

**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 AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

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

INTERIM CONDENSED FINANCIAL STATEMENTS

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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 30 June 2024, and the related interim condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2024 and the related interim condensed statements of changes in equity and cash flows for the six-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 condensed 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)



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سجل تجاري ١٠١٠٣٨٣٨٢١
CR. 1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهيئة ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Riyadh: 16 Safar 1446H
(20 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 30 June 2024

	<i>Notes</i>	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant, and equipment	4	864,098,967	891,998,966
Right-of-use assets	5	253,311,404	258,940,787
Intangible assets	6	63,434,540	64,974,887
Goodwill	7	822,434,373	822,434,373
TOTAL NON – CURRENT ASSETS		<u>2,003,279,284</u>	<u>2,038,349,013</u>
CURRENT ASSETS			
Inventories	8	115,487,809	98,811,642
Prepayments and other current assets	9	21,195,595	15,085,039
Amount due from related parties	10	5,619,950	5,326,600
Accounts receivable		33,708,503	6,340,418
Cash and cash equivalents	11	87,219,355	127,797,523
TOTAL CURRENT ASSETS		<u>263,231,212</u>	<u>253,361,222</u>
TOTAL ASSETS		<u>2,266,510,496</u>	<u>2,291,710,235</u>
<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		360,475,420	258,967,246
Actuarial reserve		34,000	-
TOTAL EQUITY		<u>924,508,617</u>	<u>822,966,443</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current portion of lease liabilities	5	258,301,444	270,539,457
Long-term loans	13	938,227,276	1,049,146,501
Employees' defined benefit liabilities		4,455,310	3,297,164
TOTAL NON-CURRENT LIABILITIES		<u>1,200,984,030</u>	<u>1,322,983,122</u>
CURRENT LIABILITIES			
Accounts payables		49,819,442	49,925,900
Accrued expenses and other current liabilities	14	22,280,411	19,630,782
Interest payable on loans	13	4,925,753	12,035,587
Current portion of long-term loan		25,451,612	27,500,000
Current portion of lease liabilities	5	15,403,229	15,403,229
Amounts due to a related party	10	1,120,041	-
Advances from customers		19,017,361	16,143,078
Zakat provision	15	3,000,000	5,122,094
TOTAL CURRENT LIABILITIES		<u>141,017,849</u>	<u>145,760,670</u>
TOTAL LIABILITIES		<u>1,342,001,879</u>	<u>1,468,743,792</u>
TOTAL EQUITY AND LIABILITIES		<u>2,266,510,496</u>	<u>2,291,710,235</u>

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)
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the three-month and six-month periods ended 30 June 2024

	Notes	<i>For the three-month period ended</i>		<i>For the six-month period ended</i>	
		<i>30 June 2024 (Unaudited) SR</i>	<i>30 June 2023 (Unaudited) SR</i>	<i>30 June 2024 (Unaudited) SR</i>	<i>30 June 2023 (Unaudited) SR</i>
Revenue	16	226,566,440	174,225,142	464,791,016	399,870,569
Direct costs	17	(119,728,498)	(99,970,463)	(247,357,479)	(217,223,965)
GROSS PROFIT		106,837,942	74,254,679	217,433,537	182,646,604
EXPENSES					
Selling and distribution	18	(13,757,016)	(5,054,512)	(25,855,432)	(13,940,558)
General and administration	19	(25,431,526)	(18,996,468)	(46,212,372)	(36,093,866)
TOTAL EXPENSES		(39,188,542)	(24,050,980)	(72,067,804)	(50,034,424)
OPERATING PROFIT		67,649,400	50,203,699	145,365,733	132,612,180
Finance costs	20	(21,966,809)	(31,106,089)	(43,908,836)	(62,238,554)
Finance income		1,461,984	6,256,250	2,033,334	6,256,250
Other income		562,285	716,084	1,101,412	1,826,388
PROFIT BEFORE ZAKAT		47,706,860	26,069,944	104,591,643	78,456,264
Zakat	15	(1,583,469)	(5,669,444)	(3,083,469)	(6,629,520)
PROFIT FOR THE PERIOD		46,123,391	20,400,500	101,508,174	71,826,744
OTHER COMPREHENSIVE (LOSS) INCOME					
Remeasurement (loss) gain on employees' defined benefit liabilities		(133,000)	-	34,000	-
Total other comprehensive (loss) income		(133,000)	-	34,000	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		45,990,391	20,400,500	101,542,174	71,826,744
Earnings per share (EPS)					
Basic and diluted earnings per share	21	0.90	0.40	1.98	1.40

