

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

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

**FOR THE THREE AND SIX-MONTHS
THE TWO PERIOD ENDED 30 JUNE 2024 AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

HALWANI BROTHERS COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT (UNAUDITED)

For the three and six months period ended 30 June 2024

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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") and its Subsidiary ("collectively referred to as the "Group"), as of 30 June 2024, and the related interim condensed consolidated statement of comprehensive income for the three and six months period ended on 30 June 2024, interim condensed consolidated statements of changes in shareholders' equity and cash flows for the six months period then ended and other explanatory notes. 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 the 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.

Maher Al-Khatieb
Certified Public Accountant
License Number 514



08 Aug 2024 (G)
04 Safar 1446 (H)

HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		For the three-months period ended 30 June 2024 SR	For the three-months period ended 30 June 2023 SR	For the Six- months period ended 30 June 2024 SR	For the six- months period ended 30 June 2023 SR
	Note	Unaudited	Unaudited	Unaudited	Unaudited
Revenue from contracts with customers	(4)	215,850,566	189,633,475	483,416,944	442,269,093
Cost of revenue		(148,509,245)	(152,619,963)	(336,580,570)	(337,145,862)
GROSS PROFIT		67,341,321	37,013,512	146,836,374	105,123,231
Selling and distribution expenses		(25,170,509)	(38,345,148)	(60,769,237)	(77,751,522)
General and administrative expenses		(12,866,739)	(17,228,228)	(31,235,381)	(33,887,919)
Other income / (expenses), net		533,054	(37,148)	1,250,186	1,321,975
PROFIT / (LOSS) FROM OPERATIONS		29,837,127	(18,597,012)	56,081,942	(5,194,235)
Finance costs		(8,273,411)	(8,192,264)	(30,637,782)	(14,250,617)
Gain / (loss) on derivative instruments at fair value through statement of comprehensive income		-	4,322	-	(39,149)
(Loss) / gain on foreign currency differences		(109,423)	2,476,927	(8,184,392)	2,019,117
PROFIT / (LOSS) BEFORE ZAKAT AND INCOME TAX DURING THE PERIOD		21,454,293	(24,308,027)	17,259,768	(17,464,884)
Zakat	(5)	(1,800,000)	(1,500,000)	(3,600,000)	(3,400,000)
Income tax	(5)	(4,307,495)	(3,949,953)	(2,891,497)	(7,256,536)
PROFIT / (LOSS) FOR THE PERIOD		15,346,798	(29,757,980)	10,768,271	(28,121,420)
OTHER COMPREHENSIVE INCOME / (LOSS):					
Items that are or may be reclassified subsequently to profit or loss in subsequent periods:					
Foreign currency translation differences		(553,592)	(400,693)	(59,271,492)	(27,064,258)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		14,793,206	(30,158,673)	(48,503,221)	(55,185,678)
EARNINGS / (LOSS) PER SHARE					
Basic and diluted earnings / (loss) per share for the period attributable to ordinary shareholders from net profit / (loss)	(6)	0.43	(0.84)	0.30	(0.80)

Acting as Chief Financial officer
Fathy Mohamed Abdelhamid

Deputy Chief Executive Officer
Eng. Fawaz Mohammed Halwani

Managing Director
Eng. Sakhr Assad Jamjoom

The attached notes 1 to 17 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 (UNAUDITED)

