

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



**THE CONDENSED INTERIM FINANCIAL STATEMENTS
AND REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED 31 March 2019**

HERFY FOOD SERVICES COMPANY
(A Saudi Joint Stock Company)
THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 March 2019

	<u>page</u>
Report on Review of Condensed Interim Financial Statements.	1
Condensed Interim Statement of Financial Position as at 31 March 2019	2
Condensed Interim Statement of Profit or Loss and other Comprehensive Income for The Three Month Period Ended 31 March 2019	3
Condensed Interim Statement of Changes In Equity For The Three Month Period Ended 31 March 2019	4
Condensed Interim Statement of Cash Flows For The Three Month Period Ended 31 March 2019	5
Notes To The Condensed Interim Financial Statements For The Three Month Period Ended 31 March 2019	6-15

INDEPENDENT AUDITORS' REPORT
ON REVIEW OF INTERIM FINANCIAL STATEMENTS

The Shareholders

Herfy Food Services Company

"A Saudi Joint Stock Company"

Riyadh, Kingdom of Saudi Arabia

Introduction

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

- the condensed statement of financial position as at 31 March 2019;
- the condensed statement of profit or loss and comprehensive income for the three-month period ended 31 March 2019;
- the condensed statement of changes in equity for the three-month period ended 31 March 2019;
- the condensed statement of cash flows for the three-month period ended 31 March 2019; and
- the notes, comprising a summary of significant accounting policies and other explanatory notes.

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

Scope of review

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

Conclusion

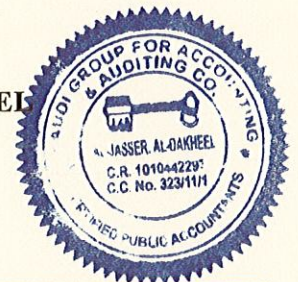
Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2019 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

SAUDI GROUP FOR ACCOUNTING & AUDITING

Date: 24 Sha'ban 1440 H

Corresponding to: 29 April 2019


DAKHEEL ALI AL-DAKHEEL
LIC NO.(96)



مكتب الرئيسي : ص.ب. ١٦٩٩٤ الرمز البريدي ١١٤٧٤ هاتف ٤٧٧٧٠٦/٢٠٦٢١٢٨ فاكس : ٤٧٧٧٦٥٣ (٠١١)
مكتب الدمام : ص.ب. ٦٧٢٠ الرمز البريدي ٣١٤٥٢ هاتف : ٨٣٤٤٩٣٦ (٠١٣) فاكس : ٨٣٤٤٨٩٥ (٠١٣)
مكتب بريدة : ص.ب. ٢٥٧١ الرمز البريدي ٥١٤٦١ - هاتف : ٣٢٤٩٩٢٢ (٠١٦) فاكس : ٣٢٤٩٩٥٥ (٠١٦)
مكتب جدة : ص.ب. ٢٢٧٨٨ الرمز البريدي ٢١٤١٦ - هاتف : ٦٤٥٨٠٠٤ (٠١٢) فاكس : ٦٤٥٢٣٤٠ (٠١٢)
مكتب الباحة : الشارع العام - عمارة تركي الملا - الدور الثاني - هاتف ٧٢٥٧٦٢٥ (٠١٧) فاكس : ٧٢٧١١٢٣ (٠١٧)

Herfy Food Services Company
(A Saudi Joint Stock Company)

Condensed Interim Statement of Financial Position as at 31 March 2019

(All Amounts In Saudi Riyals Unless Otherwise Stated)

