

**HALWANI BROTHERS COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**

**FOR THE THREE-MONTH AND SIX-MONTH
PERIOD ENDED 30 JUNE 2021 AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

HALWANI BROTHERS COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and six-month period ended 30 June 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

**TO THE SHAREHOLDERS OF
HALWANI BROTHERS COMPANY
(A SAUDI JOINT STOCK COMPANY)
Jeddah - Kingdom of Saudi Arabia**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Halwani Brothers Company - A Saudi Joint Stock Company - ("the Company" or "the Parent Company") and its Subsidiary ("the Group"), as at 30 June 2021, and the related interim condensed consolidated statement of comprehensive income for the three-month and six-months period then ended, and the changes in shareholders' equity and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes from 1 to 14 form an integral part of these interim condensed financial statement. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.


Scope of review

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

For Dr. Mohamed Al-Amri & Co.


Jamal M. Al-Amri
Certified Public Accountant
Registration No. 331



Jeddah on 05 August 2021(G)
Corresponding to: 26 Dhulhijja 1442 (H)

HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the three-month and six-month period ended 30 June 2021

		<i>For the three- month period ended 30 June 2021</i>	<i>For the three- month period ended 30 June 2020</i>	<i>For the six - month period ended 30 June 2021</i>	<i>For the six - month period ended 30 June 2020</i>
	<i>NOTE</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Revenue from contracts with customers	4	268,616,595	272,393,422	555,195,912	557,537,854
Cost of revenue		(180,371,024)	(174,433,969)	(367,938,665)	(362,798,290)
GROSS PROFIT		88,245,571	97,959,453	187,257,247	194,739,564
Selling and distribution expenses		(37,966,125)	(41,926,485)	(83,033,241)	(80,498,751)
General and administrative expenses		(15,782,226)	(18,101,587)	(35,037,807)	(33,625,299)
Other revenue / (expenses), net		2,382,529	(2,031,113)	2,336,386	(3,057,122)
PROFIT FROM OPERATIONS		36,879,749	35,900,268	71,522,585	77,558,392
Finance costs		(2,151,670)	(3,263,266)	(3,358,473)	(6,394,974)
Gain on derivative instruments at fair value through statement of comprehensive income		106,416	140,772	220,033	265,810
Gain/(loss) on foreign currency differences		208,187	(189,783)	228,702	(146,906)
PROFIT BEFORE ZAKAT AND INCOME TAX		35,042,682	32,587,991	68,612,847	71,282,322
Zakat	5	(1,375,000)	(1,000,000)	(2,750,000)	(2,500,000)
Income tax	5	(7,428,206)	(5,657,298)	(14,226,660)	(12,435,585)
PROFIT FOR THE PERIOD		26,239,476	25,930,693	51,636,187	56,346,737
OTHER COMPREHENSIVE INCOME: <i>Items that can be reclassified to profit or loss in subsequent periods:</i>					
Foreign currency differences		121,353	(3,184,006)	149,229	(280,337)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		26,360,829	22,746,687	51,785,416	56,066,400
EARNINGS PER SHARE					
Weighted average number of shares (per share)		35,357,145	35,357,145	35,357,145	35,357,145
Basic and diluted earnings per share for the period attributable to ordinary shareholders from net profit	6	0.74	0.73	1.46	1.59

