

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND REVIEW REPORT
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2021

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of Almarai Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Almarai Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2021 and the related condensed consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods ended 30 September 2021 and the condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim 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 condensed consolidated interim financial statements based on our review.

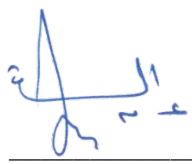
Scope of Review

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", as 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, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

By: 
Omar M. Al Sagga
License Number 369
10 October 2021

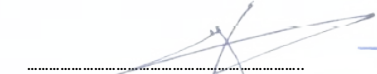


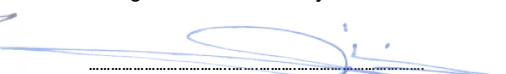
ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Notes	30 September 2021 (Unaudited) SAR '000	31 December 2020 (Audited) SAR '000
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		20,696,092	21,112,904
Long-term Prepayments		586,493	606,939
Right-of-Use Assets		417,598	470,269
Intangible Assets and Goodwill		1,120,541	1,217,642
Biological Assets		1,475,861	1,392,079
Investments in Associate and Joint Venture	5	87,575	89,623
Equity Investment	5	-	129,734
Derivative Financial Instruments		2,194	142
Deferred Tax Assets		48,793	35,517
		24,435,147	25,054,849
Current Assets			
Inventories		4,393,894	4,705,364
Biological Assets		123,532	90,195
Trade Receivables, Prepayments and Other Receivables		2,404,577	1,936,341
Derivative Financial Instruments		3,487	54,047
Equity Investment	5	54,528	-
Cash and Bank Balances		572,743	503,510
		7,552,761	7,289,457
TOTAL ASSETS		31,987,908	32,344,306
EQUITY AND LIABILITIES			
Share Capital	6	10,000,000	10,000,000
Statutory Reserve		2,428,915	2,428,915
Treasury Shares		(877,284)	(906,594)
Other Reserves		(596,153)	(443,871)
Retained Earnings		4,905,784	4,608,458
Equity Attributable to Equity Holders of the Company		15,861,262	15,686,908
Non-Controlling Interests		505,256	546,771
TOTAL EQUITY		16,366,518	16,233,679
Non-Current Liabilities			
Loans and Borrowings	7	7,568,302	10,088,955
Lease Liabilities		316,591	330,980
Employee Retirement Benefits		964,562	909,353
Derivative Financial Instruments		6,873	3,757
Deferred Tax Liabilities		125,662	102,139
		8,981,990	11,435,184
Current Liabilities			
Bank Overdrafts		62,630	137,512
Loans and Borrowings	7	2,715,122	1,026,013
Lease Liabilities		80,881	94,509
Zakat		392,269	371,993
Income Tax Payable		28,711	26,311
Trade and Other Payables		3,345,944	3,014,834
Derivative Financial Instruments		13,843	4,271
		6,639,400	4,675,443
TOTAL LIABILITIES		15,621,390	16,110,627
TOTAL EQUITY AND LIABILITIES		31,987,908	32,344,306

The accompanying notes 1 to 13 form an integral part of these Condensed Consolidated Interim Financial Statements, which have been authorised for issue by the Board of Directors on behalf of the Shareholders, and signed on its behalf by:


