

**THE FIRST MILLING COMPANY**

(A Saudi Joint Stock Company)

**CONDENSED INTERIM**

**FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and six-month periods ended 30 June 2023

together with the

**INDEPENDENT AUDITORS' REVIEW REPORT**

**THE FIRST MILLING COMPANY**

(A Saudi Joint Stock Company)

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and six-month periods ended 30 June 2023

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## KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 4030290792

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال  
شارع الأمير سلطان  
ص.ب 55078  
جدة 21534  
المملكة العربية السعودية  
سجل تجاري رقم 4030290792  
المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed interim financial statements

To the Shareholders of The First Milling Company  
(A Saudi Joint Stock Company)  
Jeddah - Kingdom of Saudi Arabia

## Introduction

We have reviewed the accompanying 30 June 2023 condensed interim financial statements of **The First Milling Company** ("the Company"), which comprises:

- the condensed statement of financial position as at 30 June 2023;
- the condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2023;
- the condensed statement of changes in equity for the six-month period ended 30 June 2023;
- the condensed statement of cash flows for the six-month period ended 30 June 2023; and
- the notes to the condensed interim financial statements.

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 these 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 is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (40,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاء محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



# Independent auditor's report on review of condensed interim financial statements (continued)

To the Shareholders of The First Milling Company  
(A Saudi Joint Stock Company)  
Jeddah - Kingdom of Saudi Arabia

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 condensed interim financial statements of **The First Milling Company ("the Company")** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

Ebrahim Oboud Baeshen  
License No. 382

Jeddah, 30 July 2023  
Corresponding to 12 Muharram 1445H



**THE FIRST MILLING COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	30 June 2023 (Unaudited)	31 December 2022 (Audited)
<b>Assets</b>			
Property, plant and equipment	7.1	552,721,954	537,778,519
Right-of-use assets		311,855,722	319,617,116
Intangible assets		4,696,083	5,018,059
Derivative financial instruments	8	58,574,449	58,158,366
Goodwill		1,090,669,302	1,090,669,302
<b>Non-current assets</b>		<b>2,018,517,510</b>	<b>2,011,241,362</b>
Inventories	9.1	129,213,015	119,100,330
Trade receivables	10	13,503,757	6,182,342
Prepayments and other current assets		40,293,644	66,587,729
Due from related parties	22	--	7,912,120
Cash and cash equivalents		225,145,931	215,326,438
<b>Current assets</b>		<b>408,156,347</b>	<b>415,108,959</b>
<b>Total assets</b>		<b>2,426,673,857</b>	<b>2,426,350,321</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11	555,000,000	555,000,000
Shareholders' contributions	12	6,751,214	4,278,483
Merger reserve		(37,554,503)	(37,554,503)
Statutory reserve		60,802,576	60,802,576
Cash flow hedge reserve	8	47,882,589	46,749,353
Retained earnings		230,459,810	121,685,113
<b>Total equity</b>		<b>863,341,686</b>	<b>750,961,022</b>
<b>Liabilities</b>			
Long-term loans	14	975,831,821	1,006,401,558
Lease liabilities		315,863,378	326,656,872
Employees' defined benefit obligations		7,045,000	4,892,000
<b>Non-current liabilities</b>		<b>1,298,740,199</b>	<b>1,337,950,430</b>
Trade payables		43,563,014	44,137,592
Accrued expenses and other liabilities		82,287,901	81,846,360
Current portion of long-term loans	14	96,068,430	164,272,151
Current portion of lease liabilities		17,542,419	23,084,338
Advances from customers		21,271,168	17,669,986
Due to related parties	22	--	261,449
Zakat payable	19.1	3,859,040	6,166,993
<b>Current liabilities</b>		<b>264,591,972</b>	<b>337,438,869</b>
<b>Total liabilities</b>		<b>1,563,332,171</b>	<b>1,675,389,299</b>
<b>Total equity and liabilities</b>		<b>2,426,673,857</b>	<b>2,426,350,321</b>

Tariq Mutlaq Abdullah AlMutlaq  
Chairman

Abdullah Abdul-Aziz Abdullah Ababtain  
CEO

Manwel Adib Bou Hamdan  
CFO

The accompanying notes from 1 to 25 form an  
integral part of these condensed interim financial statements.

**THE FIRST MILLING COMPANY**  
(A Saudi Joint Stock Company)

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

For the three-month and six-month periods ended 30 June 2023  
(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	For the three-month period ended 30 June <u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)	For the six-month period ended 30 June <u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Revenue	15	213,957,053	206,846,634	469,504,250	449,214,213
Cost of revenue	16	(125,963,442)	(111,962,481)	(261,367,183)	(242,969,104)
<b>Gross profit</b>		<b>87,993,611</b>	<b>94,884,153</b>	<b>208,137,067</b>	<b>206,245,109</b>
Selling and distribution expenses		(14,277,756)	(7,373,701)	(24,714,469)	(18,593,937)
General and administrative expenses		(22,525,601)	(20,643,475)	(41,122,414)	(43,046,138)
Expected credit loss on trade receivables		143,185	(707,000)	(34)	(918,752)
<b>Operating profit</b>		<b>51,333,439</b>	<b>66,159,977</b>	<b>142,300,150</b>	<b>143,686,282</b>
Finance costs	17	(23,347,260)	(2,936,566)	(45,566,603)	(5,814,947)
Finance income	18	7,730,894	--	14,685,420	--
Other income/(expense)		38,363	(69,338)	447,742	58,548
<b>Profit before zakat</b>		<b>35,755,436</b>	<b>63,154,073</b>	<b>111,866,709</b>	<b>137,929,883</b>
Zakat expense	19.1	(847,321)	(1,900,650)	(3,200,967)	(4,224,462)
<b>Profit for the period</b>		<b>34,908,115</b>	<b>61,253,423</b>	<b>108,665,742</b>	<b>133,705,421</b>
<b>Other comprehensive income for the period</b>					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurements of defined benefit liability		108,955	--	108,955	--
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Effective portion of changes in fair value of cash flow hedge	8	5,812,846	--	1,133,236	--
<b>Total comprehensive income for the period</b>		<b>40,829,916</b>	<b>61,253,423</b>	<b>109,907,933</b>	<b>133,705,421</b>
<b>Earnings per share for the period attributable to shareholders of the Company (SR):</b>					
Basic	21.1	0.63	122.51	1.96	267.41
Diluted	21.1	0.63	122.51	1.96	267.41