Chief Financial Officer
Yasser Awad Abdelwahab
Mohamed

Chief Executive Officer
Thamer Temairik

Authorized Board Member
Abd al-Ilah Abd al-Rahim
Sabahi

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

HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	<u>Note</u>	<u>30 June 2021 Unaudited SR</u>	<u>31 December 2020 Audited SR</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		513,540,634	523,679,436
Intangible assets		1,327,457	1,446,206
Right of use assets		16,486,298	20,095,621
Deferred tax assets		643,443	-
TOTAL NON-CURRENT ASSETS		531,997,832	545,221,263
CURRENT ASSETS			
Inventories		193,698,895	200,214,367
Trade receivables and other receivables	7	201,006,078	120,154,270
Cash and cash equivalent		77,194,831	77,180,188
TOTAL CURRENT ASSETS		471,899,804	397,548,825
TOTAL ASSETS		1,003,897,636	942,770,088
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	14	353,571,450	314,285,730
Statutory reserve	14	103,571,430	142,857,150
Retained earnings		225,766,422	221,273,095
Foreign currency translation reserve		(144,679,771)	(144,829,000)
TOTAL SHAREHOLDERS' EQUITY		538,229,531	533,586,975
NON-CURRENT LIABILITIES			
Term loans	8	29,166,333	56,250,000
Deferred tax liability		-	453,474
Lease contract obligations		8,488,926	11,986,232
Employee defined benefits' liabilities		37,997,517	37,871,102
TOTAL NON-CURRENT LIABILITIES		75,652,776	106,560,808
CURRENT LIABILITIES			
Current portion of term loans	8	41,666,667	37,500,000
Current portion of Islamic Murabaha Contracts	9	180,942,954	93,342,792
Current portion of lease contract obligations		5,348,293	5,149,427
Trade payables		81,139,120	77,926,192
Accrued expenses and other current liabilities	11	63,646,938	56,978,419
Zakat and income tax payable	5	17,271,357	31,725,475
TOTAL CURRENT LIABILITIES		390,015,329	302,622,305
TOTAL LIABILITIES		465,668,105	409,183,113
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,003,897,636	942,770,088

Chief Financial Officer
Yasser Awad Abdelwahab
Mohamed

Chief Executive Officer
Thamer Fehmairk

Authorized Board Member
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Sabahi

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the six-month period ended 30 June 2021

	<i>For the six-month period ended 30 June 2021</i> <i>SR</i> <i>Unaudited</i>	<i>For the six-month period ended 30 June 2020</i> <i>SR</i> <i>Unaudited</i>
OPERATING ACTIVITIES		
Profit before zakat and tax	68,612,847	71,282,322
Adjustment to reconcile operating income to net cash flows:		
Depreciation of property, plant and equipment and right of use assets	23,734,844	22,357,793
Amortization for intangible assets	118,884	3,314,096
Provision for employee benefits' liabilities	2,010,414	2,100,000
Gain on derivative instruments at fair value through statement of comprehensive income	(220,033)	(265,812)
Provision for expected credit losses and other receivables	941,192	1,817,781
Provision for slow moving inventory	427,718	7,085,685
Loss on disposal of property, plant, equipment and intangible assets	-	1,651
Provision for contingencies	2,290,152	1,479,160
Finance costs	3,358,473	6,394,974
Changes in items of operating assets and liabilities	101,274,491	115,567,650
Inventories	6,087,754	2,572,936
Trade receivables and other receivables	(81,793,000)	(8,200,931)
Trade payables and other current liabilities	7,811,328	53,450,687
	33,380,573	163,390,342
Zakat and income tax paid	(32,572,909)	(22,505,415)
Employee benefits' liabilities paid	(1,883,999)	(1,225,779)
Finance cost paid	(2,790,561)	(5,670,074)
Net cash (used in) / generated from operating activities	(3,866,896)	133,989,074
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,318,041)	(9,059,526)
Net cash used in investing activities	(9,318,041)	(9,059,526)
FINANCING ACTIVITIES		
Proceeds from Islamic Murabaha Contracts	326,559,612	326,405,810
Payments of Islamic Murabaha Contracts	(238,977,377)	(324,801,830)
Payment of lease liabilities	(4,412,376)	(4,264,774)
Proceeds from term loans	50,000,000	-
Payment of term loans	(72,917,000)	(55,950,000)
Dividends paid	(47,142,860)	(31,428,573)
Net cash generated from / (used in) financing activities	13,109,999	(90,039,367)
NET CHANGES IN CASH AND BANK BALANCES	(74,938)	34,890,181
Net difference in foreign currency translation	89,581	884,100
Cash and cash equivalent at the beginning of the period	77,180,188	40,124,303
CASH AND BANK BALANCES AT THE END OF THE PERIOD	77,194,831	75,898,584
SIGNIFICANT NON-CASH TRANSACTIONS:		
Change effect in the differences of translation of foreign currencies	149,229	2,903,669
right-of-use assets, net and lease contract obligations	578,729	4,154,993
Bonus Shares issued	39,285,720	-

Chief Financial Officer
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Mohamed

Chief Executive Officer
Thamer Temairik

Authorized Board Member
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Sabahi

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2021

1 CORPORATE INFORMATION

Halwani Brothers Company ("the Company" or "the Parent Company"), a Saudi Joint Stock Company established in accordance with Company's regulations in the Kingdom of Saudi Arabia. It is registered in Jeddah city under Commercial Registration (CR) No. 4030005702 dated on 11 Rabi` al-Thani 1388H (corresponding to 7 July 1968).

