

**Arabian Mills for Food Products Company
(formerly: The Second Milling Company)
(A Saudi Closed Joint Stock Company)**

**INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

Arabian Mills for Food Products Company
(formerly: The Second Milling Company)
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REVIEW REPORT

For the three-month period ended 31 March 2024

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**INDEPENDENT AUDITOR'S REVIEW REPORT
ON THE INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF THE ARABIAN MILLS FOR FOOD PRODUCTS COMPANY
(FORMERLY: THE SECOND MILLING COMPANY)
(A SAUDI CLOSED JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Arabian Mills for Food Products Company (formerly: The Second Milling Company) ("the Company") as at 31 March 2024, and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed 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 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 statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

for Ernst & Young Professional Services



Hesham A. Alatiqi
Certified Public Accountant
License No. (523)



Riyadh: 8 Safar 1446H
(12 August 2024)

Arabian Mills for Food Products Company
(formerly The Second Milling Company)
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

		31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
	<i>Notes</i>		
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant, and equipment	4	877,966,940	891,998,966
Right-of-use assets	5	256,126,305	258,940,787
Intangible assets	6	64,204,714	64,974,887
Goodwill	7	822,434,373	822,434,373
TOTAL NON – CURRENT ASSETS		2,020,732,332	2,038,349,013
CURRENT ASSETS			
Inventories	8	107,940,748	98,811,642
Prepayments and other current assets	9	16,284,890	15,085,039
Amounts due from related parties	10	4,820,734	5,326,600
Accounts receivable		20,810,269	6,340,418
Short-term deposits	11	100,000,000	-
Cash and cash equivalents	11	123,037,588	127,797,523
TOTAL CURRENT ASSETS		372,894,229	253,361,222
TOTAL ASSETS		2,393,626,561	2,291,710,235
<u>EQUITY AND LIABILITIES</u>			
EQUITY			
Share capital	12	513,150,060	513,150,060
Statutory reserve		50,849,137	50,849,137
Retained earnings		314,352,029	258,967,246
Actuarial reserve		167,000	-
TOTAL EQUITY		878,518,226	822,966,443
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current portion of lease liabilities	5	256,718,837	270,539,457
Long-term loans	13	1,049,518,162	1,049,146,501
Employees' defined benefit liabilities		3,812,677	3,297,164
TOTAL NON-CURRENT LIABILITIES		1,310,049,676	1,322,983,122
CURRENT LIABILITIES			
Accounts payables		58,943,275	49,925,900
Accrued expenses and other current liabilities	14	26,674,920	19,630,782
Current portion of long-term loans	13	27,500,000	27,500,000
Interest payable on loans	13	32,023,344	12,035,587
Current portion of lease liabilities	5	30,806,458	15,403,229
Advances from customers		22,219,290	16,143,078
Amounts due to a related party	10	269,278	-
Zakat provision	15	6,622,094	5,122,094
TOTAL CURRENT LIABILITIES		205,058,659	145,760,670
TOTAL LIABILITIES		1,515,108,335	1,468,743,792
TOTAL EQUITY AND LIABILITIES		2,393,626,561	2,291,710,235

The attached notes 1 to 27 form an integral part of these interim condensed financial statements.

Arabian Mills for Food Products Company
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**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the three-month period ended 31 March 2024

	Notes	For the three-month period ended	
		31 March 2024 (Unaudited) SR	31 March 2023 (Unaudited) SR
Revenue	16	239,920,025	225,645,427
Direct costs	17	(127,628,981)	(117,253,502)
GROSS PROFIT		112,291,044	108,391,925
EXPENSES			
Selling and distribution	18	(13,793,865)	(8,886,046)
General and administration	19	(20,780,846)	(17,097,398)
TOTAL EXPENSES		(34,574,711)	(25,983,444)
OPERATING PROFIT		77,716,333	82,408,481
Finance costs	20	(21,942,027)	(31,132,465)
Finance income		571,350	-
Other income		539,127	1,110,304
PROFIT BEFORE ZAKAT		56,884,783	52,386,320
Zakat	15	(1,500,000)	(960,076)
PROFIT FOR THE PERIOD		55,384,783	51,426,244
OTHER COMPREHENSIVE INCOME			
Items that cannot be reclassified subsequently to profit or loss in subsequent periods:			
Remeasurement gain on employees' defined benefit liabilities		167,000	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		55,551,783	51,426,244
Earnings per share (EPS)			
Basic and diluted earnings per share	21	1.08	1.00

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Arabian Mills for Food Products Company (formerly: The Second Milling Company)
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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2024