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)
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2024

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Merger deficit reserve</i>	<i>Retained earnings</i>	<i>Actuarial reserve</i>	<i>Total</i>
	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
At 31 December 2023 (audited)	513,150,060	50,849,137	-	258,967,246	-	822,966,443
Profit for the period	-	-	-	101,508,174	-	101,508,174
Other comprehensive income	-	-	-	-	34,000	34,000
Total comprehensive income for the period	-	-	-	101,508,174	34,000	101,542,174
At 30 June 2024 (unaudited)	<u>513,150,060</u>	<u>50,849,137</u>	<u>-</u>	<u>360,475,420</u>	<u>34,000</u>	<u>924,508,617</u>
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	-	-	-	71,826,744	-	71,826,744
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	71,826,744	-	71,826,744
At 30 June 2023 (unaudited)	<u>513,150,060</u>	<u>50,849,137</u>	<u>(658,833,406)</u>	<u>785,615,773</u>	<u>-</u>	<u>690,781,564</u>

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 CASH FLOWS

For the six-month period ended 30 June 2024

	<u>30 June 2024</u> <i>(Unaudited)</i>	<u>30 June 2023</u> <i>(Unaudited)</i>
Notes	SR	SR
OPERATING ACTIVITIES		
Profit before zakat	104,591,643	78,456,264
Adjustments to reconcile profit before zakat to net cash flows:		
Depreciation for property, plant and equipment	33,868,123	30,250,252
Depreciation of right-of-use assets	5,629,383	6,899,771
Amortisation of intangible assets	1,540,346	1,540,346
Interest cost on lease liabilities	3,165,216	1,592,763
Interest cost on long-term and short-term loans	39,961,233	59,898,210
Amortisation of transaction costs on long-term loans	782,387	747,581
Finance income	(2,033,334)	(6,256,250)
Reversal of provision for slow moving inventories	(1,083,235)	-
Provision for employees' defined benefit liabilities	1,419,771	1,463,981
	187,841,534	174,592,918
Changes in operating assets and liabilities:		
Inventories	(15,626,187)	(5,266,714)
Prepayments and other current assets	(6,110,556)	(10,967,722)
Amounts due from related parties	(293,350)	-
Accounts receivable	(27,368,085)	(3,637,531)
Accounts payables	(106,458)	(15,059,121)
Accrued expenses and other current liabilities	2,649,629	(755,062)
Amounts due to a related party	1,120,041	327,638
Advances from customers	2,874,283	4,325,548
Net cash from operations	145,014,106	143,559,954
Zakat and income tax paid	(5,205,563)	(11,515,152)
Employees' defined benefit liabilities paid	(227,625)	(14,595)
Net cash flows from operating activities	139,580,918	132,030,207
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,968,124)	(9,924,422)
Finance income received	2,033,334	-
Net cash used in investing activities	(3,934,790)	(9,924,422)
FINANCING ACTIVITIES		
Payment of principal portion of lease liabilities	(15,403,229)	(13,808,084)
Finance costs paid for loans and lease liabilities	(47,071,067)	(61,642,568)
Repayment of short-term and long-term loans	(113,750,000)	(306,355)
Net cash used in financing activities	(176,224,296)	(75,757,007)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(40,578,168)	46,348,778
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	87,219,355	620,199,579
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)
(A Saudi Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

At 30 June 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.

On 6 Jumada Al-Ula 1445H (corresponding to 20 November 2023), the shareholders of the Company resolved to change the name of the Company to Arabian Mills for Food Products Company. Legal formalities have been completed in this regard.