The Company is listed in the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia. It is also 55.5% owned by Aseer Al Arabiah for Industrial Investment Co., and 44.5% by other shareholders.

The Company is mainly engaged in the manufacturing, packaging, wholesale and retail trade of food products.

The registered address of the Company is in Jeddah, Industrial area, fourth stage, P. O. Box 690, Jeddah 21421, Kingdom of Saudi Arabia. The headquarters of the Company is located in Jeddah. The Parent Company operates in the Kingdom of Saudi Arabia, through its branches located in various regions of the Kingdom of Saudi Arabia

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and the financial statements of Halwani Brothers Egypt - a closed Egyptian Joint Stock Company - a wholly owned Subsidiary of the Parent Company (the "Subsidiary"), which is engaged in manufacturing, packaging and distribution of all foodstuffs (together referred as the "Group").

These interim condensed consolidated financial statements for the Group for the period ended 30 June 2021, were approved by the Board of Directors on 05 August 2021 corresponding to 26 Dhulhijja 1442.

2 SIGNIFICANT ACCOUNTING POLICIES (GROUP)

2.1 Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" "IAS 34" 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").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. They should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020. In addition, results for the interim period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for financial derivatives that have been measured at fair value and for employee benefits, projected unit credit method is used. The interim condensed consolidated financial statements are presented in Saudi Riyals ("SR"), which is the functional and presentational currency of the Group.

2.2 COVID-19 updates

The outbreak of novel coronavirus ("COVID-19") since early 2020, its spread across mainland China and then globally caused disruptions to businesses and economic activity globally including the Kingdom of Saudi Arabia. The Group's management has proactively assessed the impact on its operations and has taken a series of preventive measures, including the formation of ongoing crisis management teams and processes, to ensure the health and safety of its employees, customers, consumers and society as a wider range as well as to ensure the continuity of supplying its products in all its markets. Despite these challenges, the Group's business and operations are currently still largely unaffected as the food industry in general has been exempt from various bans and restrictions imposed by the various regulatory authorities. The primary demand from retail and wholesale customers on the Group's products was not affected to a large extent. Based on these factors, the Group's management believes that the COVID-19 epidemic has not had a significant financial impact on the Group's results that were reported for the quarter ended 30 June 2021.

The extent and duration of these impacts remain uncertain and depends on future developments that cannot be predicted and accurately at present in terms of the rate of mutation of the emerging corona virus COVID-19 and the extent and effectiveness of the containment measures taken. The Group's management will continue to monitor the situation closely to update any developments that may affect its financial statements, although the management at this time is not aware of any expected factors that may affect the Group's operations during or after 2021.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
For the six-month period ended 30 June 2021

2 SIGNIFICANT ACCOUNTING POLICES (continued)

2.3 New standards, interpretations and amendments adopted by the Group

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no material impact on the interim condensed consolidated financial statements of the Group.

The Group did not receive any rent concession during the period and accordingly not affected by this amendment.

2.4 Basis of consolidation

The interim condensed consolidated financial statements include the interim financial statements of the Company and the Subsidiary (the "Group") as of 30 June 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its transactions with the investee and has the ability to affect those returns through exercising its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

When necessary, adjustments are made to the financial statements of the Subsidiaries to bring it's accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
For the six-month period ended 30 June 2021

2 SIGNIFICANT ACCOUNTING POLICES (continued)

2.4 Basis of consolidation (Continued)

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

Below are the details of the subsidiary:

Company name	Country of incorporation	Ownership percentage as at 30 June 2021	Ownership percentage as at 31 December 2020	Activity
Halwani Brothers Company (a closed Egyptian joint stock Company)	Alsharqia - Arab Republic of Egypt	100%	100%	Manufacturing, packaging, canning and distribution of all foods.

3. SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged in providing products or specific services (business segment) or providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from other segments. The Group uses the geographical segment only as it operates in manufacturing, filling, whole and retail trade of food products.

The financial information of assets and liabilities related to geographical sectors after excluding the effect of balances among companies of the Group as at 30 June 2021 and 31 Decemeber 2020 as follows:

<u>Segments</u>	Kingdom of Saudi Arabia in thousands SR	Arab Republic of Egypt in thousands SR	Reconciliation in thousands SR	Total in thousands SR
<u>As per 30 June 2021 (Unaudited)</u>				
Total assets	876,675	269,341	(142,118)	1,003,898
Total liabilities	338,445	128,510	(1,287)	465,668
<u>As per 31 December 2020 (audited)</u>				
Total assets	833,679	257,123	(148,032)	942,770
Total liabilities	300,092	110,655	(1,564)	409,183

The financial information of revenue /loss and selected income relating to the geographical segments excluding the effect of transactions between the Group's companies for the six-month period ended 30 June 2021 and 30 June 2020 is as follows:

<u>Segments</u>	Kingdom of Saudi Arabia in thousands SR	Arab Republic of Egypt in thousands SR	Reconciliation in thousands SR	Total in thousands SR
<u>As per 30 June 2021 (Unaudited)</u>				
Revenue from contracts with customers	241,976	313,318	(98)	555,196
Segment profit for the period	51,636	41,804	(41,804)	51,636
<u>As per 30 June 2020 (Unaudited)</u>				
Revenue from contracts with customers	284,370	273,168	-	557,538
Segment profit for the period	56,347	34,198	(34,198)	56,347

Detailed revenue information from contracts with customers for geographical segments is shown in Note (4).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2021

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following are the details of the Group's revenue from contracts with customers for the six-month period ended 30 June 2021 and 30 June 2020:

<u>Segments</u> <u>For the six-month period ended</u> <u>30 June 2021 (Unaudited)</u>	Kingdom of Saudi Arabia in thousands SR	Arab Republic of Egypt In thousands SR	Reconciliation in thousands SR	Total In thousands SR
Type of goods				
Sesame products	125,344	27,020	-	152,364
Meat products	29,544	261,003	-	290,547
Other products	87,088	25,295	(98)	112,285
Total	241,976	313,318	(98)	555,196
Type of customers				
Key customers	74,336	108,483	-	182,819
Wholesalers	69,257	162,783	-	232,040
Retailers	44,718	15,755	-	60,473
Catering	23,800	8,999	-	32,799
Exports	29,582	17,298	(98)	46,782
Others	283	-	-	283
Total	241,976	313,318	(98)	555,196

<u>Segments</u> <u>For the six-month period ended</u> <u>June 2020 (Unaudited)</u>	Kingdom of Saudi Arabia in thousands SR	Arab Republic of Egypt in thousands SR	Reconciliation in thousands SR	Total in thousands SR
Type of goods				
Sesame products	165,836	29,174	-	195,010
Meat products	28,097	222,491	-	250,588
Other products	90,437	21,503	-	111,940
Total	284,370	273,168	-	557,538
Type of customers				
Key customers	85,440	103,905	-	189,345
Wholesalers	86,108	134,769	-	220,877
Retailers	56,963	11,982	-	68,945
Catering	20,426	6,288	-	26,714
Exports	33,724	16,224	-	49,948
Others	1,709	-	-	1,709
Total	284,370	273,168	-	557,538

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2021

4- REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Geographical markets	For the six-month period ended 30 June	
	2021	2020
	thousands in SR Unaudited	thousands in SR Unaudited
Kingdom of Saudi Arabia	212,394	250,646
Arab Republic of Egypt	296,020	256,944
Other markets	46,782	49,948
	555,196	557,538

5. ZAKAT AND INCOME TAX

a) Zakat and income tax provision as reported in the Group's statement of financial position is as follows:

	30 June	31 December
	2021	2020
	SR	SR
	Unaudited	Audited
Zakat provision	3,760,090	6,695,477
Income tax provision	13,511,267	25,029,998
	17,271,357	31,725,475

b) Zakat charged to the consolidated statement of comprehensive income:

	30 June	30 June
	2021	2020
	SR	SR
	Unaudited	Unaudited
Charge during the period	2,750,000	2,500,000
	2,750,000	2,500,000

c) Movement in zakat provision during the period/ year is as follows

	30 June	31 December
	2021	2020
	SR	SR
	Unaudited	Audited
Balance at beginning of the period /year	6,695,477	3,777,437
Provided during the period/year	2,750,000	6,024,904
Paid during the period /year	(5,685,387)	(3,106,864)
Balance at the end of the period /year	3,760,090	6,695,477

d) Movement in income tax provision during the period / year consists of the following:

	30 June	31 December
	2021	2020
	SR	SR
	Unaudited	Audited
Balance at the beginning of the period /year	25,029,998	21,070,394
Charge during the period /year	15,324,633	28,716,805
Paid during the period /year	(26,887,522)	(25,203,361)
foreign currency differences	44,158	446,160
Balance at the end of the period/ year	13,511,267	25,029,998

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2021

5. ZAKAT AND INCOME TAX (Continued)

e) Tax charged to the interim condensed consolidated statement of comprehensive income:

	30 June 2021 SR Unaudited	30 June 2020 SR Unaudited
Current income tax	15,324,633	13,171,552
Deferred tax income	(1,097,973)	(735,967)
	14,226,660	12,435,585

f) Zakat status

There has been no material change in the Group's zakat or tax status compared to the year ended 31 December 2020.

6. EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary outstanding shares on the date of the interim condensed consolidated statement of financial position.

The table below reflects the income and the shares data used in calculating basic and diluted earnings per share:

	30 June 2021 SR Unaudited	30 June 2020 SR Unaudited
Net profit for the period	51,636,187	56,346,737
Weighted average number of shares during the period (per share)	35,357,145	35,357,145
Basic and diluted earnings per share	1.46	1.59

The comparative figures have been adjusted in accordance with the requirements of International Accounting Standard 33 "Earnings per Share" adopted in the Kingdom of Saudi Arabia

There was no reduction element affecting the weighted average number of shares during the period.

7. TRADE RECEIVABLES AND OTHER RECEIVABLES

	30 June 2021 SR Unaudited	31 December 2020 SR Audited
Trade receivables	177,218,523	104,983,429
Allowance for expected credit losses	(5,796,163)	(4,830,434)
Trade receivables , net	171,422,360	100,152,995
Due from related parties (Note 10)	26,606	67,923
Prepaid expenses	7,190,498	3,353,265
Employee loan	2,513,316	2,307,027
Advance payments to suppliers	11,753,099	10,461,148
Other receivables	8,100,199	3,811,912
	201,006,078	120,154,270

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2021

8. TERM LOAN

	<i>As at 30 June 2021 (Unaudited)</i>	<i>As at 31 December 2020 (Audited)</i>
Alrajhi Bank financing (Note a)	45,833,000	-
Banque Saudi Fransi financing (Note b)	25,000,000	93,750,000
	<u>70,833,000</u>	<u>93,750,000</u>
Less: current portion (Note a , b)	(41,666,667)	(37,500,000)
Non-current portion (Note a , b)	<u>29,166,333</u>	<u>56,250,000</u>

- a) During the year 2021, the Parent Company signed a financing agreement with Al-Rajhi Bank in the amount of SR 65 million. An amount of SR 50 million was withdrawn by the Parent Company. According to the terms of the agreement, the loan is repayable in quarterly installments of SR 4.167 million, starting from 30 June 2021, and the last installment is due on 31 March 2024. The financing entails financing fees (at the prevailing rate in the Saudi interbank market plus a profit margin), the financing was secured by bonds of an order issued to the bank.
- b) During the year 2019, the Parent Company signed a financing agreement (Tawarruq) with Banque Saudi Fransi in the amount of SR 150 million. The balance of the financing has been completely withdrawn by the Parent Company. According to the terms of the agreement, the financing is due in quarterly installments of SR 9.375 million, starting from 30 September 2019, and the last installment is due on 30 September 2023. During the first quarter of the year 2021, the Parent Company paid an amount of SR 50 million as an advance payment to Banque Saudi Fransi from the installments owed by the Company, so that the last installment will be paid on 31 March 2022.

