

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the six months period ended 30 June 2021
together with the
INDEPENDENT AUDITOR'S REVIEW REPORT

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

INDEX	PAGES
Independent auditor's report on review of condensed consolidated interim financial statements	1-2
Condensed consolidated statement of financial position	3
Condensed consolidated statements of profit or loss and other comprehensive income	4
Condensed consolidated statement of changes in equity	5
Condensed consolidated statement of cash flows	6
Notes to the condensed consolidated financial statements	7 - 27



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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent auditors' report on review of condensed consolidated interim financial statements

To the Shareholders of Alamar Foods Company

Introduction

We have reviewed the accompanying 30 June 2021 condensed consolidated interim financial statements of Alamar Foods Company ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2021;
- the condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2021;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2021;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2021; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim 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.

Independent auditors' report on review of condensed consolidated interim financial statements (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2021 condensed consolidated interim financial statements of Alamar Foods Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services



Fahad Mubark Al Dossari
License No: 469

Date: 23 August 2021
Corresponding to: 15 Muharram 1443H



ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

(Amount in Saudi Riyals)

	<i>Note</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Property, plant and equipment	5	150,772,077	153,631,720
Right of use assets	6	170,556,971	188,306,035
Goodwill	24	25,257,660	24,993,979
Other intangible assets		4,510,388	4,434,272
Equity-accounted investees		12,746	12,746
Deferred tax assets		2,788,724	2,840,143
Non-current assets		353,898,566	374,218,895
Inventories	7	40,200,882	33,813,668
Trade and other receivables	8	71,587,575	64,853,142
Due from related parties	9	17,899,144	10,611,820
Cash and cash equivalents	10	139,325,793	128,105,607
Current assets		269,013,394	237,384,237
TOTAL ASSETS		622,911,960	611,603,132
EQUITY AND LIABILITIES			
Equity			
Share capital	11	5,000,000	5,000,000
Proposed increase in share capital	11	247,000,000	--
Statutory reserve	12	2,500,000	2,500,000
Capital contribution	13	--	151,268,859
Retained earnings		38,679,706	64,322,839
Foreign currency translation reserve		(11,366,556)	2,339,886
Equity attributable to owners of the Company		281,813,150	225,431,584
Non-controlling interests		(190,698)	1,560,826
Total equity		281,622,452	226,992,410
Lease liabilities	14	121,717,003	137,486,754
Employee benefits	15	21,421,846	22,087,041
Trade and other payables	16	7,922,464	7,058,239
Loans and borrowings	21	3,374,974	2,864,273
Deferred tax liabilities		1,453,364	1,444,257
Non-current liabilities		155,889,651	170,940,564
Lease liabilities	14	62,000,849	64,470,722
Employee benefits	15	15,144,379	18,020,800
Trade and other payables	16	99,264,895	119,431,509
Due to related parties	9	2,717,586	2,602,743
Loans and borrowings	21	2,011,599	1,148,361
Provision for zakat and income tax		4,260,549	7,996,023
Current liabilities		185,399,857	213,670,158
Total liabilities		341,289,508	384,610,722
Total EQUITY AND LIABILITIES		622,911,960	611,603,132

The accompanying notes (1) through (28) form an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements shown on pages 3 to 27 were approved on 15 Muharram 1443H (corresponding to 23 August 2021) and signed on behalf of the board of directors by Chief Executive Officer and Chief Financial Officer.

Chief Executive Officer

Chief Financial Officer

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

(Amount in Saudi Riyals)

	<i>Note</i>	For the three months period		For the six months period	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
Revenue	17	197,508,574	112,932,486	401,653,223	280,141,915
Cost of sales		(132,086,382)	(90,645,396)	(259,300,019)	(212,007,819)
Gross profit		65,422,192	22,287,090	142,353,204	68,134,096
Selling and distribution expenses		(18,231,348)	(11,931,600)	(37,448,560)	(29,970,331)
Administrative expenses		(20,880,917)	(18,408,164)	(41,473,290)	(40,449,448)
Other income		6,167,082	3,358,517	11,921,577	6,716,776
Impairment of trade and other receivables		--	--	(1,500,000)	--
Operating profit/(loss)		32,477,009	(4,694,157)	73,852,931	4,431,093
Finance costs and bank charges		(3,864,198)	(3,227,437)	(7,650,594)	(6,863,818)
Share of losses of equity-accounted investee		(167,266)	(545,618)	(413,973)	(833,849)
Impairment loss on investment in joint venture		--	(1,630,308)	--	(3,275,593)
Profit /(loss) before zakat and tax		28,445,545	(10,097,520)	65,788,364	(6,542,167)
Zakat and income tax		(2,790,337)	(1,545,008)	(4,934,839)	(2,304,711)
Profit /(loss) for the period		25,655,208	(11,642,528)	60,853,525	(8,846,878)
Other comprehensive loss					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Remeasurement of employee defined benefit liabilities		--	--	--	--
<i>Item that are reclassified subsequently to profit or loss</i>					
Foreign operation – foreign currency translation differences		(3,725,748)	(99,390)	(14,406,365)	(1,076,341)
Other comprehensive loss for the period		(3,725,748)	(99,390)	(14,406,365)	(1,076,341)
Total comprehensive income/ (loss) for the period		21,929,460	(11,741,918)	46,447,160	(9,923,219)
Profit /(loss) attributable to:					
Owners of the Company		25,514,329	(10,808,509)	61,905,126	(7,832,243)
Non-controlling interests		140,879	(834,019)	(1,051,601)	(1,014,635)
		25,655,208	(11,642,528)	60,853,525	(8,846,878)
Total comprehensive income /(loss) attributable to:					
Owners of the Company		21,925,030	(10,918,248)	48,198,684	(8,762,940)
Non-controlling interests		4,430	(823,670)	(1,751,524)	(1,160,279)
		21,929,460	(11,741,918)	46,447,160	(9,923,219)
Earnings per share - basic and diluted	26	1.01	(0.43)	2.46	(0.31)

