdom of Saudi Arabia	100%	100%
Fast Delivery Company for Logistics Services (Single owner Company LLC) *	Kingdom of Saudi Arabia	100%	100%

* During the year ended 31 December 2022, Sinad Holding Company established a new Company "Fast Delivery Company for Logistics Services". The Company's activity will be in logistics services (ground transportation of goods – light transportation – providing delivery services via electronic platforms).

SINAD HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023

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

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

Subsidiary	Operation	Country of incorporation	Ownership percentage	
			30 June 2023	31 December 2022
Halawani Brothers Company (a Saudi Joint Stock Company) (see note B below)	Manufacturing, packaging, wholesale and retail trade of food products	Kingdom of Saudi Arabia	55.51%	55.51%
Al Rabie Saudi Foods Company (a Saudi Closed Joint Stock Company)	Manufacturing of dairy, dairy products, juices, drinks	Kingdom of Saudi Arabia	57.30%	57.30%
Textile & Readymade Garments Company Limited (Limited Liability Company)	Production of Saudi Thobe and uniforms	Kingdom of Saudi Arabia	62.30%	62.30%

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

Subsidiary	Country of incorporation	Ownership percentage	
		30 June 2023	31 December 2022
Halawani Brothers Company (a Closed Joint Stock Company)	Egypt	100%	100%

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, judgments and estimates applied in preparing the accompanying interim condensed consolidated financial statements are the same as those mentioned in the group's consolidated financial statements as of 31 December 2022.

2.6 APPLICATION OF NEW AMENDED STANDARDS AND INTERPREPERATIONS

New standards, amendments to existing standards and interpretations

There are no new standards issued by the International Accounting Standards Board (IASB), however, a number of amendments to the standards are effective as of 01 January 2023, which were explained in the annual consolidated financial statements of the group as of 31 December 2022 and there is no material impact on the interim condensed consolidated financial statements of the group for the three month and six month periods ended 30 June 2023.

SINAD HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE THREE MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023**

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

3. SEGMENTAL INFORMATION

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

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

A) Business segments

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

	<i>Investment segment SR'000'</i>	<i>Industrial segment SR'000'</i>	<i>Total SR'000'</i>
30 June 2023			
Total assets	988,069	1,778,301	2,766,370
Total liabilities and non-controlling interests	249,614	1,300,722	1,550,336
Property, plant and equipment	3,326	763,354	766,680
Net sales and investment income	13,513	776,000	789,513
Gross profit	7,225	211,398	218,623
Depreciation and amortization of intangible assets	1,889	42,956	44,845
Capital expenditures	121	7,232	7,353
	<i>Investment segment SR'000'</i>	<i>Industrial segment SR'000'</i>	<i>Total SR'000'</i>
31 December 2022			
Total assets	1,074,165	1,865,030	2,939,195
Total liabilities and non-controlling interests	355,722	1,345,546	1,701,268
Property, plant and equipment	3,604	802,809	806,413
Capital expenditures	1,278	46,448	47,726

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B) Geographical segments

30 June 2023	<i>Kingdom of Saudi Arabia</i>	<i>Egypt</i>	<i>Other Arab and foreign countries</i>	<i>Reconciliations</i>	<i>Total</i>
	<i>SR '000'</i>	<i>SR '000'</i>	<i>SR '000'</i>	<i>SR '000'</i>	<i>SR '000'</i>
Total assets	2,658,917	246,077	-	(138,624)	2,766,370
Total liabilities	1,136,882	121,016	-	(13,563)	1,244,335
Net sales	454,000	235,630	87,654	(293)	776,991
31 December 2022	<i>Kingdom of Saudi Arabia</i>	<i>Egypt</i>	<i>Other Arab and foreign countries</i>	<i>Reconciliations</i>	<i>Total</i>
	<i>SR '000'</i>	<i>SR '000'</i>	<i>SR '000'</i>	<i>SR '000'</i>	<i>SR '000'</i>
Total assets	2,811,644	271,622	-	(144,071)	2,939,195
Total liabilities	1,224,157	136,423	-	(8,872)	1,351,708
30 June 2022					
Net sales	513,157	291,806	82,402	(174)	887,191

4. NET SALES

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

	For the period ended	
	30 June 2023	30 June 2022
Food products	444,910,155	540,034,599
Drinks and beverages	331,026,068	346,354,033
Other	1,055,221	802,253
	776,991,444	887,190,885

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5. ZAKAT AND INCOME TAX PAYABLE

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

	As at	
	30 June 2023	31 December 2022
Zakat payable	40,639,010	41,162,322
Income tax payable	5,764,233	15,129,195
	46,403,243	56,291,517