		30 June 2024 Unaudited	31 December 2023 audited
	Note	SR	SR
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment		355,702,536	379,108,894
Intangible assets		2,571,448	2,659,006
Right of use assets		17,643,364	22,689,430
Real Estate Investment		45,134,328	45,134,328
Deferred tax assets		2,713,388	1,038,490
TOTAL NON-CURRENT ASSETS		423,765,064	450,630,148
CURRENT ASSETS			
Asset Available for sale		2,488,631	2,954,779
Inventories		194,506,083	230,462,842
Trade receivables and other current assets		105,302,761	107,299,334
Investment at amortized cost	(8)	-	77,162,884
Cash and cash equivalent	(7)	30,472,673	33,797,441
TOTAL CURRENT ASSETS		332,770,148	451,677,280
TOTAL ASSETS		756,535,212	902,307,428
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		353,571,450	353,571,450
Statutory reserve	(12)	-	106,071,435
Retained earnings		207,627,727	90,788,021
Foreign currency translation reserve		(302,866,669)	(243,595,177)
TOTAL SHAREHOLDERS' EQUITY		258,332,508	306,835,729
NON-CURRENT LIABILITIES			
Lease contract obligation		12,215,432	17,356,594
Employees defined benefits' obligations		27,706,742	27,250,200
TOTAL NON-CURRENT LIABILITIES		39,922,174	44,606,794
CURRENT LIABILITIES			
Current portion of term loans	(9)	-	4,163,000
Islamic Murabaha Contracts short term	(10)	291,587,219	352,767,883
Current portion of lease contract obligations		5,940,308	6,801,644
Trade payables		59,238,693	70,784,910
Accrued expenses and other current liabilities		93,622,691	99,957,817
Zakat and income tax	(5)	7,891,619	16,389,651
TOTAL CURRENT LIABILITIES		458,280,530	550,864,905
TOTAL LIABILITIES		498,202,704	595,471,699
TOTAL EQUITY AND LIABILITIES		756,535,212	902,307,428

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HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the six-months period ended 30 June 2024

	<i>Share capital</i> SR	<i>Statutory reserve</i> SR	<i>Retained earnings</i> SR	<i>Foreign currency translation reserve</i> SR	<i>Total equity</i> SR
As at 1 January 2024	353,571,450	106,071,435	90,788,021	(243,595,177)	306,835,729
Net profit for the period	-	-	10,768,271	-	10,768,271
Other comprehensive loss	-	-	-	(59,271,492)	(59,271,492)
Total comprehensive income / (loss)	-	-	10,768,271	(59,271,492)	(48,503,221)
Transfer from statutory reserve to retained earnings	-	(106,071,435)	106,071,435	-	-
Balance at 30 June 2024 (Unaudited)	353,571,450	-	207,627,727	(302,866,669)	258,332,508

	<i>Share capital</i> SR	<i>Statutory reserve</i> SR	<i>Retained earnings</i> SR	<i>Foreign currency translation reserve</i> SR	<i>Total equity</i> SR
As at 1 January 2023	353,571,450	106,071,435	190,257,853	(216,229,398)	433,671,340
Net loss for the period	-	-	(28,121,420)	-	(28,121,420)
Other comprehensive loss	-	-	-	(27,064,258)	(27,064,258)
Total other comprehensive loss	-	-	(28,121,420)	(27,064,258)	(55,185,678)
Balance at 30 June 2023 (Unaudited)	353,571,450	106,071,435	162,136,433	(243,293,656)	378,485,662


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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	For the six- months period ended 30 June 2024 SR	For the six- months period Ended 30 June 2023 SR
Note	Unaudited	Unaudited
OPERATING ACTIVITIES		
Profit / (loss) before zakat and income tax during the period	17,259,768	(17,464,884)
Adjustment for non-cash to reconcile operating income /(loss) before Zakat and income tax		
Depreciation of property, plant, and equipment	15,922,244	16,361,596
Amortization of intangible assets	220,346	215,989
Depreciation of right of use	3,244,122	4,199,738
Provision for employees defined benefits' obligations	1,753,869	2,262,038
Gain on disposal of property, plant, equipment, and intangible assets	(273,479)	(723,591)
Loss on derivative instruments at fair value through statement of comprehensive income	-	39,149
Provision for expected credit losses	247,466	4,206,114
Provision for slow-moving inventory	1,222,034	1,554,783
Provision for contingencies	1,165,218	242,262
Finance costs, net	30,637,782	14,250,617
Provisions no longer required	(8,621,063)	-
	62,778,307	25,143,811
Changes in items of operating assets and liabilities:		
Inventories	(14,122,687)	(48,454,470)
Trade receivables and other current assets	(6,594,140)	3,948,239
Trade payables and other current liabilities	9,202,358	(5,148,629)
Zakat and income tax paid	(10,602,356)	(14,461,905)
Defined Employees benefits' obligations paid	(1,297,327)	(6,957,065)
Finance cost paid	(29,737,800)	(13,421,863)
Net cash generating from / (used in) operating activities	9,626,355	(59,351,882)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,735,494)	(3,537,735)
Purchase of intangible assets	(173,002)	(145,333)
Proceeds from sales of property, plant and equipment	237,471	961,855
Net cash used in investing activities	(6,671,025)	(2,721,213)
FINANCING ACTIVITIES		
Proceeds from Islamic Murabaha Contracts	509,801,662	514,303,600
Payments of Islamic Murabaha Contracts	(553,862,070)	(483,210,141)
Payment of lease liabilities	(4,743,146)	(5,300,645)
Payment of term loans	(9) (4,163,000)	(8,334,000)
Payments of letters of credit liabilities	-	(1,908,194)
Net cash (used in) / generated from financing activities	(52,966,554)	15,550,620
NET CHANGE IN CASH AND CASH EQUIVALENT	(50,011,224)	(46,522,475)
Net difference in foreign currency translation	(30,476,428)	(14,217,662)
Cash and cash equivalent at the beginning of the period	110,960,325	97,529,513
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	30,472,673	36,789,376
SIGNIFICANT NON-CASH TRANSACTIONS:		
Change effect in the differences of translation of foreign currencies	(59,271,492)	(27,064,258)
Transfer from projects under construction to property, plant, and equipment	3,078,299	5,722,458