The accompanying notes (1) through (28) form an integral part of these condensed consolidated interim financial statements.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

(Amount in Saudi Riyals)

	Attributable to owners of the Company								
	Share capital	Proposed increase in share capital	Statutory reserve	Capital contribution	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
<i>For the six months ended 30 June 2021</i>									
Balance at 1 January 2021	5,000,000	--	2,500,000	151,268,859	64,322,839	2,339,886	225,431,584	1,560,826	226,992,410
<i>Total comprehensive income for the period</i>									
Profit for the period	--	--	--	--	61,905,126	-	61,905,126	(1,051,601)	60,853,525
Other comprehensive loss for the period	--	--	--	--	-	(13,706,442)	(13,706,442)	(699,923)	(14,406,365)
Total comprehensive income for the period	--	--	--	--	61,905,126	(13,706,442)	48,933,684	(1,751,524)	46,447,160
Transfer to proposed increase in share capital	--	247,000,000	--	(151,268,859)	(95,731,141)	--	--	--	--
Contribution from shareholders	--	--	--	--	8,182,882	--	8,182,882	--	8,182,882
Balance at 30 June 2021 (Un-audited)	5,000,000	247,000,000	2,500,000	-	38,679,706	(11,366,556)	281,813,150	(190,698)	281,622,452
<i>For the six months ended 30 June 2020</i>									
Balance at 1 January 2020	5,000,000	-	2,500,000	151,268,859	79,460,833	--	238,229,692	--	238,229,692
<i>Total comprehensive income for the period</i>									
Loss for the period	--	-	-	-	(7,832,243)	--	(7,832,243)	(1,014,635)	(8,846,878)
Other comprehensive loss for the period	--	-	-	-	-	(930,697)	(930,697)	(145,644)	(1,076,341)
Total comprehensive loss for the period	--	-	-	-	(7,832,243)	(930,697)	(8,762,940)	(1,160,279)	(9,923,219)
Contribution from shareholders	--	-	-	-	800,072	--	800,072	--	800,072
Acquisition of subsidiary with NCI	--	-	-	-	(1,616,615)	--	(1,616,615)	(789,980)	(2,406,595)
Waiver of related party balances - net	--	-	-	-	(70,627,467)	--	(70,627,467)	--	(70,627,467)
Balance at 30 June 2020 (Un-audited)	5,000,000	-	2,500,000	151,268,859	184,580	(930,697)	158,022,742	(1,950,259)	156,072,483

The accompanying notes (1) through (28) form an integral part of these condensed consolidated interim financial statements.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

	Note	30 June <u>2021</u>	30 June <u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the period		60,853,525	(8,846,878)
Adjustments for:			
- Income tax and zakat		4,934,839	2,304,711
- Depreciation of property, plant and equipment	5	15,552,521	16,856,248
- Depreciation of right of use assets	6	31,436,532	29,260,880
- Amortization of intangible assets		521,786	1,111,281
- Share of loss in equity-accounted investee		413,973	4,109,442
- Loss on disposal of right of use assets		--	177,338
- Employee benefits	15	2,292,669	2,259,616
- Interest expense of lease liabilities		5,866,259	6,222,134
- Impairment loss on trade and other receivables		1,500,000	
- Loss on disposal of property, plant and equipment		437,113	552,861
		<u>123,809,217</u>	<u>54,007,633</u>
Changes in:			
Inventories		(6,387,214)	(8,380,152)
Trade and other receivables		(8,234,431)	4,601,216
Due from related parties		(15,470,206)	66,751,479
Employee benefits		(2,486,285)	7,434,998
Trade and other payables		(19,334,689)	4,956,623
Due to related parties		147,137	(61,976,062)
Cash generated from operations		<u>72,043,529</u>	<u>67,395,735</u>
Zakat and income tax paid		(8,670,313)	(800,072)
Employee benefits paid	15	(2,957,864)	(464,589)
Net cash generated from operating activities		<u>60,415,352</u>	<u>66,131,074</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	5	(14,430,528)	(12,542,070)
Acquisition of intangible assets		(616,360)	--
Proceed from sale of property, plant and equipment		1,404,648	--
Acquisition of subsidiary, net of cash acquired		--	10,486,821
Acquisition of equity accounted investee		--	(12,792)
Net cash used in investing activities		<u>(13,642,240)</u>	<u>(2,068,041)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in loans and borrowings		1,373,939	34,459,381
Payments of lease liabilities		(31,472,278)	(18,672,119)
Payment of interest on lease liabilities		(5,866,259)	(6,222,134)
Net cash generated from / (used in) financing activities		<u>(35,964,598)</u>	<u>9,565,128</u>
Net increase in cash and cash equivalents		10,808,514	73,628,161
Cash and cash equivalents at beginning of the period		128,105,607	17,024,197
Effect of movement in exchange rates on cash held		411,672	8,692
Cash and cash equivalents at 30 June	10	<u>139,325,793</u>	<u>90,661,050</u>

The accompanying notes (1) through (28) form an integral part of these condensed consolidated interim financial statements.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

(Amount in Saudi Riyals)

1. ACTIVITIES

Alamar Foods Company (the “Company” or the “Parent Company”) is a Saudi Closed Joint Stock Company formed under the Regulations for Companies in Kingdom of Saudi Arabia under Commercial Registration (CR) Number 1010168969 dated 20 Jumada Al-Thani 1422 H (corresponding to 09 September 2001). The Company has obtained the Ministry of Commerce approval based on Board of Ministries Resolution No. 97 dated 16 Rabi Al Awal 1433H (corresponding to 08 February 2012).

The main activities of the Company and its subsidiaries (collectively referred to as “the Group”) consist of:

- i) Administration and operation of 371 restaurants (31 December 2020: 361) under a Domino’s franchise agreement catering service for cooked and non-cooked food and fast food meals.
- ii) Administration and operation of 36 restaurants (31 December 2020: 35 restaurants) under Dunkin Donut’s franchisee agreement.