	Notes	31 March 2019 (Unaudited)	31 December 2018 (Audited)
Assets			
Non-Current Assets			
Property, Plant and Equipment		1,050,734,852	1,059,855,196
Right of Use Assets	(3-4)	628,801,457	-
Intangible Assets		13,482,104	10,223,424
Real Estate Investments		45,108,792	33,178,001
		1,738,127,205	1,103,256,621
Current Assets			
Inventories		129,603,158	115,372,732
Trade, Other Receivables and Prepayment		142,920,050	175,859,893
Investments at Fair Value through profit and loss	(5)	21,095,669	30,887,603
Cash and Bank Balances		23,006,489	17,023,147
		316,625,366	339,143,375
TOTAL ASSETS		2,054,752,571	1,442,399,996
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	(6)	646,800,000	646,800,000
Statutory Reserve		64,195,466	59,389,111
Retained Earnings		276,863,938	226,678,377
TOTAL EQUITY		987,859,404	932,867,488
Liabilities			
Non-Current Liabilities			
Long Term Borrowings	(7)	107,414,973	145,348,723
Lease Liabilities	(4-4)	542,924,654	-
Employee Benefits		67,625,787	65,527,657
		717,965,414	210,876,380
Current Liabilities			
Current Portion of Long-term Borrowings	(7)	90,312,585	100,002,605
Lease Liabilities	(4-4)	65,257,987	-
Trade and Other Payables		182,378,938	188,939,705
Zakat		10,978,243	9,713,818
TOTAL LIABILITIES		348,927,753	298,656,128
		1,066,893,167	509,532,508
TOTAL EQUITY AND LIABILITIES		2,054,752,571	1,442,399,996

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

Herfy Food Services Company
(A Saudi Joint Stock Company)

Condensed Interim Statement of Profit or Loss and other Comprehensive Income for The Three Month Period Ended
(All Amounts In Saudi Riyals Unless Otherwise Stated)

	Notes	2019 (Unaudited)	2018 (Unaudited)
Revenue		313,403,196	286,297,063
Cost of Revenue		(219,861,823)	(207,318,146)
Gross Profit		93,541,373	78,978,917
Other Revenue		7,819,049	2,964,711
Selling and Distribution Expenses		(21,622,602)	(11,700,100)
General and Administration Expenses		(20,519,736)	(18,271,335)
Operating Profit		59,218,084	51,972,193
Finance Cost		(9,890,112)	(3,426,872)
Profit before zakat		49,327,972	48,545,321
Zakat		(1,264,425)	(800,000)
Profit for the period		48,063,547	47,745,321
Other Comprehensive Income			
Items that will not be classified to profit or loss			
Remeasurement of defined Benefit liabilities		-	-
Total Other Comprehensive Income for the period		-	-
Total Comprehensive Income for the period		48,063,547	47,745,321
Earnings per Share (SAR). based on Profit for the period	(8)		
- Basic		0.74	0.74
- Diluted		0.74	0.74

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

Herfy Food Services Company
(A Saudi Joint Stock Company)

Condensed Interim Statement of Changes In Equity For The Three Month Period Ended 31
(All Amounts In Saudi Riyals Unless Otherwise Stated)

	Share Capital	Statutory Reserve	Retained Earnings	TOTAL EQUITY
Balance at 01 January 2018 (Audited)	646,800,000	38,972,160	181,043,046	866,815,206
Profit for the period	-	-	47,745,321	47,745,321
Other Comprehensive Loss for the period	-	-	-	-
Total Comprehensive Income	-	-	47,745,321	47,745,321
Transfer to statutory reserve	-	4,774,532	(4,774,532)	-
Balance at 31 March 2018 (Unaudited)	646,800,000	43,746,692	224,013,835	914,560,527
Balance at 01 January 2019 (Audited)	646,800,000	59,389,111	226,678,377	932,867,488
Adjustment for Right of Use Assets	-	-	6,928,369	6,928,369
Adjusted Balance at 01 January 2019	646,800,000	59,389,111	233,606,746	939,795,857
Profit for the period	-	-	48,063,547	48,063,547
Other Comprehensive Income for the period	-	-	-	-
Total Comprehensive Income	-	-	48,063,547	48,063,547
Transfer to statutory reserve	-	4,806,355	(4,806,355)	-
Balance at 31 March 2019 (Unaudited)	646,800,000	64,195,466	276,863,938	987,859,404

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





Herfy Food Services Company
(A Saudi Joint Stock Company)

Condensed Interim Statement of Cash Flows For The Three Month Period Ended 31 March 2019
(All Amounts In Saudi Riyals Unless Otherwise Stated)

