

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

UNAUDITED CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION FOR THE THREE-MONTH  
PERIOD ENDED JUNE 30, 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 PERIOD ENDED JUNE 30, 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 June 30, 2021 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-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



July 29, 2021

**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)

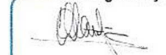
	Note	Three-month period ended June 30,	
		2021 (Unaudited)	2020 (Unaudited)
Revenue – net	4	492,403	565,993
Cost of revenue		(341,929)	(382,693)
<b>Gross profit</b>		<b>150,474</b>	<b>183,300</b>
Selling and distribution expenses		(76,955)	(73,443)
General and administrative expenses		(29,434)	(33,594)
Impairment losses on financial assets		(303)	(500)
Other operating income		297	923
<b>Operating profit</b>		<b>44,079</b>	<b>76,686</b>
Finance income		1,019	1,065
Finance costs		(1,824)	(1,949)
<b>Profit before zakat</b>		<b>43,274</b>	<b>75,802</b>
Zakat expense		(5,276)	(5,268)
<b>Profit for the period</b>		<b>37,998</b>	<b>70,534</b>
<b>Profit is attributable to:</b>			
Owners of SADAFCO		38,145	70,402
Non-controlling interests		(147)	132
		<b>37,998</b>	<b>70,534</b>
<b>Earnings per share:</b>			
Basic and dilutive earnings per share (Saudi Riyals) attributable to owners of SADAFCO	6	<b>1.19</b>	<b>2.20</b>

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



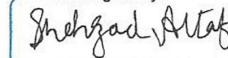
Mussad Abdullah Al Nassar  
Member Board of Directors

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Waltherus Cornelis Petrus  
Matthijs  
Chief Executive Officer

DocuSigned by:




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)

	<b>Three-month period ended</b>	
	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<b>37,998</b>	<b>70,534</b>
<b>Other comprehensive income / (loss)</b>		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	6,151	(76)
<i>Items that will not to be reclassified to profit or loss</i>		
Re-measurement gain on employee benefit obligations	-	-
<b>Other comprehensive income / (loss) for the period</b>	<b>6,151</b>	<b>(76)</b>
<b>Total comprehensive income for the period</b>	<b>44,149</b>	<b>70,458</b>
<b>Total comprehensive income / (loss) for the period is attributable to:</b>		
Owners of SADAFCO	44,692	70,329
Non-controlling interests	(543)	129
	<b>44,149</b>	<b>70,458</b>

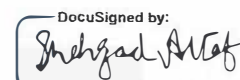
The notes from 1 to 14 form part of this condensed consolidated interim financial information.



Mussad Abdullah Al Nassar  
Member Board of Directors

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Waltherus Cornelis Petrus Matthijs  
Chief Executive Officer

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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	June 30, 2021 (Unaudited)	March 31, 2021 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	880,203	860,729
Right-of-use assets		60,220	63,155
Intangible assets		22,333	21,975
Other non-current assets		5,838	5,537
		<u>968,594</u>	<u>951,396</u>
<b>Current assets</b>			
Inventories		361,463	302,223
Trade and other receivables		182,265	227,194
Deposits, prepayments and other assets		29,506	35,332
Cash and cash equivalents		783,313	713,290
		<u>1,356,547</u>	<u>1,278,039</u>
<b>Total assets</b>		<u>2,325,141</u>	<u>2,229,435</u>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employee benefit obligations		121,328	119,794
Lease liabilities		50,863	53,721
Non-controlling interest put option		28,797	26,881
		<u>200,988</u>	<u>200,396</u>
<b>Current liabilities</b>			
Trade and other payables		196,859	168,971
Accruals and other liabilities		285,599	267,188
Current portion of lease liabilities		9,267	10,119
Dividends payable		3,370	3,388
Zakat payable	8	27,498	22,222
Due to related parties	9	2,592	2,332
		<u>525,185</u>	<u>474,220</u>
<b>Total liabilities</b>		<u>726,173</u>	<u>674,616</u>
<b>Equity</b>			
Issued share and paid up capital		325,000	325,000
Statutory reserve		162,500	162,500
Other reserve	12	286,258	282,443
Treasury shares		(51,559)	(51,559)
Foreign currency translation reserves		(249)	(6,796)
Retained earnings		856,088	821,758
<b>Equity attributable to owners of SADAFCO</b>		<u>1,578,038</u>	<u>1,533,346</u>
Non-controlling interests		20,930	21,473
<b>Total equity</b>		<u>1,598,968</u>	<u>1,554,819</u>
<b>Total liabilities and equity</b>		<u>2,325,141</u>	<u>2,229,435</u>