The address of the Company’s registered office is as follows:

Alamar Building
Olaya Road, Olaya District
P.O Box 4748
Riyadh 11412
Kingdom of Saudi Arabia

These condensed consolidated interim financial statements include the financial position and performance of the Company and its following subsidiaries:

<u>Name of the Company</u>	<u>Place of incorporation</u>	<u>Principal activity</u>	<u>Date of acquisition</u>	<u>Effective holding percentage</u>	
				30 June 2021	31 December 2020
Alamar Foods Company LLC	Amman, Jordan	Establishing, operating and managing of fast food restaurants	9 January 2020	75%	75%
Alamar Foods Company LLC	Cairo, Egypt	Establishing, operating and managing of fast food restaurants.	9 January 2020	99%	99%
Alamar Foods LLC	Doha, Qatar	Establishing, operating and managing of fast food restaurants	9 January 2020	99%	99%
Alamar Foods DMCC	Dubai, UAE	Establishing, operating and managing of fast food restaurants	9 January 2020	100%	100%
Alamar Foods LLC	Dubai, UAE	Establishing, operating and managing of fast food restaurants	9 January 2020	99%	99%
Alamar Foods Company W.L.L	Manama, Bahrain	Establishing, operating and managing of fast food restaurants	9 January 2020	99%	99%
Alamar Foods SARL	Beirut, Lebanon	Establishing, operating and managing of fast food restaurants	9 January 2020	95%	95%
HEA Trade and Services Company	Rabat, Morocco	Establishing, operating and managing of fast food restaurants	23 January 2020	49%	49%

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements (“consolidated financial statements”) have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”), and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2020 (“last annual financial statements”).

These consolidated financial statements do not include all of information required for complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the defined benefit plan which is measured at present value of future obligations using Projected Unit Credit Method and equity-accounted investees which are measured at equity method. Further, the consolidated financial statements are prepared using the accrual basis of accounting and going concern concept.

Going concern:

In response to the spread of COVID-19 (“coronavirus”) in GCC and other territories, the Group has been closely monitoring the impact of coronavirus on the Group’s businesses and has put in place contingency measures. These contingency measures include regular monitoring of cash flows and utilizing undrawn facilities in order to meet working capital requirements. The Group will keep contingency measures under review as the situation evolves. As far as the Group’s business is concerned, the outbreak has not caused a significant disruption to the business as the business was operational and operational activities were ongoing during the period. However, the effect of the outbreak is still subject to significant levels of uncertainty, with the full range of possible effects unknown.

The management expects that it would be able to continue with the positive financial performance and cash flows of the Group, through ongoing and increased customer demand as well as implementing necessary cost saving measures where needed. Based on the information available and improvement in financial performance in current period, the management expects further improvements in cash flows in subsequent quarters and is confident that the Group has adequate resources to continue its operations for the foreseeable future. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyal (“SR”) which is the functional and presentation currency of the Group.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In preparing these consolidated financial statements, management has made estimates and judgments that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

ALAMAR FOODS COMPANY
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated annual financial statements for the year ended 31 December 2020.

- a) Following are the new standards and amendments to standards which are effective for annual periods beginning after 1 January 2021, however the amendments do not have a significant effect of the Company's financial statements.

Effective date	New standards or amendments
1 January 2021	<i>Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16</i>

- b) Following are the new standards and amendments to standards which are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted them in preparing these financial statements.

Effective date	New standards or amendments
1 January 2022	<i>Onerous Contracts: Cost of Fulfilling a Contract – Amendments to IAS 37</i>
	<i>Annual Improvements to IFRS Standards 2018–2020 – Amendments to IFRS 1, IFRS 9, illustrative examples accompanying IFRS 16 and IAS 41</i>
	<i>Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16</i>
	<i>Reference to the Conceptual Framework – Amendments to IFRS 3</i>

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

5. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u>	<u>Buildings and buildings improvements</u>	<u>Leasehold improvements</u>	<u>Furniture</u>	<u>Machines and equipment</u>	<u>Computer devices and hardware</u>	<u>Vehicles</u>	<u>Total</u>
<i>Cost:</i>								
At 1 January 2020 (Audited)	--	529,940	95,200,056	8,886,460	85,281,236	17,245,779	2,648,819	209,792,290
Acquisitions through business combinations	70,098	606,654	47,228,206	9,137,276	38,165,943	6,259,550	5,523,349	106,991,076
Additions	2,914,153	21,028	14,008,796	338,418	9,454,425	1,632,895	381,613	28,751,328
Transfer to intangible assets	--	(2,750)	(73,818)	--	--	--	--	(76,568)
Disposals	--	--	(2,691,781)	(41,031)	(1,279,419)	(1,238,726)	(298,798)	(5,549,755)
Exchange rates movements	1,269	15,250	441,275	39,486	507,646	21,151	43,285	1,069,362
At 31 December 2020 (Audited)	2,985,520	1,170,122	154,112,734	18,360,609	132,129,831	23,920,649	8,298,268	340,977,733
Additions	--	--	8,842,443	192,958	4,426,351	779,284	189,492	14,430,528
Disposals	--	--	(994,568)	(12,583)	(234,786)	(7,893)	(451,835)	(1,701,665)
Exchange rates movements	18,825	4,479	(3,121,711)	(1,750,890)	(3,895,527)	(1,233,448)	(302,894)	(10,281,166)
At 30 June 2021 (Un-audited)	3,004,345	1,174,601	158,838,898	16,790,094	132,425,869	23,458,592	7,733,031	343,425,430
<i>Accumulated depreciation and impairment loss:</i>								
At 1 January 2020 (Audited)	--	158,982	41,865,524	4,775,214	45,740,068	12,563,536	1,473,255	106,576,579
Acquisitions through business combinations	--	141,707	22,944,871	5,959,580	17,834,353	3,779,507	3,346,166	54,006,184
Charge for the year	--	47,332	14,379,404	1,618,444	11,378,967	2,956,529	963,948	31,344,624
Reversal of impairment loss	--	--	(1,900,000)	--	--	--	--	(1,900,000)
Transfer to intangible assets	--	(2,750)	(73,818)	--	--	--	--	(76,568)
Disposals	--	--	(1,402,092)	(21,019)	(789,593)	(661,138)	(244,126)	(3,117,968)
Exchange rates movements	--	3,810	230,173	19,429	224,245	4,373	31,132	513,162
At 31 December 2020 (Audited)	--	349,081	76,044,062	12,351,648	74,388,040	18,642,807	5,570,375	187,346,013
Charge for the period	--	25,200	7,575,348	749,992	5,492,760	1,170,119	539,102	15,552,521
Disposals	--	--	(467,243)	(4,957)	(82,019)	(5,154)	(174,757)	(734,130)
Exchange rates movements	--	4,011	(3,761,342)	(1,086,686)	(2,929,629)	(1,216,963)	(520,442)	(9,511,051)
At 30 June 2021 (Unaudited)	-	378,292	79,390,825	12,009,997	76,869,152	18,590,809	5,414,278	192,653,353
Net book value								
At 30 June 2021 (Unaudited)	3,004,345	796,309	79,448,073	4,780,097	55,556,717	4,867,783	2,318,753	150,772,077
At 31 December 2020 (Audited)	2,985,520	821,041	78,068,672	6,008,961	57,741,791	5,277,842	2,727,893	153,631,720

