

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTHS AND SIX MONTHS PERIOD
ENDED JUNE 30, 2024**

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND
INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders of
Tammiah Food Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Tammiah Food Company, a Saudi Joint Stock Company (the "Company") and its subsidiaries (together the "Group") as at June 30, 2024, and the related interim condensed consolidated interim statement of profit or loss and other comprehensive income for the three and six months period then ended and the interim condensed consolidated statements of changes in equity and cash flows for the six months period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Deloitte and Touche & Co
Chartered Accountants



Mazen A. Al Omari
License No 480
8 Safar, 1446H
August 12, 2024



TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2024**

	Notes	For the three months period ended June 30,		For the six months period ended June 30,	
		2024 SR	2023 SR	2024 SR	2023 SR
Revenue	15	(unaudited) 639,804,502	(unaudited) 498,657,726	(unaudited) 1,221,166,712	(unaudited) 983,137,477
Cost of sales		(475,732,568)	(392,713,766)	(912,631,314)	(757,243,434)
Gross profit		164,071,934	105,943,960	308,535,398	225,894,043
Selling and distribution expenses		(83,622,940)	(63,152,640)	(155,876,694)	(123,013,791)
General and administrative expenses		(39,584,790)	(23,605,805)	(75,070,246)	(49,385,489)
Impairment loss on financial assets		(1,581,022)	(1,350,000)	(2,806,022)	(3,450,000)
Other income		3,562,977	3,644,130	7,533,696	7,881,669
Operating profit		42,846,159	21,479,645	82,316,132	57,926,432
Finance costs		(11,769,025)	(5,187,419)	(23,554,259)	(13,634,512)
Profit before share of result from associate and zakat and income tax		31,077,134	16,292,226	58,761,873	44,291,920
Share in net results of an associate		1,017,204	(1,044,767)	1,339,726	(1,453,686)
Profit before zakat and income tax		32,094,338	15,247,459	60,101,599	42,838,234
Zakat and income tax		(4,257,770)	(2,060,105)	(7,127,996)	(5,144,469)
PROFIT FOR THE PERIOD		27,836,568	13,187,354	52,973,603	37,693,765
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Re-measurements of employee benefit obligations					
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		27,836,568	13,187,354	52,973,603	37,693,765
Profit for the period and total comprehensive income for the period attributable to:					
Owners of the Company		24,019,430	11,412,766	44,974,445	32,400,449
Non-controlling interests		3,817,138	1,774,588	7,999,158	5,293,316
		27,836,568	13,187,354	52,973,603	37,693,765
Earnings per share attributable to owners of the Company:					
Basic and diluted earnings per share	14	1.20	0.57	2.25	1.62


Chairman of the Board of Directors


Chief Executive Officer


Chief Financial Officer

The accompanying notes form an integral part of these interim condensed consolidated financial information.

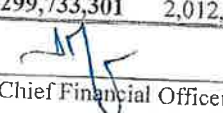
TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Notes	June 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	619,036,055	525,170,688
Right-of-use assets	6	451,490,649	422,692,509
Intangible assets		7,934,511	6,768,411
Financial assets at fair value through other comprehensive income		773,983	773,983
Investment in an associate	7	82,206,392	80,866,666
Total non-current assets		1,161,441,590	1,036,272,257
Current assets			
Inventories	8	314,546,179	262,778,704
Biological assets	9	179,226,226	143,431,624
Prepayments and other receivables		203,520,064	238,824,218
Contract assets		36,168,831	21,922,970
Trade receivables and other debtors		304,716,751	198,120,137
Cash and cash equivalents		100,113,660	111,032,670
Total current assets		1,138,291,711	976,110,323
TOTAL ASSETS		2,299,733,301	2,012,382,580
EQUITY AND LIABILITIES			
Equity			
Share capital	1	200,000,000	200,000,000
Statutory reserve		42,154,397	42,154,397
Other reserve		73,977,280	73,977,280
Retained earnings		309,667,019	302,692,574
Equity attributable to owners of the Company		625,798,696	618,824,251
Non-controlling interests		62,699,392	61,450,234
Total equity		688,498,088	680,274,485
Non-current liabilities			
Employee benefit obligations		108,334,146	98,735,875
Lease liabilities	6	370,749,054	330,127,184
Borrowings	10	250,761,700	122,512,600
Total non-current liabilities		729,844,900	551,375,659
Current liabilities			
Borrowings	10	138,213,686	288,081,444
Trade payables, accruals and other liabilities		654,153,494	400,993,331
Lease liabilities	6	80,344,659	80,315,540
Provision for zakat and income tax	11	8,678,474	11,342,121
Total current liabilities		881,390,313	780,732,436
Total liabilities		1,611,235,213	1,332,108,095
TOTAL EQUITY AND LIABILITIES		2,299,733,301	2,012,382,580


