

**BIN DAWOOD HOLDING COMPANY
(A CLOSED JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT**

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2020

**BIN DAWOOD HOLDING COMPANY
(A CLOSED JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2020**

INDEX	PAGE
Independent auditors' review report	1
Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)	2
Interim condensed consolidated statement of financial position (unaudited)	3
Interim condensed consolidated statement of changes in equity (unaudited)	4
Interim condensed consolidated statement of cash flows (unaudited)	5
Notes to the interim condensed consolidated financial statements (unaudited)	6 - 14



Ernst & Young & Co. (Certified Public Accountants)
General Partnership
King's Road Tower 13th Floor
King Abdul Aziz Road (Malek Road)
P.O. Box 1994
Jeddah 21441
Kingdom of Saudi Arabia
Head Office – Riyadh

Registration No. 45/11/323
C.R. No. 4030276644

Tel: +966 12 221 8400
Fax: +966 12 221 8575

ey.ksa@sa.ey.com
ey.com/mena

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF BIN DAWOOD HOLDING COMPANY (A CLOSED JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Bin Dawood Holding Company (A Closed Joint Stock Company) (the "Company" or "the Parent Company") and its subsidiaries (the "Group") as at 30 June 2020, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, for the three-month and six-month periods ended 30 June 2020, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Other matter

The comparative information in the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity, cash flows and related notes, has not been reviewed by us and is presented for comparative purposes only.

for Ernst & Young

Ahmed I. Reda
Certified Public Accountant
License No. 356

27 August 2020 G
08 Muhurram 1442H

Jeddah



Bin Dawood Holding Company (A Closed Joint Stock Company)

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

For the three-month and six-month periods ended 30 June 2020

	Note	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
			<i>(Unreviewed)</i>		<i>(Unreviewed)</i>
			<i>(note 2.1)</i>		<i>(note 2.1)</i>
Revenue	10	1,547,593,492	1,306,612,919	2,960,806,334	2,427,092,368
Cost of revenue		(1,043,473,722)	(888,734,820)	(2,004,239,928)	(1,651,679,873)
GROSS PROFIT		504,119,770	417,878,099	956,566,406	775,412,495
Selling and distribution expenses		(247,921,421)	(263,400,535)	(515,378,296)	(507,180,196)
General and administration expenses		(45,951,161)	(31,196,515)	(82,245,270)	(53,618,187)
Other operating income		2,663,674	3,067,468	5,545,211	6,231,662
OPERATING PROFIT		212,910,862	126,348,517	364,488,051	220,845,774
Other income		778,469	1,613,798	1,942,555	2,692,750
Finance cost on lease liabilities		(23,515,531)	(24,096,991)	(46,759,798)	(48,360,979)
PROFIT FOR THE PERIOD BEFORE ZAKAT		190,173,800	103,865,324	319,670,808	175,177,545
Zakat	8	(4,754,600)	(2,225,844)	(7,992,731)	(4,388,844)
PROFIT FOR THE PERIOD		185,419,200	101,639,480	311,678,077	170,788,701
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		185,419,200	101,639,480	311,678,077	170,788,701
EARNINGS PER SHARE (“EPS”)					
Earnings per share attributable to ordinary equity holders of the Parent Company (basic and diluted)	9	1.62	0.89	2.73	1.49

The accompanying notes 1 to 14 form an integral part of these unaudited interim condensed consolidated financial statements.