	Notes	31/3/2019 (Unaudited)	31/3/2018 (Unaudited)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit for the period		48,063,547	47,745,321
Depreciation and Amortization		39,563,082	18,303,687
Provision for Employee Benefits		2,955,833	4,388,083
(Gain) on sale of property, plant and equipment		773,893	62,338
Financial charges		9,890,112	3,553,332
Zakat		1,264,425	800,000
		102,510,892	74,852,761
<u>Changes in</u>			
Inventories		(14,230,426)	(3,569,341)
Trade Receivables, Prepayments and Other Receivables		3,546,422	12,006,622
Trade, Other Payables, and Accrued Expenses,		(22,730,791)	28,879,708
Cash Used in Operating Activities		69,096,098	112,169,750
Employee Benefits Paid		(857,703)	(3,050,823)
Zakat Paid		-	-
Net Cash Generated from Operating Activities		68,238,395	109,118,927
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Additions to Property, Plant and Equipment		(15,077,703)	(37,922,096)
Investments at Fair Value through profit and loss	(5)	9,791,934	(35,069,177)
Real Estate Investments		-	(745,636)
Intangible Assets		-	(119,605)
Proceeds from sale from property, plant and equipment		215,000	102,427
Net Cash Used in Investing Activities		(5,070,769)	(73,754,087)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in Loans	(7)	-	15,599,508
Financial charges paid		(50,255,915)	(41,069,849)
Adjustment for the Right of Use Assets		(6,928,369)	-
Net cash flows from / (used in) financing activities		(57,184,284)	(25,470,341)
Net increase / (decrease) in cash and cash equivalents		5,983,342	9,894,499
Cash and Cash Equivalents at 01 January		17,023,147	12,704,582
Cash and Cash Equivalents at 31 March 2019		23,006,489	22,599,081

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

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

Notes to The Condensed Interim Financial Statements for The Three-Month Period Ended 31 March 2019
(All Amounts in Saudi Riyals Unless Otherwise Stated)

1- Corporate information

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

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

At March 31, 2019, the total number of restaurants owned and leased by the Company were 40 and 332 respectively (31 December 2018: 40 owned and 329 leased), operating in the Kingdom of Saudi Arabia under the trademark of "HERFY". The Company also operates bakeries and bakery shops "Bakeries".

During 2003, the Company established a factory in Riyadh for the production of rusks and cakes ("Rusk Factory"), which operated under commercial registration number 1010179007 issued on Jamad-ul-Awal 11, 1423 H (July 20, 2002) and in accordance with industrial license number 1225/S issued on Dhul Qada 6, 1422 H (January 19, 2002). The Rusk factory commenced production in April 2003. During the year ended 31 December 2013, the Company disposed the plant and equipment relating to the Rusk factory. The production of rusks, and cakes is now being carried out from Cakes Factory. The legal formalities to transfer the license are in progress.

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

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

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

Herfy for Food Services Company

(A Saudi Joint Stock Company)

Notes to The Condensed Interim Financial Statements for The Three-Month Period Ended 31 March 2019

(All Amounts in Saudi Riyals Unless Otherwise Stated)

2- BASIS OF PREPARATION

2-1 Statement of Compliance

These Condensed Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA"), and should be read in conjunction with the Company's last annual Financial Statements as at and for the year ended 31 December 2018 ("last annual Financial Statements"). They do not include all of the information required for a complete set of IFRS Financial Statements however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual Financial Statements.

This is the first set of Condensed Interim Financial Statements, IFRS 16 has been applied. Changes to significant accounting policies are described in Note 4-2.

2-2 Preparation of The Financial Statements

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

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

2-3 Use of Judgments and Estimates

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

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Financial Statements, except for new significant judgments and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in Note 4-2.

3- FUNCTIONAL AND PRESENTATION CURRENCY

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

Herfy for Food Services Company

(A Saudi Joint Stock Company)

Notes to The Condensed Interim Financial Statements for The Three-Month Period Ended 31 March 2019
(All Amounts in Saudi Riyals Unless Otherwise Stated)

4- **Significant accounting policies**

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

The Company applies IFRS 16 using the modified retrospective approach from 1st January 2019, and therefore the comparative information in financial statements issued during 2019, will not be restated and will continue to be reported under IAS 17 and IFRIC 4.

4-1-1 **Annual Improvements to IFRSs 2015–2017 Cycle**

IAS 23, 'Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. The amendments are effective from 1 January 2019, with early application permitted, subject to KSA endorsement.