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

6. RIGHT OF USE ASSETS

Right-of-use assets related to leased properties that meet the definition of leased assets under the adoption of IFRS 16.

The Group leases stores and vehicles. The leases typically run for an average lease term of up to 5 years, with an option to renew the lease after that date in some contracts. Lease payments are fixed, some leases include escalated rent payments.

	Buildings	Vehicles	Total
Cost:			
At 1 January 2020 (Audited)	163,195,742	22,167,715	185,363,457
Acquisitions through business combination	95,193,266	1,455,264	96,648,530
Additions	33,432,884	4,838,113	38,270,997
Disposals	(3,085,793)	(2,745,281)	(5,831,074)
Exchange rates movements	578,635	89,646	668,281
At 31 December 2020 (Audited)	289,314,734	25,805,457	315,120,191
Modifications	40,620	--	40,620
Additions	11,159,788	5,015,608	16,175,396
Disposals	(2,862,624)	(2,375,800)	(5,238,424)
Exchange rates movements	(3,367,407)	19,717	(3,347,690)
At 30 June 2021 (Unaudited)	294,285,111	28,464,982	322,750,093
Accumulated depreciation:			
At 1 January 2020 (Audited)	35,986,999	10,514,005	46,501,004
Acquisitions through business combination	19,027,706	512,277	19,539,983
Charge for the year	58,342,618	6,020,348	64,362,966
Disposal	(1,378,190)	(2,344,695)	(3,722,885)
Exchange rates movements	101,531	31,557	133,088
At 31 December 2020 (Audited)	112,080,664	14,733,492	126,814,156
Modifications	(125,046)	--	(125,046)
Charge for the period	28,356,416	3,080,116	31,436,532
Disposals	(4,012,075)	--	(4,012,075)
Exchange rates movements	(1,931,724)	11,279	(1,920,445)
At 30 June 2021 (Unaudited)	134,368,235	17,824,887	152,193,122
Net book values:			
At 30 June 2021 (Unaudited)	159,916,876	10,640,095	170,556,971
At 31 December 2020 (Audited)	177,234,070	11,071,965	188,306,035

7. INVENTORIES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Raw materials	34,008,943	28,626,150
Consumables and packing material	6,354,047	4,609,699
Goods in transit	21,068	616,398
Provision for slow moving items	(183,176)	(38,579)
	40,200,882	33,813,668

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

7. INVENTORIES (CONTINUED)

Movement in the provision for slow moving items for the period is as follows:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Balance at the beginning of the period	38,579	-
Charge during the period/year	434,422	893,368
Write off during the period/year	(289,825)	(854,789)
Balance at the end of the period	<u>183,176</u>	<u>38,579</u>

8. TRADE AND OTHER RECEIVABLES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Trade receivables	16,613,641	16,930,586
Allowance for doubtful debts	8.1 (5,181,453)	(5,179,861)
Net trade receivables	<u>11,432,188</u>	<u>11,750,725</u>
Prepaid expenses	24,211,149	23,022,237
Advances to suppliers	19,820,112	14,250,279
Advances to employees	3,991,943	3,856,654
Other receivables	13,632,183	11,973,247
Less: Impairment loss on other receivables	8.2 (1,500,000)	--
	<u>71,587,575</u>	<u>64,853,142</u>

8.1 Movement in the allowance for doubtful debts for the period / year is as follows:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Balance at beginning of the period / year	5,179,861	--
Acquisitions through business combination	--	5,143,799
Charge during the period / year	--	35,572
Exchange rate movements	1,592	490
Balance at end of the period / year	<u>5,181,453</u>	<u>5,179,861</u>

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off or provides a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowances for doubtful debts based on past due status is not further distinguished between the Company's different customer types.