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 (“PIF” or 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")), shall do 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 Saudi Arabia for the purpose of producing subsidised flour. This Agreement shall enter into force on 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017) and shall be terminated when the PIF 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
(formerly: The Second Milling Company)
(A Saudi Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

At 30 June 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 and six-month periods ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia (“KSA”). The Company has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern. The directors of the Company (“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 and six-month periods ended 30 June 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

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

(UNAUDITED) (continued)

At 30 June 2024

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

2.2 Material Accounting Policies Information and new standards, interpretations and amendments adopted (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 and income tax are 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
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

At 30 June 2024

3 SEGMENT INFORMATION (continued)

The selected financial information for these branches is as follows:

*For the six-month period ended
30 June 2024 (unaudited)*

	<i>Riyadh</i> <i>SR</i>	<i>Jazzan</i> <i>SR</i>	<i>Hail</i> <i>SR</i>	<i>Head office</i> <i>SR</i>	<i>Total segments</i> <i>SR</i>
Revenue	279,805,782	82,436,996	102,548,238	-	464,791,016
Cost of inventories	(95,657,618)	(24,871,339)	(51,501,271)	-	(172,030,228)
Employees' costs	(14,153,103)	(8,258,516)	(9,965,006)	(16,043,135)	(48,419,760)
Depreciation and amortisation	(18,585,117)	(12,814,047)	(7,071,833)	(2,566,856)	(41,037,853)
Board and committees' expenses, rewards, and allowances	-	-	-	(2,183,000)	(2,183,000)
Finance costs	(1,084,128)	(1,113,639)	(967,449)	(40,743,620)	(43,908,836)
Finance income	-	-	-	2,033,334	2,033,334
Other expenses	(22,395,353)	(12,189,559)	(13,803,931)	(7,365,599)	(55,754,442)
Other income	856,743	15,435	229,234	-	1,101,412
Segment profit (loss)	128,787,206	23,205,331	19,467,982	(66,868,876)	104,591,643

*For the six-month period
ended 30 June 2023
(unaudited)*

	<i>Riyadh</i> <i>SR</i>	<i>Jazzan</i> <i>SR</i>	<i>Hail</i> <i>SR</i>	<i>Head office</i> <i>SR</i>	<i>Total segments</i> <i>SR</i>
Revenue	275,425,634	69,355,560	55,089,375	-	399,870,569
Cost of inventories	(96,150,176)	(22,826,580)	(23,054,162)	-	(142,030,918)
Employees' costs	(13,429,486)	(8,007,208)	(9,011,650)	(14,797,232)	(45,245,576)
Depreciation and amortisation	(16,829,472)	(12,056,915)	(8,074,746)	(1,729,236)	(38,690,369)
Board and committees' expenses, rewards, and allowances	-	-	-	(744,470)	(744,470)
Finance costs	(532,734)	(558,055)	(501,974)	(60,645,791)	(62,238,554)
Finance income	-	-	-	6,256,250	6,256,250
Other expenses	(12,257,802)	(6,581,885)	(7,265,935)	(14,441,434)	(40,547,056)
Other income	1,023,625	212,787	584,743	5,233	1,826,388
Segment profit (loss)	137,249,589	19,537,704	7,765,651	(86,096,680)	78,456,264

*For the three-month period
ended 30 June 2024 (unaudited)*

	<i>Riyadh</i> <i>SR</i>	<i>Jazzan</i> <i>SR</i>	<i>Hail</i> <i>SR</i>	<i>Head office</i> <i>SR</i>	<i>Total segments</i> <i>SR</i>
Revenue	133,481,418	38,991,289	54,093,733	-	226,566,440
Cost of inventories	(45,345,336)	(12,025,928)	(29,520,218)	-	(86,891,482)
Employees' costs	(7,257,593)	(4,133,621)	(5,332,311)	(7,691,506)	(24,415,031)
Depreciation and amortisation	(9,603,129)	(6,696,125)	(3,406,078)	(1,644,511)	(21,349,843)
Board and committees' expenses, rewards, and allowances	-	-	-	(1,283,000)	(1,283,000)
Finance costs	(542,064)	(556,820)	(483,724)	(20,384,201)	(21,966,809)
Finance income	-	-	-	1,461,984	1,461,984
Other expenses	(12,279,565)	(4,698,020)	(5,960,596)	(2,039,503)	(24,977,684)
Other income	465,530	7,067	89,688	-	562,285
Segment profit (loss)	58,919,261	10,887,842	9,480,494	(31,580,737)	47,706,860

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At 30 June 2024

3 SEGMENT INFORMATION (continued)

For the three-month period

ended 30 June 2023

(unaudited)