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**THE FIRST MILLING COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	Share capital	Other reserve	Shareholders' contributions	Statutory reserve	Retained earnings	Merger reserve	Change in fair value of cash flow hedge	Total
<b>Six-month period ended 30 June 2023:</b>									
As at 31 December 2022 (audited)		555,000,000	--	4,278,483	60,802,576	121,685,113	(37,554,503)	46,749,353	750,961,022
Profit for the period		--	--	--	--	108,665,742	--	--	108,665,742
Other comprehensive income for the period		--	--	--	--	108,955	--	1,133,236	1,242,191
Total comprehensive income for the period		--	--	--	--	108,774,697	--	1,133,236	109,907,933
Shareholders' contribution	12	--	--	2,472,731	--	--	--	--	2,472,731
As at 30 June 2023 (unaudited)		555,000,000	--	6,751,214	60,802,576	230,459,810	(37,554,503)	47,882,589	863,341,686
<b>Six-month period ended 30 June 2022:</b>									
As at 31 December 2021 (audited)		539,236,780	--	--	39,054,503	86,902,277	--	--	665,193,560
Profit for the period		--	--	--	--	133,705,421	--	--	133,705,421
Other comprehensive income for the period		--	--	--	--	--	--	--	--
Total comprehensive income for the period		--	--	--	--	133,705,421	--	--	133,705,421
Transfer to other reserve		(534,236,780)	534,236,780	--	--	--	--	--	--
Dividends distribution	13	--	--	--	--	(84,472,046)	--	--	(84,472,046)
As at 30 June 2022 (unaudited)		5,000,000	534,236,780	--	39,054,503	136,135,652	--	--	714,426,935

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**THE FIRST MILLING COMPANY**  
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**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit before zakat		111,866,709	137,929,883
<b>Adjustments:</b>			
Depreciation on property, plant and equipment	7.2	15,486,376	14,026,369
Depreciation of right-of-use assets		7,761,394	8,154,339
Amortisation of intangible assets		321,976	233,103
Finance cost on lease liabilities	17	5,650,178	5,814,947
Finance cost on long-term loans	17	38,541,883	--
Finance income	18	(14,685,420)	--
Amortisation of loan transaction cost	17	1,226,542	--
Provision for slow moving inventories	16	5,476,958	3,173,804
Finance cost on employees' defined benefit obligations	17	148,000	--
Provision for employees' defined benefit obligations		2,198,500	1,506,357
Expected credit loss on trade receivables		34	918,752
		<u>173,993,130</u>	<u>171,757,554</u>
<b>Changes in working capital:</b>			
Inventories		(15,589,643)	(17,328,158)
Trade receivables		(7,321,449)	(7,238,808)
Prepayments and other current assets		26,861,736	(17,354,900)
Due from related parties		10,384,851	--
Trade payables		(574,578)	(5,523,720)
Accrued expenses and other liabilities		(18,418,960)	20,378,838
Advances from customers		3,601,182	1,505,573
Due to related parties		(261,449)	--
		<u>172,674,820</u>	<u>146,196,379</u>
Paid employees' defined benefit obligations		(84,545)	(37,289)
Finance cost paid		(30,436,974)	(10,119,635)
Finance income received		14,117,769	--
Zakat paid		(5,508,920)	(4,801,462)
<b>Net cash from operating activities</b>		<u>150,762,150</u>	<u>131,237,993</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	7.2	(30,429,811)	(17,480,816)
Additions to intangible assets		--	(60,939)
<b>Net cash used in investing activities</b>		<u>(30,429,811)</u>	<u>(17,541,755)</u>
<b>Cash flows from financing activities</b>			
Dividends paid	13	--	(84,472,046)
Loan repaid	14	(100,000,000)	--
Payment of lease liabilities		(10,512,846)	(11,753,944)
<b>Net cash used in financing activities</b>		<u>(110,512,846)</u>	<u>(96,225,990)</u>
Net (decrease) increase in cash and cash equivalents during the period		9,819,493	17,470,248
Cash and cash equivalents at 1 January		215,326,438	157,484,513
<b>Cash and cash equivalents at 30 June</b>		<u>225,145,931</u>	<u>174,954,761</u>

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**THE FIRST MILLING COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

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**1. COMPANY INFORMATION**

The First Milling Company (the "Company"), a Saudi Joint Stock Company, was incorporated in accordance with the Companies' Regulations in the Kingdom of Saudi Arabia under Commercial Registration No. 4030291813 issued on 10 November 2016 (corresponding to 10 Safar 1438H). The Company's licensed activities include flour production in the Kingdom of Saudi Arabia and all activities related to the provision of wheat products, animal feed and related products, including making any contracts or making any related arrangements.

The Company was formed by the Public Investment Fund (the "PIF") pursuant to the resolution of the Council of Ministers No. (35) of 9 November 2015 (corresponding to 27 Muharram 1437H) approving the adoption of the necessary actions to establish four Joint Stock Milling Companies according to the proposed geographical distribution. The Public Investment Fund, in coordination with the General Food Security Authority ("GFSA") previously known as Saudi Grains Organization (the "SAGO"), shall do so in accordance with Royal Decree No. (62) dated 31 July 2014 (corresponding to 4 Shawwal 1435H). The Company is selling various products of flour, feed and bran out of which the selling prices of only the flour products weighing 45 KGs and above are determined by the GFSA.