30 June 2021 (Un-audited)	Not past due	Trade receivables – Days past due				Total
		<30	31-60	61-90	>90	
Expected credit loss rate %	2%	33%	45%	76%	97%	31%
Gross carrying amount	10,590,185	628,912	925,126	4,060	4,465,363	16,613,646
Lifetime ECL	215,473	204,578	413,576	3,103	4,344,724	5,181,453

31 December 2020 (Audited)	Not past due	Trade receivables – Days past due				Total
		<30	31-60	61-90	>90	
Expected credit loss rate %	--	--	--	--	83%	31%
Gross carrying amount	10,203,220	396,194	31,697	83,033	6,216,442	16,930,586
Lifetime ECL	-	--	--	--	5,179,861	5,179,861

8.2 It represents impairment loss on other receivables recognized during the period.

9. RELATED PARTIES INFORMATION

The Group's immediate and ultimate controlling party is Abdul Aziz Ibrahim AlJammaz and Brothers Company, which is incorporated in the Kingdom of Saudi Arabia. The related party transactions were made on terms agreed at group level. During the period, the Group entered into the following transactions with related parties:

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
<i>Transactions with shareholding companies</i>	8,182,882	800,072
Contribution from shareholders	8,182,882	800,072
<i>Transactions with joint venture investment</i>	24,695	43,037
Expenses	18,700	43,037
Other charges	5,995	--
<i>Transactions with associate</i>	1,755,593	(1,725,595)
Expenses	1,776,997	(1,953,794)
Other charges	(21,404)	(92,066)
Purchase of property and equipment	-	(57,750)

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

9. RELATED PARTIES INFORMATION (CONTINUED)

The following balances were outstanding with related parties at the reporting date:

	Nature of relationship	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<i>Due from related parties</i>			
Abdul Aziz Ibrahim AlJammaz and Brothers Company	Holding company	6,700,734	4,243,136
Alamar Foods Company, Oman	Associate company	2,392,464	2,755,943
2 in 1 restaurants Company	Joint venture investment	32,109	7,414
Alamar Foods For Restaurants Management WLL	Associate company	12,552	6,239
AlJammaz Establishment	Company under common control	--	52,760
Meadow Holding (Cayman) Limited	Shareholder	5,417,824	989,138
Meadow Saudi Arabia Company	Shareholder	2,143,158	1,357,122
Yasmine Flower Company	Shareholder of subsidiary	1,200,303	1,200,068
		17,899,144	10,611,820
<i>Due to related parties</i>			
AlJammaz Agriculture	Company under common control	226,807	53,706
Hakam El Abbes	Shareholder of subsidiary	2,482,751	2,456,818
Sovana Inc. USA	Others	8,028	92,219
		2,717,586	2,602,743

The amounts outstanding with related parties are unsecured and will be settled in cash. No amounts have been expensed in respect of due from other related parties during the period.

Compensation paid to key management personnel during the period is as follows:

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Short-term benefits	6,369,905	4,595,206
Post-employment benefits	850,153	177,536

10. CASH AND CASH EQUIVALENTS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Cash on hand	3,379,124	10,851,216
Cash at bank	136,326,369	121,004,391
Cash and cash equivalents – gross	139,705,493	131,855,607
Impairment loss allowance	(379,700)	(3,750,000)
Cash and cash equivalent – net	139,325,793	128,105,607

11. SHARE CAPITAL

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
500,000 shares of SR10 each	5,000,000	5,000,000

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

11. SHARE CAPITAL (CONTINUED)

On 27 May 2021 (corresponding to 15 Shawwal 1442H), the Board of Directors have resolved to increase the Company's share capital from SR 5,000,000 to SR 252,000,000. At 30 June 2021 the Company was in the process of completing the legal formalities in respect of the proposed increase in share capital. This achieved is through transfer from "Capital contribution" account and "Retained Earnings" account to "Proposed increase in share capital" account by a total amount of SR 247,000,000. On 18 July 2021, the legal formalities have been completed and updated Commercial Registration has been issued.

12. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia and the Company's By-Laws, the Company is required to transfer 10% of its profit for the year to a statutory reserve until such reserve equals 30% of its share capital. This reserve is not available for dividend distribution.

13. CAPITAL CONTRIBUTION

These funds were provided by the shareholders to be used for any capital increase in the future. These accounts are non-interest bearing. The details of shareholders' contribution accounts are as follows:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Abdul Aziz Ibrahim AlJammaz and Brothers Company	--	87,439,451
Meadow Saudi Arabia Company	--	27,966,587
Meadow Holding (Cayman) Limited	--	35,862,821
	<u> </u>	<u> </u>
	--	151,268,859

On 27 May 2021 (corresponding to 15 Shawwal 1442H), the Board of Directors have resolved to transfer the SR 151,268,859 of capital contribution to share capital (Note 11).

14. LEASE LIABILITIES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<i>Non-Current liabilities</i>		
Lease liabilities	<u>121,717,003</u>	<u>137,486,754</u>
<i>Current liabilities</i>		
Current portion of lease liabilities	<u>62,000,849</u>	<u>64,470,722</u>

The Company leased certain of its vehicles and its stores. The average lease term is 5 years (2020: 5 years).

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<u>Minimum lease payments</u>		
Not later than one year	70,328,228	73,147,712
Later than one year and not later than 5 years	135,293,124	151,940,378
More than 5 years	3,081,090	4,518,162
	<u>208,702,442</u>	<u>229,606,252</u>
Less: future finance charges	<u>(24,984,590)</u>	<u>(27,648,776)</u>
Present value of minimum lease payments	<u>183,717,852</u>	<u>201,957,476</u>
<u>Present value of minimum lease payments</u>		
Not later than one year	62,000,849	64,470,722
More than one year	<u>121,717,003</u>	<u>137,486,754</u>
	<u>183,717,852</u>	<u>201,957,476</u>

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

15. EMPLOYEE BENEFITS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<i>Non-Current liabilities</i>		
Defined benefit liabilities	<u>21,421,846</u>	<u>22,087,041</u>
<i>Current liabilities</i>		
Payroll & Bonus	5,246,204	8,099,620
Accrued vacation	7,001,861	7,180,212
Accrued air ticket & Iqama fee	2,310,705	2,140,944
Others	585,609	600,024
	<u>15,144,379</u>	<u>18,020,800</u>
	<u>36,566,225</u>	<u>40,107,841</u>

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Defined benefit liability		
Balance at the beginning of the period/ year	22,087,041	16,718,000
Acquisition through business combination	--	2,218,900
Current service cost	2,176,422	4,616,221
Interest cost	116,247	415,839
	<u>2,292,669</u>	<u>5,032,060</u>
Paid during the period / year	(2,957,864)	(2,906,878)
Actuarial loss	--	1,024,959
Balance at the end of the period/ year	<u>21,421,846</u>	<u>22,087,041</u>

The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Discount rate	1.13%	2.05%
Rate of salary increases	<u>1.31%</u>	<u>2.24%</u>

All movements in the employee defined benefit liabilities are recognized in profit or loss except for the actuarial loss which is recognized in other comprehensive income.