	<i>Riyadh</i> <i>SR</i>	<i>Jazzan</i> <i>SR</i>	<i>Hail</i> <i>SR</i>	<i>Head office</i> <i>SR</i>	<i>Total segments</i> <i>SR</i>
Revenue	120,861,825	28,568,437	24,794,880	-	174,225,142
Cost of inventories	(43,382,139)	(9,825,125)	(9,922,803)	-	(63,130,067)
Employees' costs	(6,335,582)	(3,978,896)	(4,588,509)	(8,187,324)	(23,090,311)
Depreciation and amortisation	(6,537,382)	(6,633,060)	(5,015,148)	(850,533)	(19,036,123)
Board and committees' expenses, rewards, and allowances	-	-	-	(294,470)	(294,470)
Finance costs	(266,367)	(279,027)	(250,987)	(30,309,708)	(31,106,089)
Finance income	-	-	-	6,256,250	6,256,250
Other expenses	(6,401,241)	(3,079,879)	(3,877,183)	(5,112,169)	(18,470,472)
Other income	417,239	81,551	213,312	3,982	716,084
Segment profit (loss)	<u>58,356,353</u>	<u>4,854,001</u>	<u>1,353,562</u>	<u>(38,493,972)</u>	<u>26,069,944</u>

As of 30 June 2024

(unaudited)

	<i>Riyadh</i> <i>SR</i>	<i>Jazzan</i> <i>SR</i>	<i>Hail</i> <i>SR</i>	<i>Head office</i> <i>SR</i>	<i>Total segments</i> <i>SR</i>
Total assets	556,871,028	466,603,778	313,643,394	929,392,296	2,266,510,496
Total liabilities	(134,069,830)	(113,167,555)	(115,024,367)	(979,740,127)	(1,342,001,879)

Other disclosures:

Property, plant and equipment	358,904,329	332,197,278	167,594,774	5,402,586	864,098,967
Capital expenditure	2,877,065	1,496,253	1,473,068	121,738	5,968,124
Right-of-use assets	86,669,996	89,779,094	76,862,314	-	253,311,404
Inventories	57,099,152	28,199,505	30,115,048	74,164	115,487,809
Goodwill	-	-	-	822,434,373	822,434,373

As of 31 December 2023

(audited)

	<i>Riyadh</i> <i>SR</i>	<i>Jazzan</i> <i>SR</i>	<i>Hail</i> <i>SR</i>	<i>Head office</i> <i>SR</i>	<i>Total segments</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

Other disclosures:

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

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4 PROPERTY, PLANT AND EQUIPMENT

	<i>At 31 December 2023 (audited) SR</i>	<i>Additions during the period SR</i>	<i>Transfers SR</i>	<i>Depreciation charge for the period SR</i>	<i>At 30 June 2024 (Unaudited) SR</i>
Buildings	294,495,407	228,913	-	(10,564,582)	284,159,738
Plant and machinery	553,121,722	1,438,932	1,325,652	(19,297,351)	536,588,955
Capital spares	25,175,654	494,216	(736,177)	(1,950,937)	22,982,756
Furniture and fittings	6,270,311	447,424	-	(504,116)	6,213,619
Computer equipment	1,070,371	333,985	-	(255,124)	1,149,232
Motor vehicles	5,533,955	-	-	(1,296,013)	4,237,942
Capital work in progress	6,331,546	3,024,654	(589,475)	-	8,766,725
Total	891,998,966	5,968,124	-	(33,868,123)	864,098,967

	<i>At 31 December 2022 (audited) SR</i>	<i>Additions during the period SR</i>	<i>Transfer from inventories *** SR</i>	<i>Transfers SR</i>	<i>Depreciation charge for the period SR</i>	<i>At 31 December 2023 (audited) 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	1,445,001	-	-	(2,517,406)	5,533,955
Capital work in progress	33,477,498	10,110,026	-	(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 8.77 million (31 December 2023: SR 6.33 million) mainly consists of:

- 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 0.52 million.