Chairman of the Board of Directors


Chief Executive Officer


Chief Financial Officer

The accompanying notes form an integral part of these interim condensed consolidated financial information.

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024**

	Share capital SR	Statutory reserve SR	Other reserve SR	Retained earnings SR	Total shareholders' equity SR	Non controlling interest SR	Total SR
Balance at January 1, 2024 (audited)	200,000,000	42,154,397	73,977,280	302,692,574	618,824,251	61,450,234	680,274,485
Net profit for the period	-	-	-	44,974,445	44,974,445	7,999,158	52,973,603
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	44,974,445	44,974,445	7,999,158	52,973,603
Dividend distribution (note 16)	-	-	-	(38,000,000)	(38,000,000)	(6,750,000)	(44,750,000)
Balance at June 30, 2024 (unaudited)	200,000,000	42,154,397	73,977,280	309,667,019	625,798,696	62,699,392	688,498,088
Balance at January 1, 2023 (audited)	200,000,000	34,560,302	73,977,280	305,832,956	614,370,538	48,242,042	662,612,580
Net profit for the period	-	-	-	32,400,449	32,400,449	5,293,316	37,693,765
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	32,400,449	32,400,449	5,293,316	37,693,765
Dividend distribution (note 16)	-	-	-	(69,820,450)	(69,820,450)	-	(69,820,450)
Balance at June 30, 2023 (unaudited)	200,000,000	34,560,302	73,977,280	268,412,955	576,950,537	53,535,358	630,485,895



Chairman of the Board of Directors



Chief Financial Officer

The accompanying notes form an integral part of these interim condensed consolidated financial information

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)


INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

	Note	June 30, 2024 SR	June 30, 2023 SR
CASH FLOWS FROM OPERATING ACTIVITIES		(unaudited)	(unaudited)
Profit before zakat and income tax		60,101,599	42,838,234
Adjustments for:			
Depreciation on property, plant and equipment	5	20,722,719	16,524,126
Depreciation on right-of-use assets	6	55,391,911	45,849,422
Amortisation of intangible assets		487,861	331,260
Impairment loss on financial assets		2,806,022	3,450,000
Provision for slow-moving inventories	8	1,290,816	4,507,887
Property, plant and equipment written off	5	348,900	-
Net loss (gain) on disposal of property, plant and equipment		2,524	(28,500)
Share of results from an associate	7	(1,339,726)	1,453,686
Provision for employee benefit obligations		10,629,648	9,878,388
Government subsidy accrued		(21,481,042)	(41,755,892)
Gain on termination of lease contracts	6	-	(207,802)
Finance costs		8,623,162	4,292,444
Interest on lease liabilities	6	14,931,097	9,342,068
Changes in operating assets and liabilities:			
Biological assets		(35,794,602)	(5,992,477)
Inventories		(53,058,291)	(8,880,542)
Contract assets		(14,245,861)	(5,042,172)
Prepayments and other receivables		(6,230,925)	(20,420,154)
Trade receivables and other debtors		(68,698,555)	(34,346,615)
Government subsidy received		22,312,040	39,730,159
Trade payable, accruals and other liabilities		251,972,235	17,519,002
Cash generated from operations		248,771,532	79,042,522
Employee benefit obligations paid		(1,031,377)	(1,718,991)
Zakat and income tax paid		(9,791,643)	(8,662,284)
Finance costs paid		(7,435,234)	(4,365,897)
Net cash generated from operating activities		230,513,278	64,295,350
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment	5	(116,601,572)	(71,454,309)
Proceeds from disposal of property, plant and equipment		8,101	28,510
Payments for additions to intangible assets		-	(2,011,910)
Net cash used in investing activities		(116,593,471)	(73,437,709)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments		(58,470,159)	(47,540,671)
Short term borrowings	6	(158,618,658)	156,654,959
Proceeds from long-term borrowings		137,000,000	20,950,000
Repayment of long-term borrowings		-	(33,115,317)
Dividends paid		(44,750,000)	(69,820,450)
Net cash (used in) generated from financing activities		(124,838,817)	27,128,521
Net (decrease) increase in cash and cash equivalents		(10,919,010)	17,986,162
Cash and cash equivalents at the beginning of the period		111,032,670	267,048,085
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		100,113,660	285,034,247