Bin Dawood Holding Company (A Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Note</i>	30 June 2020 SR (Unaudited)	31 December 2019 SR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment		882,461,223	940,398,846
Intangible assets		230,062	193,133
Right-of-use assets	5	2,357,692,890	2,356,831,705
TOTAL NON-CURRENT ASSETS		3,240,384,175	3,297,423,684
CURRENT ASSETS			
Inventories		814,704,129	918,983,808
Trade and other receivables		212,632,459	227,966,901
Prepayments and advances		76,478,678	84,249,194
Due from related parties	6	2,412,609	-
Cash and bank balances		532,045,442	214,950,268
TOTAL CURRENT ASSETS		1,638,273,317	1,446,150,171
TOTAL ASSETS		4,878,657,492	4,743,573,855
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	1,143,000,000	1,143,000,000
Statutory reserve	7	42,487,003	42,487,003
Retained earnings		222,544,315	866,238
TOTAL EQUITY		1,408,031,318	1,186,353,241
NON-CURRENT LIABILITIES			
Employees' terminal benefits		99,216,252	91,886,141
Lease liabilities	5	2,266,788,242	2,297,444,070
TOTAL NON-CURRENT LIABILITIES		2,366,004,494	2,389,330,211
CURRENT LIABILITIES			
Due to related parties	6	16,269,360	12,386,752
Accounts payable, accruals and other financial liabilities		794,306,269	883,624,722
Unearned income and other payable		17,683,488	35,319,190
Lease liabilities – current portion	5	266,179,282	220,994,425
Zakat payable	8	10,183,281	15,565,314
TOTAL CURRENT LIABILITIES		1,104,621,680	1,167,890,403
TOTAL LIABILITIES		3,470,626,174	3,557,220,614
TOTAL EQUITY AND LIABILITIES		4,878,657,492	4,743,573,855

The accompanying notes 1 to 14 form an integral part of these unaudited interim condensed consolidated financial statements.

Bin Dawood Holding Company (A Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June 2020

	<i>Share capital SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings SR</i>	<i>Total SR</i>
Balance at 1 January 2019 (audited)	530,000,000	129,693,833	354,750,911	1,014,444,744
Profit for the period	-	-	170,788,701	170,788,701
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	170,788,701	170,788,701
Dividend	-	-	(200,000,000)	(200,000,000)
Balance as at 30 June 2019 (unreviewed – note 2.1)	<u>530,000,000</u>	<u>129,693,833</u>	<u>325,539,612</u>	<u>985,233,445</u>
Balance at 1 January 2020 (audited)	1,143,000,000	42,487,003	866,238	1,186,353,241
Profit for the period	-	-	311,678,077	311,678,077
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	311,678,077	311,678,077
Dividend (note 7(c))	-	-	(90,000,000)	(90,000,000)
Balance as at 30 June 2020	<u><u>1,143,000,000</u></u>	<u><u>42,487,003</u></u>	<u><u>222,544,315</u></u>	<u><u>1,408,031,318</u></u>

The accompanying notes 1 to 14 form an integral part of these unaudited interim condensed consolidated financial statements.

Bin Dawood Holding Company (A Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2020

	Note	For six-month period ended 30	
		June	
		2020	2019
		SR	SR
			(Unreviewed)
			(note 2.1)
OPERATING ACTIVITIES			
Profit for the period before zakat		319,670,808	175,177,545
<i>Adjustments to reconcile profit before zakat to net cash flows:</i>			
Depreciation on property and equipment		82,418,596	80,666,729
Depreciation - right-of-use assets	5	132,129,189	129,797,346
Amortization of intangible assets		131,561	72,428
Finance cost on lease liabilities	5	46,784,784	48,390,207
Loss / (gain) on disposal of property and equipment		120,818	(260,602)
Provision for employees' terminal benefits		10,692,737	10,228,714
Gain on termination of lease liability		(475,313)	-
		591,473,180	444,072,367
<i>Working capital adjustments:</i>			
Trade and other receivables, prepayments and advances		23,104,958	(11,548,573)
Inventories		104,279,679	56,767,838
Accounts payable, accruals and other liabilities		(106,954,155)	(23,157,621)
Due from related parties		(2,412,609)	(1,475,451)
Due to related parties		3,882,608	14,925,119
Cash from operations		613,373,661	479,583,679
Zakat paid	8	(13,374,764)	(423,790)
Employees' terminal benefits paid		(3,362,626)	(2,381,290)
Net cash from operating activities		596,636,271	476,778,599
INVESTING ACTIVITIES			
Purchase of property and equipment		(24,631,408)	(18,444,061)
Purchase of intangible assets		(168,490)	-
Proceeds from disposal of property and equipment		29,617	591,957
Net cash used in investing activities		(24,770,281)	(17,852,104)
FINANCING ACTIVITIES			
Dividend paid		(90,000,000)	(200,000,000)
Payment of lease liabilities (including prepayments)		(164,770,816)	(194,891,723)
Net cash used in financing activities		(254,770,816)	(394,891,723)
Net increase in cash and bank balances		317,095,174	64,034,772
Cash and bank balances at the beginning of the period		214,950,268	122,886,866
Cash and bank balances at the end of the period		532,045,442	186,921,638
SUPPLEMENTARY NON-CASH INFORMATION			
Right-of-use assets	5	154,450,194	2,616,426,545
Lease liabilities	5	146,818,108	2,728,001,330

The accompanying notes 1 to 14 form an integral part of these unaudited interim condensed consolidated financial statements.