Danko Maras
Chief Financial Officer


Abdullah Nasser Al Bader
Chief Executive Officer


HH Prince Naif Bin Sultan Bin
Mohammed Bin Saud Al Kabeer
Chairman


ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

		July - September 2021	July - September 2020	January - September 2021	January - September 2020
	Notes	(Unaudited) SAR '000	(Unaudited) SAR '000	(Unaudited) SAR '000	(Unaudited) SAR '000
Revenue	9	3,941,730	3,863,079	11,592,312	11,537,363
Cost of Sales		(2,666,017)	(2,348,379)	(7,725,755)	(7,234,285)
Gross Profit		1,275,713	1,514,700	3,866,557	4,303,078
Selling and Distribution Expenses		(646,441)	(642,003)	(1,885,319)	(1,886,530)
General and Administration Expenses		(85,095)	(83,956)	(287,363)	(288,893)
Other Expenses, net		(19,247)	(39,514)	(70,366)	(71,177)
Impairment (Loss) / Reversal on Financial Assets		(6,290)	960	(871)	(34,301)
Operating Profit		518,640	750,187	1,622,638	2,022,177
Finance Cost, net		(84,617)	(117,764)	(266,730)	(362,941)
Share of Results of Associate and Joint Venture	5	(543)	907	(2,028)	1,543
Profit before Zakat and Income Tax		433,480	633,330	1,353,880	1,660,779
Zakat		(11,033)	(11,693)	(39,361)	(40,192)
Income Tax		(11,599)	(6,499)	(24,962)	(18,117)
Profit for the period		410,848	615,138	1,289,557	1,602,470
Profit / (Loss) for the period attributable to:					
Shareholders of the Company		409,087	621,520	1,277,012	1,648,457
Non-Controlling Interests		1,761	(6,382)	12,545	(45,987)
		410,848	615,138	1,289,557	1,602,470
Earnings per share (SAR), based on Profit for the period attributable to Shareholders of the Company					
- Basic	8	0.42	0.63	1.30	1.68
- Diluted	8	0.41	0.62	1.28	1.65

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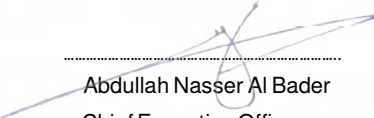

HH Prince Naif Bin Sultan Bin
Mohammed Bin Saud Al Kabeer
Chairman

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

	July - September 2021 (Unaudited) SAR '000	July - September 2020 (Unaudited) SAR '000	January - September 2021 (Unaudited) SAR '000	January - September 2020 (Unaudited) SAR '000
Profit for the period	410,848	615,138	1,289,557	1,602,470
Items that will not be reclassified to profit or loss:				
Change in the Fair Value of Equity Investment through OCI	(3,235)	16,876	5,732	8,686
Items that are or may be reclassified subsequently to profit or loss:				
Foreign Currency Translation Differences	(5,837)	19,006	6,587	7,915
Movement in Fair Value on Cash Flow Hedges	40,406	36,155	19,865	21,045
Settlement of Cash Flow Hedges transferred to Profit or Loss	(51,484)	2,847	(81,061)	(14,565)
Other Comprehensive (Loss) / Income for the period, net of Income Tax	(20,150)	74,884	(48,877)	23,081
Total Comprehensive Income for the period	390,698	690,022	1,240,680	1,625,551
Total Comprehensive Income / (Loss) for the period attributable to:				
Shareholders of the Company	389,202	687,823	1,227,427	1,665,486
Non-Controlling Interests	1,496	2,199	13,253	(39,935)
	390,698	690,022	1,240,680	1,625,551

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ALMARAI COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