On 9 September 2020 (corresponding to 17 Shawwal 1441H), Cabinet Resolution No. (631) was issued to transfer the ownership of the company to the National Center for Privatisation (the "NCP") and for the NCP to carry out the tasks assigned to the Public Investment Fund by Cabinet Resolution No. (118) and dated 30 October 2018 (corresponding to 21 Safar 1440H). The Company's shares were wholly sold to Al Raha Al Safi Food Company (the "Parent Company") on 31 December 2020 (corresponding to 16 Jumada Al Awal 1442H).

The Company has entered into a subsidised wheat purchase agreement with GFSA, as GFSA imports wheat to Saudi Arabia for the purpose of producing subsidised flour. This agreement was entered into force on 1 January 2017 (corresponding to 3 Rabi Al Thani 1438H). The agreement stipulates that the purchase price of the subsidised wheat is calculated according to the monetary value per metric ton of subsidised wheat specified by the Government of the Kingdom of Saudi Arabia at SR 180 per metric ton since 2017. The Company also has an option to import the wheat directly or to source it from the open market.

On 30 November 2020 (corresponding to 15 Rabi' Al Thani 1442H), the wheat purchase agreement was extended and it will be in force until the date of expiry of the Company's milling operating license, subject to an automatic extension of the contract term to match the term of the Company's license. This license shall remain valid for a period of twenty-five (25) Gregorian years, counted from the date of completion of the transfer of ownership of all shares of the licensee to the private sector that was completed on 31 December 2020 (corresponding to 16 Jumada Al Awal 1442H).

On 29 June 2022 (corresponding to 30 Dhul Qadah 1443H), the Company entered into a merger agreement (the "Merger") pursuant to which the Company and the Parent Company have agreed to take necessary steps to implement the Merger between the two Companies. Subsequently, on 15 September 2022 (corresponding to 19 Safar 1444H), pursuant to the approval of the Ministry of Commerce (the "MOC"), the Parent Company ceased to exist and all of the assets and liabilities of the Parent Company were transferred to the Company.

**THE FIRST MILLING COMPANY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

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**1. COMPANY INFORMATION (continued)**

The Company and the Parent Company have satisfied the required regulatory approvals and the Merger conditions agreed between the two companies in the Merger agreement. The legal formality has been completed and the amended By-Law and commercial registration are issued on 6 November 2022 (corresponding to 12 Rabi Al Thani 1444H).

The members of the Extraordinary General Assembly have approved the offering and listing of the Company's shares in Tadawul on 6 November 2022 (corresponding to 12 Rabi Al Thani 1444H). On 17 May 2023 (corresponding to 27 Shawwal 1444H) the Company has announced its intention to float 16,650,000 shares representing 30% of the Company's share capital and to proceed with an initial public offering and listing on the main market of the Saudi Exchange (Tadawul). The Company has been successfully listed on the Saudi Exchange on 22 June 2023.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended By-Laws to the shareholders in their extraordinary General Assembly meeting for their ratification.

The registered address of the Company is as follows:

Jeddah Islamic Port  
between gates 7 and 8  
Jeddah 22312  
Kingdom of Saudi Arabia

The Company operates through four branches that are the business units, which are as follows:

<u>Branch Location</u>	<u>Date</u>	<u>Commercial Registration No.</u>
Jeddah	28 March 2017 (corresponding to 29 Jumada Al Thani 1438H)	4030294014
Qassim	28 March 2017 (corresponding to 29 Jumada Al Thani 1438H)	1131057624
AlAhsa	28 March 2017 (corresponding to 29 Jumada Al Thani 1438H)	2250067938
Tabuk	28 March 2017 (corresponding to 29 Jumada Al Thani 1438H)	3550038652

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

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**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with the International Accounting Standards (IAS 34) “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional 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 2022 (“last annual financial statements”).

These condensed interim financial statements do not include all the information required to prepare a complete set of financial statements in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia. However, selected accounting policies and explanatory notes have been included to explain the events and transactions that are significant to and understanding of the changes in the financial position and performance of the Company since the last annual financial statements. In addition, the results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023.

**2.2 Basis of measurement**

These condensed interim financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except employee benefits which are recognised at the present value of future obligation using the Projected Unit Credit Method and derivative financial instruments which are recognised at fair value through other comprehensive income.

**2.3 Functional and presentation currency**

These condensed interim financial statements are presented in Saudi Arabian Riyals (SR) which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest SR, unless otherwise stated.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of Company’s condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of revenues, expenses, assets, liabilities 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 Company based its assumptions and estimates on parameters available when the condensed interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The significant judgments exercised 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 for the year ended 31 December 2022.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

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**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards, interpretations and amendments effective as at 1 January 2023, as mentioned in note 5.1. The Company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

**5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS**

**5.1 Standards, interpretations and amendments issued**

This table lists the recent changes to the Standards that are required to be applied for an annual period beginning on or after 1 January 2023 and that are available for early adoption in annual periods beginning on 1 January 2023.

<b><u>Standards, amendments, interpretations</u></b>	<b><u>Description</u></b>	<b><i>Effective from periods beginning on or after the following date</i></b>
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	1 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	1 January 2023

**THE FIRST MILLING COMPANY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

**5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)**

**5.2 Standards, interpretations and amendments issued but not yet effective**

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial statements are disclosed below. The Company intends to adopt these standards, where applicable, when they become effective.