A) Zakat

Movement in zakat on the Group was as follows:

	For the period / year ended	
	30 June	31 December
	2023	2022
Balance at the beginning of the period / year	41,162,322	41,875,530
Provided during the period / year	11,622,172	11,051,867
Paid during the period / year	(12,145,484)	(10,973,647)
Adjustments	-	(791,428)
Balance at the end of the period / year	40,639,010	41,162,322

Zakat charged to the interim condensed consolidated statement of income:

	For the period ended	
	30 June	30 June
	2023	2022
Provided during the period	11,622,172	8,601,243

B) Income tax

Movement in income tax was as follows:

	For the period / year ended	
	30 June	31 December
	2023	2022
At the beginning of the period / year	15,129,195	25,820,054
Provided during the period / year	7,556,428	23,294,516
Paid during the period / year	(12,307,388)	(21,114,500)
Translation differences	(4,614,002)	(12,870,875)
Balance at the end of the period / year	5,764,233	15,129,195

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

	For the period ended	
	30 June	30 June
	2023	2022
Current income tax	7,556,428	12,573,871
Deferred income tax	(299,892)	(754,809)
	7,256,536	11,819,062

C) Zakat and tax status

There has been no material change in the group's zakat or tax status compared to the zakat and tax status for the year ended 31 December 2022.

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6. EARNINGS PER SHARE

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

	For the six-month period ended	
	30 June 2023	30 June 2022
Net loss for the period attributable to the shareholders of the Parent Company	(45,159,317)	(10,035,162)
Weighted average number of outstanding ordinary shares	126,388,889	126,388,889
Basic and diluted loss per share attributable to the shareholders of Parent Company	(0.36)	(0.08)

7. INVESTMENTS AND FINANCIAL ASSETS

	30 June 2023	31 December 2022
Investments in associate (see note "a" below)	-	-
Equity instruments at fair value through other comprehensive income (see note "b" below)	676,387,165	638,097,165
Debt instruments at fair value through statement of income (see note "c" below)	2,914,787	2,645,055
	679,301,952	640,742,220

a) Investments in an associate

<u>Company's name</u>	<u>Country of incorporation</u>	<u>Main activity</u>	<u>Shareholding percentage</u>		<u>30 June 2023</u>	<u>31 December 2022</u>
			2023	2022	SAR	SAR
Alessa Industries Company	Kingdom of Saudi Arabia	Wholesale and retail	38%	38%	-	-

During the period ended 30 June 2023, the associate Company reduced its capital to absorb the accumulated losses by cancelling 40 million shares. The number of shares owned by the Group is 3.8 million shares (31 December 2022: 19 million shares) of the total capital of Alessa Industries Company amounted to 50 million shares with 38% ownership of its equity.

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

	30 June 2023	31 December 2022
Investment balance at the beginning of the period / year	-	11,347,093
Group's share from net loss of an associate	-	(11,347,093)
Group's share of other comprehensive income	-	-
	-	-

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

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b) Equity instruments at fair value through other comprehensive income

	Investment in equity instruments		Total	Total
	Quoted	Un-quoted	30 June 2023	31 December 2022
Cost:				
At the beginning of the period / year	390,600,000	345,180,972	735,780,972	743,867,824
Additions	-	-	-	-
Disposals	-	-	-	(8,086,852)
At the end of the period / year	390,600,000	345,180,972	735,780,972	735,780,972
Net loss from revaluation of investments and financial assets:				
At the beginning of the period / year	(46,410,000)	(51,273,807)	(97,683,807)	39,261,341
Revaluation gain / (loss)	38,290,000	-	38,290,000	(140,270,152)
Transferred to accumulated losses	-	-	-	3,325,004
At the end of the period / year	(8,120,000)	(51,273,807)	(59,393,807)	(97,683,807)
Net book value	382,480,000	293,907,165	676,387,165	638,097,165

The Group owns 35 million shares as of 30 June 2023 (31 December 2022: 35 million shares) in Emaar the Economic City, with a value of 328 million Saudi Riyals, as of 30 June 2023 (31 December 2022: 292 million Saudi Riyals). The group is required to obtain the approval of the Economic Cities Authority before disposing of the shares it owns.

c) Debt instruments at fair value through statement of income

	30 June 2023	31 December 2022
Balance as at the beginning of the period / year	2,645,055	112,435,000
Additions	-	2,645,055
Revaluation gain of debt instruments at fair value through statement of income	269,732	72,974,399
Dividend payables	-	(166,899)
Disposals	-	(185,242,500)
Balance as at the end of the period / year	2,914,787	2,645,055

8. TRADE RECEIVABLES

	30 June 2023	31 December 2022
Trade receivables	271,056,478	284,181,832
Provision of expected credit losses	(26,949,115)	(23,321,160)
	244,107,363	260,860,672