	Share Capital	Statutory Reserve	Treasury Shares	Other Reserves	Retained Earnings	Equity Attributable to Equity Holders	Non-Controlling Interests	Total Equity
	SAR '000							
Balance as at 1 January 2020 (Audited)	10,000,000	2,230,479	(770,740)	(450,587)	3,644,197	14,653,349	605,771	15,259,120
Profit / (Loss) for the period	-	-	-	-	1,648,457	1,648,457	(45,987)	1,602,470
Other Comprehensive Income for the period	-	-	-	17,029	-	17,029	6,052	23,081
Total Comprehensive Income / (Loss)	-	-	-	17,029	1,648,457	1,665,486	(39,935)	1,625,551
Directors' Remuneration	-	-	-	-	(5,767)	(5,767)	-	(5,767)
Transactions with Owners in their								
Capacity as Owners								
Dividend Declared SAR 0.85 per share	-	-	-	-	(850,000)	(850,000)	-	(850,000)
Reclassification of dividend declared on treasury shares in prior years	-	-	-	-	21,546	21,546	-	21,546
Share Based Payment Transactions	-	-	-	12,690	-	12,690	-	12,690
Settlement of Treasury Shares	-	-	101,578	(28,037)	17,998	91,539	-	91,539
Purchase of Treasury Shares	-	-	(253,157)	-	-	(253,157)	-	(253,157)
Transactions with Non-Controlling Interests	-	-	-	-	(1,334)	(1,334)	(13,925)	(15,259)
Balance as at 30 September 2020 (Unaudited)	10,000,000	2,230,479	(922,319)	(448,905)	4,475,097	15,334,352	551,911	15,886,263
Balance as at 1 January 2021 (Audited)	10,000,000	2,428,915	(906,594)	(443,871)	4,608,458	15,686,908	546,771	16,233,679
Profit for the period	-	-	-	-	1,277,012	1,277,012	12,545	1,289,557
Other Comprehensive (Loss) / Income for the period	-	-	-	(49,585)	-	(49,585)	708	(48,877)
Total Comprehensive (Loss) / Income	-	-	-	(49,585)	1,277,012	1,227,427	13,253	1,240,680
Directors' Remuneration	-	-	-	-	(5,185)	(5,185)	-	(5,185)
Transactions with Owners in their								
Capacity as Owners								
Dividend Declared SAR 1 per share (Refer note 11)	-	-	-	-	(980,198)	(980,198)	-	(980,198)
Share Based Payment Transactions	-	-	-	7,736	-	7,736	-	7,736
Settlement of Treasury Shares	-	-	29,310	(7,769)	5,697	27,238	-	27,238
Purchase of Additional Stake in MFI (Refer note 1)	-	-	-	(102,664)	-	(102,664)	(47,336)	(150,000)
Transactions with Non-Controlling Interests	-	-	-	-	-	-	(7,432)	(7,432)
Balance as at 30 September 2021 (Unaudited)	10,000,000	2,428,915	(877,284)	(596,153)	4,905,784	15,861,262	505,256	16,366,518

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ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

		January - September 2021 (Unaudited) SAR '000	January - September 2020 (Unaudited) SAR '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		1,289,557	1,602,470
Adjustments for non-cash items:			
Depreciation of Property, Plant and Equipment		1,209,290	1,192,542
Amortisation of Long-term Prepayments		20,446	13,859
Depreciation of Right-of-Use Assets		76,739	82,383
Amortisation of Intangible Assets		51,327	39,819
Depreciation of Biological Assets		241,321	265,452
Loss Arising from Changes in Fair Value less Cost to Sell of Crops		4,970	6,212
Provision for Employee Retirement Benefits		111,820	89,836
Share Based Payment Expense		7,736	12,690
Finance Cost, net		266,730	362,941
Other Expenses, net		70,366	71,357
Share of Results of Associates and Joint Venture	5	2,028	(1,543)
Zakat		39,361	40,192
Income Tax		24,962	18,117
		<u>3,416,653</u>	<u>3,796,327</u>
Changes in working capital:			
Inventories		1,685,473	643,606
Biological Assets		(1,423,968)	(1,224,917)
Trade Receivables, Prepayments and Other Receivables		(415,307)	(536,840)
Trade and Other Payables		300,447	378,496
Cash Flow Generated from / (Used in) Working Capital		<u>146,645</u>	<u>(739,655)</u>
Employee Retirement Benefits Paid		(56,745)	(53,130)
Zakat and Income Tax Paid		(23,732)	(69,317)
Net Cash Generated from Operating Activities		<u>3,482,821</u>	<u>2,934,225</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Equity Investment	5	81,088	-
Dividend from Equity Investment		300	180
Purchase of Additional Stake in a Subsidiary	1	(150,000)	-
Proceeds from Redemption of Time Deposit		-	585,000
Additions to Property, Plant and Equipment		(656,356)	(602,953)
Proceeds from the Disposal of Property, Plant and Equipment		21,973	70,415
Additions to Intangible Assets		(79,385)	(90,223)
Additions to Biological Assets		(89,604)	(95,169)
Appreciation of Biological Assets		(514,966)	(440,231)
Proceeds from the Disposal of Biological Assets		186,436	170,129
Net Cash Used in Investing Activities		<u>(1,200,514)</u>	<u>(402,852)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in Loans, net		(847,409)	(541,170)
Finance Cost Paid		(258,206)	(353,639)
Dividend Paid		(978,171)	(847,883)
Purchase of Treasury Shares		-	(253,157)
Settlement of Treasury Shares		27,238	91,539
Transactions with Non-Controlling Interests		(6,407)	(22,728)
Lease Payments		(70,260)	(94,175)
Directors' Remuneration		(5,185)	(5,767)
Net Cash Used in Financing Activities		<u>(2,138,400)</u>	<u>(2,026,980)</u>
Net Change in Cash and Cash Equivalents		<u>143,907</u>	<u>504,393</u>
Cash and Cash Equivalents as at 1 January		365,998	338,435
Effect of Movements in Exchange Rates on Cash and Cash Equivalents		208	(445)
Cash and Cash Equivalents as at 30 September	10	<u>510,113</u>	<u>842,383</u>