<b><u>Standards, amendments, interpretations</u></b>	<b><u>Description</u></b>	<b><u>Effective from periods beginning on or after the following date</u></b>
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	<p>These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.</p> <p>Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>Note that the IASB has issued a new exposure draft proposing change to this amendment.</p>	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely

The standards, interpretations, and amendments with an effective date of 1 January 2023 will not have any material impact on the Company's condensed interim financial statements, whereas, for other above-mentioned standards, interpretations, and amendments, the Company is currently assessing the implications on the Company's financial statements on adoption.

**6. SEGMENT INFORMATION**

The Company operates in four regions in the Kingdom of Saudi Arabia, which are its reportable segments. These regions are identified as a separate reportable segment because the company managed them separately.



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**6. SEGMENT INFORMATION (continued)**

The management has identified these business units based on their geographical locations. The following summary describes the operations of each reportable segment.

<u>Reportable segments</u>	<u>Operations</u>
Jeddah	Production of flour, feed and bran
Qassim	Production of flour, feed and bran
Tabuk	Production of flour and bran
Al Ahsa	Production of flour and bran

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently in the financial statements.

Transfer prices between operating segments are on cost and any transmission and distribution costs are recovered from the segments in a manner similar to transactions with third parties.

The selected financial information for these business units is set out below. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

<b>For the six-month period ended 30 June 2023 (Unaudited)</b>	<b><u>Jeddah</u></b>	<b><u>Qassim</u></b>	<b><u>Tabuk</u></b>	<b><u>Al Ahsa</u></b>	<b><u>Total segments</u></b>
Total revenue	222,735,867	129,109,483	56,372,952	61,285,948	469,504,250
Cost of raw material	(84,049,289)	(59,137,486)	(16,894,500)	(17,500,456)	(177,581,731)
Employee benefits expenses	(13,701,187)	(10,339,327)	(6,743,553)	(6,337,936)	(37,122,003)
Depreciation and amortization	(8,788,828)	(2,843,122)	(2,862,551)	(7,962,547)	(22,457,048)
Other expenses	(18,810,861)	(12,196,084)	(6,316,129)	(5,578,710)	(42,901,784)
Financing costs	(3,681,250)	(986,115)	(65,833)	(884,066)	(5,617,264)
Other income	328,644	60,633	746	6,777	396,800
Segment profit	<u>94,033,096</u>	<u>43,667,982</u>	<u>23,491,132</u>	<u>23,029,010</u>	<u>184,221,220</u>

<b>For the six-month period ended 30 June 2022 (Unaudited)</b>	<b><u>Jeddah</u></b>	<b><u>Qassim</u></b>	<b><u>Tabuk</u></b>	<b><u>Al Ahsa</u></b>	<b><u>Total segments</u></b>
Total revenue	204,549,496	139,367,038	53,331,263	51,966,416	449,214,213
Cost of raw material	(69,159,778)	(63,816,840)	(17,148,658)	(15,657,804)	(165,783,080)
Employee benefits expenses	(14,734,845)	(11,673,940)	(7,375,725)	(7,137,253)	(40,921,763)
Depreciation and amortization	(9,741,664)	(2,629,450)	(2,021,834)	(7,277,244)	(21,670,192)
Other expenses	(17,278,878)	(10,676,354)	(5,195,084)	(5,750,329)	(38,900,645)
Financing costs	(3,817,394)	(1,016,752)	(67,357)	(908,439)	(5,809,942)
Other income	2,528	30,799	8,594	218	42,139
Segment profit	<u>89,819,465</u>	<u>49,584,501</u>	<u>21,531,199</u>	<u>15,235,565</u>	<u>176,170,730</u>

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**6. SEGMENT INFORMATION (continued)**

At 30 June 2023 (Unaudited)	<u>Jeddah</u>	<u>Qassim</u>	<u>Tabuk</u>	<u>Al Ahsa</u>	<u>Total segments</u>
Total assets	431,084,287	142,232,657	146,393,268	309,122,119	1,028,832,331
Total liabilities	261,718,686	78,537,627	15,144,878	71,288,432	426,689,623
Other disclosures:					
Property, plant and equipment with Right- of-use assets	334,519,248	98,035,377	112,313,336	289,520,256	834,388,217
Inventories	54,409,774	47,261,875	13,612,378	13,928,988	129,213,015
Intangible assets	24,876	1,131,307	19,828	4,158	1,180,169
At 31 December 2022 (Audited)	<u>Jeddah</u>	<u>Qassim</u>	<u>Tabuk</u>	<u>Al Ahsa</u>	<u>Total segments</u>
Total assets	460,043,830	141,712,043	96,914,796	307,088,466	1,005,759,135
Total liabilities	286,525,568	93,298,166	18,342,829	75,166,253	473,332,816
Other disclosures:					
Property, plant and equipment with Right-of- use assets	352,535,838	104,243,982	77,657,279	292,032,606	826,469,705
Inventories	55,207,463	39,942,223	12,031,395	11,919,249	119,100,330
Intangible assets	31,968	1,201,870	25,537	5,574	1,264,949

**6.1 Reconciliations of information on reportable segments to the amounts reported in the financial statements**

*i) Profit before tax*

	<b>30 June 2023 (Unaudited)</b>	<b>30 June 2022 (Unaudited)</b>
Total profit before tax for reportable segments	<b>184,221,220</b>	176,170,730
<b>Unallocated amounts</b>		
Employee benefits expenses	<b>(29,494,500)</b>	(22,583,462)
Depreciation	<b>(1,112,698)</b>	(743,619)
Other expenses	<b>(16,534,302)</b>	(14,006,418)
Financing costs	<b>(39,949,339)</b>	(5,005)
Finance income	<b>14,685,420</b>	--
Other income	<b>50,942</b>	16,409
Expected credit loss on trade receivables	<b>(34)</b>	(918,752)
	<b>111,866,709</b>	137,929,883