The financing entails financing fees (at the prevailing rate in the Saudi interbank market plus a profit margin), the financing was secured by bonds of an order issued to the bank.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2021

9. ISLAMIC MURABAHA CONTRACTS

The carrying value of the Islamic Murabah contracts as at 30 June 2021 and 31 December 2020 is as follows:

Finance type	Notes	Currency	Amount in original currency		Amount in Saudi Riyals	
			As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Tawaruq	a	Saudi Riyals	95,000,000	80,000,000	95,000,000	80,000,000
Tawaruq	a	Saudi Riyals	9,208,792	-	9,208,792	-
Tawaruq	a	Saudi Riyals	50,000,000	-	50,000,000	-
Murabah (Note 10)	b	Egyptian Pound	24,351,677	19,902,528	5,803,925	4,735,798
Murabah	b	Egyptian Pound	87,817,525	36,171,503	20,930,237	8,606,994
Total facilities					180,942,954	93,342,792
Less: current portion					(180,942,954)	(93,342,792)
Non-current portion (Note b)					-	-

a) The Parent Company entered into short-term Islamic Murabaha (Tawaruq) Contracts with local banks in the Kingdom of Saudi Arabia. These murabaha are paid within a period of three to eight months and the Parent Company pays financing burdens on financing according to the prevailing market rate among Saudi banks plus a profit margin, on 30 June 2021, the outstanding balance of these contracts amounted to SR154 million (31 December 2020 : SR 80 million). The Murabaha was guaranteed by promissory notes issued to the banks.

b) The Subsidiary Company has entered into short and long-term Murabaha Contracts with local banks in the Arab Republic of Egypt to finance its operations. The Subsidiary Company pays financing charges according to prevailing market rate. As of 30 June 2021, the outstanding balance of these contracts amounted to an amount of SR 27 million (31 December 2020: SR 13.3 million) there is no non-current portion .

10. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent major shareholders, board members and key management personnel of the Group and entities controlled or significantly influenced by such parties. The Groups' major related parties are described as follows:

Name	Relationship
Dallah Trading Company	An affiliate owned by one of the major shareholders
Textile and Garment Company Ltd.	An affiliate owned by one of the major shareholders
Ismailia Poultry Company-Egypt	Party to one of the members of the Board of Directors
Watan creativity Company for retail trade	Party to one of the members of the Board of Directors
Albaraka Bank	Party to one of the members of the Board of Directors
Affiliates of the Parent Company	Related parties
Key management	Related parties
Board members	Related parties

The following are the main transactions relating to related parties during the six months ended 30 June 2021 and 30 June 2020 and related party balances as on 30 June 2021 and 31 December 2020:

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
 For the six-month period ended 30 June 2021

10. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

a) Due from related parties (trade receivables and other receivables)

(Nature of transaction)	Transaction (net) for the six-months period ended		As at	As at	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	31 December 2020 (Audited)	
Other parties	Different transactions	216,615	291,512	612,117	680,835
				612,117	680,835
Less: impairment of the value of related parties			(585,511)	(612,912)	
			26,606	67,923	

b) Due to related parties

Due to related parties (accruals and other payable)	(Nature of transaction)	Transaction (net) for the six-months period ended		As at	As at
		30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Dallah Trading Company	Purchase	374,900	246,712	-	-
Textile and Garment Company Ltd.	Purchase of finished goods	303,959	-	-	15,180
Ismailia Poultry Company-Egypt	Purchase of raw materials	1,615,689	1,468,609	189,641	641,957
Other parties	Various transactions	183,901	223,375	27,438	44,680
				217,079	701,817
Due to related parties (Islamic Murabaha)					
Albaraka Bank*	Finance interest Islamic Murabaha	201,085	472,854	5,552,125	1,983,065
		5,898,111	14,528,629	5,552,125	1,983,065