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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 interim financial statements of the Parent Company and the Interim financial statements of Halwani Brothers Egypt - a closed Egyptian Joint Stock Company - a wholly owned subsidiary of the Parent Company which is engaged in manufacturing, packaging and distribution of all foodstuffs (together referred as the “Group”).

2 BASIS OF PREPARATION AND CHANGES IN SIGNIFICANT ACCOUNTING POLICIES FOR THE 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” which 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 2023. In addition, results for the interim period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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 benefit obligations where current actuarial value calculations are used. The interim condensed consolidated financial statements are presented in Saudi Riyals (“SR”), which is the functional currency of the Group -(unless otherwise noted).

2.2 Going concern assessment

The group’s management has made an assessment of the group’s ability to continue to carry out its business in accordance with the principle of going concern and the group is convinced that it has the resources to continue its business in the foreseeable future. Also, management is not aware of any material uncertainties that may affect the Group’s ability to continue its business. Accordingly, these interim condensed consolidated financial statements have been prepared on a going concern basis.

2.3 Devaluation of the currency of the Arab Republic of Egypt:

During the period ending on 30 June 2024, the Egyptian pound recorded a decrease in the exchange rate by 35.6% against the Saudi riyal. As a result, a currency translation adjustment was recorded in relation of the translation of operations for the subsidiary in the Arab Republic of Egypt.

2.4 New StandardsAmendment to Standards and Interpretations

There are no new standards issued by (IASB), however, there are number of amendments to standards which are effective from 1 January 2024 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.

2 BASIS OF PREPARATION AND CHANGES IN SIGNIFICANT ACCOUNTING POLICIES FOR THE GROUP (Continued)

2.5 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 2024. 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 it ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of the Subsidiaries to bring its 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

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, if any), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognized in the 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 2024	Ownership percentage as at 31 December 2023	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 the manufacturing, filling, whole, and retail trade of food products.

3. SEGMENT REPORTING (Continued)

The financial information of assets and liabilities related to geographical segments after excluding the effect of balances among companies of the Group as at 30 June 2024 and 31 December 2023 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 of 30 June, 2024 (Unaudited)</u>				
Total assets	632,263	176,796	(52,524)	756,535
Total liabilities	373,930	126,646	(2,374)	498,202
<u>As of 31 December 2023 (audited)</u>				
Total assets	787,511	286,012	(171,216)	902,307
Total liabilities	480,674	127,103	(12,305)	595,472

The financial information of revenue and selected profit/(losses) relating to the geographical segments excluding the effect of transactions between the Group's companies for the six-month period ended 30 June 2024 and 30 June 2023 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>For the six months period ended 30 June 2024 (Unaudited)</u>				
Revenue from contracts with customers	244,184	240,266	(1,033)	483,417
Company's share in the results of the subsidiary	9,095	-	(9,095)	-
Segment profit for the period	10,768	9,095	(9,095)	10,768
<u>For the six months period ended 30 June 2023 (Unaudited)</u>				
Revenue from contracts with customers	206,336	236,226	(293)	442,269
Company's share in the results of the subsidiary	17,533	-	(17,533)	-
Segment (loss) / profit for the period	(28,121)	17,533	(17,533)	(28,121)

