

**SAUDIA DAIRY & FOODSTUFF COMPANY
(SADAFCO)
(A Saudi Joint Stock Company)**

UNAUDITED CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR THE THREE-MONTH
AND NINE-MONTH PERIODS ENDED DECEMBER 31,
2021 AND REPORT ON REVIEW OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL INFORMATION

SAUDIA DAIRY & FOODSTUFF COMPANY (SADAFCO)
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED DECEMBER 31,
2021

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Report on review of condensed consolidated interim financial information

To the Shareholders of Saudia Dairy & Foodstuff Company (SADAFCO):
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Saudia Dairy & Foodstuff Company (the “Company” or “SADAFCO”), together with its subsidiaries (collectively referred to as the “Group”) as of December 31, 2021 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information 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 this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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, 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 information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Mufaddal A. Ali
License Number 447




January 20, 2022


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SAUDIA DAIRY & FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of profit or loss
 (All amounts in Saudi Riyals thousands unless otherwise stated)

		Three-month period ended December 31,		Nine-month period ended December 31,	
	Note	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenue - net	4	519,905	482,024	1,542,386	1,583,414
Cost of revenue		(359,810)	(321,226)	(1,070,275)	(1,062,398)
Gross profit		160,095	160,798	472,111	521,016
Selling and distribution expenses		(73,072)	(69,853)	(226,177)	(221,055)
General and administrative expenses		(27,470)	(26,965)	(84,304)	(86,657)
Impairment loss on financial assets		(303)	(562)	(909)	(1,602)
Other operating income		2,528	4,741	4,319	7,554
Operating profit		61,778	68,159	165,040	219,256
Finance income		1,228	1,683	2,846	5,152
Finance costs		(2,095)	(1,417)	(4,883)	(5,251)
Profit before zakat and income tax		60,911	68,425	163,003	219,157
Zakat and income tax expense		(6,337)	(4,252)	(16,728)	(14,190)
Profit for the period		54,574	64,173	146,275	204,967
Profit is attributable to:					
Owners of SADAFCO		53,651	63,767	145,856	204,474
Non-controlling interests		923	406	419	493
		54,574	64,173	146,275	204,967
Earnings per share:					
Basic and dilutive earnings per share (Saudi Riyals) attributable to owners of SADAFCO	6	1.68	1.99	4.56	6.39

The notes from 1 to 14 form part of this condensed consolidated interim financial information.


 Mussad Abdullah Al Nassar
 Member Board of Directors



 Patrick Stillhart
 Chief Executive Officer



 Shehzad Altaf
 Chief Financial Officer

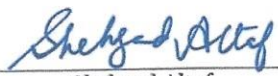
SAUDIA DAIRY & FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of comprehensive income
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Three-month period ended December 31,		Nine-month period ended December 31,	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	54,574	64,173	146,275	204,967
Other comprehensive loss				
<i>Items that may be reclassified to profit or loss</i>				
Exchange difference on translation of foreign operations	(3,880)	(43)	(2,409)	(211)
<i>Items that will not to be reclassified to profit or loss</i>				
Re-measurement gain on employee benefit obligation	-	-	-	-
Other comprehensive loss for the period	(3,880)	(43)	(2,409)	(211)
Total comprehensive income for the period	50,694	64,130	143,866	204,756
Total comprehensive income for the period is attributable to:				
Owners of SADAFCO	50,153	63,680	145,205	204,265
Non-controlling interests	541	450	(1,339)	491
	50,694	64,130	143,866	204,756

The notes from 1 to 14 form part of this condensed consolidated interim financial information.