	<i>Share capital</i> SR	<i>Statutory reserve</i> SR	<i>Merger deficit reserve</i> SR	<i>Retained earnings</i> SR	<i>Actuarial reserve</i> SR	<i>Total</i> SR
At 31 December 2023 (audited)	513,150,060	50,849,137	-	258,967,246	-	822,966,443
Profit for the period	-	-	-	55,384,783	-	55,384,783
Other comprehensive income	-	-	-	-	167,000	167,000
Total comprehensive income for the period	-	-	-	55,384,783	167,000	55,551,783
At 31 March 2024 (unaudited)	513,150,060	50,849,137	-	314,352,029	167,000	878,518,226
At 31 December 2022, as previously reported	513,150,060	50,849,137	(675,370,884)	730,326,507	-	618,954,820
Adjustment on correction of error (note 25)	-	-	16,537,478	(16,537,478)	-	-
At 31 December 2022 (audited) (restated, note 25)	513,150,060	50,849,137	(658,833,406)	713,789,029	-	618,954,820
Profit for the period	-	-	-	51,426,244	-	51,426,244
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	51,426,244	-	51,426,244
At 31 March 2023 (unaudited)	513,150,060	50,849,137	(658,833,406)	765,215,273	-	670,381,064

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Arabian Mills for Food Products Company
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INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2024

	31 March 2024 (Unaudited) SR	31 March 2023 (Unaudited) SR
OPERATING ACTIVITIES		
Profit before zakat	56,884,783	52,386,320
<i>Adjustments to reconcile profit before zakat tax to net cash flows:</i>		
Depreciation for property, plant and equipment	16,103,354	15,434,187
Depreciation of right-of-use assets	2,814,482	3,449,886
Amortisation of intangible assets	770,173	770,173
Interest cost on lease liabilities	1,582,609	796,382
Interest cost on long-term and short-term loans	19,987,757	30,040,128
Amortisation of transaction costs on long-term loans	371,661	295,955
Finance income	(571,350)	-
Provision for slow moving inventory	460,545	-
Provision for employees' defined benefit liabilities	682,513	824,257
	99,086,527	103,997,288
<i>Changes in operating assets and liabilities:</i>		
Inventories	(9,589,651)	(7,092,652)
Prepayments and other current assets	(628,501)	(3,096,607)
Amounts due from a related party	505,866	-
Accounts receivable	(14,469,851)	(4,317,997)
Accounts payables	9,017,375	482,984
Accrued expenses and other current liabilities	7,044,138	9,690,680
Advances from customers	6,076,212	5,424,091
Amounts due to a related party	269,278	256,083
Net cash from operations	97,311,393	105,343,870
Employees' defined benefit liabilities paid	-	(12,215)
Net cash flows from operating activities	97,311,393	105,331,655
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,071,328)	(5,138,824)
Investment in short-term deposits	(100,000,000)	-
Net cash used in investing activities	(102,071,328)	(5,138,824)
FINANCING ACTIVITIES		
Payment of principal portion of lease liabilities	-	(14,606,847)
Finance costs paid for loans and lease liabilities	-	(796,382)
Net cash used in financing activities	-	(15,403,229)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,759,935)	84,789,602
Cash and cash equivalents at the beginning of the period	127,797,523	573,850,801
Cash and cash equivalents at the end of the period	123,037,588	658,640,403
Non-cash transactions		
Reclassification of capital spares from inventories to property, plant and equipment	-	25,835,733

The attached notes 1 to 27 form an integral part of these interim condensed financial statements.

Arabian Mills for Food Products Company
(formerly: The Second Milling Company)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2024

1. CORPORATE INFORMATION

Arabian Mills for Food Products Company (formerly: The Second Milling Company) (the “Company”) – is a Saudi Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010465464 dated 10 Safar 1438H (corresponding to 10 November 2016).

The national address of the Company is Building no. 5252, Jabal Abu Zawalah Street, Al Manakh District, PO Box 6868, Riyadh 14313, Kingdom of Saudi Arabia.

The Company’s licensed activities include Packing and grinding wheat, packing and grinding grits, semolina, and bulgur, manufacture of concentrated feed for animals, manufacture of livestock feed, wholesale of bakery products, trade of specialty and healthy foods, land transportation of goods, storage in ports and customs or free zones, and integrated office administrative services activities.

The Company was formed by the Public Investment Fund (the “Former Owner”) pursuant to the resolution of the Council of Ministers no. (35) of 27 Muharram 1437H (corresponding to 9 November 2015) approving the adoption of the necessary actions to establish four Joint Stock Flour Milling Companies according to the proposed geographical distribution. The Public Investment Fund, in coordination with the General Food Security Authority (“GFSA”) (formerly Saudi Grains Organization (“SAGO")), completed so in accordance with Royal Decree no. 62 dated 4 Shawwal 1435H (corresponding to 31 July 2014).

On 17 Shawwal 1441H (corresponding to 9 June 2020), a Cabinet decision was issued to transfer the ownership of the Company to the National Center for Privatization and the National Center for Privatization shall carry out the tasks assigned to the Public Investment Fund by Cabinet Resolution No. (118) dated Safar 1440H.

On 25 Rabi Al-Thani 1443H (corresponding to 30 November 2021), the Company’ share capital of 51,315,006 shares of SR 10 per share, were wholly sold to Food Security Holding Company (the “Parent Company”) for the purchase price specified in the share sale and purchase agreement on the same date.