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

	Note	Six-month period ended	
		June 30, 2024 SR (unaudited)	June 30, 2023 SR (unaudited)
Supplemental non-cash information:			
Addition to right-of-use asset and lease liabilities	6	84,190,051	121,462,915
Transfer from property, plant and equipment to intangible assets	5	1,653,961	762,500
Lease liabilities written off due to termination of lease contracts	6	-	10,487,438
Right-of-use assets written off due to termination of lease contracts	6	-	(10,279,636)


Chairman of the Board of Directors


Chief Executive Officer


Chief Financial Officer

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2024**

1. CORPORATE INFORMATION

Tanmiah Food Company (the “Company”) is a Saudi Joint Stock Company registered under commercial registration number 1010087483. The Company’s head office is located at P.O. Box 86909, Riyadh 11632, Kingdom of Saudi Arabia. The Company and its various subsidiaries (collectively the “Group”) are registered in the Kingdom of Saudi Arabia as well as in United Arab Emirates (“UAE”), in the Kingdom of Bahrain (“Bahrain”), State of Kuwait (“Kuwait) and State of Qatar (“Qatar”).

The Group is principally engaged in food and agriculture business which includes manufacturing, wholesale and retail trading in foodstuff, preparation of animal and poultry feeds for commercial purposes, construction of poultry farms, retail and wholesale trading in poultry equipment and restaurant outlets with related services.

At June 30, 2024 and December 31, 2023, the Company’s share capital of SR 200 million consisted of 20 million issued and fully paid shares of SR 10 each.

The Group’s principal subsidiaries at June 30, 2024 and December 31, 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Subsidiary	Country of incorporation	Effective ownership at June 30, 2024	Effective ownership at December 31, 2023	Principal activities
Agricultural Development Company Limited (“ADC”)	Kingdom of Saudi Arabia	85%	85%	Wholesale trading in poultry products and agricultural produce
Desert Hills Veterinary Services Company Limited (“DHV”)	Kingdom of Saudi Arabia	100%	100%	Wholesale and retail trading in machines and equipment in the field of animal care, animal shelters, animal feed, chicks and hatching eggs, veterinary lab equipment and medicines, along with marketing and import and export of related items.
Supreme Foods Bahrain W.L.L. (“SFB”) *	Kingdom of Bahrain	85%	85%	General trading
Tanmiah Restaurants for Fast Food Company (“TRC”)	Kingdom of Saudi Arabia	100%	100%	Restaurants with buffets (cafeterias), fast food activities, activities for serving meals only, etc.
Gulf Brand for Fast Foods Company (“GBFFC”) **	Kingdom of Saudi Arabia	100%	100%	Restaurant outlets with related services
Al Tanmiah International General Trading L.L.C (Formerly Dabbagh International (UAE) (L.L.C))	United Arab Emirates (UAE)	100%	100%	Dormant company
Gulf Brands Restaurants Management Company (“GBRMC”) **	State of Kuwait	100%	100%	Dormant company
Nola Management Company W.L.L (“Nola”) **	Kingdom of Bahrain	100%	100%	Restaurant outlets with related services
Al Tanmiah for Administration of Restaurants (“ATAR”) **	State of Qatar	100%	100%	Dormant company

* SFB is a wholly owned subsidiary of ADC.

** GBFFC, GBRMC, Nola and ATAR are wholly owned subsidiaries of TRC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2024

2. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of this interim condensed consolidated financial information of the Group are consistent with those of the previous financial year and corresponding interim reporting period.

Basis of preparation

This interim condensed consolidated financial information of the Group has been prepared in compliance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") as endorsed by Saudi Organisation for Chartered and Professional Accountant (SOCPA) and the requirements of the laws and regulations in Saudi Arabia.