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9. PREPAID EXPENSES AND OTHER ASSETS

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

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

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

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

On 19 Shaaban 1442 H corresponding to 01 April 2021, the Company received a letter from its legal consultant stating that the defendant (land's seller) filed a petition to the court on 05 Shaaban 1442H, corresponding to 18 March 2021, to overturn the verdict and dismiss the case after the expiry of the formal objection period and petition was accepted, and according to the Court dismissed the previous ruling and dismiss the case for lack of jurisdiction because the case is one of the big cases with amounts of more than 100 million Saudi Riyals. The Company has objected the ruling as it was not valid.

On 03 February 2022, the General Department for large cases of the General Court has issued a preliminary ruling in the favour of the Group, to terminate the sale's contract pertaining to north Riyadh land between the Company and the seller and what's entitled to it, and obligate the land seller to repay an amount of SR 202 million in favour of the Company.

On 24 April 2022, the Court of Appeal issued its ruling confirming the ruling issued by the General Department for large cases. Consequently, the Company applied to the Execution Court to execute the ruling, and the court has started to proceed with the execution by seizing assets owned by the seller.

On 08 March 2023, a preliminary rule was issued in favour of the Group obliging the broker to repay an amount of SR 5,239,441 in favour of the Company, and the period of objection to the issued ruling is 30 days starting from the following date of receiving a copy of the rule based on the legal pleadings system. The defendant objected to the ruling and the Court of Appeal confirmed the issued ruling and it was submitted to the Court of Execution.

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10. ISLAMIC MURABAHA CONTRACTS AND LONG-TERM LOANS

	30 June 2023	31 December 2022
Facilities and long-term loans	125,741,038	192,184,711
Amounts due within a year	(65,131,387)	(107,883,731)
Non-current portion	60,609,651	84,300,980

The group has a number of Islamic Murabaha contracts agreements and long-term loans that were disclosed in the group's financial statements as of 31 December 2022, and during the period ended 30 June 2023, the Group finalized an Islamic Murabaha financing agreement and paid the total Murabaha balance amounting to SR 50 million as an early payment, as the last payment was due in December 2023.

11. ISLAMIC MURABHA FINANCING AND SHORT-TERM LOANS

	30 June 2023	31 December 2022
Balance at the beginning of the period / year	576,303,097	321,614,951
Net movement during the period / year	(5,268,195)	254,688,146
Balance at the end of the period / year	571,034,902	576,303,097

The group has a number of short-term Islamic Murabaha financing agreements that were disclosed in the group's financial statements as at 31 December 2022, in addition to the following agreement entered into by the group during the period ended on 30 June 2023, which is as follows:

One of the subsidiaries Company has entered into short term Murabaha contracts with a local bank to finance its working capital. The subsidiary pays its financing charges according to prevailing market rate plus a profit margin. As of 30 June 2023, the outstanding balance of these contracts amounted to SR 95 million (31 December 2022: Nil).

12. DUE TO RELATED PARTY

The balance of the due to related parties as of 30 June 2023, includes an amount of SAR 10,711,850, which is represented in dividends due to non-controlling interests that were approved by Al Rabie Saudi Foods Company (one of the subsidiaries) and in accordance with the Ordinary General Assembly's resolution on 30 May 2023.

13. SIGNIFICANT EVENTS

Devaluation of the currency of the Arab Republic of Egypt

The impact of the devaluation of the Egyptian pound against the Saudi riyal still continuing. As a result, translation differences were recorded of a subsidiary Company during the period ended 30 June 2023 by SR 27 million (30 June 2022: by SR 33 million).

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The impact of the war of the State of the Republic of Sudan

During April 2023, political turmoil broke out in the Republic of Sudan. This may have financial effects on many economic entities that have transactions with the Republic of Sudan, as well as on direct interests (such as suppliers, customers, investments, and lenders). The political events are constantly changing.

The main potential effects arising from the disruption of the political situation are as follows:

- Interruptions or suspension of production and closure of roads and facilities.
- Travel disturbances to the Republic of Sudan.
- Fluctuation of commodity and currency prices, which may lead to an increase in costs and expenses.
- Disruptions in banking systems and capital markets.

The management closely monitors and analyses market developments in this volatile situation. In spite of the current uncertainties, there is currently no indication of an impact on the Group's business or non-fulfilment of its obligations and future operational performance.

14. COMPARATIVE FIGURES

Certain figures of the prior period have been reclassified to conform with the presentation for the current period.

15. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by Board of Directors on 22 Muharram 1445 (H) (Corresponding to 09 August 2023 (G)).