The Company has entered into a subsidised wheat purchase agreement with the General Food Security Authority (“GFSA”) (formerly Saudi Grains Organizations (“SAGO”)) as GFSA imports wheat to Kingdom of Saudi Arabia for the purpose of producing subsidised flour. This Agreement entered into force on 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017) and shall be terminated when the Former Owner sells its shares in the Company. The agreement stipulates that the subsidised wheat subsidy price is calculated according to the monetary value per metric ton of subsidised wheat currently specified by the Government of the Kingdom of Saudi Arabia at SR 180 per metric ton. On 15 Rabi Al-Thani 1442H (corresponding to 30 November 2020), the agreement regulating the purchase and sale of subsidised and non-subsidised wheat has been renewed by GFSA, and this agreement is valid until the expiry date of the license of the main purchaser (the “Company”).

On 8 Safar 1444H (corresponding to 4 September 2022), the Company entered into a merger agreement (the “Merger”) pursuant to which the Company and the Parent Company have agreed to take necessary steps to implement the Merger between the two companies in accordance with the applicable regulations and articles from 191 to 193 of the Companies Law. Subsequently, on 6 Jumada Al-Ula 1444H (corresponding to 30 November 2022), pursuant to the approval of the Ministry of Commerce (the “MOC”), the Parent Company ceased to exist and all of the assets and liabilities of the Parent Company were transferred to the Company.

The Company and the Parent Company have satisfied the required regulatory approvals and the Merger conditions agreed between the two companies in the Merger agreement. The legal formality has been completed and the Parent Company’s commercial registration was canceled and closed for the purpose of the merger on 24 Jumada Al-Ula 1444H (corresponding to 18 December 2022).

Arabian Mills for Food Products Company
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2024

1. CORPORATE INFORMATION (continued)

The Company operates through its Head Office in Riyadh and three branches in the many cities in the Kingdom of Saudi Arabia listed as follows:

Branch Name	Date	Commercial Registration Number
Head Office (Riyadh)	10 Safar 1438H (corresponding to 10 November 2016)	1010465464
Riyadh	27 Jumada Al-Akhirah 1438H (corresponding to 26 March 2017)	1010469375
Jazzan	27 Jumada Al-Akhirah 1438H (corresponding to 26 March 2017)	5900036083
Hail	27 Jumada Al- Akhirah 1438H (corresponding to 26 March 2017)	3350044599

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

2.1 Statement of compliance

These interim condensed financial statements of the Company for the three-month period ended 31 March 2024 have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia. The Company has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2023. These interim condensed financial statements for the three-month period ended 31 March 2024 are not affected significantly by seasonality of results. The results shown in these interim condensed financial statements may not be indicative of the annual results of the Company’s operations.

These interim condensed financial statements are prepared under the historical cost convention, using the accrual basis of accounting except for employees’ defined benefit liabilities which is recognised at the present value of future obligations using the projected unit credit method. These interim condensed financial statements are presented in Saudi Riyals (“SR”) which is the functional and presentation currency of the Company. All values are rounded to the nearest Saudi Riyal, except when otherwise indicated.

2.2 Material Accounting Policies Information and new standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed financial statements of the Company.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Company’s interim condensed financial statements.

Arabian Mills for Food Products Company
(formerly: The Second Milling Company)
(A Saudi Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2024

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES (continued)

2.2 Material Accounting Policies Information and new standards, interpretations and amendments adopted by the Company (continued)

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Company's interim condensed financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments had no impact on the Company's interim condensed financial statements.

2.3 Significant accounting estimates

The preparation of the interim condensed financial statements in conformity with IAS 34 as endorsed in KSA requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments used in the preparation of these interim condensed financial statements are consistent with those used in preparation of the Company's annual financial statements for the year ended 31 December 2023.

3 SEGMENT INFORMATION

The operations of the Company are mainly in the Kingdom of Saudi Arabia in three branches: Riyadh, Hail and Jazan. For management reporting purpose, the Company is organised into these business units which are identified as reportable segments. No operating segments have been aggregated to form the above reportable operating segments.

Chief Executive Officer ("CEO") is the Chief Operating Decision Maker ("CODM") who monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently in the interim condensed financial statements. Also, zakat is managed on a head office level and are not allocated to operating segments. All reportable segments have similar type of products. There are no inter-segment transfers during the period.

Arabian Mills for Food Products Company
(formerly: The Second Milling Company)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2024

3 SEGMENT INFORMATION (continued)

The selected financial information for these branches is as follows:

*For the three-month period
ended 31 March 2024
(unaudited)*

	Riyadh SR	Jazzan SR	Hail SR	Head office SR	Total segments SR
Revenue	148,019,813	43,445,707	48,454,505	-	239,920,025
Materials consumed	(50,312,282)	(12,845,411)	(21,981,053)	-	(85,138,746)
Employees' costs	(6,895,510)	(4,124,895)	(4,632,695)	(8,351,629)	(24,004,729)
Depreciation and amortisation	(8,981,987)	(6,117,922)	(3,665,755)	(922,345)	(19,688,009)
Board and committees' expenses, rewards, and allowances	-	-	-	(900,000)	(900,000)
Finance costs	(542,064)	(556,819)	(483,725)	(20,359,419)	(21,942,027)
Finance income	-	-	-	571,350	571,350
Other expenses	(11,811,238)	(7,491,539)	(7,843,335)	(5,326,096)	(32,472,208)
Other income	391,213	8,368	139,546	-	539,127
Segment profit (loss)	69,867,945	12,317,489	9,987,488	(35,288,139)	56,884,783