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

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following are the details of the Group's revenue from contracts with customers for the six months ended on 30 June 2024, and 30 June 2023:

<u>Segments</u> <u>For the six-months period ending</u> <u>30 June 2024 (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	129,594	47,249	-	176,843
Meat products	21,466	167,582	-	189,048
Other products	93,124	25,435	(1,033)	117,526
Total	244,184	240,266	(1,033)	483,417
Type of customers				
Key customers	58,998	41,276	-	100,274
Wholesalers	74,109	89,624	-	163,733
Retailers	32,752	61,115	-	93,867
Catering	41,732	18,353	-	60,085
Exports	22,963	29,898	(1,033)	51,828
Others	13,630	-	-	13,630
Total	244,184	240,266	(1,033)	483,417
<u>Segments</u> <u>For the Six-months period ending</u> <u>30 June, 2023 (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	102,188	51,516	-	153,704
Meat products	19,029	165,024	-	184,053
Other products	85,119	19,686	(293)	104,512
Total	206,336	236,226	(293)	442,269
Type of customers				
Key customers	53,766	41,561	-	95,327
Wholesalers	66,724	88,901	-	155,625
Retailers	28,785	56,836	-	85,621
Catering	36,289	17,328	-	53,617
Exports	15,962	31,600	(293)	47,269
Others	4,810	-	-	4,810
Total	206,336	236,226	(293)	442,269

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Geographical markets

	For the Six-month period ended 30 June	
	2024 In thousands SR (Unaudited)	2023 In thousands SR (Unaudited)
Kingdom of Saudi Arabia	220,188	190,081
Arab Republic of Egypt	210,368	204,625
Other markets	52,861	47,563
	483,417	442,269

5. ZAKAT AND INCOME TAX

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

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Zakat provision	4,173,479	1,483,437
Income tax provision	3,718,140	14,906,214
	7,891,619	16,389,651

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

	For the six- months period ended 30 June 2024 (Unaudited)	For the six- months period ended 30 June 2023 (Unaudited)
Charge during the period	3,600,000	3,400,000

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

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Balance at the beginning of the period /year	1,483,437	2,304,815
Charge during the period /year	3,600,000	1,333,139
Paid during the period /year	(909,958)	(2,154,517)
Balance at the end of the period/year	4,173,479	1,483,437

5. ZAKAT AND INCOME TAX (Continued)

d) Movement in Tax provision during the period / year is as follows:

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Balance at the beginning of the period /year	14,906,214	15,129,195
Charge during the period /year	5,197,076	18,769,369
Paid during the period /year	(9,692,398)	(12,217,916)
Foreign currency differences	(6,692,752)	(6,774,434)
Balance at the end of the period / year	3,718,140	14,906,214

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

	For the six- months period ended 30 June 2024 SR (Unaudited)	For the six- months period ended 30 June 2023 SR (Unaudited)
Current income tax	5,197,076	7,556,428
Deferred tax income	(2,305,579)	(299,892)
Total Movement	2,891,497	7,256,536

f) Zakat assessment (Halwani Brothers Company - Saudi Arabia)

The Parent Company finalized its zakat assessment up to 31 December 2018.

Also, the Parent Company filed zakat declarations for the year 2019 and obtained a zakat certificate. ZATCA also issued zakat assessments for year 2019, which showed additional zakat differences due in the amount of SR 4.1 million, which was objected by the Company.

The Parent Company finalized its zakat status for the year 2020 till year 2022.

The Parent Company filed zakat declarations for the year until 2023 and obtained a zakat certificate for that.

Tax assessment (Halwani Brothers Company - Egypt)

1) Corporate taxation

- The Subsidiary is exempt from taxes according to Law 8 until December 31, 2005.
- The Subsidiary's books and records were examined until 2018 and paid the accrued tax.
- The declarations were submitted until 2023 and the payment due on them is based on the declarations in light of the provisions of Law 91 of 2005.

2) Value Added Tax

- The company's books and records were examined until 2022, and the tax due was paid.
- The company's books and records are being examined for the year 2023.
- The company pays the due from the declarations on time.

3) Payroll taxes

- The company's books and records were examined until 2022, and the tax due was paid.
- The company's books and records are being examined for the year 2023.

4) Stamp taxes

- The books and records of the Subsidiary Company up to the year 2022 were examined, and the tax due was paid.