*** 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:

	<i>30 June 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Direct costs for the period / year	27,990,832	55,478,969
General and administration for the period / year	5,497,418	207,037
Selling and distribution for the period / year	379,873	291,107
Total charge for the period / year	33,868,123	55,977,113

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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:

	<i>30 June 2024</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2023</i> <i>(Audited)</i> <i>SR</i>
At the beginning of the period / year	258,940,787	272,740,329
Depreciation charge for the period / year	(5,629,383)	(13,799,542)
At the end of the period / year	253,311,404	258,940,787

Movement in lease liabilities is presented below:

	<i>30 June 2024</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2023</i> <i>(Audited)</i> <i>SR</i>
At the beginning of the period / year	285,942,686	298,160,387
Accretion of interest for the period / year	3,165,216	3,185,528
Payments during the period / year	(15,403,229)	(15,403,229)
At the end of the period / year	273,704,673	285,942,686
Bifurcated into:		
Current portion	15,403,229	15,403,229
Non-current portion	258,301,444	270,539,457

Depreciation has been allocated as follows:

	<i>30 June 2024</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2023</i> <i>(Audited)</i> <i>SR</i>
Direct costs for the period / year	2,252,005	13,799,542
General and administration for the period / year	2,814,482	-
Selling and distribution for the period / year	562,896	-
Total charge for the period / year	5,629,383	13,799,542

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6 INTANGIBLE ASSETS

	<i>30 June 2024</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2023</i> <i>(Audited)</i> <i>SR</i>
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	(1,540,347)	(3,080,693)
At the end of the period / year	63,434,540	64,974,887

Amortisation has been allocated as follows:

	<i>30 June 2024</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2023</i> <i>(Audited)</i> <i>SR</i>
General and administration for the period / year	326,726	653,452
Selling and distribution for the period / year	1,213,621	2,427,241
Total charge for the period / year	1,540,347	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 (“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 30 June 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.

8 INVENTORIES

	<i>30 June 2024</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2023</i> <i>(Audited)</i> <i>SR</i>
Spare parts	74,461,038	73,150,421
Raw materials	34,099,331	29,128,750
Finished goods *	17,290,125	8,180,488
Others	1,546,252	1,344,155
Less: provision for slow moving inventories	(11,908,937)	(12,992,172)
	115,487,809	98,811,642

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

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At 30 June 2024

9 PREPAYMENTS AND OTHER CURRENT ASSETS

	<i>30 June 2024</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2023</i> <i>(Audited)</i> <i>SR</i>
IPO costs***	7,434,172	3,700,400
Prepayments	6,333,660	2,339,366
Advanced to suppliers	4,498,407	3,400,735
Margin on letters of guarantees	2,187,976	2,187,976
Margin on letters of credit	448,843	3,260,441
Other receivables	292,537	196,121
	21,195,595	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
Al-Watania Poultry Company	Related to member board of director

Following table provides the total amount of transactions that have been entered into with related parties during the period:

For the six-month period ended 30 June 2024 and 30 June 2023:

		<i>30 June 2024</i> <i>(Unaudited)</i> <i>SR</i>	<i>30 June 2023</i> <i>(Unaudited)</i> <i>SR</i>
Watania Poultry Company	Revenue	4,970,131	-
National Agriculture Development Company (NADEC)	Revenue	8,467,821	10,008,760

For the three-month period ended 30 June 2024 and 30 June 2023:

		<i>30 June 2024</i> <i>(Unaudited)</i> <i>SR</i>	<i>30 June 2023</i> <i>(Unaudited)</i> <i>SR</i>
Watania Poultry Company	Revenue	3,223,939	-
National Agriculture Development Company (NADEC)	Revenue	3,271,333	4,994,300

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(UNAUDITED) (continued)

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10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Balances outstanding with the related parties is presented below:

	<i>30 June 2024</i> <i>(Unaudited)</i> SR	<i>31 December 2023</i> <i>(Audited)</i> SR
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)	2,099,347	1,805,997
	5,619,950	5,326,600
	<i>30 June 2024</i> <i>(Unaudited)</i> SR	<i>31 December 2023</i> <i>(Audited)</i> SR
Amounts due to a related party		
Watania Poultry Company	1,120,041	-

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.

	<i>For the three-month period</i> <i>ended</i>		<i>For the six-month period</i> <i>ended</i>	
	<i>30 June 2024</i> <i>(Unaudited)</i> SR	<i>30 June 2023</i> <i>(Unaudited)</i> SR	<i>30 June 2024</i> <i>(Unaudited)</i> SR	<i>30 June 2023</i> <i>(Unaudited)</i> SR
Board and committees' expenses, rewards and allowances	1,283,000	294,470	2,183,000	744,470
Short-term employee benefits	2,658,027	2,911,235	5,743,131	5,833,832
Long-term employee benefits	78,970	84,087	157,073	179,208

11 CASH AND CASH EQUIVALENTS

	<i>30 June 2024</i> <i>(Unaudited)</i> SR	<i>31 December 2023</i> <i>(Audited)</i> SR
Cash at banks	87,219,355	127,797,523
	87,219,355	127,797,523

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:

	<i>30 June 2024</i> <i>(Unaudited)</i> SR	<i>31 December 2023</i> <i>(Audited)</i> SR	<i>Ownership</i> <i>percentage</i>
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%

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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. Further, during the six-month period ended 30 June 2024, the Company made an early payment of SR 100 million, which was not scheduled as per repayment schedule.
- 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.