*For the three-month period
ended 31 March 2023
(unaudited)*

	Riyadh SR	Jazzan SR	Hail SR	Head office SR	Total segments SR
Revenue	154,563,809	40,787,123	30,294,495	-	225,645,427
Materials consumed	(52,768,037)	(13,001,455)	(13,131,359)	-	(78,900,851)
Employees' costs	(7,093,904)	(4,028,312)	(4,423,141)	(6,609,908)	(22,155,265)
Depreciation and amortisation	(10,292,090)	(5,423,855)	(3,059,598)	(878,703)	(19,654,246)
Board and committees' expenses, rewards, and allowances	-	-	-	(450,000)	(450,000)
Finance costs	(266,367)	(279,028)	(250,987)	(30,336,083)	(31,132,465)
Other expenses	(5,856,561)	(3,502,006)	(3,388,752)	(9,329,265)	(22,076,584)
Other income	606,386	131,236	371,431	1,251	1,110,304
Segment (loss) profit	78,893,236	14,683,703	6,412,089	(47,602,708)	52,386,320

*As of 31 March 2024
(unaudited)*

	Riyadh SR	Jazzan SR	Hail SR	Head office SR	Total segments SR
Total assets	586,001,035	467,436,564	283,423,987	1,056,764,975	2,393,626,561
Total liabilities	161,663,315	118,089,305	116,688,358	1,118,667,357	1,515,108,335

Other disclosures:

Property, plant and equipment	363,728,159	337,078,596	169,210,534	7,949,651	877,966,940
Capital expenditure	1,152,951	361,794	504,124	52,459	2,071,328
Right of use assets	87,633,325	90,776,640	77,716,340	-	256,126,305
Inventories	56,879,562	23,656,883	27,330,588	73,715	107,940,748
Goodwill	-	-	-	822,434,373	822,434,373

Arabian Mills for Food Products Company
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 31 March 2024

3 SEGMENT INFORMATION (continued)

<i>As of 31 December 2023 (audited)</i>	<i>Riyadh</i>	<i>Jazzan</i>	<i>Hail</i>	<i>Head office</i>	<i>Total segments</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Total assets	560,103,724	478,640,042	298,443,794	954,522,675	2,291,710,235
Total liabilities	136,476,384	118,459,758	108,575,690	1,105,231,960	1,468,743,792
<i>Other disclosures:</i>					
Property, plant and equipment	379,005,999	339,962,312	171,399,742	1,630,913	891,998,966
Capital expenditure	6,007,892	7,917,707	4,821,064	972,925	19,719,588
Right of use assets	88,587,815	91,782,607	78,570,365	-	258,940,787
Inventories	49,626,998	23,970,556	25,140,867	73,221	98,811,642
Goodwill	-	-	-	822,434,373	822,434,373

4 PROPERTY, PLANT AND EQUIPMENT

	<i>At 31 December</i>	<i>Additions</i>		<i>Depreciation</i>	<i>At 31 March</i>
	<i>2023 (audited)</i>	<i>during the</i>	<i>Transfers</i>	<i>charge for the</i>	<i>2024 (unaudited)</i>
	<i>SR</i>	<i>period</i>	<i>SR</i>	<i>period</i>	<i>SR</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	
Buildings	294,495,407	114,662	-	(5,062,086)	289,547,983
Plant and machinery	553,121,722	789,754	286,104	(9,555,699)	544,641,881
Capital spares	25,175,654	439,763	(286,104)	(481,611)	24,847,702
Furniture and fittings	6,270,311	438,524	-	(238,535)	6,470,300
Computer equipment	1,070,371	48,625	-	(117,416)	1,001,580
Motor vehicles	5,533,955	-	-	(648,007)	4,885,948
Capital work in progress**	6,331,546	240,000	-	-	6,571,546
Total	891,998,966	2,071,328	-	(16,103,354)	877,966,940

	<i>At 31</i>	<i>Additions</i>	<i>Transfer</i>		<i>At 31</i>	
	<i>December</i>	<i>during the</i>	<i>from</i>	<i>Depreciation</i>	<i>December 2023</i>	
	<i>2022 (audited)</i>	<i>period</i>	<i>inventories</i>	<i>charge for</i>	<i>(audited)</i>	
	<i>SR</i>	<i>SR</i>	<i>***</i>	<i>the period</i>	<i>SR</i>	
		<i>SR</i>	<i>SR</i>	<i>SR</i>		
Buildings	286,349,786	544,369	-	20,996,415	(13,395,163)	294,495,407
Plant and machinery	569,459,131	5,001,160	-	15,915,288	(37,253,857)	553,121,722
Capital spares	-	849,519	25,835,733	-	(1,509,598)	25,175,654
Furniture and fittings	5,743,611	1,075,965	-	344,275	(893,540)	6,270,311
Computer equipment	784,372	693,548	-	-	(407,549)	1,070,371
Motor vehicles	6,606,360	144,500	-	-	(2,517,406)	5,533,955
Capital work in progress	33,477,498	101,002	-	(37,255,978)	-	6,331,546
Total	902,420,758	19,719,588	25,835,733	-	(55,977,113)	891,998,966

Buildings are built on land leased from the General Food Security Authority (“GFSA”) (formerly Saudi Grains Organization) with an annual rental value of SR 3,017,456 (which is increasing at the rate of 5% after every 3 years). The initial term of the land lease is 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017), which was adjusted in 2021 to match with the duration of flour milling license (i.e. 30 November 2046). The lease is renewable automatically subject to renewal of Company’s milling license.