Sensitivity analyses

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Increase in discount rate of 1%	(1,213,220)	(1,243,387)
Decrease in discount rate of 1%	1,419,268	1,454,541
Increase in rate of salary increase of 1%	1,505,351	1,542,737
Decrease in rate of salary increase of 1%	<u>(1,314,755)</u>	<u>(1,347,677)</u>

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

16. TRADE AND OTHER PAYABLES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<i>Non-Current liabilities</i>		
Other long-term liabilities	<u>7,922,464</u>	<u>7,058,239</u>
<i>Current liabilities</i>		
Trade payables	43,888,048	65,418,615
Accrued expenses	30,617,497	25,785,950
Deferred revenues	16,157,343	17,505,796
Other payables	<u>8,602,007</u>	<u>10,721,148</u>
	<u>99,264,895</u>	<u>119,431,509</u>

- 16.1 Deferred revenue includes the amount received from supplier as signing bonus amounting to USD 7 million (AED 25.7 million) during 2018 which is being amortized based on the quantity procured in accordance with the terms of the contract.
- 16.2 No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.
- 16.3 Other payables include additional losses against investment on joint venture amounting to SR 0.9 million (2020: SR 0.5 million) since the group has legal and constructive obligation to record additional losses in proportion to its ownership percentage in accordance with the terms of the agreement.

17. REVENUE

Revenue streams

The Group generates revenue primarily from the sale of food and beverages:

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
<i>Sale of products:</i>		
- Domino's Pizza	361,830,492	260,972,462
- Dunkin Donuts	22,717,874	12,207,232
- Other	<u>17,104,857</u>	<u>6,962,221</u>
	<u>401,653,223</u>	<u>280,141,915</u>

Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition.

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
<i>Primary geographical markets</i>		
Kingdom of Saudi Arabia	281,152,667	199,462,883
United Arab Emirates	45,860,764	29,531,810
Egypt	30,031,889	16,991,186
Qatar	12,456,940	8,607,943
Others	<u>32,150,963</u>	<u>25,548,093</u>
	<u>401,653,223</u>	<u>280,141,915</u>
<i>Timing of revenue recognition</i>		
Products transferred at a point in time	<u>401,653,223</u>	<u>280,141,915</u>

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

18. CAPITAL COMMITMENTS

The Group had capital commitments of SR 5.2 million for the construction of new outlets at the reporting date (31 December 2020: SR 5.9 million).

19. FINANCIAL INSTRUMENTS

Capital management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Group's overall strategy remains unchanged from the previous year.

The capital structure of the Group consists of equity comprising share capital, statutory reserve, additional contribution to capital and retained earnings.

Categories of financial instruments:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Financial assets		
<i>Amortized cost</i>		
Cash and cash equivalents (note 10)	139,325,793	128,105,607
Trade receivables (note 8)	11,432,188	11,750,725
Due from related parties (note 9)	17,899,144	10,611,820
Financial liabilities		
<i>Amortized cost</i>		
Trade and other payables (note 16)	60,412,519	83,031,479
Due to related parties (note 9)	2,717,586	2,602,743
Employees benefits (note 15)	15,144,379	18,020,800
Lease liabilities (note 14)	183,717,852	201,957,476
Loans and borrowings (note 21)	5,386,573	4,012,634

Fair values of financial assets and financial liabilities measured at amortized cost are not significantly different from their carrying amounts.

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Board of Directors of the Group has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instruments may fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk. The Group was not exposed significantly to market risk during the period under review. There were no changes in these circumstances from the previous year.

Foreign currency risk management

The Group did not have any significant foreign currency denominated monetary assets or liabilities at the reporting date for which it was exposed to any material foreign currency fluctuations. Foreign currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation-related risks are therefore not included in the assessment of the entity's exposure to currency risks. Accordingly, no foreign currency sensitivity analysis has been presented.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

19. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate and liquidity risks management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group did not have any significant exposure to movements in interest rates at the current or prior reporting date. Consequently, no interest rate sensitivity analysis has been presented.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows:

30 June 2021

(Unaudited)

Details	Interest rate %	Within one year	One year to five years	Over five years	Total
Trade and other payables	Interest free	52,490,055	7,922,464	--	60,412,519
Due to related parties	Interest free	2,717,586	--	--	2,717,586
Employee benefits	Interest free	15,144,379	--	--	15,144,379
Lease liabilities	2-4%	70,328,228	135,293,124	3,081,090	208,702,442
Loans and borrowings	3-6%	2,011,599	3,374,974	--	5,386,573
		<u>142,691,847</u>	<u>146,590,562</u>	<u>3,081,090</u>	<u>292,363,499</u>

31 December 2020

(Audited)

Details	Interest Rate %	Within one year	One year to five years	Over five years	Total
Trade and other payables	Interest free	76,139,763	7,058,239	--	83,198,002
Due to related parties	Interest free	2,602,743	--	--	2,602,743
Employee benefits	Interest free	18,020,800	--	--	18,020,800
Lease liabilities	2-4%	73,147,712	151,940,378	4,518,162	229,606,252
Loans and borrowings	3-6%	1,148,361	2,864,273	--	4,012,634
		<u>171,059,379</u>	<u>161,862,890</u>	<u>4,518,162</u>	<u>337,440,431</u>

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 30 June 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognized financial assets as stated in the statement of financial position. The Group performs credit-vetting procedures which are reviewed and updated on an ongoing basis before granting credit to its customers.

Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade receivable on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

19. FINANCIAL INSTRUMENTS (CONTINUED)

Trade receivables consist mainly aggregators. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group is primarily engaged in the cash business and trade receivables are mainly on account of sub franchise fee. The Group had 3 (31 December 2020: 3) trade receivables at the reporting date which comprised more than 97% (31 December 2020: 98%) of the trade receivables balance. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

20. RETIREMENT BENEFIT INFORMATION

The Group makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the period in respect of this plan was SR 1.29 million (30 June 2020: SR 1.05 million).

21. LOANS AND BORROWINGS

The Group has secured bank facilities and loans in the form of multi-purpose import facility, letters of credit, bonds, short-term finance, and loans from local commercial banks. These facilities bear finance charges at ranging between 3% - 6%. These facilities and loans are secured against promissory notes, personal and corporate guarantees.

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<i>Non-Current liabilities</i>		
Loan and borrowings	<u>3,374,974</u>	<u>2,864,273</u>
<i>Current liabilities</i>		
Current portion of loan and borrowings	<u>2,011,599</u>	<u>1,148,361</u>

22. CONTINGENT LIABILITIES

As at 30 June 2021, the Group has utilized balances of irrevocable letter of guarantees from local commercial bank amounting to SR 5.8 million (31 December 2020: SR 5.8 million).

Contingencies:

There were no contingencies in existence at the reporting period 30 June 2021 except for the following:

Zakat and income tax declaration up to and including the year ended 31 December 2020 have been submitted to the Zakat, Tax and Customs Authority ('ZATCA').

During 2020, ZATCA had raised an assessment for the year ended 31 December 2018, amounting to SR 4.4 million initially, which is subsequently reduced to SR 2.6 million based on partial acceptance of appeal of the Company. The Company has filed appeal in respect of revised assessment which is still under review. The tax advisor of the Company expects that the appeal will be decided in favor of the Company.

During 2021, ZATCA has raised an initial assessment for the year ended 31 December 2016 and 31 December 2017, amounting to SR 2.6 million and SR 5.9 respectively, which is subsequently reduced to SR 0.15 million and SR 2.1 million based on responses submitted by the Company. The Company is in process of filing the responses against the certain further queries raised. The management of the Company expects that the matters will be decided in favor of the Company and accordingly considers the amounts held to be sufficient for zakat and income tax liabilities as at 30 June 2021.

Income tax declarations for foreign jurisdictions were submitted to the relevant authorities up to year ended 31 December 2020. There are no material open assessments or claims as at 30 June 2021.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

23. ACQUISITION OF SUBSIDIARIES

23.1 On 9 January 2020, the Group acquired 100% of the shares and voting interest in Alamar Foods DMCC, and all its subsidiaries. The acquisition is considered as a business combination between entities under common control. The related disclosures have been included in the Group's consolidated annual financial statements for the year ended 31 December 2020.

23.2 HEA Trade and Services Company

On 23 January 2020, the Group acquired 49% of the shares and voting interest in HEA Trade and Services Company – Morocco against a purchase consideration of SR 26.2 Million. The share purchase agreement entitles the acquirer to control the operating and financial policies of the subsidiary. The acquisition was expected to provide the Group with diversification of its investments and its presence in North Africa Region.

The assets and liabilities of HEA Trade and Services Company as at acquisition date are being consolidated by the Group. The net assets recognized in the 31 December 2020 consolidated financial statements were based on the provisional assessment. During period ended 31 March 2021, the Group has completed the process of allocating the purchase consideration to the identifiable assets and liabilities acquired. The assessment and allocation of purchase consideration has not resulted in a significant change in net assets of acquiree recognized in the consolidated financial statements of 31 December 2020. The final purchase price allocation was based on the independent valuation of certain assets. The Group has accounted for the transaction based on the fair values of the assets as of the acquisition date which is summarized below:

During the period ended 30 June 2021, HEA Trade and Services Company contributed revenue of SR 26.2 million and loss of SR 3.4 million to the Group's results.

Identifiable assets acquired, and liabilities assumed

The following table summarizes the final recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

	Fair value recognized on acquisition January 2020 (Final)
Assets:	
Property, plant and equipment	4,889,557
Right of use assets	18,488,679
Intangible assets	191,654
Deferred tax assets	110,155
Inventories	1,010,015
Trade and other receivables	3,349,703
Cash and cash equivalents	613,509
	<u>28,653,272</u>
Lease liabilities	(14,620,363)
Deferred tax liabilities	(97,201)
Employee liabilities	(574,081)
Trade and other payables	(2,385,292)
Due to related parties	(2,830,771)
Loans and borrowings	(1,890,914)
	<u>(22,398,622)</u>
Total identifiable net assets acquired	<u>6,254,650</u>

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

24. GOODWILL

Goodwill represents goodwill arising from the acquisition of HEA Trade and Services Company - Morocco which has been recognized as follows:

	Fair value recognized on acquisition January 2020 (Final) 30 June 2021	Fair value recognized on acquisition January 2020 (Provisional) 31 December 2020
Consideration transferred	26,258,883	26,258,883
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities	3,189,871	3,189,871
Identifiable net assets acquired	<u>(6,254,650)</u>	<u>(6,254,650)</u>
Goodwill	23,194,104	23,194,104
Accumulated foreign currency translation change	2,063,556	1,799,875
Net goodwill reported in the statement of financial position	<u>25,257,660</u>	<u>24,993,979</u>

The goodwill is attributable mainly to the skills and talent of employees of the subsidiary and the synergies expected to be achieved from integrating the Company into Group's existing operations.