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**6. SEGMENT INFORMATION (continued)**

**6.1 Reconciliations of information on reportable segments to the amounts reported in the financial statements (continued)**

*ii) Total assets*

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Total assets for reportable segments	1,028,832,331	1,005,759,135
Unallocated amounts	<u>1,397,841,526</u>	<u>1,420,591,186</u>
	<u><b>2,426,673,857</b></u>	<u><b>2,426,350,321</b></u>

*iii) Total liabilities*

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Total liabilities for reportable segments	426,689,623	473,332,816
Unallocated amounts	<u>1,136,642,548</u>	<u>1,202,056,483</u>
	<u><b>1,563,332,171</b></u>	<u><b>1,675,389,299</b></u>

**7. PROPERTY, PLANT AND EQUIPMENT**

**7.1 Property, plant and equipment comprise of the following:**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Buildings	328,005,281	329,699,048
Plant and equipment	163,938,629	169,681,182
Furniture and fittings	356,283	385,308
Computer equipment	1,659,949	1,738,127
Motor vehicles	5,234,506	4,172,565
Projects under progress	<u>53,527,306</u>	<u>32,102,289</u>
	<u><b>552,721,954</b></u>	<u><b>537,778,519</b></u>

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**7. PROPERTY, PLANT AND EQUIPMENT (continued)**

- 7.2 For the purposes of preparing the condensed interim statement of cash flows, the movement in property, plant and equipment during the six-month period ended 30 June is as follows:

	<b>For the six-month period ended 30 June</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Depreciation	<b>15,486,376</b>	14,026,369
Additions	<b>30,429,811</b>	17,480,816

- 7.3 The buildings are built on land leased from the GFSA with an annual rental of SR 6,243,008. The lease term is twenty-five calendar years commencing from 1 January 2017 (corresponding to 3 Rabee Thani 1438H) and is renewable for a similar period. In 2020, the lease term was extended by an additional three years.

- 7.4 As at 30 June 2023, projects under progress mainly consist of the following projects:

- i) Durum Mill in Jeddah
- ii) Rehabilitation project of production line for Wheat in Mill C Jeddah
- iii) Premix plant for Jeddah
- iv) Pesa Mill Integration in Mill E Jeddah
- v) Rehabilitation project of alarm and firefighting systems in Jeddah

Capital commitments relating to these projects amount to SR 37.95 million (31 December 2022: SR 90.32 million).

**8. DERIVATIVE FINANCIAL INSTRUMENTS**

To hedge the variability in interest rate on Term Murabaha facility, the Company entered into a profit rate cap agreement with Gulf International Bank.

The profit rate cap agreement requires the Company to pay floating rate interest payment of SAIBOR until it reaches to 2%, post which the Company will pay only the cap rate of 2% in addition to the pre-determined margin. The maturity date of the agreements is 29 March 2026.

For the purpose of hedge accounting, profit rate cap has been designated into cash flow hedge. The fair value and notional amount of the profit rate cap derivative is as follows:

	<b>30 June <u>2023</u> (Unaudited)</b>	<b>31 December <u>2022</u> (Audited)</b>
<b><u>Profit Rate Cap</u></b>		
Notional amount	<b>733,005,455</b>	753,830,267
Positive fair value	<b>58,574,449</b>	58,158,366

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**8. DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

The hedge has been assessed to be effective and as at 30 June 2023, net un-realised gain of SR 1.13 million (31 December 2022: SR 4.23 million) has been included in the condensed statement of profit or loss and other comprehensive income.

The amount of SR 47.88 million shown as cash flow hedging reserve in the statement of financial position as at 30 June 2023 is expected to affect the profit or loss in forthcoming years.

**9. INVENTORIES**

9.1 Inventories comprise of the following:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Spare parts	76,704,356	78,002,513
Raw materials	52,503,001	32,598,201
Finished goods	17,053,363	23,684,834
Goods in transit	3,724,776	141,218
Others	732,891	701,978
Less: allowance for slow-moving inventories of spare parts and raw materials	(21,505,372)	(16,028,414)
	<b>129,213,015</b>	<b>119,100,330</b>

9.2 During the six-month period ended 30 June 2023, the Company has provided for the slow-moving inventories of spare parts and raw materials amounting to SR 4.83 million (31 December 2022: SR 7.16 million). The amount is included in the cost of revenue.

**10. TRADE RECEIVABLES**

Trade receivables comprise of the following:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Trade receivables	14,179,384	6,857,935
Provision for expected credit loss on trade receivables	(675,627)	(675,593)
	<b>13,503,757</b>	<b>6,182,342</b>

**11. SHARE CAPITAL**

The authorized, issued and fully paid-up share capital of the Company as at 30 June 2023 amounted to SR 555,000,000 (31 December 2022: SR 555,000,000) consists of 55,500,000 shares (31 December 2022: 55,500,000 shares) at SR 10 each share.



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**12. SHAREHOLDER'S CONTRIBUTIONS**

The amount of SR. 6,751,214 (31 December 2022: SR. 4,278,483) represents the IPO costs fully recovered from the shareholders.

**13. DIVIDENDS**

13.1 On 3 March 2022, the Shareholder of the Company on recommendation of the Company's Board of Directors approved the distribution of the Company's net profit after taxes, Zakat and the statutory reserve for the financial period 1 October 2021 to 31 December 2021 of the fiscal year 2021 of SR 30 million. The dividends were paid on 15 March 2022.

13.2 On 15 March 2022, the Shareholder of the Company on recommendation of the Company's Board of Directors approved the distribution of the interim dividends amounting to SR. 11,932,210. The dividends were paid on 22 March 2022.