Mussad Abdullah Al Nassar
Member Board of Directors



Patrick Stillhart
Chief Executive Officer

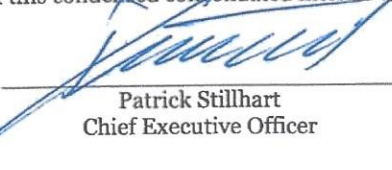

Shehzad Altaf
Chief Financial Officer


SAUDIA DAIRY & FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2021 (Unaudited)	March 31, 2021 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	7	912,813	860,729
Right-of-use assets		66,748	63,155
Intangible assets		19,630	21,975
Other non-current assets		5,296	5,537
		<u>1,004,487</u>	<u>951,396</u>
Current assets			
Inventories		367,179	302,223
Trade and other receivables		209,485	227,194
Deposits, prepayments and other assets		43,674	35,332
Cash and cash equivalents		679,153	713,290
		<u>1,299,491</u>	<u>1,278,039</u>
Total assets		<u>2,303,978</u>	<u>2,229,435</u>
Liabilities and Equity			
Liabilities			
Non-current liabilities			
Employee benefit obligations		125,709	119,794
Lease liabilities		58,688	53,721
Non-controlling interest put option		24,949	26,881
		<u>209,346</u>	<u>200,396</u>
Current liabilities			
Trade and other payables		203,670	168,971
Accruals and other liabilities		258,560	267,188
Current portion of lease liabilities		8,942	10,119
Dividends payable		3,960	3,388
Zakat and income tax payable	8	15,317	22,222
Due to related parties	9	1,152	2,332
		<u>491,601</u>	<u>474,220</u>
Total liabilities		<u>700,947</u>	<u>674,616</u>
Equity			
Issued share and paid up capital		325,000	325,000
Statutory reserve		162,500	162,500
Other reserve	12	297,029	282,443
Treasury shares		(51,559)	(51,559)
Foreign currency translation reserves		(7,447)	(6,796)
Retained earnings		857,029	821,758
Equity attributable to owners of SADAFCO		<u>1,582,552</u>	<u>1,533,346</u>
Non-controlling interests		20,479	21,473
Total equity		<u>1,603,031</u>	<u>1,554,819</u>
Total liabilities and equity		<u>2,303,978</u>	<u>2,229,435</u>

The notes from 1 to 14 form part of this condensed consolidated interim financial information.


Mussad Abdullah Al Nassar
Member Board of Directors



Patrick Stillhart
Chief Executive Officer

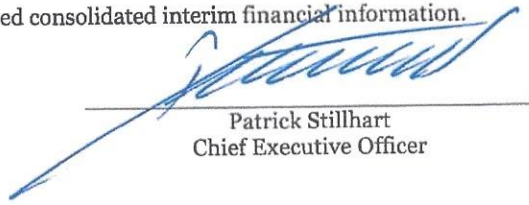

Shehzad Altaf
Chief Financial Officer

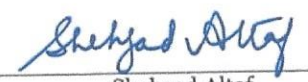
SAUDIA DAIRY & FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in equity
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Attributable to owners of SADAFCO								
	Issued share and paid up capital	Statutory reserve	Other reserve	Treasury shares	Foreign currency translation reserves	Retained earnings	Total	Non- controlling interests	Total Equity
Balance at April 1, 2020 (audited)	325,000	162,500	256,388	(51,559)	(2,335)	766,833	1,456,827	19,639	1,476,466
Profit for the period	-	-	-	-	-	204,474	204,474	493	204,967
Other comprehensive loss	-	-	-	-	(209)	-	(209)	(2)	(211)
Total comprehensive (loss) / income for the period	-	-	-	-	(209)	204,474	204,265	491	204,756
Other changes in non- controlling interest	-	-	-	-	-	-	-	1,496	1,496
Dividends	-	-	-	-	-	(79,999)	(79,999)	-	(79,999)
Transfer to other reserve (Note 12)	-	-	20,447	-	-	(20,447)	-	-	-
Balance at December 31, 2020 (unaudited)	325,000	162,500	276,835	(51,559)	(2,544)	870,861	1,581,093	21,626	1,602,719
Balance at April 1, 2021 (audited)	325,000	162,500	282,443	(51,559)	(6,796)	821,758	1,533,346	21,473	1,554,819
Profit for the period	-	-	-	-	-	145,856	145,856	419	146,275
Other comprehensive loss	-	-	-	-	(651)	-	(651)	(1,758)	(2,409)
Total comprehensive (loss) / income for the period	-	-	-	-	(651)	145,856	145,205	(1,339)	143,866
Other changes in non- controlling interest	-	-	-	-	-	-	-	345	345
Dividends (Note 13)	-	-	-	-	-	(95,999)	(95,999)	-	(95,999)
Transfer to other reserve (Note 12)	-	-	14,586	-	-	(14,586)	-	-	-
Balance at December 31, 2021 (unaudited)	325,000	162,500	297,029	(51,559)	(7,447)	857,029	1,582,552	20,479	1,603,031

The notes from 1 to 14 form part of this condensed consolidated interim financial information.