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ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION

Almarai Company (the "Company") is a Saudi Joint Stock Company, which was converted from a limited liability company to a joint stock company on 2 Rajab 1426 A.H. (8 August 2005). The Company initially commenced trading on 19 Dul Hijjah 1411 A.H. (1 July 1991) and operates under Commercial Registration No. 1010084223. Prior to the consolidation of activities in 1991, the core business was trading between 1977 and 1991 under the Almarai brand name.

The Company's Head Office is located at Exit 7, North Ring Road, Al Izdihar District, P.O. Box 8524, Riyadh 11492, Kingdom of Saudi Arabia ("Saudi Arabia").

The Company and its subsidiaries (together, the "Group") are a major integrated consumer food and beverage Group in the Middle East with leading market share in Saudi Arabia. It also operates in Egypt, Jordan and other Gulf Cooperation Council ("GCC") countries.

Dairy, Fruit Juices and related food business is operated under the "Almarai", "Joosy Life", "Beyti" and "Teeba" brand names. All raw milk production, Dairy and Fruit Juice product processing and related food product manufacturing activities are undertaken in Saudi Arabia, United Arab Emirates ("UAE"), Egypt and Jordan.

Dairy, Fruit Juices and related food business in Egypt and Jordan operates through International Dairy and Juice Limited ("IDJ"), a joint venture with PepsiCo, in which the Company holds a controlling interest. The Group manages IDJ operations through the following key subsidiaries:

- Jordan - Teeba Investment for Developed Food Processing
- Egypt - International Company for Agricultural Industries Projects (Beyti) (SAE)

Bakery products are manufactured and traded by Western Bakeries Company Limited and Modern Food Industries Company Limited ("MFI"), a venture with Chipita Group, in which the Company holds a controlling interest, under the brand names "L'usine" and "7 Days", respectively.

Poultry products are manufactured and traded by Hail Agricultural Development Company under the "Alyoum" and "AlBashayer" brand names.

Infant Nutrition products are manufactured by Almarai Baby Food Company Limited and traded by International Pediatric Nutrition Company under "Nuralac" and "Evolac" brand names.

In territories where the Group has operations, final consumer packed products are distributed from manufacturing facilities to local distribution centres by the Group's long haul distribution fleet. The distribution centres in GCC countries are managed through subsidiaries in UAE, Oman and Bahrain and an agency agreement in Kuwait as follows:

- UAE - Almarai Emirates Company LLC
- Oman - Arabian Planets for Trading and Marketing LLC
- Bahrain - Almarai Company Bahrain W.L.L.
- Kuwait - Al Kharafi Brothers Dairy Products Company Limited

In other territories, where permissible by law, export sales are made through other subsidiaries.