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



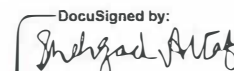
Mussad Abdullah Al Nassar  
Member Board of Directors

DocuSigned by:



Waltherus Cornelis Petrus Matthijs  
Chief Executive Officer

DocuSigned by:



Shengjun Qian  
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)

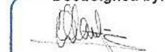
	Attributable to owners of SADAFCO						Total	Non-controlling interests	Total equity
	Issued share and paid up capital	Statutory reserve	Other reserve	Treasury shares	Foreign currency translation reserves	Retained earnings			
<b>Balance at April 1, 2020 (audited)</b>	325,000	162,500	256,388	(51,559)	(2,335)	766,833	1,456,827	19,639	1,476,466
Profit for the period	-	-	-	-	-	70,402	70,402	132	70,534
Other comprehensive loss	-	-	-	-	(73)	-	(73)	(3)	(76)
Total comprehensive income / (loss) for the period	-	-	-	-	(73)	70,402	70,329	129	70,458
Dividends	-	-	-	-	-	(79,999)	(79,999)	-	(79,999)
Transfer to other reserve (Note 12)	-	-	7,040	-	-	(7,040)	-	-	-
<b>Balance at June 30, 2020 (unaudited)</b>	<b>325,000</b>	<b>162,500</b>	<b>263,428</b>	<b>(51,559)</b>	<b>(2,408)</b>	<b>750,196</b>	<b>1,447,157</b>	<b>19,768</b>	<b>1,466,925</b>
<b>Balance at April 1, 2021 (audited)</b>	325,000	162,500	282,443	(51,559)	(6,796)	821,758	1,533,346	21,473	1,554,819
Profit / (loss) for the period	-	-	-	-	-	38,145	38,145	(147)	37,998
Other comprehensive income / (loss)	-	-	-	-	6,547	-	6,547	(396)	6,151
Total comprehensive income / (loss) for the period	-	-	-	-	6,547	38,145	44,692	(543)	44,149
Transfer to other reserve (Note 12)	-	-	3,815	-	-	(3,815)	-	-	-
<b>Balance at June 30, 2021 (unaudited)</b>	<b>325,000</b>	<b>162,500</b>	<b>286,258</b>	<b>(51,559)</b>	<b>(249)</b>	<b>856,088</b>	<b>1,578,038</b>	<b>20,930</b>	<b>1,598,968</b>

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



Mussad Abdullah Al Nassar  
Member Board of Directors

DocuSigned by:



Waltherus Cornelis Petrus Matthijs  
Chief Executive Officer

DocuSigned by:



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)

	<b>Three-month period ended</b>	
	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flow from operating activities</b>		
Profit before zakat	43,274	75,802
<u>Adjustments for:</u>		
Depreciation	25,237	25,240
Amortization of intangible assets	668	668
Loss / (gain) on disposal of property, plant and equipment	28	(877)
Impairment losses on financial assets	303	500
Finance costs on lease liabilities	772	1,193
Finance costs on non-controlling interest put option and other liabilities	636	740
Provision for employee benefit obligations	3,366	3,606
Other	(301)	4
	<b>73,983</b>	<b>106,876</b>
<u>Changes in working capital:</u>		
Inventories	(59,240)	(30,574)
Trade and other receivables	44,626	17,545
Deposits, prepayments and other assets	5,826	(4,005)
Trade and other payables	27,888	(11,775)
Due to related parties	260	157
Accruals and other liabilities	18,278	33,111
	<b>111,621</b>	<b>111,335</b>
Employee benefit obligations paid	(1,832)	(3,551)
Zakat paid	-	(353)
Net cash inflow from operating activities	<b>109,789</b>	<b>107,431</b>
<b>Cash flow from investing activities</b>		
Purchases of property, plant and equipment	(39,940)	(28,743)
Sale proceeds from disposal of property, plant and equipment	130	906
Net cash outflow from investing activities	<b>(39,810)</b>	<b>(27,837)</b>
<b>Cash flow from financing activities</b>		
Dividends paid	(18)	-
Lease payments	(4,482)	(4,294)
<b>Cash outflows from financing activities</b>	<b>(4,500)</b>	<b>(4,294)</b>
<b>Net change in cash and cash equivalents</b>	<b>65,479</b>	<b>75,300</b>
Effects of exchange rate fluctuations on cash and cash equivalents	4,544	(76)
Cash and cash equivalents at the beginning of the period	713,290	645,839
<b>Cash and cash equivalents at the end of the period</b>	<b>783,313</b>	<b>721,063</b>