** Capital work in progress amounting to SR 6.57 million (31 December 2023: SR 6.33 million) mainly consists of the following projects:

- Project of completion of safety works in Hail
- Construction of spare parts warehouse in Jizan.
- Establishing parking for forklifts and charging station in Jizan.

The expected completion date is end of 2024 and the related capital commitments amounts to SR 4.9 million.

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4 PROPERTY, PLANT AND EQUIPMENT (continued)

*** During the year ended 31 December 2023, management has assessed that certain capital spares with a cost of SR 28,047,118 and provision for slow-moving inventories of SR 2,211,385 have useful life of above 1 year and hence it meets the criteria of capitalisation under property, plant and equipment. Consequently, management has reclassified SR 25.84 million from inventories to property, plant and equipment.

Depreciation expense has been allocated as follows:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Direct costs for the period / year	15,055,209	55,478,969
General and administration for the period / year	902,126	207,037
Selling and distribution for the period / year	146,019	291,107
Total charge for the period / year	16,103,354	55,977,113

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company entered into a lease agreement with the General Food Security Authority (“GFSA”) (formerly Saudi Grains Organization (“SAGO”)) for the rental of silos for the purpose of storing wheat, flour, and feed. The term of the lease is 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017), which was adjusted in December 2021 to match with the duration of flour milling license upto 30 November 2046 and is renewable automatically subject to renewal of Company’s milling license. The estimated useful lives of leased assets for amortising right of use assets purposes are 25 years.

The Company has entered into land leases for business units. The initial term of the land lease is 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017), which was adjusted in 2021 to match with the duration of flour milling license (i.e., 30 November 2046). These leases do not transfer ownership of the assets to the lessor at the end of the lease. The estimated useful lives of right-of-use assets are 25 years from December 2021 and ending on 30 November 2046. The legal ownership of the right of use assets are retained with the lessor. Generally, the Company is restricted from assigning and subleasing the leased assets.

Movement in right-of-use assets is presented below:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	258,940,787	272,740,329
Depreciation charge for the period / year	(2,814,482)	(13,799,542)
At the end of the period / year	256,126,305	258,940,787

Movement in lease liabilities is presented below:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	285,942,686	298,160,387
Accretion of interest for the period / year	1,582,609	3,185,528
Payments during the period / year	-	(15,403,229)
At the end of the period / year	287,525,295	285,942,686
Bifurcated into:		
Current portion	30,806,458	15,403,229
Non-current portion	256,718,837	270,539,457

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5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Depreciation has been allocated as follows:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Direct costs for the period / year	1,125,791	13,799,542
General and administration for the period / year	1,407,242	-
Selling and distribution for the period / year	281,449	-
Total charge for the period / year	2,814,482	13,799,542

6 INTANGIBLE ASSETS

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	64,974,887	68,269,768
Write-off during the period / year	-	(214,188)
Amortisation charge for the period / year	(770,173)	(3,080,693)
At the end of the period / year	64,204,714	64,974,887

Amortisation has been allocated as follows:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
General and administration for the period / year	163,363	653,452
Selling and distribution for the period / year	606,810	2,427,241
Total charge for the period / year	770,173	3,080,693

7 GOODWILL

Pursuant to privatization programme by the General Food Security Authority (“GFSA”) (formerly: Saudi Arabian Grain Organization “SAGO”), Food Security Holding Company (the “former Parent Company”) entered into an agreement with National Centre for Privatization & Public Private Partnership (PPP) (“NCP”) on 30 November 2021 to acquire 100% equity stake in the Company.

The former Parent Company paid a consideration of SR 2.15 billion to acquire the Company with book value of net assets of SR 1,140.55 million. In 2022, the former Parent Company completed the purchase price allocation (“PPA”) to net assets within a measurement period in which the former Parent Company identified and measured the identifiable assets and liabilities assumed as of the acquisition date in accordance with the requirements of IFRS 3 Business Combination.

Goodwill is assessed for impairment at Company level. The Company has performed its impairment test for goodwill on 31 December 2023. The recoverable amount of all the CGUs is ranging from SR 1,938.8 million to SR 2,279.6 million as at 31 December 2023 (2022: SR 1,782 million) has been determined based on a value-in-use calculation using cash flow projections from financial budgets reviewed by senior management covering a five-year period. The post-zakat discount rate applied to cash flow projections is between 11.5% to 12.5%. As at 31 December 2023, the value-in-use of the asset was higher than the net assets value of the Company, indicating no impairment of goodwill. At 31 March 2024, management evaluated that there is no major change in the assumption used for impairment assessment compared to 31 December 2023 and value-in-use of the asset does not change materially from 31 December 2023.