The Group owns and operates arable farms in Argentina and in United States of America (USA), collectively referred to as "Fondomonte", through the following key subsidiaries:

- USA - Fondomonte Holdings North America LLC
- Argentina - Fondomonte South America S.A

The Group's non-GCC business operations under IDJ and Fondomonte are managed through Almarai Investment Holding Company W.L.L., a Company incorporated in the Kingdom of Bahrain.

The Group owns 93.5% shareholding in Pure Breed Poultry Company whose main operations are focused on poultry grandparent farming.

The Group owns 100% shareholding in Premier Foods Industries Company LLC ("Premier Foods") in Saudi Arabia. Premier Foods is primarily engaged in providing value added products (meat and poultry) to the food services industry in the Middle East.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION (Continued...)

Purchase of additional stake in MFI.

- a) On 24 Ramadan 1442 A.H. (2 May 2021), the Group has acquired further 15% shares in MFI owned by Olayan Financing Company for a total value of SAR 150 million, resulting in an increase in its shareholding from 60% to 75%. The purchase was accounted for as an equity transaction with owners with no impact on the profit or loss account for the nine-months period ended 30 September 2021. The difference of Saudi Riyals 103 million between the carrying value of Non-Controlling Interest and consideration paid was recorded under equity as part of other reserves.

Potential Acquisitions / Asset Purchase Transactions.

- a) On 20 Shabaan 1442 (15 March 2021), the Group entered into a Share Purchase Agreement ('SPA') to acquire 100% shares of Bakemart FZ L.L.C and Bakemart L.L.C, based in United Arab Emirates and Bakemart W.L.L based in Bahrain (collectively "Bakemart") for an enterprise value of AED 93.5 million (SAR 95.5 million).
- b) On 20 Shawwal 1442 (1 June 2021), the Group entered into an Asset Purchase Agreement ('APA') with Binghatti Beverages Manufacturing L.L.C ("BBM") for the purchase and acquisition of BBM production facility based in United Arab Emirates for the consideration of AED 215 million (SAR 219.3 million).

The closures of the acquisitions/asset purchase transactions and determination of a date of control is subject to completion of certain conditions/requisites outlined in the respective agreements. It includes but not limited to approvals from regulatory authorities, appointment of Board of Directors and appointment of key management personnel. As at 30 September 2021, these conditions have not been met and Management believes that these acquisitions have not met the substantive condition test under the relevant accounting standards and as such the financial impact and results of the acquisitions will be incorporated in Group's Financial Statements on successful completion of these conditions.

Covid-19 Update.

In response to the spread of the Covid-19 in GCC and other territories where the Group operates and its resulting disruptions to the social and economic activities in those markets, Management continues to proactively assess its impacts on its operations. The preventive measures taken by the Group in April 2020 are still in effect including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers, consumers and the wider community as well as to ensure the continuity of supply of its products throughout its markets. Notwithstanding these challenges, the Group's operations continue to remain largely unaffected as the food industry in general remains exempt from the various bans and constraints imposed by various regulatory authorities including exemption from curfew hours and cargo shipping and flight operations restrictions. Farming and manufacturing facilities continue to observe restricted access; however, the management is currently in the process of formulating protocols to arrange for access of fully vaccinated individuals on such sites.

The underlying demand from retail and wholesale customers for the Group's products has been largely unaffected, although some small shifts in product mix were apparent. The management developed a comprehensive plan to get all its employees vaccinated and managed to secure the vaccination rate in excess of 90% as of 30 September 2021.

Based on these factors, Management believes that the Covid-19 pandemic has had no material effect on Almarai's reported financial results for the period ended 30 September 2021.

The Group continues to monitor the Covid-19 situation closely although at this time management is not aware of any factors that are expected to change the impact of the pandemic on the Group's operations during 2021 or beyond.