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



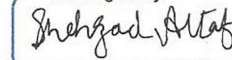
Mussad Abdullah Al Nassar  
Member Board of Directors

DocuSigned by:



Waltherus Cornelis Petrus Matthijs  
Chief Executive Officer

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Shehzad Altair  
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 period ended June 30, 2021 (Unaudited)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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#### **1. General Information**

Saudia Dairy & Foodstuff Company (the “Company” or “SADAFCO”, together with its subsidiaries 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”) 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 were largely unaffected as the food industry in general was and remain 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 period ended June 30, 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 key judgements and 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 the 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 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 period ended June 30, 2021 (Unaudited)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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### **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 are 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 Consolidated Financial Statements for the year ended March 31, 2021. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

### **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.

**SAUDIA DAIRY & FOODSTUFF COMPANY (SADAFCO)****(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial information for the three-month period ended June 30, 2021 (Unaudited)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

**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.

	<b>Three-month period ended</b>			<b>Total</b>
	<b>Drinks</b>	<b>Non-Drinks</b>	<b>Unallocated</b>	
<b>June 30, 2021 (Unaudited)</b>				
<b>Segment profit or loss</b>				
Revenue - net	<b>277,708</b>	<b>238,866</b>	-	<b>516,574</b>
Inter-segment revenue - net	<b>(6,118)</b>	<b>(18,053)</b>	-	<b>(24,171)</b>
Revenue from external customers	<b>271,590</b>	<b>220,813</b>	-	<b>492,403</b>
Profit before zakat	<b>23,312</b>	<b>19,962</b>	-	<b>43,274</b>
Depreciation and amortization	<b>17,433</b>	<b>8,472</b>	-	<b>25,905</b>
Finance income	-	<b>526</b>	<b>493</b>	<b>1,019</b>
Finance costs	<b>603</b>	<b>1,221</b>	-	<b>1,824</b>
<b>June 30, 2021 (Unaudited)</b>				
<b>Segment assets</b>				
Property, plant and equipment	<b>601,386</b>	<b>278,817</b>	-	<b>880,203</b>
Right-of-use assets	<b>49,404</b>	<b>10,816</b>	-	<b>60,220</b>
Intangible assets	-	<b>22,333</b>	-	<b>22,333</b>
Other non-current assets	-	<b>5,595</b>	<b>243</b>	<b>5,838</b>
Current assets	-	<b>58,493</b>	<b>1,298,054</b>	<b>1,356,547</b>
<b>Total assets</b>	<b>650,790</b>	<b>376,054</b>	<b>1,298,297</b>	<b>2,325,141</b>
<b>Segment liabilities</b>				
Current liabilities	<b>7,069</b>	<b>27,370</b>	<b>490,746</b>	<b>525,185</b>
Non-controlling interest put option	-	<b>28,797</b>	-	<b>28,797</b>
Lease liabilities	<b>41,879</b>	<b>8,984</b>	-	<b>50,863</b>
Employee benefit obligations	-	<b>274</b>	<b>121,054</b>	<b>121,328</b>
<b>Total liabilities</b>	<b>48,948</b>	<b>65,425</b>	<b>611,800</b>	<b>726,173</b>

**SAUDIA DAIRY & FOODSTUFF COMPANY (SADAFCO)****(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial information for the three-month period ended June 30, 2021 (Unaudited)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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