4-2 **IFRS 16 - Leases**

The Company applies IFRS 16 using the modified retrospective approach from 1st January 2019, and therefore the comparative information in financial statements issued during 2019, will not be restated and will continue to be reported under IAS 17 and IFRIC 4.

IFRS 16 'Leases' introduces a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The impact of adopting IFRS 16 on the Statement of Financial Position as at 1 January 2019.

Determining whether an arrangement contains a lease

On transition to IFRS 16, the Company can choose whether to:

- Apply the IFRS 16 definition of a lease to all its contracts; or
- Apply a practical expedient and not reassess whether a contract is, or contains, a lease.

Transformation

As a lessee, the Company can either apply the standard using a:

- Retrospective approach; or
- Modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases. The Company currently plans to apply IFRS 16 initially on 1 January 2019. The Company has not yet determined which transition approach to apply.

4-3 Right Of Use Asstes

	Land	Building	Total
At the beginning of the year	301,817,102	345,523,359	647,340,461
Additions	-	-	-
Depreciation for the year	(6,302,607)	(12,236,397)	(18,539,004)
Net book value (Non Audited)	295,514,495	333,286,962	628,801,457

4-4 Lease liabilities

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

	31 March 2019 (Non Audited)	31 December 2018 (Audited)
Less than one year	65,257,987	-
One to five years	106,882,321	-
More than five years	436,042,333	-
Total lease liabilities	608,182,641	-
Current	65,257,987	-
Non-current	542,924,654	-
	608,182,641	-

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

	31 March 2019 (Non Audited)
Depreciation expense of right-of-use assets	18,539,004
Interest expense on lease liabilities	7,407,968
Rent expense - short-term leases	7,750,189
Total amounts recognised in profit or loss	33,697,162

5- Investments at Fair Value through profit and loss

Investments at Fair Value through profit and loss is investment in Commodities Mudaraba Al-Rajhi Fund - SAR. The movement in Investments FVTPL as follows:

	March 31 2019 (Unaudited)	December 31 2018 (Audited)
Opening balance	30,887,603	559,691
Purchasing	60,000,000	219,500,000
Redemption	(69,847,210)	(189,208,436)
Change in fair value	55,276	36,348
Closing balance	21,095,669	30,887,603

6- Share Capital

The Company's paid-up capital consists of 64.680 million shares (31 December 2016 : 46.2 million shares , 1 Jan 2016: 46.2 million shares) of SAR 10 each.

At the Extraordinary General Assembly meeting held on 22 May 2017, the shareholders of the Company decided to increase the Company's capital from SR 462 million to SR 646.8 million. This increase was made by SR 184.8 million through the transfer of SR 120 million and SR 64.8 million from statutory reserve and retained earnings. The total number of shares increased from 46.2 million shares to 64.68 million shares at a nominal value of SR 10 per share.

7- Loans and borrowings

	March 31 2019 (Unaudited)	December 31 2018 (Audited)
Total	197,727,558	245,351,328
	197 727 558	245 351 328
Non-Current	107,414,973	145,348,723
Current	90,312,585	100,002,605
	197 727 558	245 351 328

7-1 Details of long term loans**Al Rajhi Bank**

The Company has various facilities available with Al Rajhi bank. Such facilities, which are unsecured and payable in semi annual installments, have mark up cost which is generally based on SIBOR plus a margin fixed for the duration of the facility. During the period ended 31 March, 2019 the Company repaid an amount of Saudi Riyals 29 million (December 31, 2018 : Saudi Riyals 126.85 million).

SABB Bank

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

Loans from SIDF

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

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

8- EARNING PER SHARE

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

	March 31 2019 (Unaudited)	March 31 2018 (Unaudited)
Profit for the Period	48 063 547	47 745 321
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings.	64 680 000	64 680 000
Earnings per Share (SAR). based on Profit for the year		
- Basic	0.74	0.74
- Diluted	0.74	0.74

Earnings per share for the two periods ended 30 September 2018 and 2017 were calculated by dividing the net income for the two Periods at 64.68 million shares.