Zakat and Income Tax assessments

During 2021, the Group received assessment orders for Almarai Company for the years from 2015-2018. Appeals against the assessments have been filed and are under review as at 30 September 2021. Management believes that the decisions on appeal against the open years' assessments will not result in material amounts that are in addition to what have already been recorded in the Condensed Consolidated Interim Financial Statements.

Comparability of Quarterly Results.

Unlike the year-end Consolidated Financial Statements, the quarterly Condensed Consolidated Interim Financial Statements are normally prepared on a basis which reflects the weekly cycle of operational close of the financial systems. The operational close date will therefore not necessarily be exactly the same as the last day of the calendar quarter. Such differences average

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION (Continued...)

out such that differences in the length of the current period and comparative period are insignificant or management adjusts the close date accordingly to ensure that such periods are comparable.

The results for the period are not indicative of the Group's annual result.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard IAS 34 'Interim Financial Reporting' that is 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 Group's last annual Consolidated Financial Statements for the year ended 31 December 2020. They do not include all of the information normally required for a complete set of Consolidated Financial Statements under IFRS; however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since 31 December 2020.

2.2 Preparation of the Financial Statements

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

- Derivative financial instruments are measured at fair value;
- Equity Investment is measured at fair value through OCI;
- The defined benefit obligation is recognised at the present value of future obligations using the Projected Unit Credit Method; and
- Biological Assets, where fair value is reliably measurable, have been measured at fair value.

2.3 Use of Judgments and Estimates

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Consolidated Financial Statements (except for events and transactions disclosed in Note 1).

3. FUNCTIONAL AND PRESENTATION CURRENCY

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

4. SIGNIFICANT ACCOUNTING POLICIES

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2021 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements.

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5. INVESTMENTS

	Nature	Principal activity	Place of Incorporation	30 September 2021 (Unaudited)	31 December 2020 (Audited)	30 September 2021 (Unaudited)	31 December 2020 (Audited)
						SAR '000	SAR '000
Investments in Associate and Joint Venture							
Maria Fondomonte S.A. (Refer note 5.1)	Associate	Source, Process and Sale of Forage Supplies to the	Romania	49.0%	49.0%	87,371	89,419
Almarai Company W.L.L.	Joint Venture	Group Dormant	Qatar	50.0%	50.0%	204	204
						<u>87,575</u>	<u>89,623</u>
Equity Investment (Refer note 5.2)							
Mobile Telecommunications Company Saudi Arabia - ("Zain")				0.4%	1.1%	<u>54,528</u>	<u>129,734</u>

5.1. Movement in Investment in Associate is as follows:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
	SAR '000	SAR '000
Maria Fondomonte S.A.		
Opening balance	89,419	87,825
Share of Results for the period / year	(2,028)	1,405
Currency Translation Difference	(20)	189
Closing balance	<u>87,371</u>	<u>89,419</u>

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5. INVESTMENTS (Continued...)

5.2. During the period ended 30 September 2021, the Group sold 5.6 million of its shares in Zain for cash consideration of SAR 81.1 million. The remaining equity investment of 3.9 million shares in Zain is measured at fair value based on quoted market price available on the Saudi Exchange (Tadawul). The fair valuation resulted in an unrealised gain of SAR 5.7 million for the period ended 30 September 2021 which is presented within the Condensed Consolidated Statement of Comprehensive Income (30 September 2020: SAR 8.7 million unrealised gain). The Group has planned to dispose-off its remaining stake in Zain shares within next 12 months.

On 23 March 2021, the pledge on Zain shares in connection with a loan securitization carried out in prior periods from Bank Saudi Fransi to Zain was released.

6. SHARE CAPITAL

The Company's share capital as at 30 September 2021 amounted to SAR 10.0 billion (2020: SAR 10.0 billion), consisting of 1.0 billion (2020: 1.0 billion) fully paid and issued shares of SAR 10 each.