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2023. IAS 34 states that the interim condensed consolidated financial information is intended to provide an update on the latest complete set of annual financial statements. Hence, IAS 34 requires less disclosure in interim financial information than IFRS requires in annual financial statements.

The Group has elected to present a single interim condensed consolidated statement of comprehensive income and presents its expenses by function.

This interim condensed consolidated financial information has been prepared on a historical cost basis, except for the following material items in the interim condensed consolidated statement of financial position:

- The employee benefit obligation, which is recognised at the present value of future obligations using the Projected Unit Credit Method.
- Biological assets, where fair value is reliably measurable, are measured at fair value.
- Equity investments at fair value through other comprehensive income ("FVOCI") are measured at fair value.

This interim condensed consolidated financial information is presented in Saudi Riyals (SR), which is the functional currency of all the Group entities except for Supreme Food Bahrain (SFB), Gulf Brands Restaurants Management Company (GBRMC), Nola Management Company W.L.L (Nola) and Al Tanmiah for Administration of Restaurants (ATAR). The functional currency SFB and Nola is Bahraini Dinar, GBRMC is Kuwaiti Dinar and ATAR is Qatari Riyal. The presentation currency of the Group is SR. This interim condensed consolidated financial information has been rounded-off to the nearest SR, unless otherwise stated.

The activities of the Group are evenly spread throughout the year, therefore there is no seasonal or cyclical changes that affect the Group's operations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2024

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of new standards, interpretations and amendments as of January 1, 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following amendment applies for the first time in 2024, but do not have an impact on the interim condensed consolidated financial information of the Group:

- Amendment to IFRS 16 – Leases on sale and leaseback - effective from January 1, 2024
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements - effective from January 1, 2024
- Amendment to IAS 1 – Non-current liabilities with covenants - effective from January 1, 2024
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) (effective from January 1, 2024 subject to endorsement from SOCPA).
- IFRS S2 Climate-related Disclosures (IFRS S2) (effective from January 1, 2024 subject to endorsement from SOCPA).

There has been no material impact on the interim condensed consolidated financial information of the Group upon adoption of the above amended standards.

New and amended standards not effective and not yet adopted by the Group

At the date of the interim condensed consolidated financial information, the following other standards, amendments and interpretations are not yet effective and have not been early adopted by the Group:

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided)
- Amendment to IAS 21 – Lack of exchangeability (effective from January 1, 2025).

Management anticipates that the application of the above amendments in future periods will have no material impact on the interim condensed consolidated financial information of the Group in the period of initial application.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Preparation of the Group's interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period were the same as those described in the latest annual consolidated financial statements with the addition of the following matter. The Group based its assumptions and estimates on parameters available when the condensed consolidated interim financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group.

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2024

5. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2024 SR	December 31, 2023 SR
	(Unaudited)	(Audited)
Net book value at the beginning of the period / year	525,170,688	338,290,728
Additions	116,601,572	222,548,946
Depreciation for the period/ year	(20,722,719)	(34,906,476)
Transfer to intangible asset	(1,653,961)	(762,500)
Disposals	(10,625)	(10)
Write-off	(348,900)	-
Carrying value at the end of the period/ year	619,036,055	525,170,688

The additions during the six month period ended June 30, 2024 amounting to SR 116.6 million (December 31, 2023: SR 222.5 million), mainly represent additions to capital work-in-progress for construction of feed mill, expansion of the current capacity of the processing plant, hatchery expansion and restaurant expansion.

6. LEASES

The Group leases various accommodations, warehouses, buildings, poultry processing plants, farms, vehicles and offices. Rental contracts are typically made for fixed periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Right-of-use assets:

	June 30, 2024 SR	December 31, 2023 SR
	(Unaudited)	(Audited)
Net book value at the beginning of the period / year	422,692,509	348,711,825
Additions	84,190,051	182,150,191
Depreciation for the period/ year	(55,391,911)	(95,357,201)
Write off	-	(12,812,306)
Carrying value at the end of the period/ year	451,490,649	422,692,509

Lease Liabilities:

	June 30, 2024 SR	December 31, 2023 SR
	(Unaudited)	(Audited)
At beginning of period / year	410,442,724	320,143,272
Additions	84,190,051	182,150,191
Write off	-	(13,020,108)
Interest	14,931,097	19,920,499
Lease payments	(58,470,159)	(98,751,130)
At end of period / year	451,093,713	410,442,724

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2024

6. LEASES (CONTINUED)

Lease liabilities are presented in the condensed consolidated interim statement of financial position as follows:

	June 30, 2024 SR	December 31, 2023 SR
	(Unaudited)	(Audited)
Lease liabilities		
Current	80,344,659	80,315,540
Non-current	370,749,054	330,127,184
	451,093,713	410,442,724

7. INVESTMENT IN AN ASSOCIATE

The Group maintains a 40% ownership in Supreme Foods Processing Company ("SFPC"). The Group by virtue of its contractual right to appoint two out of the five directors to the board of directors has been assessed to have significant influence in SFPC and classified it as an associate.

	June 30, 2024 SR	December 31, 2023 SR
	(Unaudited)	(Audited)
Opening balance	80,866,666	87,493,524
Share of results for the period/ year	1,339,726	(6,626,858)
	82,206,392	80,866,666

8. INVENTORIES

	June 30, 2024 SR	December 31, 2023 SR
	(Unaudited)	(Audited)
Raw materials	156,588,684	138,943,190
Poultry meats and other food stuff	51,682,119	44,310,962
Animal health products	47,853,371	26,834,088
Packaging materials	13,816,596	13,097,995
Spare parts	25,220,263	22,290,292
Equipment for sale	15,602,575	17,107,907
Other	15,164,333	14,372,915
	325,927,941	276,957,349
Less: provision for slow-moving inventories	(11,381,762)	(14,178,645)
	314,546,179	262,778,704

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2024

8. INVENTORIES (CONTINUED)

Movement in provision for slow-moving inventories is as follows:

	June 30, 2024 SR	December 31, 2023 SR
	(Unaudited)	(Audited)
Opening balance	14,178,645	8,087,072
Provision for the period / year	1,290,816	6,296,489
Write-offs	(4,087,699)	(204,916)
	11,381,762	14,178,645

9. BIOLOGICAL ASSETS

	June 30, 2024 SR	December 31, 2023 SR
	(Unaudited)	(Audited)
Broiler birds	38,333,807	35,827,645
Breeder birds – rearing & production	114,354,010	84,379,254
Hatchery eggs	26,538,409	23,224,725
	179,226,226	143,431,624

As at June 30, 2024, the Group had 13.3 million broiler birds (December 31, 2023: 13.8 million broiler birds). Further, 77.7 million broiler birds were slaughtered during the period ended June 30, 2024 (period ended June 30, 2023: 69.5 million broiler birds were slaughtered).

As at June 30, 2024 the Group had 3.2 million breeder birds and 21.2 million hatchery eggs (December 31, 2023: 1.9 million breeder birds and 17.7 million hatchery eggs).

The fair value measurements for the broiler birds and hatchery eggs have been categorised as Level 3 in the fair value hierarchy based on the inputs to the valuation techniques used. Valuation techniques and significant unobservable inputs used for valuation of biological assets are as below:

Biological assets	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Live broiler birds	The valuation model considers the average weight of bird, mortality and the estimated selling price less cost to sell including the additional cost required to bring the birds as ready to sell (i.e. feed cost, medicines and overheads).	- Mortality of birds - Average weight of the birds - Processing loss - Sales price of fully-grown bird less cost to sell.	The estimated fair value would increase/ (decrease) if: -Mortality was lower/ (higher). -Average weight of birds higher/ (lower). -Processing loss was lower/ (higher) -Selling price of fully-grown bird less cost to sell was higher/ (lower).
Hatchery eggs	The valuation model considers the hatchability and actual selling price less cost to sell including the additional cost required to bring the eggs as ready to sell (i.e. overhead and vaccine cost).	- Hatchability of the eggs	The estimated fair value would increase/ (decrease) if the hatchability was higher/ (lower).