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8 INVENTORIES

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Spare parts	73,713,286	73,150,421
Raw materials	31,314,398	29,128,750
Finished goods *	15,005,701	8,180,488
Others	1,360,080	1,344,155
Less: provision for slow moving inventories	(13,452,717)	(12,992,172)
	107,940,748	98,811,642

* The cost of finished goods includes direct costs and indirect costs, indirect costs are allocated based on the quantities produced.

9 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Advanced to suppliers	5,865,533	3,400,735
IPO costs***	5,359,515	3,700,400
Margin on letters of guarantees	2,187,976	2,187,976
Prepayments	1,170,320	2,339,366
Margin on letters of credit	846,346	3,260,441
Accrued interest on short-term deposits	571,350	-
Other receivables	283,850	196,121
	16,284,890	15,085,039

*** It represents amounts paid to various consultants to assist in Initial Public Offering (“IPO”) of the Company. The amounts will be recharged to the related parties once IPO is complete.

10 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders and key management personnel of the Company, and entities controlled or significantly influenced by such parties. The terms of the transactions with related parties are approved by the Company’s management and shareholders.

Name of related party	Nature of relationship
Abdulaziz Alajlan Sons Co. for Commercial and Real Estate Investment	Shareholder
Sulaiman Abdulaziz Alrajhi International Company	Shareholder
National Agriculture Development Company (NADEC)	Shareholder
Watania Poultry Company	Related to member board of director

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10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Following table provides the total amount of transactions that have been entered into with related parties during the three-month period ended 31 March 2024 and 31 March 2023, as well as balances with related parties as at 31 March 2024 and 31 December 2023:

		<i>For the three-month period ended</i>	
		<i>31 March 2024</i>	<i>31 March 2023</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>SR</i>	<i>SR</i>
Watania Poultry Company	Revenue	1,746,192	-
National Agriculture Development Company (NADEC)	Revenue	5,196,488	5,014,460

Balances outstanding with the related parties is presented below:

		<i>31 March 2024</i>	<i>31 December 2023</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>SR</i>	<i>SR</i>
Amounts due from related parties			
Abdulaziz Alajlan Sons Co. for Commercial and Real Estate Investment		3,520,603	3,520,603
National Agriculture Development Company (NADEC)		1,300,131	1,805,997
		4,820,734	5,326,600
Amounts due to a related party			
Watania Poultry Company		269,278	-

Compensation of key management personnel of the Company

Compensation of the Company's key management personnel includes salaries and other benefits. The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Transactions with key management personnel

		<i>31 March 2024</i>	<i>31 March 2023</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		SR	SR
Compensation of key management personnel of the Company (*)		3,163,207	3,017,718
Board and committees' expenses, rewards and allowances		900,000	450,000
Total compensation to key management personnel		4,063,207	3,467,718

(*) Compensation of key management personnel of the Company

Short-term employee benefits	3,085,104	2,922,597
Long-term employee benefits	78,103	95,121

11 CASH AND CASH EQUIVALENTS

		<i>31 March 2023</i>	<i>31 December 2023</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>SR</i>	<i>SR</i>
Cash at banks		123,037,588	127,797,523
		123,037,588	127,797,523

Short-term deposits

Short-term deposits are deposited into a commercial bank for a period exceeding three months from the date of deposit and earns interest at floating rate based on effective interest rate of 6.10%.

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12 SHARE CAPITAL

The Company's authorised, issued and paid-up share capital is divided into 51,315,006 shares of SR 10 each (31 December 2023: 51,315,006 shares), held as follows:

	31 March 2023 (Unaudited) SR	31 December 2023 (Audited) SR	Ownership percentage
Abdulaziz Alajlan Sons Co. for Commercial and Real Estate Investment	257,232,540	257,232,540	50.13%
Sulaiman Abdulaziz Alrajhi International Company	179,602,520	179,602,520	35.00%
National Agriculture Development Company (NADEC)	76,315,000	76,315,000	14.87%
	513,150,060	513,150,060	100%

13 LOANS

On 28 November 2021, the former Parent Company signed a Murabaha facility agreement with a local bank to acquire the shares in the Company as following:

- An amount of SR 1,500 million long-term Murabaha loan with maturity period of 18 years as of date of loan agreement, with a grace period of 24 months, repayable in 32 semi-annual installments ending on 31 December 2039, with a return rate based on SAIBOR and a bank margin. During the year ended 31 December 2023, the Company made an early payment of SR 400 million, which was not scheduled as per repayment schedule. Also refer to note 26.
- An amount of SR 273 million against short-term Murabaha facilities for 12 months. The loan has been repaid during the year ended 31 December 2023.