Mussad Abdullah Al Nassar
Member Board of Directors



Patrick Stillhart
Chief Executive Officer


Shehzad Altaf
Chief Financial Officer

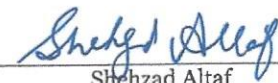
SAUDIA DAIRY & FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Nine-month period ended December 31,	
	2021	2020
	(Unaudited)	(Unaudited)
Cash flow from operating activities		
Profit before zakat and income tax	163,003	219,157
<u>Adjustments for:</u>		
Depreciation	74,432	75,905
Amortization of intangible assets	2,011	2,021
Gain on disposal of property, plant and equipment	(531)	(1,099)
Impairment loss on financial assets	909	1,602
Finance costs on lease liabilities	1,945	2,075
(Reversal of) / finance costs on non-controlling interest put option and other liabilities - net	(1,384)	3,111
Loss on derecognition of contingent consideration payable	917	-
Provision for employee benefit obligations	10,807	13,955
Others	241	(231)
	252,350	316,496
<u>Changes in working capital</u>		
Inventories	(64,956)	(35,130)
Trade and other receivables	16,800	20,358
Deposits, prepayments and other assets	(8,342)	22,725
Trade and other payables	34,699	(90,871)
Due to related parties	(1,180)	(557)
Accruals and other liabilities	(5,750)	30,370
	223,621	263,391
Employee benefit obligations paid	(4,892)	(8,423)
Zakat and income tax paid	(23,633)	(17,052)
Net cash inflow from operating activities	195,096	237,916
Cash flow from investing activities		
Sale proceeds from disposal of property, plant and equipment	1,331	1,722
Purchases of property, plant and equipment	(119,306)	(100,429)
Net cash outflow from investing activities	(117,975)	(98,707)
Cash flow from financing activities		
Dividends paid	(95,427)	(80,085)
Lease payments	(10,112)	(10,918)
Payment for contingent consideration payable	(3,925)	(4,500)
Change in non-controlling interest	345	1,496
Net cash outflow from financing activities	(109,119)	(94,007)
Net change in cash and cash equivalents	(31,998)	45,202
Effects of exchange rate fluctuations on cash and cash equivalents	(2,139)	(211)
Cash and cash equivalents at the beginning of the period	713,290	645,839
Cash and cash equivalents at the end of the period	679,153	690,830

The notes from 1 to 14 form part of this condensed consolidated interim financial information.


Mussad Abdullah Al Nassar
Member Board of Directors


Patrick Stillhart
Chief Executive Officer


Shehzad Altaf
Chief Financial Officer

SAUDIA DAIRY & FOODSTUFF COMPANY (SADAFCO)

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information for the three-month and nine-month periods ended December 31, 2021 (Unaudited)

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. General Information

Saudia Dairy & Foodstuff Company (the “Company” or “SADAFCO”), together with its subsidiaries (collectively referred to as the “Group”), is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 4030009917 issued in Jeddah dated Rabi Al-Akhar 21, 1396H (April 21, 1976).

The Company and its subsidiaries are primarily engaged in the production and distribution of dairy products, beverages and various foodstuff in the Kingdom of Saudi Arabia, Poland and certain other Gulf and Arab countries. Information on the Group’s structure is provided in Note 5 of these condensed consolidated interim financial information.

Impact of COVID - 19

The novel Coronavirus (COVID-19) pandemic has spread across various geographies globally, disrupting business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

In response to the spread of COVID-19 in Gulf Cooperation Council (“GCC”) countries and other markets in which the Group operates, and its resulting disruptions to the social and economic activities in those markets, the Group’s management has proactively assessed its impacts on its operations and has taken a series of preventive measures to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets. Notwithstanding these challenges, the Group’s operations remained largely unaffected as the food industry in general was exempt from the various bans and constraints imposed by various regulatory authorities including exemption from curfew hours and cargo shipping and flight operations restrictions. The underlying demand from retail and wholesale customers for the Group’s products has been largely unaffected. Based on these factors, management believes that the COVID-19 pandemic has had no material effect on Group’s reported financial results for the three-month and nine-month periods ended December 31, 2021 and no significant changes were required to the key judgements and estimates. The Group is continuously monitoring the evolving scenario and any change in the judgements and key estimates will be reflected as part of the operating results and cash flows of the future reporting periods.