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10. BORROWINGS

	June 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
<i>Non-current</i>		
Long-term Murabaha bank loan	113,761,700	122,512,600
Long-term Tawarroq facility	137,000,000	-
	250,761,700	122,512,600
<i>Current</i>		
Short-term bank Islamic loans	129,462,786	138,081,444
Short-term loan from Agricultural Development Fund (“ADF”)	-	150,000,000
Long-term Murabaha bank loan	8,750,900	-
	138,213,686	288,081,444

In 2022, the Group obtained a long-term Murabaha facility of EURO 48 million (SR 191.5 million) through its subsidiary for the purpose of building a new plant. The loan incurs interest at EURIBOR plus 1.75% per annum and is repayable in semi-annual equal instalments amounting to EURO 3.4 million which will start from May 2025 over a period of seven years. As at June 30, 2024 the Group has drawn-down EURO 30 million (SR 122.5 million) of the total facility amount. The Murabaha loan agreement contains certain financial covenants to be complied with during the term of the loan and as at June 30, 2024 the Group companies are in compliance with the financial covenants.

During 2023, the Group obtained a long-term Tawarroq facility of SR 450 million from a commercial bank to support the capital expenditures to be incurred in the subsidiaries. The loan incurs profit mark-up at SAIBOR plus 1.5% per annum and is repayable in ten semi-annual equal instalments of SR 45 million each which will start after two years from the drawdown date. As at June 30, 2024 the Group has drawn SR 137 million from the said Tawarroq facility. The Tawarroq facility contains certain financial covenants to be complied with during the term of the loan and as at June 30, 2024 the Group companies are in compliance with the financial covenants.

The short-term Islamic loan facilities from commercial banks bear finance costs at market rates, which are generally based on Saudi Inter Bank Offered Rate (“SIBOR”) and Secured Overnight Financing Rate (“SOFR”). Short-term Islamic facilities are collateralised by promissory notes signed by the borrowing entities of the Group and corporate guarantees from the Company to its subsidiaries. The short-term Islamic loans contain certain financial covenants to be complied with during the term of the loan and as at June 30, 2024 the Group companies are in compliance with the financial covenants.

In 2023, the Group obtained and fully draw down an interest-free loan of SR 150 million from the ADF which is fully repaid in the current period.

The loans are repayable in full within a one year period, accordingly management assessed that the fair value of the loan approximates the carrying value of the loan.

The average interest rates during the six-months period ended June 30, 2024 on these facilities varied between 5.8% to 9.8% per annum (December 31, 2023: 5.5% to 9.3 % per annum).

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11. ZAKAT AND INCOME TAX

The Zakat is based on the interim condensed financial information of the Group. The movement in Group's zakat provision is as follows:

	June 30, 2024 SR	December 31, 2023 SR
	(Unaudited)	(Audited)
Opening balance	8,222,370	10,073,869
Provision for the period / year	4,718,211	6,653,839
Provision for prior year	63,112	-
Payment of zakat reimbursed by the shareholder	-	(272,630)
Payment	(5,647,976)	(8,232,708)
Closing balance	7,355,717	8,222,370

Movement in provision for income tax

	June 30, 2024 SR	December 31, 2023 SR
	(Unaudited)	(Audited)
Opening balance	3,119,751	438,856
Provision for the period / year	2,151,490	3,110,473
Provision for prior year	195,183	-
Payment	(4,143,667)	(429,578)
Closing balance	1,322,757	3,119,751
Zakat and income tax payable	8,678,474	11,342,121

Deferred tax balances

Deferred tax adjustment has not been recognised in six months period ended June 30, 2024 and year ended December 31, 2023 as the impact is not material to the interim condensed consolidated financial information.

Status of final assessments

In 2019, Al Dabbagh Group Holding Company ("ADGHC"), the ultimate parent, had given a letter of undertaking whereby all liabilities related to additional zakat assessment up to the date of the Company being listed in Saudi Stock Exchange (Tadawul) which is on August 4, 2021 will be reimbursed to the Company by ADGHC.

In 2019, the Company obtained the approval from the ZATCA to a file consolidated zakat return for the Company and its subsidiaries ADC, SFPC and DHV. The Company has finalised its zakat assessment with the ZATCA up to 2010. The Company has filed its consolidated zakat returns up to 2021 and filed its unconsolidated zakat return for the year 2022 onwards as its subsidiaries are not 100% owned.