7. LOANS AND BORROWINGS

	30 September 2021 (Unaudited) SAR '000	31 December 2020 (Audited) SAR '000
Islamic Banking Facilities (Murabaha)	4,430,565	4,416,610
Saudi Industrial Development Fund	1,647,580	2,421,231
Banking Facilities of Non-GCC Subsidiaries	383,671	358,541
Supranational	224,544	272,714
Agricultural Development Fund	121,346	142,828
	<u>6,807,706</u>	<u>7,611,924</u>
Sukuk	1,600,522	1,608,575
International Sukuk	1,875,196	1,894,469
	<u>10,283,424</u>	<u>11,114,968</u>
Short-Term Loans	129,826	55,436
Current Portion of Long-Term Loans	2,585,296	970,577
Loans and Borrowings - Current Liabilities	<u>2,715,122</u>	<u>1,026,013</u>
Loans and Borrowings - Non-Current Liabilities	<u>7,568,302</u>	<u>10,088,955</u>
	<u>10,283,424</u>	<u>11,114,968</u>

The loans contain certain covenants. A future breach of covenants may lead to renegotiation. The covenants are monitored on a monthly basis by management. In case of potential breach, actions are taken by management to ensure compliance. During the period ended 30 September 2021, there has been no non-compliance with any of the covenants.

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8. EARNINGS PER SHARE

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

	July - September 2021 (Unaudited) SAR '000	July - September 2020 (Unaudited) SAR '000	January - September 2021 (Unaudited) SAR '000	January - September 2020 (Unaudited) SAR '000
Profit for the period attributable to the Shareholders of the Company	409,087	621,520	1,277,012	1,648,457
Number of shares '000'				
Weighted average number of ordinary shares for the purpose of basic earnings	981,735	980,680	981,466	980,593
Weighted average number of ordinary shares repurchased	18,265	19,320	18,534	19,407
Weighted average number of ordinary shares for the purpose of diluted earnings	1,000,000	1,000,000	1,000,000	1,000,000
Earnings per Share (SAR), based on Profit for the period attributable to Shareholders of the Company				
- Basic	0.42	0.63	1.30	1.68
- Diluted	0.41	0.62	1.28	1.65

Weighted average number of shares are retrospectively adjusted to reflect the effect of Bonus Shares and are adjusted to take account of Treasury Shares held under the Almarai Employee Stock Options Programme.

9. SEGMENT REPORTING

The Group's principal business activities involve manufacturing and trading of dairy and juice products under Almarai, Joosy Life Beyti and Teeba brands, bakery products under L'usine and 7 Days brands and poultry products under Alyoum and AlBashayer brands. Other activities include Arable, Horticulture, Infant Nutrition and Food Services. Selected financial information as at 30 September 2021 and 30 September 2020, and for the period then ended, categorised by these business segments, is as follows:

Dairy and Juice	Milk production, dairy and fruits juice product processing and distribution
Bakery	Bakery products manufacturing and distribution
Poultry	Poultry products manufacturing and distribution
Other Activities	Arable, Horticulture, Infant Nutrition and Food Services

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9. SEGMENT REPORTING (Continued...)