	<i>30 June 2024</i> <i>(Unaudited)</i> SR	<i>31 December 2023</i> <i>(Audited)</i> SR
Maturity date	December 2039	December 2039
Principle loan payable	986,250,000	1,100,000,000
Interest loan payable	4,925,753	12,035,587
Unamortised finance costs	(22,571,112)	(23,353,499)
	968,604,641	1,088,682,088

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

	<i>30 June 2024</i> <i>(Unaudited)</i> SR	<i>31 December 2023</i> <i>(Audited)</i> SR
Current portion of long-term loans	25,451,612	27,500,000
Long-term loans (non-current)	938,227,276	1,049,146,501
Interest payable on loans	4,925,753	12,035,587
	968,604,641	1,088,682,088

During the current period, transaction cost of SR 782,388 (30 June 2023: SR 747,581) 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.

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14 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>30 June 2024</i> <i>(Unaudited)</i> SR	<i>31 December 2023</i> <i>(Audited)</i> SR
Accrued employees' costs	10,656,887	13,287,436
Accrued rebates	4,360,891	2,999,577
VAT payable	3,392,616	-
Accrued Board of Directors' remuneration	2,150,000	3,324,250
Other accruals	1,720,017	19,519
	22,280,411	19,630,782

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:

	<i>30 June 2024</i> <i>(Unaudited)</i> SR	<i>31 December 2023</i> <i>(Audited)</i> SR
At the beginning of the period / year	5,122,094	11,515,152
Charge for the period / year	3,083,469	5,169,127
Paid during the period / year	(5,205,563)	(11,562,185)
At the end of the period / year	3,000,000	5,122,094

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.

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16 REVENUE

	<i>For the three-month period ended</i>		<i>For the six-month period ended</i>	
	<i>30 June 2024 (Unaudited) SR</i>	<i>30 June 2023 (Unaudited) SR</i>	<i>30 June 2024 (Unaudited) SR</i>	<i>30 June 2023 (Unaudited) SR</i>
Flour	120,464,822	111,377,742	261,021,533	249,349,884
Bran	72,289,577	44,772,542	142,635,661	101,260,773
Feed	45,610,895	18,432,020	86,529,514	50,668,650
Rebates	(11,798,854)	(357,162)	(25,395,692)	(1,408,738)
	226,566,440	174,225,142	464,791,016	399,870,569

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>For the six-month period ended</i>	
	<i>30 June 2024 (Unaudited) SR</i>	<i>30 June 2023 (Unaudited) SR</i>	<i>30 June 2024 (Unaudited) SR</i>	<i>30 June 2023 (Unaudited) SR</i>
Type of sector				
Corporate sector	175,960,283	154,211,926	396,065,766	360,313,069
Individual sector	48,884,068	19,994,596	68,678,570	39,490,160
Government sector	26,640	18,620	46,680	67,340
	224,870,991	174,225,142	464,791,016	399,870,569

17 DIRECT COSTS

	<i>For the three-month period ended</i>		<i>For the six-month period ended</i>	
	<i>30 June 2024 (Unaudited) SR</i>	<i>30 June 2023 (Unaudited) SR</i>	<i>30 June 2024 (Unaudited) SR</i>	<i>30 June 2023 (Unaudited) SR</i>
Raw material consumed	89,175,906	60,667,783	181,139,865	140,660,538
Depreciation of property, plant and equipment	12,935,623	13,717,391	27,990,832	28,539,534
Employees' costs	9,076,145	8,450,396	17,454,168	17,120,359
Fuel and Power	3,872,473	4,656,927	9,343,055	10,739,876
Maintenance	3,108,525	3,617,069	8,688,945	5,139,465
Transportation	620,169	341,117	2,468,658	433,336
Bonus	1,189,413	1,077,565	2,378,829	2,270,847
Depreciation of right-of-use assets	1,126,214	3,449,885	2,252,005	6,899,771
Insurance	558,291	541,723	1,116,133	990,155
Short-term leases	125,000	87,500	252,500	175,000
Provision for slow-moving inventories	(1,543,780)	-	(1,083,235)	-
Other expenses	1,768,943	900,822	4,465,361	2,884,704
	122,012,922	97,508,178	256,467,116	215,853,585
Finished goods at the beginning of the period	15,005,701	10,255,019	8,180,488	9,163,114
Total production cost prepared for sale during the period	137,018,623	107,763,197	264,647,604	225,016,699
Finished goods at the end of the period	(17,290,125)	(7,792,734)	(17,290,125)	(7,792,734)
	119,728,498	99,970,463	247,357,479	217,223,965