13.3 On 12 June 2022, the Board of Directors of the Company as authorised by the revised by-laws of the Company approved the distribution of the Company's net profit after taxes, Zakat and the statutory reserve for the financial period 1 April 2022 to 30 June 2022 of the fiscal year 2022 as interim dividends that amounted to SR 42,539,836 million. The dividends were paid on 22 June 2022.

13.4 No dividends were declared during the six-month period ended 30 June 2023.

**14. LONG TERM LOANS**

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Term Murabaha facility	<b>1,088,434,238</b>	1,188,434,238
Less: unamortised loan transaction cost	<b>(16,533,987)</b>	(17,760,529)
	<b><u>1,071,900,251</u></b>	<u>1,170,673,709</u>
Current portion	<b>96,068,430</b>	164,272,151
Non-current portion	<b>975,831,821</b>	1,006,401,558
	<b><u>1,071,900,251</u></b>	<u>1,170,673,709</u>

Term Murabaha facility with Alinma Bank amounted to SR 1,371,000,000 of which the Company has utilised SR 1,300,000,000 as at 30 June 2023. This facility is secured by promissory notes, pledge over certain assets and shares of the Company. The loan carries interest at SAIBOR plus margin. The utilised facility is repayable in unequal 30 instalments commencing from 30 June 2021.

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**14. LONG TERM LOANS (continued)**

Movement in loan balance is as follows:

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
At the beginning of the period/year	1,188,434,238	--
Transferred as a result of merger transaction	--	1,765,535,965
Paid during the period/year	<u>(100,000,000)</u>	<u>(577,101,727)</u>
At the end of the period/year	<u><b>1,088,434,238</b></u>	<u><b>1,188,434,238</b></u>

**Maturity analysis - contractual undiscounted cash flow**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Within one year	98,390,355	66,669,116
One to five years	290,610,417	325,542,243
More than five years	<u>699,433,466</u>	<u>796,222,879</u>
	<u><b>1,088,434,238</b></u>	<u><b>1,188,434,238</b></u>

**15. REVENUE**

**15.1 Disaggregation of revenue**

Revenue is disaggregated by type of goods as shown below:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Type of goods</b>				
Flour	123,814,690	113,607,651	274,204,347	256,170,486
Feed	49,299,783	59,282,725	110,881,222	129,033,451
Bran	<u>40,842,580</u>	<u>33,956,258</u>	<u>84,418,681</u>	<u>64,010,276</u>
	<u><b>213,957,053</b></u>	<u><b>206,846,634</b></u>	<u><b>469,504,250</b></u>	<u><b>449,214,213</b></u>

**Timing of revenue recognition**

The sale of the goods is recognised by the Company at a point in time, and the performance obligation is fulfilled when the goods are dispatched from the warehouses.

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**16. COST OF REVENUE**

Cost of revenue comprises the following:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Raw materials consumed	85,386,113	80,072,027	170,950,260	172,310,915
Salaries and other benefits	16,678,914	16,066,731	31,598,679	31,264,277
Depreciation and amortization	10,230,034	10,062,886	20,406,746	19,890,460
Fuel and power	5,664,437	5,943,937	12,037,972	12,856,460
Provision for slow moving inventories of spare parts and raw materials	3,899,734	1,857,745	5,476,958	3,173,804
Other expenses	5,605,958	4,839,728	14,265,097	10,001,023
	<u>127,465,190</u>	<u>118,843,054</u>	<u>254,735,712</u>	<u>249,496,939</u>
Finished goods inventory at the beginning of the period	15,551,615	7,835,580	23,684,834	8,188,318
Finished goods available for sale during the period	<u>143,016,805</u>	<u>126,678,634</u>	<u>278,420,546</u>	<u>257,685,257</u>
Finished goods inventory at the end of the period	<u>(17,053,363)</u>	<u>(14,716,153)</u>	<u>(17,053,363)</u>	<u>(14,716,153)</u>
	<u>125,963,442</u>	<u>111,962,481</u>	<u>261,367,183</u>	<u>242,969,104</u>

**17. FINANCE COSTS**

Finance costs comprise the following:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance cost on long-term loans	19,725,534	--	38,541,883	--
Finance cost on lease liabilities	2,851,204	2,936,566	5,650,178	5,814,947
Amortisation of loan transaction cost	622,522	--	1,226,542	--
Finance cost on employees' defined benefit obligations	148,000	--	148,000	--
	<u>23,347,260</u>	<u>2,936,566</u>	<u>45,566,603</u>	<u>5,814,947</u>

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**18. FINANCE INCOME**

Finance income comprise the following:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance income on cash flow hedge (Profit rate cap)	6,645,894	--	12,515,753	--
Finance income on bank deposits	1,085,000	--	2,169,667	--
	<u>7,730,894</u>	<u>--</u>	<u>14,685,420</u>	<u>--</u>

**19. ZAKAT**

**19.1 Movement in provision for Zakat during the period/year**

The Parent Company has submitted the consolidated Zakat return till the date of the merger on 15 September 2022. The Company will submit its own Zakat return for 2023 as a long period from 16 September 2022 to 31 December 2023.

Movement in provision for Zakat during the period/year is as follows:

	<b>30 June</b> <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
At the beginning of the period/ year	6,166,993	4,743,700
Charged during the period/ year	3,200,967	6,224,755
Paid during the period/ year	(5,508,920)	(4,801,462)
At end of the period/ year	<u>3,859,040</u>	<u>6,166,993</u>

**19.2 Zakat status**

The Company has submitted the Zakat return for year ended 31 December 2022 and obtained unrestricted certificate valid until 30 April 2024. ZATCA has not issued an assessment for the said year to date.