5. ZAKAT AND INCOME TAX (Continued)

Tax assessment (Halwani Brothers Company - Egypt) (Continued)

5) Deduction and addition tax

- The first term has been paid for the year 2024, and there are no financial dues from the subsidiary.

6) Real estate taxes

- Accounting has been completed and the dues have been paid until 2021, and there are no financial dues from the company, and there is an exemption for years from 2022 to 2026, and there are no dues from the company.

j) Value Added Tax

The Group is registered for VAT purposes in the Kingdom of Saudi Arabia (the Parent Company) and the Arab Republic of Egypt (the Subsidiary Company). The Group pays the VAT due based on the tax returns.

6. EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings per share (EPS) from net profit / (loss) is calculated by dividing the profit / (loss) 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 calculation of earnings per share as follows:

	For the three- months period ended 30 June 2024 SR (Unaudited)	For the three- months period ended 30 June 2023 SR (Unaudited)	For the Six- months period ended 30 June 2024 SR (Unaudited)	For the six- months period ended 30 June 2023 SR (Unaudited)
Net profit / (loss) for the period	15,346,798	(29,757,980)	10,768,271	(28,121,420)
Weighted average number of shares	35,357,145	35,357,145	35,357,145	35,357,145
Basic and diluted earnings per share (SR)	0.43	(0.84)	0.30	(0.80)

There was no reduction component affecting the weighted average number of ordinary shares.

7. CASH AND CASH EQUIVALENT

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Cash on hand, and at bank	25,563,977	31,116,042
Cheques under collections	4,908,696	2,681,399
	30,472,673	33,797,441

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of the following:

	30 June 2024 SR (Unaudited)	30 June 2023 SR (Unaudited)	31 December 2023 SR (Audited)
Investment at amortized cost - less than three months	-	-	77,162,884
Cash and cash equivalents	30,472,673	36,789,376	33,797,441
	30,472,673	36,789,376	110,960,325

8. INVESTMENT AT AMORTIZED COST

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Treasury bills with a nominal value of less than three months	-	79,366,904
Deduct: Unaccrued returns	-	(2,222,682)
Add: Currency differences	-	18,662
	<u>-</u>	<u>77,162,884</u>

Movement of the Provision for investment at amortized cost during the period / year as follow:

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
The Balance at the beginning period / year	77,162,884	-
Addition during period / year	76,877,100	132,846,340
Amounts collected at maturity during the period/year	(130,442,740)	(60,791,065)
Returns accrued during the period/year	4,726,090	5,760,949
Currency differences	(28,323,334)	(653,340)
	<u>-</u>	<u>77,162,884</u>

9. TERM LOANS

	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Alrajhi Bank financing	-	4,163,000
Current portion	-	(4,163,000)
Non-current portion	<u>-</u>	<u>-</u>

The parent company signed a financing agreement with Al Rajhi Bank in the amount of 65 million SR. The amount of 50 million SR was used by the parent company. According to the terms of the agreement, the financing is due to be repaid in quarterly installments of 4.2 million SR starting from 30 June 2022, and the last installment is paid on 21 March 2024. The financing incurs financing fees (at the prevailing rate in the market between Saudi banks plus a profit margin). The financing was secured by promissory notes issued to the bank.

10. ISLAMIC MURABAHA CONTRACTS SHORT TERM

The carrying value of the Islamic Murabaha contracts as at 30 June 2024 and 31 December 2023 is as follows:

Finance type	Note	Currency	Amount in original currency		Amount in Saudi Riyals	
			As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Tawaruq	A	Saudi Riyals	78,200,000	96,200,000	78,200,000	96,200,000
Tawaruq	A	Saudi Riyals	15,781,491	34,630,202	15,781,491	34,630,202
Tawaruq	A	Saudi Riyals	117,492,878	110,073,413	117,492,878	110,073,413
Tawaruq	A	Saudi Riyals	13,500,000	50,000,000	13,500,000	50,000,000
Tawaruq	A	Saudi Riyals	-	35,917,586	-	35,917,586
Murabaha	B	Egyptian Pound	12,176,254	7,532,170	950,312	911,497
Murabaha	B	Egyptian Pound	311,474,822	131,451,527	24,309,471	15,907,450
Murabaha	B	Egyptian Pound	138,823,835	47,600,561	10,834,693	5,760,325
Murabaha	B	Egyptian Pound	33,724,119	27,826,659	2,632,044	3,367,410
Murabaha	B	Egyptian Pound	219,914,463	-	17,163,520	-
Murabaha	B	Egyptian Pound	14,357,508	-	1,120,551	-
Murabaha	B	Egyptian Pound	61,917,411	-	4,832,427	-
Murabaha	B	Egyptian Pound	61,115,378	-	4,769,832	-
					291,587,219	352,767,883