2. Basis of preparation

2.1 Statement of compliance

This condensed consolidated interim financial information of the Group has been prepared in compliance with International Accounting Standard 34 - Interim Financial Reporting (IAS 34), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended March 31, 2021. IAS 34 states that the condensed interim financial information is intended to provide an update on the latest complete set of annual financial statements. Hence, IAS 34 requires less disclosures in interim financial information than International Financial Reporting Standards (IFRS) requires in annual financial statements.

SAUDIA DAIRY & FOODSTUFF COMPANY (SADAFCO)**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial information for the three-month and nine-month periods ended December 31, 2021 (Unaudited)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. Basis of preparation (continued)**2.2 Accounting convention / Basis of measurement**

This condensed consolidated interim financial information has been prepared on a historical cost basis except for the following material items in the condensed consolidated interim statement of financial position:

- Non-controlling interest put option is recognised at the present value of redemption amount;
- The defined benefit obligation is recognised at the present value of future obligations using the Projected Unit Credit Method; and
- Derivative financial instruments and certain non-current assets measured at fair value.

This condensed consolidated interim financial information is presented in Saudi Riyals being the functional currency of the Company and currency of presentation of the Group. All amounts are rounded to nearest thousand Saudi Riyals, unless otherwise indicated.

2.3 New and amended standards adopted by the Group

There are no other new standards issued during the current reporting period. However, there are number of amendments to standards, which are effective from April 1, 2021 but they do not have any material effect on Group's condensed consolidated interim financial information.

2.4 Standards and interpretations issued but not yet effective and not applied by the Group

There are no other relevant standards, amendments or interpretations issued by IFRS Interpretation Committee that are issued but not yet effective that would be expected to have a material impact on the Group's condensed consolidated interim financial information.

2.5 Critical accounting estimates and judgements

In preparing this condensed consolidated interim financial information, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities were the same as those described in the last annual consolidated financial statements.

The Group has reviewed the key sources of estimation uncertainties against the backdrop of COVID-19 pandemic. Management believes all sources of estimation uncertainty remain similar to those disclosed in the annual audited consolidated financial statements for the year ended March 31, 2021. Management continues to monitor the situation and any changes required will be reflected in future reporting periods.

SAUDIA DAIRY & FOODSTUFF COMPANY (SADAFCO)

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information for the three-month and nine-month periods ended December 31, 2021 (Unaudited)

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. Significant accounting policies

The accounting policies adopted by the Group for the preparation of the condensed consolidated interim financial information are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended March 31, 2021.

4. Segment information

4.1 Operating segment

Following the management approach in regard to IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Board of Directors and CEO, (together chief operating decision maker, CODM), who is responsible for allocating the reportable segments and assessing their performance. The drinks segment represents milk and juice products, while non-drinks represent ice creams, tomato paste, cheese and snacks.

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information for the three-month and nine-month periods ended December 31, 2021 (Unaudited)

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. Segment information (continued)