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**20. CAPITAL COMMITMENTS AND CONTINGENCIES**

**20.1 Contingencies**

- The Company has provided bank guarantees amounting to SR 2,232,315 in favour of GFSA for lease of silos in Jeddah, Qassim and Al-Ahsa. These guarantees are valid up to 31 December 2041.
- The Company has provided bank guarantees amounting to SR 313,802 in favour of GFSA for lease of lands in Qassim, Tabuk and Al-Ahsa. These guarantees are valid up to 22 June 2024.
- On 23 March 2023 (corresponding to 1 Ramadan 1444H) GFSA has lodged a claim against the Company before the Committee for the Adjudication of Violations of the Flour Milling Law, alleging that Company did not comply with the terms and regulations stipulated in The Flour Mills Law and implementing regulations, Mill Operating License and Wheat Purchase Agreement that are as follows:
  - i) accepting membership requests from the new customers without GFSA's approval - fine amounting to SR 20,000,000 and financial recoveries amounting to SR 33,848,850.59;
  - ii) updating key information of customers without submitting a request to GFSA – fine amounting to SR 100,000 and financial recoveries amounting to SR 6,012,915.32; and
  - iii) exceeding allocated sale quantities approved by GFSA – fine amounting to SR 1,000,000 and financial recoveries amounting to SR 8,801,333.59

Based on the advice of the Company's legal counsels, the Company has recognized a provision amounting to SR 8.65 million during the year ended 31 December 2022 and the Company expects to be successful in defending the claim and the allegations made have no reasonable legal grounds. The Company has submitted a reply against this claim to the GFSA on 16 April 2023 (corresponding to 25 Ramadan 1444H) and still awaiting their response as on the date of issuing these condensed interim financial statements.

**20.2 Commitments**

The Company's commitment in respect of installation of five capital expenditure projects with Buhler AG as at 30 June 2023 is CHF 12,750,543 (31 December 2022: CHF 12,750,543).

The following LCs are outstanding as at 30 June 2023:

- a) Outward LC import sight amounting to USD 4,989,255 (31 December 2022: USD 4,989,255) in favour of Al Ghurair Resources International LLC for purchase of soya bean. The Company has paid a cash margin against this LC amounting to USD 5,488,180.50. The outstanding amount of the cash margin as on 30 June 2023 is USD 531,504. The LC will remain valid till 30 July 2023.
- b) LC import sight negotiation amounting to CHF 12,750,543 (31 December 2022: CHF 12,750,543) in favour of Buhler AG for supply of machines and equipment for five projects in Jeddah. The LC will remain valid till 28 February 2028.
- c) Outward LC import sight amounting to CHF 980,000 issued on 21 March 2023 in favour of Buhler AG for supply of equipment for C & G Mills. The LC will remain valid till 30 December 2023.



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**20. CAPITAL COMMITMENTS AND CONTINGENCIES (continued)**

**20.2 Commitments (continued)**

- d) Outward LC import sight amounting to USD 75,119.10 issued on 2 April 2023 in favour of Rovema India Private Limited for purchase of flexibag machine for Premix mill in Jeddah. The LC will remain valid till 29 August 2023.
- e) Outward LC import sight amounting to AED 1,852,500 issued on 5 April 2023 in favour of Palletco LCC for purchase of plastic pallets. The LC will remain valid till 30 September 2023.
- f) Outward LC import sight amounting to USD 494,796.45 issued on 16 May 2023 in favour of Buhler AG for supply of machine and equipment for Mill A and B in Qassim. The LC will remain valid till 28 January 2024.
- g) LC import sight negotiation amounting to EURO 588,201.60 (31 December 2022: NIL) in favour of Termico GmbH for supply of heat treatment equipment and accessories in Jeddah. The LC will remain valid till 21 August 2023.

**21. EARNINGS PER SHARE**

**21.1 Basic and diluted earnings per share**

The calculation of basic earnings per share has been based on the distributable earnings attributable to shareholders of ordinary shares and the weighted average number of ordinary shares outstanding at the date of the condensed interim financial statements.

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	<b>34,908,115</b>	61,253,423	<b>108,665,742</b>	133,705,421
Weighted average number of ordinary shares for basic and diluted EPS	<b>55,500,000</b>	500,000	<b>55,500,000</b>	500,000
Earnings per share - basic and diluted	<b>0.63</b>	122.51	<b>1.96</b>	267.41

The calculation of diluted earnings per share has been based on the earnings attributable to shareholders of ordinary shares and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any.

During the period, there are no transactions that reduce the earnings per share and therefore, the earnings per diluted share are not different from the basic earnings per share.

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**22. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent the shareholders and key management personnel of the Company, and entities controlled or significantly influenced by such parties (affiliate). The terms of the transactions with related parties are approved by the Company's management. Transactions with related parties are on the basis of contractual arrangements made with them.

**TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL**

For the purposes of the disclosure requirements contained in IAS 24 Disclosures Related to Related Parties, the phrase "key management personnel" (i.e., those persons who have the authority and responsibility to plan, direct and control the activities of the company) refers to the board of directors, chief executive officer and other executives of the company.

The compensation of the senior management personnel includes salaries and other benefits. The amounts disclosed in the table represent the amounts recognised as an expense during the financial year in respect of key management personnel.

**Compensation of key management personnel of the Company for the three-month and six-month periods ended 30 June:**

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term employee benefits	2,331,069	1,886,625	4,217,694	3,773,250
Board and committees' expenses, rewards and allowances	<u>771,250</u>	<u>600,000</u>	<u>1,542,500</u>	<u>1,200,000</u>
Total compensation paid to key management personnel	<u>3,102,319</u>	<u>2,486,625</u>	<u>5,760,194</u>	<u>4,973,250</u>

**OTHER RELATED PARTY TRANSACTIONS**

Transactions with related parties arise mainly from services provided/ received and payments made on behalf of each other and are undertaken at mutually agreed terms. IPO costs have been recovered directly from the Bank from the proceeds of the subscription. Due to related parties are the balances payable on demand, interest free and unsecured.