Bin Dawood Holding Company (A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

At 30 June 2020

1. CORPORATE INFORMATION

Bin Dawood Holding Company (the "Company" or the "Parent Company") is a Closed Joint Stock Company. The Company was initially registered as a Limited Liability Company in the Kingdom of Saudi Arabia ("KSA") under Commercial Registration number 4031063470 dated 16 Shaban 1432H (corresponding to 17 July 2011). The shareholders of the Company resolved to change the legal status of the Company from "Limited Liability Company" to "Closed Joint Stock Company". The Ministry of Commerce and Investment announced the formation of Closed Joint Stock company on 22 Shawwal 1438 H (corresponding to 16 July 2017). The Parent Company is fully owned by GCC nationals.

The registered office of the Company is located at Masjid Al Haram Road, Al Azizia District, P.O.Box 5510, Makkah 21955, Kingdom of Saudi Arabia.

The Parent Company's objective is to manage its subsidiaries and provide required support to them. It also includes acquiring the required properties and movable assets for its activities, acquire, lease and utilize industrial and commercial equity rights, patents and brand names, franchise and other abstract rights for its subsidiaries or others.

The interim condensed consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (see note 2.3), hereinafter referred to as (the "Group").

The Group is engaged in retail trading of foodstuff and household items, operating bakeries and restaurant for foodstuff.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Basis of preparation

These interim condensed consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting and going concern concept, except for employees' terminal benefits that have been based on actuarial present value calculations.

These interim condensed consolidated financial statements are presented in Saudi Riyals (SR), which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The corresponding numbers in the interim condensed consolidated statement of profit or loss and other comprehensive income and related notes, for the three-month and six-month periods ended 30 June 2019, and the interim condensed consolidated statements of changes in equity and cash flows for the six month period ended 30 June 2019 are presented for comparative purposes only and are unreviewed.

2.2 Statement of compliance

These interim condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

These interim condensed consolidated financial statements do not include all the information and disclosures required in full set of annual financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019. In addition, results for the interim period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020 (refer to note 2.4 below).

2.3 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 30 June 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Bin Dawood Holding Company (A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2020

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)

2.3 Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting right

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Income and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in interim condensed consolidated statement of profit or loss. Any investment retained is recognised at fair value.

These interim condensed consolidated financial statements include the financial information of the Parent Company and the following subsidiaries:

<i>Name</i>	<i>City of incorporation</i>	<i>Principle field of activity</i>	<i>% of capital held (directly & indirectly)</i>	
			2020	2019
Bin Dawood Superstores Trading Company (A Limited Liability Company)	Makkah, Saudi Arabia	Engaged in retail trading of foodstuff and household items.	100%	100%
Danube Company for Foodstuffs and Commodities (A Limited Liability Company)	Jeddah, Saudi Arabia	Engaged in retail trading of foodstuff and household items.	100%	100%
Danube Star for Bakeries and Marketing Company (A Limited Liability Company)	Jeddah, Saudi Arabia	Wholesale of bakery and related products to commercial supermarkets.	100%	100%

With effect from 1 January 2020, Danube Star for Bakeries and Marketing Company (A Limited Liability Company) acquired a fruit and vegetable division from a Group's affiliate, namely Jumairah Marketing Establishment (Fruits and Vegetables) - A Branch of Abdul Khaliq Bin Dawood Establishment. The assets and liabilities on the date of acquisition were insignificant to the Group financial statements.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)

2.4 Significant accounting judgements, estimates and assumptions

Outbreak of novel coronavirus (“COVID-19”)