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At 30 June 2024

18 SELLING AND DISTRIBUTION EXPENSES

	<i>For the three-month period ended</i>		<i>For the six-month period ended</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Transportation	8,955,172	2,046,906	13,768,992	2,897,706
Employees' costs	2,092,323	1,206,206	5,381,294	2,919,943
Marketing expenses	333,759	306,060	2,426,659	5,324,185
Bonus	768,987	701,362	1,356,876	772,806
Amortisation of intangible assets	606,810	606,810	1,213,621	1,213,620
Depreciation of right-of-use assets	281,447	-	562,896	-
Depreciation of property, plant and equipment	233,854	95,772	379,873	192,078
Fuel and Power	310,788	38,114	353,200	91,169
Insurance	81,632	26,181	198,632	191,116
Maintenance	31,341	195	129,377	66,318
Short-term leases	13,715	13,715	27,431	27,431
Other expenses	47,188	13,191	56,581	244,186
	13,757,016	5,054,512	25,855,432	13,940,558

19 GENERAL AND ADMINISTRATION EXPENSES

	<i>For the three-month period ended</i>		<i>For the six-month period ended</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Employees' costs	9,877,577	8,937,576	18,770,310	19,205,274
Depreciation of property, plant and equipment	4,595,292	1,002,902	5,497,418	1,518,640
Bank charges on credit sales	1,772,286	-	3,920,305	-
Bonus	1,410,586	2,717,206	3,078,283	2,956,347
Depreciation of right-of-use assets	1,407,240	-	2,814,482	-
Board of Directors' remuneration	1,283,000	294,470	2,183,000	744,470
Professional and consulting fees	780,235	1,641,694	1,679,252	3,526,608
Insurance	754,862	601,720	1,272,661	974,308
Maintenance	151,494	1,340,037	958,247	1,748,125
Fuel and Power	665,247	173,446	845,487	337,262
Material and supplies	247,528	141,225	609,614	734,217
Amortisation of intangible assets	163,363	163,363	326,726	326,726
Transportation	298,672	221,757	303,706	239,358
Short-term leases	104,529	-	104,529	11,387
Other expenses	1,919,615	1,761,072	3,848,352	3,771,144
	25,431,526	18,996,468	46,212,372	36,093,866

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20 FINANCE COSTS

	<i>For the three-month period ended</i>		<i>For the six-month period ended</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Interest costs on loans	20,384,202	30,309,708	40,743,620	60,645,791
Interest costs on lease liabilities	1,582,607	796,381	3,165,216	1,592,763
	21,966,809	31,106,089	43,908,836	62,238,554

21 EARNINGS PER SHARE

Basic earnings per share ("Basic EPS") is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is a measure of company's earnings per share that takes into account the quality and quantity of all convertible securities that could be exercised or converted into common shares. Following table reflects the income and shares data used in basic and diluted EPS computations:

	<i>For the three-month period ended</i>		<i>For the six-month period ended</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Profit for the period	46,123,391	20,400,500	101,518,174	71,826,744
Weighted average number of ordinary shares for basic EPS	51,315,006	51,315,006	51,315,006	51,315,006
Earnings per share – basic and diluted	0.90	0.40	1.98	1.40

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.

22 CONTINGENT LIABILITIES

As of 30 June 2024, the Company had contingent liabilities arose during its normal business cycle and related to letters of credit and letters of guarantee of SR 2,636,819 (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 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.

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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

26 EVENTS AFTER THE REPORTING DATE

No other significant subsequent event since the six-month period ended 30 June 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 16 Safar 1446H (corresponding to 20 August 2024).