	Dairy and Juice	Bakery	Poultry	Other Activities	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
30 September 2021					
Revenue	8,239,635	1,259,390	1,659,646	890,026	12,048,697
Third Party Revenue	8,197,756	1,259,390	1,659,646	475,520	11,592,312
Depreciation and Amortisation	(1,044,199)	(157,747)	(251,533)	(145,644)	(1,599,123)
Share of Results of Associates and Joint Venture	-	-	-	(2,028)	(2,028)
Profit / (loss) for the period	1,013,099	155,538	161,279	(40,359)	1,289,557
Profit / (loss) attributable to Shareholders of the Company	1,009,327	148,664	159,380	(40,359)	1,277,012
Total Assets	21,169,033	2,213,211	5,519,355	3,086,309	31,987,908
Total Liabilities	13,419,235	521,970	763,755	916,430	15,621,390
31 December 2020					
Total Assets	21,716,476	2,139,323	5,473,469	3,015,038	32,344,306
Total Liabilities	14,207,258	430,518	802,328	670,523	16,110,627
30 September 2020					
Revenue	8,299,981	1,276,232	1,697,756	771,964	12,045,933
Third Party Revenue	8,256,707	1,276,232	1,697,756	306,668	11,537,363
Depreciation and Amortisation	(1,030,427)	(155,066)	(285,404)	(123,158)	(1,594,055)
Share of Results of Associates and Joint Venture	-	-	-	1,543	1,543
Profit / (loss) for the period	1,199,052	169,376	271,186	(37,144)	1,602,470
Profit / (loss) attributable to Shareholders of the Company	1,254,140	161,337	270,124	(37,144)	1,648,457
Total Assets	22,655,045	2,195,836	5,142,467	3,561,589	33,554,937
Total Liabilities	15,483,668	469,498	938,110	777,398	17,668,674
31 December 2019					
Total Assets	22,327,971	2,229,028	5,239,310	3,351,733	33,148,042
Total Liabilities	15,668,242	457,357	1,000,988	762,335	17,888,922

The Group's revenue is derived from contracts with customers for sale of consumer products. Control of products is transferred at a point in time and directly sold to customers.

Finance cost and tax expenses are not analysed at segment level, as it is driven by the central treasury and tax functions respectively, which manages these expenses at the Group level.

Segment assets are measured in the same way as in the Financial Statements. These assets are allocated and analysed based on the operations of the segment. The Group's management does not analyse total assets based on its geographical location and therefore country-wise total assets are not disclosed in these Condensed Consolidated Interim Financial Statements.

	Dairy and Juice	Bakery	Poultry	Other Activities	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
For the nine-month period ended 30 September 2021					
Saudi Arabia	4,962,256	1,007,487	1,371,334	162,502	7,503,579
Other GCC Countries	1,809,536	240,910	199,859	17,220	2,267,525
Other Countries	1,425,964	10,993	88,453	295,798	1,821,208
Total Third Party Revenue	8,197,756	1,259,390	1,659,646	475,520	11,592,312

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9. SEGMENT REPORTING (Continued...)

	Dairy and Juice	Bakery	Poultry	Other Activities	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
For the nine-month period ended 30 September 2020					
Saudi Arabia	5,163,708	1,045,854	1,482,681	126,682	7,818,925
Other GCC Countries	2,007,575	222,504	181,051	-	2,411,130
Other Countries	1,085,424	7,874	34,024	179,986	1,307,308
Total Third Party Revenue	8,256,707	1,276,232	1,697,756	306,668	11,537,363

10. CASH FLOW INFORMATION

10.1. Cash and Cash Equivalents

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
	SAR '000	SAR '000
Cash and Bank Balances	572,743	978,895
Bank Overdrafts	(62,630)	(136,512)
Total	510,113	842,383

10.2. Non-cash Investing and Finance Activities

	January - September 2021 (Unaudited)	January - September 2020 (Unaudited)
	SAR '000	SAR '000
Transfer to Property, Plant and Equipment from Capital Work-in-Progress	276,806	1,014,650
Borrowing Cost Capitalised as part of Capital Work-in-Progress	8,277	3,603
Transfer to Intangible Assets from Capital Work-in-Progress	5,622	46,461
Transfer from Immature Plantation to Mature Plantation	25,335	41,177

11. DIVIDENDS

On 1 Ramadan 1442 A.H. (13 April 2021) the shareholders in their Extraordinary General Assembly Meeting approved dividends of SAR 1 billion (SAR 1 per share) for the year ended 31 December 2020 out of which SAR 978.1 million was paid on 9 Ramadan 1442 A.H. (21 April 2021). No dividend was paid relating to treasury shares.

12. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period-end that require disclosure or adjustment in these Condensed Consolidated Interim Financial Statements.

13. BOARD OF DIRECTORS APPROVAL

These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on behalf of the Shareholders on 4 Rabi Al-Awwal 1443 A.H. (10 October 2021).