The preparation of the Group’s interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The outbreak of novel coronavirus (“COVID-19”) since early 2020, its spread across mainland China and then globally caused disruptions to businesses and economic activity globally including the Kingdom of Saudi Arabia and the declaration of this pandemic by the World Health Organization necessitated the Group’s management to revisit its significant judgments in applying the Group’s accounting policies and the methods of computation and the key sources of estimation applied to the annual consolidated financial statements for the year ended 31 December 2019. Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Group’s management carried out an impact assessment on the overall Group’s operations and business aspects including factors like supply chain, travel restrictions, oil prices, product demand, supplier incentives etc. and concluded that, as of the issuance date of these interim condensed consolidated financial statements, no significant changes are required to the judgements and key estimates. However, in the view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

Progressive rebate incentives

The Group receives incentives from its suppliers based on the volume of the business during the year, that are subject to negotiations. The underlying contracts with the suppliers are negotiated throughout the year and not necessarily be available at the time of interim financial reporting. The management exercises professional judgement to assess and estimate the amount of incentives. Such assessment and judgment involves consideration of factors, including prevailing industry practices, continuing suppliers’ relationships, business performance during the year, historical trends and auto renewal nature of agreements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

3. CHANGES TO THE GROUP’S ACCOUNTING POLICIES

The accounting policies and methods of calculation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group. As required by IAS 34, the nature and effect of these changes are disclosed below:

3.1 Amendments to IFRS 3: *Definition of a Business*

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

3. CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

3.2 Amendments to IFRS 7, IFRS 9 and IAS 39: *Interest Rate Benchmark Reform*

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

3.3 Amendments to IAS 1 and IAS 8: *Definition of Material*

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial statements of, nor is there expected to be any future impact to the Group.

4. SEGMENT INFORMATION

The Group is solely engaged in retail trading of consumer goods and operates completely within the Kingdom of Saudi Arabia.

The Group is required to determine and present its operating segments based on the way in which financial information is organised and reported to the chief operating decision-maker (CODM). The CODM has been identified as the Board of Directors, as this makes the key operating decisions of the Group and is responsible for allocating resources and assessing performance.

Key internal reports received by the CODM, primarily the management accounts, focus on the performance of the Group as a whole. The operations of all elements of the business are driven by the retail sales environment and hence have fundamentally the same economic characteristics. All operational decisions made are focused on the performance and growth of the retail outlets and the ability of the business to meet the supply demands of the stores.

The Group has considered the overriding core principles of IFRS 8 'Operating segments' as well as its internal reporting framework, management and operating structure. The Directors' conclusion is that the Group has one operating segment, that of retailing.

Performance is measured by the CODM based on profit before zakat as reported in the management accounts. Management believes that this measure is the most relevant in evaluating the results of the Group. In addition, segment assets and segment liabilities are neither included in the internal management reports nor provided regularly to the management.

Bin Dawood Holding Company (A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2020

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period/ year:

	<i>Six-month period ended</i>		<i>Year ended</i>	
	<i>30 June 2020</i>		<i>31 December 2019</i>	
	<i>Right-of-use assets</i>	<i>Lease liabilities</i>	<i>Right-of-use assets</i>	<i>Lease liabilities</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
At the beginning of the period/ year	2,356,831,705	2,518,438,495	2,588,242,618	2,700,817,403
Addition	154,450,194	146,818,108	28,183,927	27,183,927
Termination	(21,459,820)	(21,935,133)	-	-
Depreciation	(132,129,189)	-	(259,594,840)	-
Interest expense	-	46,784,784	-	95,858,849
Payments	-	(157,138,730)	-	(305,421,684)
	2,357,692,890	2,532,967,524	2,356,831,705	2,518,438,495
Less: current portion of lease liabilities	-	(266,179,282)	-	(220,994,425)
At the end of the period/ year	2,357,692,890	2,266,788,242	2,356,831,705	2,297,444,070

6. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Following is the list of related party transactions and balances of the Group. The following are the details of major related party transactions during the period:

<i>Related party</i>	<i>Nature of transaction</i>	<i>Transactions for the three-month period ended 30 June</i>		<i>Transactions for the six-month period ended 30 June</i>	
		<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
			<i>(Unreviewed)</i>		<i>(Unreviewed)</i>
			<i>"Restated"</i>		<i>"Restated"</i>
Affiliates	Purchase of goods	10,011,883	10,137,842	23,924,836	30,639,872
	Lease payments (principal and interest)	48,752,475	51,055,975	66,053,500	68,857,000
	Rent charged to affiliates	303,505	360,607	593,055	728,714
	Goods transferred to affiliates	344,282	2,041,110	675,362	2,041,110
	Shared service fee charged to affiliates	500,000	-	1,000,000	-
	Online sales commission charged by affiliates	2,597,548	-	4,514,074	-

As mentioned in note 2, the assets and liabilities of a division of an affiliate were acquired by a subsidiary of the Company with a net book value amounting to nil.

The lease liabilities as disclosed in note 5, as at 30 June 2020, includes an amount of SR 321,949,178 which relates to lease arrangements entered by the Group with its related parties.

Bin Dawood Holding Company (A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2020

6. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Key management compensation

Compensation for key management is as follows:

		<i>Transactions for the three-month period ended 30 June</i>		<i>Transactions for the six-month period ended 30 June</i>	
		<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
		<i>(Unreviewed)</i>		<i>(Unreviewed)</i>	
Directors	Board of Directors remuneration	425,609	375,000	862,609	750,000
Management personnel	Salaries and other benefits	12,950,370	7,018,508	20,116,483	14,037,016
	End of service benefits	2,952,148	290,968	3,434,114	581,936

As at 30 June 2020, the outstanding amount due to key management personnel was SR 1.86 million (31 December 2019: SR 1 million).

	<i>30 June 2020</i>	<i>31 December 2019</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
<i>Due from related parties</i>		
Jumairah Marketing Establishment (Delsey) - A Branch of Abdul Khaliq Bin Dawood Establishment	924,513	-
Etre Trading Establishment - A Branch of Abdul Khaliq Bin Dawood Establishment	1,488,096	-
	2,412,609	-
<i>Due to related parties</i>		
Safa Company Limited for Household Ware	13,712,130	8,874,780
Jumairah Marketing Establishment (Fruits and Vegetables) - A Branch of Abdul Khaliq Bin Dawood Establishment	-	562,114
Jumairah Marketing Establishment (Delsey) - A Branch of Abdul Khaliq Bin Dawood Establishment	-	1,613,639
Jumairah Marketing Establishment (Toys) - A Branch of Abdul Khaliq Bin Dawood Establishment	1,537,343	1,065,324
Etre Trading Establishment - A Branch of Abdul Khaliq Bin Dawood Establishment	-	270,895
International Application Company Limited	1,019,887	-
	16,269,360	12,386,752

The Company has restated its disclosure of related party transactions and balances with respect to lease liabilities with related parties and included the following as part of its related party disclosure:

The lease liabilities as disclosed in note 5, as at 31 December 2019, includes an amount of SR 399,785,758 which relates to lease arrangements entered by the Group with its related parties. The rent charged by affiliates of SR 68,857,000 for the year ended 31 December 2019 represents lease payments (principal and interest) during the year.

Bin Dawood Holding Company (A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2020

7. EQUITY

(a) Share capital

As at 30 June 2020 and 31 December 2019, the share capital of the Parent Company is divided into 114,300,000 shares of SR 10 each and distributed among the shareholders as follows:

<i>Name of shareholders</i>	<i>Nationality</i>	<i>Holding</i>	<i>No. of shares</i>	<i>Amount SR</i>
Akasiya Star Trading Company Limited	Saudi	84.465%	96,543,495	965,434,950
Abdullah Bin Dawood Sons and Company Limited	Saudi	8.535%	9,755,505	97,555,050
Commercial Growth Development Company Limited	Saudi	7%	8,001,000	80,010,000
		100%	114,300,000	1,143,000,000

(b) Statutory reserve

In accordance with the Companies' Regulation, the Parent Company must set aside 10% of its net income in each year to a statutory reserve until the reserve equals 30% of the share capital. The reserve is not available for distribution.

(c) Dividends

The Board of Directors of the Company have approved an interim dividend of SR 90 million (SR 0.79 per share) which has been paid in cash during the period.