	<b>Three-month period ended</b>			<b>Total</b>
	<b>Drinks</b>	<b>Non-Drinks</b>	<b>Unallocated</b>	
<b>June 30, 2020 (Unaudited)</b>				
<b>Segment profit or loss</b>				
Revenue - net	352,047	237,183	-	589,230
Inter-segment revenue - net	-	(23,237)	-	(23,237)
Revenue from external customers	352,047	213,946	-	565,993
Profit before zakat	42,645	33,157	-	75,802
Depreciation and amortization	18,708	7,200	-	25,908
Finance income	-	-	1,065	1,065
Finance costs	927	1,022	-	1,949
<b>March 31, 2021 (Audited)</b>				
	<b>Drinks</b>	<b>Non-Drinks</b>	<b>Unallocated</b>	<b>Total</b>
<b>Segment assets</b>				
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
<b>Total assets</b>	<b>648,263</b>	<b>365,943</b>	<b>1,215,229</b>	<b>2,229,435</b>
<b>Segment liabilities</b>				
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
<b>Total liabilities</b>	<b>52,081</b>	<b>74,157</b>	<b>548,378</b>	<b>674,616</b>

**SAUDIA DAIRY & FOODSTUFF COMPANY (SADAFCO)**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information for the three-month period ended June 30, 2021 (Unaudited)**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**4. Segment information** (continued)

**4.1 Operating segment** (continued)

The management has categorized its geographical operations as follows:

	<b>Three-month period ended June 30,</b>	
	<b>2021 (Unaudited)</b>	<b>2020 (Unaudited)</b>
<b>Geographic information</b>		
<b>Revenue from external customers</b>		
Kingdom of Saudi Arabia	<b>412,681</b>	492,341
Poland	<b>47,974</b>	40,128
Gulf Cooperation Council (GCC) countries	<b>13,667</b>	16,828
Others	<b>18,081</b>	16,696
Total	<b>492,403</b>	565,993
	<b>June 30, 2021</b>	<b>March 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current operating assets</b>		
Kingdom of Saudi Arabia	<b>881,153</b>	864,576
Poland	<b>68,011</b>	66,318
Gulf Cooperation Council (GCC) countries	<b>16,702</b>	17,644
Others	<b>2,728</b>	2,858
Total	<b>968,594</b>	951,396

**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**

	<b>Three-month period ended June 30,</b>	
	<b>2021 (Unaudited)</b>	<b>2020 (Unaudited)</b>
Profit before zakat	<b>43,274</b>	75,802
Zakat	<b>(5,276)</b>	(5,268)
Profit for the period	<b>37,998</b>	70,534

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**5. Group information**

The condensed consolidated interim financial information of the Group includes:

Name	Relationship	Principal activities	Country of incorporation	% equity interest	
				June 30, 2021	March 31, 2021
SADAFCO Bahrain Company SPC	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.

**6. Earnings per share (EPS)**

The basic and dilutive EPS is computed as follows:

	Three-month period ended June 30,	
	2021 (Unaudited)	2020 (Unaudited)
Profit attributable to owners of SADAFCO	38,145	70,402
Weighted average number of ordinary shares outstanding (in thousands)	32,000	32,000
Basic and diluted earnings per share (Saudi Riyals)	1.19	2.20

**7. Property, plant and equipment**

The additions during the three-month period ended June 30, 2021 amounting to Saudi Riyals 39.9 million (year ended March 31, 2021: Saudi Riyals 152.4 million and three-month period ended June 30, 2020: Saudi Riyals 28.7 million), mainly represent additions to capital work-in-progress for new ice cream factory and other expansion projects.