The aggregate value of related parties' transactions and outstanding balances including those related to key management personnel, and entities over which they have control or significant influence are as follows:

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**22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**OTHER RELATED PARTY TRANSACTIONS (continued)**

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			For the six-month period ended 30 June		30 June	31 December
			<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
					(Unaudited)	(Audited)
<u>Due from related parties</u>						
Al Mutlaq Group Industrial Investment Company	Shareholder	IPO costs	9,720,459	--	--	2,769,242
Abdullah Abunayyan Trading Company	Shareholder	IPO costs	8,331,822	--	--	2,373,636
Al Safi Advanced Investments	Shareholder	IPO costs	6,943,185	--	--	1,978,030
Essa Al Ghurair Investments	Shareholder	Quality and operational consulting	429,436	--	--	--
		IPO costs	2,777,274	--	--	791,212
					--	7,912,120
<u>Due to related parties</u>						
Al Mutlaq Group Industrial Investment Company	Shareholder	Expenses incurred on behalf of the Company	--	--	--	50,000
Ehata Financial Company	Affiliate	Financial advisory	135,700	--	--	17,250
Al Mutlaq Real Estate Investments	Affiliate	Project implementation consultancy	843,397	--	--	194,199
					--	261,449
<u>Due to related parties – included in advance from customers</u>						
Al Safi Danone Company	Affiliate	Sales of bran	1,637,517	1,573,016	381,542	364,687
					381,542	364,687

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**23. FINANCIAL INSTRUMENTS – FAIR VALUES**

Financial assets

Set out below is an overview of financial assets held by the Company:

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
<b>Financial assets at amortised cost:</b>		
Bank balances and short-term deposits	224,865,931	215,326,438
Trade receivables	13,503,757	6,182,342
Other current financial assets	1,445,797	828,146
Due from related parties	--	7,912,120
	<b>239,815,485</b>	<b>230,249,046</b>
	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
<b>Financial assets at fair value – hedging instruments:</b>		
Derivative financial instruments	58,574,449	58,158,366

Financial liabilities

Set out below is an overview of financial liabilities held by the Company:

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
<b>Financial liabilities at amortised cost:</b>		
Trade payables	43,563,014	44,137,592
Accrued expenses and other current liabilities	21,334,151	2,859,699
Loans	1,088,434,238	1,188,434,238
Lease liabilities	333,405,797	349,741,210
Due to related parties	--	261,449
	<b>1,486,737,200</b>	<b>1,585,434,188</b>

**Fair value hierarchy**

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. Financial instruments comprise of financial assets and financial liabilities. The Company's financial assets consist of bank balances and short-term deposits, trade receivables, other current financial assets and amounts due from related parties. Its financial liabilities consist of trade and other payables, long-term loans, obligations under finance lease and amounts due to related parties.

The management assessed that fair value of bank balances and short-term deposits, trade receivables, amounts due from related parties, other current financial assets, trade and other payables, long-term loans, obligations under finance lease and amounts due to related parties approximate their carrying amounts, largely due to the short-term maturities of these instruments.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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**23. FINANCIAL INSTRUMENTS – FAIR VALUES (continued)**

**Fair value hierarchy (continued)**

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; or

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 at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

30 June 2023 (Unaudited)				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>				
Derivative Financial Instruments	--	58,574,449	--	58,574,449
31 December 2022 (Audited)				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>				
Derivative Financial Instruments	--	58,158,366	--	58,158,366

Derivative financial instruments have been valued using the present value technique under income approach as per IFRS 13. The fair value of the hedge instrument has been calculated as the present value of the intrinsic value that has been treated based on the difference between implied SAIBOR 3-months curve and cap rat as at 30<sup>th</sup> June in order to reflect the market conditions as at the date.

There were no transfers between levels of fair value measurements in 2023 and 2022. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period.

**24. SUBSEQUENT EVENTS**

No event has occurred up to and including the date of the approval of these condensed interim financial statements by the Board of Directors which could materially affect these condensed interim financial statements and the related disclosures for the three-month and six-month periods ended 30 June 2023.

**25. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were approved and authorised for issuance by the Company's Board of Directors on 27 July 2023, corresponding to 9 Muharram 1445H.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

**23. FINANCIAL INSTRUMENTS – FAIR VALUES (continued)**

**Fair value hierarchy (continued)**

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; or

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 at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

	30 June 2023 (Unaudited)			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b><u>Financial assets</u></b>				
Derivative Financial Instruments	--	58,574,449	--	58,574,449
	31 December 2022 (Audited)			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b><u>Financial assets</u></b>				
Derivative Financial Instruments	--	58,158,366	--	58,158,366

Derivative financial instruments have been valued using the present value technique under income approach as per IFRS 13. The fair value of the hedge instrument has been calculated as the present value of the intrinsic value that has been treated based on the difference between implied SAIBOR 3-months curve and cap rat as at 30<sup>th</sup> June in order to reflect the market conditions as at the date.

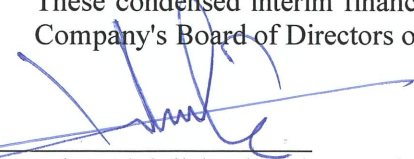
There were no transfers between levels of fair value measurements in 2023 and 2022. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period.

**24. SUBSEQUENT EVENTS**

No event has occurred up to and including the date of the approval of these condensed interim financial statements by the Board of Directors which could materially affect these condensed interim financial statements and the related disclosures for the three-month and six-month periods ended 30 June 2023.

**25. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were approved and authorised for issuance by the Company's Board of Directors on 27 July 2023

  
Tariq Mutlaq Abdullah AlMutlaq  
Chairman

  
Abdullah Abdul-Aziz Abdullah Ababtain  
CEO

  
Manwel Adib Bou Hamdan  
CFO