Various assessments with additional zakat claimed by the ZATCA have been received by the Company and its subsidiaries for the years 2015 to 2018, which have either been objected or paid under protest by the Company and its subsidiaries. The total amount of additional zakat claimed by the ZATCA objected and paid under protest amounted to SR 4.1 million and SR 0.97 million respectively. The final assessments for the Company and its subsidiaries for the years 2019 through 2022 have not yet been raised by the ZATCA.

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12. RELATED PARTY TRANSACTIONS AND BALANCES

The Company is a member of an affiliated Group of companies, which are directly or indirectly controlled by ADGHC, the ultimate parent.

Following is the list of related parties with whom the Group has significant transactions and balances:

<u>Name of related party</u>	<u>Nature of relationship</u>
ADGHC	Ultimate parent
National Scientific Company Limited ("NSCL")	Affiliate
Saed International for Istiqdam Company ("SAED")	Affiliate
Aldukan Limited Company ("Dukan")	Affiliate
Petromin Corporation ("Petromin")	Affiliate
Advanced Petroleum Services Limited ("APSL")	Affiliate
National Fuel Limited Company ("NFLC")	Affiliate
Petrolube Oil Company ("POC")	Affiliate
National Transportation Solutions Company ("NTSC")	Affiliate
Supreme Foods Processing Company ("SFPC") and subsidiary	Associate

During the six-month periods ended June 30, 2024 and 2023, a number of transactions were carried out in the ordinary course of business with the affiliated companies, which are based on prices and contractual terms that are mutually agreed by management of the Group. The aggregate values of such transactions with affiliated companies are mentioned as follows:

Related party transactions

	Six-months period ended	
	June 30, 2024 SR	June 30, 2023 SR
	(Unaudited)	(Unaudited)
Sales to an affiliate	(7,028,632)	(3,615,430)
Sales to an associate	(8,915,557)	(8,319,862)
Payments on behalf of ultimate Parent	230,969	833,842
Rent cost to affiliates	3,102,000	636,882
Employee cost paid to an affiliate	97,498	190,136
Purchases of goods and services from affiliates	125,350	138,248
Purchases from an associate	1,163,537	1,712,700
Management fees charged to an associate	6,411,444	7,159,428
Others	241,848	215,708

Transactions with key management personnel

	Six-months period ended	
	June 30, 2024 SR	June 30, 2023 SR
	(Unaudited)	(Unaudited)
Remuneration	8,780,249	8,485,170
Provision for employee benefit obligations	560,515	731,334
	9,340,764	9,216,504

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12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Key management personnel include the Board of Directors, Chief Executive Officer and heads of departments. Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

Related party balances

Significant period end balances arising from transactions with related parties, are as follows:

Included within trade and other debtors are the following due from related parties

	June 30, 2024	December 31, 2023
	SR	SR
	(Unaudited)	(Audited)
SFPC	47,663,847	44,026,949
ADGHC	3,835,537	3,604,568
Dukan	5,640,527	3,807,314
NSCL	100,200	100,200
APSL	32,204	32,204
SAED	44,132	-
	57,316,447	51,571,235

Included within trade payables, accruals and other liabilities are the following balances due to related parties

	June 30, 2024	December 31, 2023
	SR	SR
	(Unaudited)	(Audited)
Perfect Food Factory	6,345,847	3,932,080
NTSC	268,600	-
Petromin	33,806	51,826
SAED	-	11,798
	6,648,253	3,995,704

13. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies

The Group had the following commitments:

	June 30, 2024	December 31, 2023
	SR	SR
	(Unaudited)	(Audited)
Capital commitments	187,564,387	140,816,889

At June 30, the Group had the following contingencies:

	June 30, 2024	December 31, 2023
	SR	SR
	(Unaudited)	(Audited)
Letters of credit	291,982,289	222,252,347
Letters of guarantee	2,425,938	2,613,438

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13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Group had the following share of contingencies and commitments in an associate:

	June 30, 2024 SR	December 31, 2023 SR
	(Unaudited)	(Audited)
Capital commitments	50,744	51,613
Letters of guarantee	319,458	319,458
Letters of credit	163,556	-

Short-term leases

The short-term lease commitments as of June 30, 2024 amount to SR 0.6 million (December 31, 2023: SR 0.2 million).