Notes To The Condensed Interim Financial Statements For The Three Month Period Ended 31 March 2019
(All Amounts In Saudi Riyals Unless Otherwise Stated)

9- Segment information

The Company operates principally in the following major business segments:

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

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

9-1 Selected financial information as of September 30 and for the Period ended, summarized by the above business segments, was as follows (in 000 Saudi Riyals)

	Restaurants and Catering service			Meat factory			Bakeries and other			Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019		2018
Total segment revenue	263 744	243 279	37 742	28 850	42 292	40 089	37 707	35 621	40 089	343 778	312 218
Inter-segment revenue	-	-	(25 790)	(21 453)	(4 585)	(4 468)				(30 375)	(25 921)
Revenue net	263 744	243 279	11 952	7 397	37 707	35 621				313 403	286 297
Net income	28 057	30 709	10 360	8 314	9 647	8 722				48 064	47 745
Finance cost	9 657	3 289	57	31	176	107				9 890	3 427
Depreciation and amortization	33 990	13 354	1 658	1 507	3 915	3 443				39 563	18 304
Property, plant and equipment	903 145	866 980	39 346	49 260	166 835	178 303				1 109 326	1 094 543
Right of Use Assets	620 555	-	2 440	-	5 806	-				6 288 801	-
Total assets	1 715 385	1 103 015	97 562	93 539	241 806	241 469				2 054 753	1 438 023
Total liabilities	979 423	463 597	24 700	9 459	62 770	59 370				1 066 893	532 426

10- Contingencies and commitments

- 1) The Company is contingently liable for bank guarantees issued on behalf of the Company amounting to Saudi Riyals 4.13 million (31 December 2018: S.R 6.88 million) and letters of credit issued on behalf of the Company amounting to Saudi Riyals 1.06 million (31 December 2018: S.R 1.24 million) in the normal course of business.
- 2) The capital expenditure contracted by the Company but not incurred till March 31, 2019 is approximately Saudi Riyals 14.70 million (31 December 2018: S.R 10.40 million)

11- Financial Instruments

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

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

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

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

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

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

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

Notes To The Condensed Interim Financial Statements For The Three Month Period Ended 31 March 2019
 (All Amounts In Saudi Riyals Unless Otherwise Stated)

		31-Mar-19					
		Carrying amount		Fair Value			
	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial Assets measured at fair value							
Investments in FVTPL	21,095,669	-	21,095,669	21,095,669	-	-	21,095,669
	21,095,669	-	21,095,669	21,095,669	-	-	21,095,669
Financial Assets not measured at fair value							
Trade and Other Receivables	142,920,050	-	142,920,050	-	-	-	-
Cash and Bank Balances	23,006,489	-	23,006,489	-	-	-	-
	165,926,539	-	165,926,539	-	-	-	-
Financial Liabilities not measured at fair value							
Loans and borrowings	-	197,727,558	-	-	197,727,558	-	197,727,558
Trade and Other Payables	-	182,378,938	-	-	182,378,938	-	182,378,938
	-	380,106,496	-	-	380,106,496	-	380,106,496

Notes To The Condensed Interim Financial Statements For The Three Month Period Ended 31 March 2019
 (All Amounts In Saudi Riyals Unless Otherwise Stated)

		31-Dec-18						
		Carrying amount		Fair Value				
		Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
measured at fair value								
Investments in FVTPL								
		30 887 603	-	30 887 603	559 690	-	-	559 690
		30 887 603	-	30 887 603	559 690	-	-	559 690
Financial Assets not measured at fair value								
Trade and Other Receivables								
		165 283 215	-	165 283 215	-	-	-	-
Cash and Bank Balances								
		12 704 582	-	12 704 582	-	-	-	-
		177 987 797	-	177 987 797	-	-	-	-
Financial Liabilities not measured at fair value								
Loans and borrowings								
		-	329 810 271	-	-	329 810 271	-	329 810 271
Trade and Other Payables								
		-	123 201 354	-	-	123 201 354	-	123 201 354
		-	453 011 625	-	-	453 011 625	-	453 011 625
13- Subsequent Events								

In the opinion of the management, there have been no significant subsequent events since the period end that would have a material impact on the financial position of the Company as reflected in these Financial Statements.

14- Board Of Directors Approval

These Financial Statements were approved by the Board of Directors on 24 Shaaban 1440 H. (29 April 2019).