*Al Baraka Bank balance is allocated as follows:

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Current accounts with banks (cash and cash equivalent)	251,800	2,752,733
Islamic Murabaha (Note 9)	(5,803,925)	(4,735,798)
	(5,552,125)	(1,983,065)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2021

10. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

c) Board of directors and key management's allowances and remunerations

Compensation of key management personnel and Board of Directors recognized as an expense during the period is as follows:

	<i>As at</i> 30 June 2021 <i>(Unaudited)</i>	<i>As at</i> 30 June 2020 <i>(Unaudited)</i>
Salaries and compensation	6,892,284	8,778,042
End of service benefits	160,493	268,761
Rewards and allowances for attending the meetings	3,584,342	2,057,727
	<u>10,637,119</u>	<u>11,104,530</u>

11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>As at</i> 30 June 2021 <i>(Unaudited)</i>	<i>As at</i> 31 December 2020 <i>(Audited)</i>
Accrued expenses	14,869,561	11,109,304
Due to related parties (Note 10)	217,079	701,817
Advances from customers	3,992,838	3,385,108
Liabilities arising from the rights to return the goods	16,258,550	14,246,394
Employee accruals	13,088,120	16,196,463
Subsidiary Company tax accrual	9,412,690	5,756,893
Financial derivatives	426,381	646,414
Other accruals	5,381,719	4,936,026
	<u>63,646,938</u>	<u>56,978,419</u>

12. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group's financial assets consist of cash in hand and at banks, trade and other receivables and due from related parties, while its financial liabilities consist of supplier's trade payables, Islamic Murabaha Contracts, term loan, obligation under finance leases, and due to related parties, as below:

12.1 Financial assets

	<i>As at</i> 30 June 2021 <i>(Unaudited)</i>	<i>As at</i> 31 December 2020 <i>(Audited)</i>
Trade and other receivables	201,006,078	120,154,270
Cash and cash equivalent	77,194,831	77,180,188
	<u>278,200,909</u>	<u>197,334,458</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2021

12. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)**12.2 Financial liability**

	<i>As at</i> 30 June 2021 <i>(Unaudited)</i>	<i>As at</i> 31 December 2020 <i>(Audited)</i>
Trade payables	81,139,120	77,926,192
Accrued expenses and other current liabilities	63,646,938	56,978,419
Islamic Murabaha Contracts	180,942,954	93,342,792
Term loans	70,833,000	93,750,000
Lease contract obligations	13,837,219	17,135,659
	410,399,231	339,133,062

Financial assets and financial liabilities have been measured at amortized cost and there were no financial instruments measured at fair value other than financial derivatives. Derivatives for which fair values have been measured and whose fair values have been disclosed in the interim condensed consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group enters into derivative financial instruments primarily with financial institutions that have credit ratings. The derivatives valued through technical valuation techniques with observable market data are interest rate swaps. The most widely used technical valuation techniques include price and swap models - using present value calculations.

As at 30 June 2021 and 31 December 2020, the fair values of the Group's financial instruments were estimated to approximate their book values and categorized within Level 2 of the fair value hierarchy. The fair value of financial assets at 30 June 2021 and 31 December 2020 is the carrying value due to the fact that the balances of these receivables are short-term in nature.

There were no transfers between Level 1, Level 2, and Level 3 during the period ended 30 June 2021, and 30 June 2020.

13. CONTINGENT LIABILITIES

There has been no change in the group's contingent liabilities since 31 December 2020.

14. SHARE CAPITAL AND DIVIDENDS

On 27 December 2020, the Board of Directors of the Parent Company has recommended increasing the share capital of the Parent Company to SR 353,571,450 through the issuance of 1 share for every 8 ordinary shares using the statutory reserve balance, which was approved by the General Assembly on 28 April 2021. Accordingly, the Company's By-laws were amended.

On February 3, 2021, the Ordinary General Assembly approved the recommendation of the Board of Directors to distribute cash dividends for the fiscal year 2020 at SR 1.5 per share percentage of 15% from the capital in a total amount of SR 47,142,860.