14. EARNINGS PER SHARE

Earnings per share have been calculated by dividing the net profit attributable to the owners of the Company by the weighted average number of shares outstanding during the period. As the Group does not have any dilutive potential shares, the diluted earnings per share is the same as the basic earnings per share.

	Three-months period		Six-months period ended	
	June 30, 2024 SR	June 30, 2023 SR	June 30, 2024 SR	June 30, 2023 SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit attributable to owners of the Company	24,019,430	11,412,766	44,974,445	32,400,449
Weighted average number of shares	20,000,000	20,000,000	20,000,000	20,000,000
Basic and diluted earnings per share (SR per share)	1.20	0.57	2.25	1.62

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15. SEGMENT AND GEOGRAPHICAL INFORMATION

The Group operates principally in a single business segment of Food and Agriculture business which includes manufacturing and distribution of fresh and processed poultry and poultry related products. This is in line with the operating segment that is regularly reported to the Chief Operating Decision Maker. This is also the measure reported to the Group's Board of Directors for the purpose of resource allocation and assessment of segment performance. However, the Group operates in the following geographical areas:

	Poultry, food and agriculture												
	Three-months period ended June 30, 2024 (Unaudited)					Six-months period ended June 30, 2024 (Unaudited)							
	Kingdom of Saudi Arabia SR	United Arab Emirates SR	Bahrain SR	Other GCC countries SR	Total SR	Kingdom of Saudi Arabia SR	United Arab Emirates SR	Bahrain SR	Other GCC countries SR	Total SR			
Revenue from external customers													
<i>Timing of revenue recognition</i>													
At a point in time	586,089,029	6,997,601	31,499,375	224,940	624,810,945	1,126,765,784	6,997,601	61,847,790	224,940	1,195,836,115			
Over time	14,993,557	-	-	-	14,993,557	25,330,597	-	-	-	25,330,597			
	601,082,586	6,997,601	31,499,375	224,940	639,804,502	1,152,096,381	6,997,601	61,847,790	224,940	1,221,166,712			
	Poultry, food and agriculture												
	Three-months period ended June 30, 2023 (Unaudited)					Six-months period ended June 30, 2023 (Unaudited)							
	Kingdom of Saudi Arabia SR	United Arab Emirates SR	Bahrain SR	Other GCC countries SR	Total SR	Kingdom of Saudi Arabia SR	United Arab Emirates SR	Bahrain SR	Other GCC countries SR	Total SR			
Revenue from external customers													
<i>Timing of revenue recognition</i>													
At a point in time	465,416,441	-	24,347,590	-	489,764,031	920,584,970	-	51,271,287	390,045	972,246,302			
Over time	8,893,695	-	-	-	8,893,695	10,891,175	-	-	-	10,891,175			
	474,310,136	-	24,347,590	-	498,657,726	931,476,145	-	51,271,287	390,045	983,137,477			

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15. SEGMENT AND GEOGRAPHICAL INFORMATION (CONTINUED)

	June 30, 2024 (Unaudited)		
	Kingdom of Saudi Arabia SR	Kingdom of Bahrain SR	Total SR
Property, plant and equipment	618,587,960	448,095	619,036,055
Right-of-use assets	449,938,221	1,552,428	451,490,649
Intangible assets	7,870,243	64,268	7,934,511
Financial assets at FVOCI	773,983	-	773,983
	December 31, 2023 (Audited)		
	Kingdom of Saudi Arabia SR	Kingdom of Bahrain SR	Total SR
Property, plant and equipment	524,658,451	512,237	525,170,688
Right-of-use assets	420,814,496	1,878,013	422,692,509
Intangible assets	6,700,076	68,335	6,768,411
Financial assets at FVOCI	773,983	-	773,983

16. DIVIDENDS

On June 10, 2024, the shareholders in their meeting approved and distributed a cash dividend of SR 1.9 per share amounting to SR 38 million for the fiscal year 2023 (2023: SR 69.9 million).

17. SUBSEQUENT EVENTS

There were no events subsequent to June 30, 2024 and occurring before the date of the approval of the interim condensed consolidated financial information by the Board of Directors that are expected to have a significant impact on this interim condensed consolidated financial information.

18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

These interim condensed consolidated financial information for the six-month period ended June 30, 2024 were approved for issuance by the Board of Directors of the Group on August 8, 2024.