31 March 2024 (unaudited)

	<i>Short-term loan</i>			<i>Long-term loan</i>	<i>Total loans</i>
	<i>Cash bridge Loan Facility 1</i>	<i>Cash bridge Loan Facility 2</i>	<i>Total</i>	<i>Acquisition Loan Facility</i>	
Maturity date	29 October 2023	29 October 2023		31 December 2039	
Principle loan payable	-	-	-	1,100,000,000	1,100,000,000
Interest loan payable	-	-	-	32,023,344	32,023,344
Unamortised finance costs	-	-	-	(22,981,838)	(22,981,838)
Total	-	-	-	1,109,041,506	1,109,041,506

31 December 2023 (audited)

	<i>Short-term loan</i>			<i>Long-term loan</i>	<i>Total loans</i>
	<i>Cash bridge Loan Facility 1</i>	<i>Cash bridge Loan Facility 2</i>	<i>Total</i>	<i>Acquisition Loan Facility</i>	
Maturity date	29 October 2023	29 October 2023		31 December 2039	
Principle loan payable	-	-	-	1,100,000,000	1,100,000,000
Interest loan payable	-	-	-	12,035,587	12,035,587
Unamortised finance costs	-	-	-	(23,353,499)	(23,353,499)
Total	-	-	-	1,088,682,088	1,088,682,088

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13 LOANS (continued)

Above amounts are presented in the interim condensed statement of financial position as below:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Current portion of long-term loans	27,500,000	27,500,000
Long-term loans (non-current)	1,049,518,162	1,049,146,501
Interest payable on loans	32,023,344	12,035,587
	<u>1,109,041,506</u>	<u>1,088,682,088</u>

During the current period, transaction cost of SR 371,661 (31 March 2023: SR 295,955) has been amortised and released to interim condensed statement of profit or loss. Effective interest rate on the loan is 6.97% during the period.

Both long-term and short-term loan facilities involves several guarantees, including promissory notes, pledge over the Company's bank account including dividend receipt account, share pledge over the shares in the Company held by the shareholders including assignment of dividends and assignment of any shareholder loan from the shareholders to the Company, assignment / pledge of Company's rights under compensation and claims agreement, pledge over project accounts of the Company and pledge over insurance proceeds of the Company. Following the merger with the former Parent Company, both the loans are novated in the name of the Company.

14 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Accrued employees' costs	16,348,214	13,287,436
VAT payable	4,566,239	-
Accrued Board of Directors' remuneration	3,150,000	3,324,250
Accrued rebates	1,695,449	2,999,577
Accrued marketing costs	900,000	-
Other accruals	15,018	19,519
	<u>26,674,920</u>	<u>19,630,782</u>

15 ZAKAT

The Company is subject to zakat on its zakat base calculated in accordance with zakat regulations enforced in the Kingdom of Saudi Arabia.

Movement in zakat provision were as follows:

	31 March 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	5,122,094	11,515,152
Charge for the period / year	1,500,000	5,169,127
Paid during the period / year	-	(11,562,185)
At the end of the period / year	<u>6,622,094</u>	<u>5,122,094</u>

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15 ZAKAT (continued)

Status of zakat and income tax assessment

The Company was subject to zakat and income tax from 1 December 2021 as previously its share capital was from public funds in accordance with the decision of the Zakat, Tax and Customs Authority (ZATCA). The Company has submitted its zakat and income tax return for a period from 1 December 2021 to 31 December 2021 and for the years ended 31 December 2022 and 31 December 2023, however assessment has not been raised by ZATCA.

16 REVENUE

	<i>For the three-month period ended</i>	
	<i>31 March 2024</i>	<i>31 March 2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>
Flour	140,556,711	137,972,142
Bran	70,346,084	56,488,231
Feed	40,918,619	32,236,630
Rebates	(11,901,389)	(1,051,576)
	239,920,025	225,645,427

The Company sells its goods based on sale orders from customers, majority of which is secured by the advance receipts of value of goods. The sale of goods by the Company is recognised at a point in time basis. The performance obligation is satisfied at time of dispatch of goods from the warehouses in Kingdom of Saudi Arabia.

Disaggregation of revenue

	<i>For the three-month period ended</i>	
	<i>31 March 2024</i>	<i>31 March 2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>
Type of sector		
Corporate sector	220,105,483	206,101,143
Individual sector	19,794,502	19,495,564
Government sector	20,040	48,720
	239,920,025	225,645,427

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17 DIRECT COSTS

	<i>For the three-month period ended</i>	
	<i>31 March 2024</i>	<i>31 March 2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>
Raw material consumed	91,963,959	79,992,755
Depreciation of property, plant and equipment	15,055,209	14,822,143
Employees' costs	8,378,023	8,669,963
Fuel and Power	5,470,582	6,082,949
Maintenance	5,580,420	1,522,396
Transportation	1,848,489	92,219
Bonus	1,189,416	1,193,282
Depreciation of right-of-use assets	1,125,791	3,449,886
Insurance	557,842	448,432
Provision for slow-moving inventories	460,545	-
Short-term leases	127,500	87,500
Other expenses	2,696,418	1,983,881
Finished goods at the beginning of the period	8,180,488	9,163,114
Finished goods at the end of the period	(15,005,701)	(10,255,018)
	127,628,981	117,253,502