8. ZAKAT

The Parent Company has obtained an approval from GAZT for the consolidated filing of zakat return from the year ended 2016 onwards. Accordingly, zakat is assessed on consolidated basis effective 2016.

The movement in the zakat provision during the period / year is as follows:

	<i>Six-month period ended</i>	<i>31 December</i>
	<i>30 June 2020</i>	<i>2019</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Balance at the beginning of the period / year	15,565,314	6,571,747
Charge for the period / year	7,992,731	11,192,342
Payments during the period / year	(13,374,764)	(2,198,775)
At the end of the period / year	10,183,281	15,565,314

The subsidiaries along with the parent company have filed its zakat declaration on a standalone basis until the year ended 31 December 2015. From 2016 onwards, the Parent Company started filing the consolidated zakat declarations for all wholly owned subsidiaries. Consolidated zakat declaration together with the information declarations for wholly owned subsidiaries for the years ended 31 December 2016 through 2019 has already been submitted. The Parent Company has obtained the zakat certificate until 31 December 2019.

There is no change in status of assessments as disclosed in annual consolidated financial statements for the year ended 31 December 2019.

Bin Dawood Holding Company (A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2020

9. EARNINGS PER SHARE

The earnings per share calculation is given below:

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unreviewed)</i>		<i>(Unreviewed)</i>	
Profit for the period	185,419,200	101,639,480	311,678,077	170,788,701
Number of ordinary shares	114,300,000	53,000,000	114,300,000	53,000,000
Effect of capitalisation	-	61,300,000	-	61,300,000
Weighted average number of ordinary shares for basic and diluted EPS	114,300,000	114,300,000	114,300,000	114,300,000
Earnings per share – basic and diluted	1.62	0.89	2.73	1.49

There has been no item of dilution affecting the weighted average number of ordinary shares.

Basic and diluted earnings per share attributable to ordinary equity holders of the Parent Company for the year ended 31 December 2019 amounted to SR 3.67 per share (31 December 2018: SR 3.48 per share). The profit for the year ended 31 December 2019 amounted to SR 419,136,319 (31 December 2018: SR 397,836,146) and the weighted average number of ordinary shares for basic and diluted EPS as at 31 December 2019 are 114,300,000 (31 December 2018: 114,300,000).

10. SIGNIFICANT EVENT DURING THE PERIOD

Due to COVID 19 situation, the industry witnessed bulk buying by consumers during the lock down period. This resulted in significant growth in revenue. In addition, there were four new branches opened during the period under the name of subsidiary.

11. COMMITMENTS AND CONTINGENT LIABILITIES

The Group has outstanding letters of credit to import goods amounting to SR 8.85 million as at 30 June 2020 (31 December 2019: SR 15.92 million) and outstanding letters of guarantee amounting to SR 3.10 million at 30 June 2020 (31 December 2019: SR 2.35 million).

At 30 June 2020, the Group has future capital commitments amounting to nil (31 December 2019: SR 5.22 million). Further the Group has annual cancellable lease commitments totaling SR 3.13 million as at 30 June 2020 (31 December 2019: SR 11.94 million) relating to branch rentals.

The Parent Company and its subsidiaries namely Bin Dawood Superstores Company Limited (A Limited Liability Company), Danube Company for Foodstuffs and Commodities (A Limited Liability Company) and Danube Star for Bakeries and Marketing Company (A Limited Liability Company) have provided corporate guarantees amounting to SR 538.5 million as at 30 June 2020 (31 December 2019: SR 538.5 million) to local banks in respect of banking facilities obtained within the Group.

12. FAIR VALUE OF ASSETS AND LIABILITIES

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

At 30 June 2020

12. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- 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.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As at 30 June 2020 and 31 December 2019, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

There were no movements between the levels during the period.

13. PRESENTATION AND RECLASSIFICATION

An amount of SR 32.3 million have been reclassified from "Trade and other receivables" to "Prepayments and advances" in the prior year's consolidated financial statements to enhance comparability with the current period's interim condensed consolidated financial statements. Such reclassification do not have any impact on profit or total equity.

14. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved by the Board of Directors on 27 August 2020, corresponding to 8 Muhurram 1442H.