4.1 Operating segment (continued)

	Three-month period ended				Nine-month period ended			
	Drinks	Non- Drinks	Un-allocated	Total	Drinks	Non- Drinks	Un-allocated	Total
December 31, 2021 (Unaudited)								
Segment profit or loss								
Revenue - net	305,470	238,294	-	543,764	888,606	725,918	-	1,614,524
Inter-segment revenue - net	(7,661)	(16,198)	-	(23,895)	(20,485)	(51,653)	-	(72,138)
Revenue from external customers	297,809	222,096	-	519,905	868,121	674,265	-	1,542,386
Profit before zakat and income tax	32,263	28,648	-	60,911	87,008	75,995	-	163,003
Depreciation and amortization	17,459	7,547	-	25,006	51,200	25,243	-	76,443
Finance income	-	394	834	1,228	-	933	1,913	2,846
Finance costs	577	1,518	-	2,095	1,649	3,234	-	4,883
					December 31, 2021			
	Drinks	Non- Drinks	Un-allocated	Total	Drinks	Non- Drinks	Un-allocated	Total
Segment assets								
Property, plant and equipment					617,175	295,638	-	912,813
Right-of-use assets					54,892	11,856	-	66,748
Intangible assets					-	19,630	-	19,630
Other non-current assets					-	5,053	243	5,296
Current assets					-	67,378	1,232,113	1,299,491
Total assets					672,067	399,555	1,232,356	2,303,978
Segment liabilities								
Current liabilities					7,304	35,718	448,579	491,601
Non-controlling interest put option					-	24,949	-	24,949
Lease liabilities					47,985	10,703	-	58,688
Employee benefit obligations					-	283	125,426	125,709
Total liabilities					55,289	71,653	574,005	700,947

SAUDIA DAIRY & FOODSTUFF COMPANY (SADAFCO)**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial information for the three-month and nine-month periods ended December 31, 2021 (Unaudited)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. Segment information (continued)**4.1 Operating segment (continued)**

	March 31, 2021 (Audited)			Total
	Drinks	Non-Drinks	Un-allocated	
Segment assets				
Property, plant and equipment	596,397	264,332	-	860,729
Right-of-use assets	51,866	11,289	-	63,155
Intangible assets	-	21,975	-	21,975
Other non-current assets	-	5,294	243	5,537
Current assets	-	63,053	1,214,986	1,278,039
Total assets	648,263	365,943	1,215,229	2,229,435
Segment liabilities				
Current liabilities	7,577	37,798	428,845	474,220
Non-controlling interest put option and other liabilities	-	26,881	-	26,881
Lease liabilities	44,504	9,217	-	53,721
Employee benefit obligations	-	261	119,533	119,794
Total liabilities	52,081	74,157	548,378	674,616

The management has categorized its geographical operations as follows:

	Three-month period ended December 31,		Nine-month period ended December 31,	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Geographic information				
Revenue from external customers				
Kingdom of Saudi Arabia	415,305	411,139	1,293,485	1,373,975
Poland	71,663	42,138	155,954	117,159
Gulf Cooperation Council (GCC) countries	14,124	15,247	40,804	48,629
Other	18,813	13,500	52,143	43,651
Total	519,905	482,024	1,542,386	1,583,414

	December 31, 2021 (Unaudited)	March 31, 2021 (Audited)
Non-current operating assets		
Kingdom of Saudi Arabia	924,962	864,576
Poland	61,290	66,318
Gulf Cooperation Council (GCC) countries	14,699	17,644
Others	3,536	2,858
Total	1,004,487	951,396

SAUDIA DAIRY & FOODSTUFF COMPANY (SADAFCO)**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial information for the three-month and nine-month periods ended December 31, 2021 (Unaudited)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. Segment information (continued)**4.2 Adjustments**

Certain non-current assets, current assets, current liabilities and non-current liabilities are not allocated to operating segments as they are managed on a Group basis.

4.3 Reconciliation of profit

	Three-month period ended December 31,		Nine-month period ended December 31,	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit before zakat and income tax	60,911	68,425	163,003	219,157
Zakat and income tax	(6,337)	(4,252)	(16,728)	(14,190)
Profit for the period	54,574	64,173	146,275	204,967

5. Group information

The condensed consolidated interim financial information of the Group includes:

Name	Relationship	Principal activities	Country of incorporation	% equity interest	
				December 31, 2021	March 31, 2021
SADAFCO Bahrain Company LLC	Subsidiary	Foodstuff and dairy products	Bahrain	100%	100%
SADAFCO Jordan Foodstuff Company LLC	Subsidiary	Foodstuff and dairy products	Jordan	100%	100%
SADAFCO Qatar W.L.L.	Subsidiary	Foodstuff and dairy products	Qatar	75%	75%
SADAFCO Kuwait Foodstuff Co. W.L.L (*)	Subsidiary	Foodstuff and dairy products	Kuwait	49%	49%
SADAFCO Poland Sp. z o.o. ("SADAFCO Poland")	Subsidiary	Holding company	Poland	100%	100%
Mlekoma Sp. z o.o.	Subsidiary	Dairy products	Poland	76%	76%
Foodexo Sp. z o.o.	Subsidiary	Dairy products	Poland	76%	76%
Mlekoma Dairy Sp. z o.o.	Associate	Dairy products	Poland	37%	37%

(*) Remaining equity interest is beneficially held through parties nominated by the Company.