18 SELLING AND DISTRIBUTION EXPENSES

	<i>For the three-month period ended</i>	
	<i>31 March 2024</i>	<i>31 March 2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>
Shipping and transportation expenses	4,813,820	850,800
Employees' costs	3,288,971	1,713,737
Marketing costs	2,092,900	5,018,125
Discounts on customer contracts	1,695,449	-
Amortisation of intangible assets	606,810	606,810
Bonus	587,889	71,444
Depreciation of right-of-use assets	281,449	-
Depreciation of property, plant and equipment	146,019	96,306
Insurance	117,000	164,935
Repair and maintenance	98,036	66,123
Fuel and Power	42,412	53,055
Short-term leases	13,716	13,716
Other expenses	9,394	230,995
	13,793,865	8,886,046

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19 GENERAL AND ADMINISTRATION EXPENSES

	<i>For the three-month period ended</i>	
	<i>31 March 2024</i> <i>(Unaudited)</i> SR	<i>31 March 2023</i> <i>(Unaudited)</i> SR
Salaries and other benefits	8,892,733	10,267,698
Bonus	1,667,697	239,141
Bank charges on credit sales	1,892,550	-
Depreciation of right-of-use assets	1,407,242	-
Depreciation of property, plant, and equipment	902,126	515,738
Board and committees' expenses, rewards, and allowances	900,000	450,000
Professional and consulting fees	899,017	1,884,914
Maintenance	806,753	408,088
Insurance	517,799	372,588
Telecommunication	404,909	256,756
Technology supplies	362,086	592,992
Fuel and Power	180,240	163,816
Amortisation of intangible assets	163,363	163,363
Other expenses	1,784,331	1,782,304
	<u>20,780,846</u>	<u>17,097,398</u>

20 FINANCE COSTS

	<i>For the three-month period ended</i>	
	<i>31 March 2024</i> <i>(Unaudited)</i> SR	<i>31 March 2023</i> <i>(Unaudited)</i> SR
Interest costs on loans	19,987,757	30,040,128
Interest costs on lease liabilities	1,582,609	796,382
Amortisation of transaction costs on loans	371,661	295,955
	<u>21,942,027</u>	<u>31,132,465</u>

21 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period.

Following table reflects the income and share data used in the basic and diluted EPS computations:

	<i>31 March 2024</i> <i>(Unaudited)</i> SR	<i>31 March 2023</i> <i>(Unaudited)</i> SR
Profit for the period	55,551,783	51,426,244
Weighted average number of ordinary shares for basic and diluted EPS	51,315,006	51,315,006
Earnings per share – basic and diluted	1.08	1.00

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of the interim condensed financial statements.

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22 CONTINGENT LIABILITIES

As of 31 March 2024, the Company had contingent liabilities arose during its normal business cycle and related to letters of credit and letters of guarantee of SR 3,034,322 (31 December 2023: SR 3,850,509).

23 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's capital and financial risk management strategies have not changed significantly since the last year end. All financial assets and financial liabilities of the Company are classified and measured at amortised cost.

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial asset consists of cash and cash equivalents, accounts receivables, amounts due from related parties and other receivables. Its financial liabilities consist of accounts payables, amounts due to a related party, lease liabilities and long-term loans.

Management believes that the fair value of the financial instruments of the Company at the reporting date approximate their carrying value.

25 RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

During the year ended 31 December 2023, the Company restated certain amounts and balances included in the prior periods financial statements to reflect appropriate accounting treatment and classification. The details of each of such restatements have been summarised below:

Restatement - 1

During the year ended 31 December 2023, management of the Company has identified that they have not reassessed the value of lease liabilities after obtaining flour milling license in 2021. Management has done the reassessment during the year and as a result, the right-of-use assets and lease liabilities were understated. The error has been corrected by restating each of the affected financial statement line items for the prior period opening balance.

Restatement - 2

During the year ended 31 December 2023, management discovered that in prior periods, the useful life of the buildings that are built on leased land were erroneously based on the economic life of the buildings instead of the lease term. Consequently, the carrying value of buildings were overstated and the related accumulated depreciation was understated.

The above-mentioned errors have been corrected by restating each of the affected financial statement line items for the prior periods. Following tables summarises the impacts on the Company's financial statements:

At 31 December 2022

	<i>Previously stated (SR)</i>	<i>Restatement (SR)</i>	<i>Restated (SR)</i>
STATEMENT OF FINANCIAL POSITION			
Right-of-use assets	165,623,902	107,116,427	272,740,329
Lease liabilities	191,043,960	107,116,427	298,160,387
Retained earnings	730,326,507	16,537,478	713,789,029
Merger deficit reserve	675,370,884	16,537,478	658,833,406

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At 31 March 2024

26 EVENTS AFTER THE REPORTING DATE

On 21 Thul-Hijjah 1445H (corresponding to 27 June 2024), the Company has made a voluntary payment of SR 100 million against long-term loans, in addition to payment as per repayment schedule.

Apart from above, no other significant subsequent event since the three-month period ended 31 March 2024 that would have a material impact on the interim condensed financial position of the Company as reflected in these interim condensed financial statements.

27 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorised for issuance by the Company's Board of Directors on 17 Muharram 1446H (corresponding to 23 July 2024).