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**8. Zakat 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 31 July 2021. 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**

- (a) Transactions with related parties were undertaken in the ordinary course of business at commercial terms and were approved by the management.
- (b) Affiliates of the Group include entities which are subsidiaries including subsidiaries and associates of QPIC and KIPCO Groups.
- (c) Significant related party transactions for the period ended June 30 and balances arising there from and outstanding as of June 30 are described as under:

Transactions with	Nature of transaction	Amount of transactions		Due to related parties	
		Three-month period ended June 30,		June 30,	March 31,
		2021 (Un-audited)	2020 (Un-audited)	2021 (Un-audited)	2021 (Audited)
Buruj Cooperative Insurance Company (affiliate) (*)	Insurance premium	2,985	2,777	1,761	2,308
PKC Advisory (affiliate)	Consultancy services	297	226	75	24
Alternative Energy Projects Co. (affiliate)	Purchase of solar energy systems	1,637	-	756	-
				<b>2,592</b>	<b>2,332</b>

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

**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 3.4 million for the three-month period ended June 30, 2021 (June 30, 2020: Saudi Riyals 3.8 million).

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**10 Financial Instruments**

**10.1 Financial assets**

	<b>June 30, 2021 (Unaudited)</b>	<b>March 31, 2021 (Audited)</b>
<b>Non-Derivative Financial Assets</b>		
<b>Financial assets at amortised cost</b>		
Trade and other receivables	<b>182,558</b>	227,194
Cash and cash equivalents	<b>783,313</b>	713,290
Security and other deposits	<b>4,341</b>	5,031
<b>Total financial assets</b>	<b>970,212</b>	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**

	<b>June 30, 2021 (Unaudited)</b>	<b>March 31, 2021 (Audited)</b>
<b>Non-Derivative financial liabilities</b>		
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	<b>196,859</b>	168,971
Accruals and other liabilities	<b>282,588</b>	249,379
Lease liabilities	<b>60,130</b>	63,840
Dividends payable	<b>3,370</b>	3,388
Due to related parties	<b>2,592</b>	2,332
	<b>542,950</b>	487,910
<b>Financial liabilities at fair value through profit or loss</b>		
Non-controlling interest put option	<b>28,797</b>	26,881
Contingent consideration payable	<b>3,011</b>	2,878
	<b>31,808</b>	29,759
<b>Derivative financial liabilities</b>		
<b>Financial liabilities at fair value through profit or loss</b>		
Foreign currency forwards	<b>153</b>	650
<b>Total financial liabilities</b>	<b>574,911</b>	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.

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**10. Financial Instruments (continued)**

**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

b) *Fair value measurements using significant unobservable inputs (level 3)*

	<b>Contingent consideratio n payable</b>	<b>Non- controlling interest put option</b>	<b>Total</b>
April 1, 2021	<b>2,878</b>	<b>26,881</b>	<b>29,759</b>
Unwinding of discount	-	636	<b>636</b>
Currency translation difference	133	1,280	<b>1,413</b>
June 30, 2021	<b>3,011</b>	<b>28,797</b>	<b>31,808</b>
Less: current portion	<b>(3,011)</b>	-	<b>(3,011)</b>
	<b>-</b>	<b>28,797</b>	<b>28,797</b>

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 June 30, 2021, the Group had 48 (March 31, 2021: 38) foreign currency forward contracts in place with a total notional amount of Saudi Riyals 47 million (March 31, 2021: Saudi Riyals 35.5 million) and net negative carrying amount of Saudi Riyals 0.15 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 period ended June 30, 2021 amounted to Saudi Riyals 0.23 million (June 30, 2020: Nil). All these contracts have been classified as 'held for trading' for accounting purposes 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 as of June 30, 2021 is as follows:

	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Notional amount</b>	<b>Notional amounts by term to maturity</b>			
				<b>Within 3 months</b>	<b>3 to 12 months</b>	<b>1 – 5 years</b>	<b>Over 5 years</b>
Foreign currency forwards	285	438	47,045	36,941	10,104	-	-
	285	438	47,045	36,941	10,104	-	-

The maturities of the foreign currency forwards are less than 6 months as at June 30, 2021.

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**11. Commitments and contingencies**

- (a) As at June 30, 2021, the Group has outstanding commitments for future capital expenditures amounting to Saudi Riyals 87.5 million (March 31, 2021: Saudi Riyals 109.9 million).
- (b) As at June 30, 2021, the Group has contingent liabilities of Saudi Riyals 4.9 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. In the current period, transfer has been made to the voluntary reserve.

**13. Dividends**

Subsequent to the period end, 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.

**14. Authorization of financial information**

This condensed consolidated interim financial information was authorized for issue by the Board of Directors on July 29, 2021.