The Group's parent entity is Al Qurain Petrochemicals Industries Company ("QPIC"), which is an associate of Kuwait Projects Company Holding ("KIPCO"). QPIC holds shareholding equal to 40.11% of the share capital (2020: 40.11% of the share capital). Both, QPIC and KIPCO are listed on Kuwait Stock Exchange.

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6. Earnings per share (EPS)

The basic and dilutive EPS is computed as follows:

	Three-month period ended December 31,		Nine-month period ended December 31,	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to owners of SADAFCO	53,651	63,767	145,856	204,474
Weighted average number of ordinary shares outstanding (in thousands)	32,000	32,000	32,000	32,000
Basic and diluted earnings per share (Saudi Riyals)	1.68	1.99	4.56	6.39

7. Property, plant and equipment

The additions during the nine-month period ended December 31, 2021 amounting to Saudi Riyals 119.3 million (year ended March 31, 2021: Saudi Riyals 152.4 million and nine-month period ended December 31, 2020: Saudi Riyals 100.4 million) mainly represent additions to capital work-in-progress for plant and machinery in the factories.

8. Zakat and income tax matters

Zakat assessments for the years up to and including year ended March 31, 2019 have been finalized with the Zakat, Tax and Customs Authority (ZATCA). The Company has filed the zakat return for the year ended March 31, 2020 and received the zakat certificate valid until July 31, 2022. The ZATCA has requested for additional information for the year ended March 31, 2020. SADAFCO has submitted the requested information and is under review with ZATCA.

9. Related party matters**9.1 Transactions and balances with related parties**

- Transactions with related parties were undertaken in the ordinary course of business at commercial terms and were approved by the management.
- Affiliates of the Group include entities which are subsidiaries including subsidiaries and associates of QPIC and KIPCO.
- Significant related party transactions for the period ended December 31 and balances arising there from are described as under:

Transactions with	Nature of transaction	Amount of transactions				Due to related parties	
		Three-month period ended December 31,		Nine-month period ended December 31,		December 31, 2021	March 31, 2021
		2021	2020	2021	2020	(Unaudited)	(Audited)
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Buruj Cooperative Insurance Company (affiliate) (*)	Insurance premium	3,440	2,681	9,069	8,636	1,087	2,308
PKC Advisory (affiliate)	Consultancy services	156	256	779	712	65	24
Alternative Energy Projects Co. (affiliate)	Purchase of solar energy systems	-	-	1,637	-	-	-
						1,152	2,332

(*) These transactions represent the insurance premium expense net of any claims received from Buruj Cooperative Insurance Company.

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9. Related party matters (continued)**9.2 Compensation of key management personnel of the Group**

Compensation to Group's key management personnel includes salaries and contributions to post-employment defined benefit plan. The Group has recognized an expense of Saudi Riyals 11.9 million for the nine-month period ended December 31, 2021 (December 31, 2020: Saudi Riyals 10.7 million).

10 Financial Instruments**10.1 Financial assets**

	December 31, 2021 (Unaudited)	March 31, 2021 (Audited)
Non-Derivative Financial Assets		
Financial assets at amortised cost		
Trade and other receivables	209,485	227,194
Cash and cash equivalents	679,153	713,290
Security and other deposits	3,574	5,031
Total financial assets	892,212	945,515

Trade and other receivables

Trade and other receivables are non-derivative financial assets carried at amortised cost. The carrying value may be affected by changes in the credit risk of the counterparties.