- a) The parent company entered into short-term Islamic Murabaha contracts (Tawarruq) with local banks in the Kingdom of Saudi Arabia guaranteed by promissory notes. These murabahas are paid within a period of three to eight months, and the parent company pays financing charges on the financing according to the prevailing market rate between Saudi banks plus a profit margin, as of 30 June 2024, the outstanding balance of these contracts amounted to 225 million SR (31 December 2023: 326,8 million SR).
- b) The subsidiary also entered into short Murabaha contracts with local banks in the Arab Republic of Egypt to finance its operations. The subsidiary company pays financing charges according to the market price. As of 30 June 2024, the outstanding balance of these contracts amounted to 66,6 million SR (31 December 2023: 26 million SR).

11. 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
Alrabie Saudi foods company	Affiliate owned by a major shareholder
Dallah Trading Company	Affiliate owned by a major shareholder
Textile & Readymade Garments Company Limited	Affiliate owned by a major shareholder
Ismailia Poultry Company-Egypt	Affiliate owned by a major shareholder
Albaraka Bank	A party to a member of the board of directors
Al Wasta Food Services Co. Ltd	A party to a member of the board of directors
Aquat Food Industries	A party to a member of the board of directors
Albaik food systems Co.	A party to a member of the board of directors
Mecca Corporation for Printing	A party to a member of the board of directors
Emaar The Economic City Company	A party to a member of the board of directors
Affiliates of the Parent Company	Related parties
Key management and Executives	Related parties
Board members	Related parties

The following are the main transactions relating to related parties during the six months ended 30 June 2024, and 30 June 2023, and related party balances as of 30 June 2024, and 31 December 2023:

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

Nature of transaction	Transaction for the six-month period ended		As at	As at	
	30 June 2024	30 June 2023	30 June 2024	31 December 2023	
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
Albaik food systems Co.	Selling finished goods	6,175,812	2,979,328	2,049,933	1,220,185
Other parties	Different transactions	236,628	1,612,954	105,119	95,836
				2,155,052	1,316,021
Less: impairment of the value of related parties			(9,614)	(9,614)	
			2,145,438	1,306,407	

b) Due to related parties:

b-1 Due to related parties (Accrued expenses and other current liabilities)

(Nature of transaction)	Transaction for the six-month period ended		As at	As at	
	30 June 2024	30 June 2023	30 June 2024	31 December 2023	
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
Ismailia Poultry Company-Egypt	Purchase of raw materials	-	65,225	-	-
Other parties	Various transactions	213,707	214,595	-	-
Total			-	-	-

11. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

b) Due to related parties (Continued):

b-2 Other related parties (Islamic Murabaha and current accounts):

(Nature of transaction)	Transaction for the six-months period ended		As at	As at
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Islamic Murabaha	12,176,254	21,116,469	950,312	911,497
Albaraka Bank*				
Current account	2,512,505	4,218,644	197,700	295,073
Treasury bills	-	-	-	16,969,895

*Al Baraka Bank balance is allocated as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Current accounts	197,700	295,073
Islamic Murabaha (Note 10)	(950,312)	(911,497)
Treasury bills	-	16,969,895
	(752,612)	16,353,471

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:

	For the six-month period ended 30 June 2024 (Unaudited)	For the six-month period ended 30 June 2023 (Unaudited)
Salaries and other benefits	6,824,187	5,755,267
End of service benefits	109,299	128,470
Rewards and allowances for attending the meetings	3,266,606	3,463,712
	10,200,092	9,347,449

12. STATURY RESERVE

According to the company's by laws, the company was required to transfer 10% of the net profit for the year to the statutory reserve until this reserve reached 30% of the capital. According to the amendments to the new corporate law in the Kingdom of Saudi Arabia, the requirement to maintain a statutory reserve is no longer applicable.

The company's shareholders decided, in the extraordinary general assembly meeting held on 25 June 2024, to amend the company's by laws in accordance with the new corporate system and transfer the balance of the statutory reserve with the amount of 106 million Saudi riyals to retained earnings.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six-months period ended 30 June 2024

13. FAIR VALUES MEASUREMENT

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 and cash equivalent, Trade receivables and other current assets, and due from related parties, while its financial liabilities consist of trade payables and Accrued expenses and other current liabilities, Islamic Murabaha Contracts, term loans, obligation under finance leases, and due to related parties, as below:

13.1 Financial assets

	<i>As at 30 June 2024 (Unaudited)</i>	<i>As at 31 December 2023 (Audited)</i>
Trade receivables and other current assets	105,302,761	107,299,334
Investment at amortized cost	-	77,162,884
Cash and cash equivalent	30,472,673	33,797,441
	135,775,434	218,259,659

13.2 Financial liability

	<i>As at 30 June 2024 (Unaudited)</i>	<i>As at 31 December 2023 (Audited)</i>
Trade payables	59,238,693	70,784,910
Accrued expenses and other current liabilities	93,622,691	99,957,817
Islamic Murabaha Contracts	291,587,219	352,767,883
Term loans	-	4,163,000
Lease contract obligations	18,155,740	24,158,238
	462,604,343	551,831,848

Financial assets and liabilities were measured at amortized cost and no financial instruments or amounts of the Group were measured at fair value other than derivatives. The financial derivatives for which fair values have been measured and whose fair values have been disclosed in the interim condensed consolidated financial statements have been classified within the fair values hierarchy shown below based on the lower level data that is material for the measurement of fair values 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 of 30 June 2024, and 31 December 2023, 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 as at 30 June 2024, and 31 December 2023 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 ending on 30 June 2024, and 30 June 2023.

14. CONTINGENT LIABILITIES

The commitments and contingent liabilities are as follows:

	As of 30 June 2024 (Unaudited) SR	As of 31 December 2023 (Audited) SR
Letters of guarantee and documents for collection issued by banks	33,612,699	19,179,288

15. COMPARATIVE FIGURES

Some figures of the previous year have been reclassified to conform with the presentation for the current year, the most important of which are as follows:

	For the six-months period ended 30 June 2023		
<u>INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</u>	<u>Before reclassification</u>	<u>Reclassification</u>	<u>After reclassification</u>
Revenue from contracts with customers	444,910,155	(2,641,062)	442,269,093
Cost of revenue	(335,549,114)	(1,596,748)	(337,145,862)
Selling and distribution expenses	(80,988,628)	3,237,106	(77,751,522)
Other income, net	321,271	1,000,704	1,321,975
Finance costs	(12,005,978)	(2,244,639)	(14,250,617)
(Loss) / gain on foreign currency differences	(225,522)	2,244,639	2,019,117

	For the three-months period ended 30 June 2023		
<u>INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</u>	<u>Before reclassification</u>	<u>Reclassification</u>	<u>After reclassification</u>
Revenue from contracts with customers	189,694,166	(60,691)	189,633,475
Cost of revenue	(151,593,884)	(1,026,079)	(152,619,963)
Selling and distribution expenses	(39,152,099)	806,951	(38,345,148)
General and administrative expenses	(17,021,644)	(206,584)	(17,228,228)
Other (expenses)/ income, net	(523,551)	486,403	(37,148)
Finance costs	(6,486,689)	(1,705,575)	(8,192,264)
gain on foreign currency differences	771,352	1,705,575	2,476,927

16. SIGNIFICANT EVENT DURING PERIOD

On March 6, 2024, with the aim of stabilizing the exchange market and eliminating the gap between the official and parallel market exchange rate, the Central Bank of Egypt took a decision to allow the exchange rate of the Egyptian pound specifically according to the market mechanisms. This step comes in response to the economic challenges faced by the Arab Republic of Egypt recently, which were represented in the lack of resources of foreign currencies. The shortage of foreign currencies has led to initiate of a parallel market for the exchange rate of the Egyptian pound due to the accumulation of demand in foreign currencies.

17. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements for the Group for the period ended 30 June 2024, were approved by the Board of Directors on 01/08/2024.