10.2 Financial liabilities

	December 31, 2021 (Unaudited)	March 31, 2021 (Audited)
Non-Derivative Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables	203,670	168,971
Accruals and other liabilities	248,146	249,379
Lease liabilities	67,630	63,840
Dividends payable	3,960	3,388
Due to related parties	1,152	2,332
	524,558	487,910
Financial liabilities at fair value through profit or loss		
Non-controlling interest put option	24,949	26,881
Contingent consideration payable	-	2,878
	24,949	29,759
Derivative Financial Liabilities		
Financial liabilities at fair value through profit or loss		
Foreign currency forwards	443	650
Total financial liabilities	549,950	518,319

The carrying amount of financial assets and liabilities approximates their fair value. Financial assets are not considered to pose a significant credit risk.

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10 Financial Instruments (continued)**10.3 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly 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 takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial information are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the condensed consolidated interim financial information at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

10.4 Financial instruments carried at fair value*a) Valuation techniques used to determine fair values*

Specific valuation techniques used to value financial instruments include:

- For contingent consideration payable expected future sales and net margins targets
- For non-controlling interest put option present value of future earnings
- Forward currency contracts present value of future earnings

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10. Financial Instruments (continued)**10.4 Financial instruments carried at fair value (continued)***b) Fair value measurements using significant unobservable inputs (level 3)*

	Contingent consideration payable	Non- controlling interest put option	Total
April 1, 2021	2,878	26,881	29,759
Finance cost / (reversal)	-	(1,384)	(1,384)
Payment	(3,925)	-	(3,925)
Currency translation difference	130	(548)	(418)
Loss on derecognition	917	-	917
December 31, 2021	-	24,949	24,949

c) Derivative financial instruments

The Group's Polish subsidiaries entered into multiple foreign currency forward contracts to cover the volatility in foreign currency transactions. At December 31, 2021, the Group had 38 (March 31, 2021: 38) foreign currency forward contracts in place with a total notional amount of Saudi Riyals 46.7 million (March 31, 2021: Saudi Riyals 35.5 million) and net negative carrying amount of Saudi Riyals 0.44 million (March 31, 2021: Saudi Riyals 0.65 million).

Net realized loss on matured foreign currency forwards recognized in the condensed consolidated interim statement of profit or loss during the three-month and nine-month periods ended December 31, 2021 amounted to Saudi Riyals 0.64 million (three-month period ended December 31, 2020: Saudi Riyals 0.12 million) and Saudi Riyals 1.16 million (nine-month period ended December 31, 2020: net realized gain of Saudi Riyals 0.17 million), respectively. All these contracts have been classified as 'held for trading' for accounting purposes on a net basis under current liabilities and designated as level 2 in the condensed consolidated interim financial information. The Group relies on the counterparty for the valuation of these derivatives.

The analysis of derivative financial instruments and the related fair values together with the notional amounts classified by the term to maturity is as follows:

	Positive fair value	Negative fair value	Notional amount	<u>Notional amounts by term to maturity</u>		
				Within 3 months	3 to 12 months	1 – 5 years
<i>Foreign currency forwards</i>						
As at December 31, 2021	389	832	46,664	42,493	4,171	-
As at March 31, 2021	689	1,339	35,459	25,684	9,775	-

The maturities of the foreign currency forwards are less than 6 months as at December 31, 2021.

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11. Commitments and contingencies

- (a) As at December 31, 2021, the Group has outstanding commitments for future capital expenditures amounting to Saudi Riyals 62.8 million (March 31, 2021: Saudi Riyals 109.9 million).
- (b) As at December 31, 2021, the Group has contingent liabilities of Saudi Riyals 3.9 million (March 31, 2021: Saudi Riyals 4.9 million) in respect of guarantees issued for various business needs.

12. Other reserve

In the prior years, the shareholders decided to create a voluntary reserve by transfer of ten percent of the net income attributable to equity shareholders of SADAFCO to the reserve. The utilization of this reserve is at the discretion of the shareholders of the Company. In the current period, transfer has been made to the voluntary reserve.

13. Dividends

In the Extraordinary General Assembly Meeting of the Company held on July 12, 2021, the shareholders approved payment of final dividend of Saudi Riyals 3 per share amounting to Saudi Riyals 96 million. Subsequent to the period ended December 31, 2021, the Board of Directors approved payment of interim dividend of Saudi Riyals 3 per share (Saudi Riyals 96 million).

14. Authorization of financial information

This condensed consolidated interim financial information was authorized for issue by the Board of Directors on January 20, 2022.