Consideration transferred include an amount of SR 2.6 Million which was transferred to the escrow account as indemnity against the claims in accordance with share purchase agreement and subsequently cleared in 2021.

Final goodwill is retranslated at rates prevailing at the reporting date and an impact of SR 2.1 Million for the period is recognized in foreign currency translation reserve.

25. REPORTING SEGMENTS

Basis of segmentation

The Group has the following three strategic divisions, which are its reportable segments. These divisions offer products and services in different geographical regions and are managed separately.

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Alamar Foods Company CJSC – KSA	Establishing, operating and managing of fast food restaurants
Alamar Foods DMCC – UAE	Establishing, operating and managing of fast food restaurants
Alamar Foods LLC – UAE	Establishing, operating and managing of fast food restaurants

The Group's chief executive officer reviews the internal management reports of each segment at least quarterly.

All other segments are in Egypt, Qatar, Lebanon, Bahrain, Jordan and Morocco. None of these segments met the quantitative thresholds for reportable segments in for the period ended 30 June 2021.

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

25. REPORTING SEGMENTS (CONTINUED)

Information about reportable segments:

30 June 2021 (Un-audited)

	Reporting Segments				Total reportable segments	All other segments	Total
	Alamar Foods Company CJSC	Alamar foods DMCC	Alamar Foods LLC				
External revenue	279,332,504	--	45,860,764		325,193,268	76,459,955	401,653,223
Internal revenue	2,114,790	8,930,344	--		11,045,134	--	11,045,134
Segment revenue	281,447,294	8,930,344	45,860,764		336,238,402	76,459,955	412,698,357
Major products							
Domino's Pizza	264,346,645	--	45,860,764		310,207,409	51,623,083	361,830,492
Dunkin Donuts	--	--	--		--	22,717,874	22,717,874
Other	17,100,649	8,930,344	--		26,030,993	2,118,998	28,149,991
	281,447,294	8,930,344	45,860,764		336,238,402	76,459,955	412,698,357
Timing of revenue recognition							
Point in time	281,447,294	8,930,344	45,860,764		336,238,402	76,459,955	412,698,357
Segment profit before tax	55,702,030	1,201,354	5,311,011		62,214,395	3,573,969	65,788,364
Interest expense	(3,240,770)	--	(1,019,355)		(4,260,125)	(3,390,469)	(7,650,594)
Depreciation:							
- Property, plant and equipment	(9,482,128)	(92,007)	(2,017,457)		(11,591,592)	(3,960,930)	(15,552,522)
- Right of use assets	(18,988,045)	--	(3,497,833)		(22,485,878)	(8,950,655)	(31,436,533)
Share of losses of equity-accounted investee	(413,973)	--	--		(413,973)	--	(413,973)
Segment assets	472,311,030	132,948,549	66,966,831		672,226,410	148,189,916	820,416,326
Segment liabilities	183,267,179	115,113,169	45,422,279		343,802,627	119,063,392	462,866,019

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

25. REPORTING SEGMENTS(CONTINUED)

Information about reportable segments:

	Reporting Segments				Total reportable segments	All other segments	Total
	Alamar Foods Company CJSC	Alamar Foods DMCC	Alamar Foods LLC				
External revenue	198,115,521	--	29,531,810		227,647,331	52,494,584	280,141,915
Internal revenue	2,473,721	4,355,963	--		6,829,684	--	6,829,684
Segment revenue	200,589,242	4,355,963	29,531,810		234,477,015	52,494,584	286,971,599
Major products							
Domino's Pizza	192,500,662	--	29,531,810		222,032,472	38,939,991	260,972,462
Dunkin Donuts	--	--	--		--	12,207,232	12,207,232
Other	8,088,580	4,355,963	--		12,444,543	1,347,361	13,791,904
	200,589,242	4,355,963	29,531,810		234,477,015	52,494,584	286,971,599
Timing of revenue recognition							
Point in time	200,589,242	4,355,963	29,531,810		234,477,015	52,494,584	286,971,599
Segment profit / (loss) before tax	528,615	(2,220,960)	1,463,499		(228,847)	(6,313,321)	(6,542,167)
Interest expense	(3,075,343)	(12,573)	(813,962)		(3,901,878)	(2,961,940)	(6,863,818)
Depreciation:							
- Property, plant and equipment	(10,835,421)	(89,640)	(1,528,579)		(12,453,639)	(4,402,609)	(16,856,249)
- Right of use assets	(19,080,180)	--	(3,086,152)		(22,166,332)	(7,094,548)	(29,260,880)
Share of losses of equity-accounted investee	(833,849)	--	--		(833,849)	--	(833,849)
31 December 2020 (Audited)							
Segment assets	447,123,489	118,190,504	57,279,646		622,593,639	161,948,401	784,542,040
Segment liabilities	216,935,729	101,542,919	41,049,804		359,528,453	124,312,263	483,840,715

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

25. REPORTING SEGMENTS(CONTINUED)

Reconciliations of information on reportable segments to the amounts reported in the consolidated financial statements:

i. Revenue:

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Total revenue for reportable segments	336,238,402	234,477,015
Revenue for other segments	76,459,955	52,494,584
Elimination of inter-segment revenue	<u>(11,045,134)</u>	<u>(6,829,684)</u>
Consolidated revenue	<u>401,653,223</u>	<u>280,141,915</u>

ii. Profit /(loss) before zakat and tax:

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Total profit /(loss) before zakat and tax for reportable segments	62,214,395	(228,846)
Profit / (loss) before zakat and tax for other segments	3,573,969	(6,313,321)
Consolidated profit before zakat and tax	<u>65,788,364</u>	<u>(6,542,167)</u>

iii. Assets:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Total assets for reportable segments	672,226,410	622,593,639
Assets for other segments	148,189,916	161,948,401
Elimination of inter-segment balances	<u>(197,504,366)</u>	<u>(172,938,908)</u>
Consolidated total assets	<u>622,911,960</u>	<u>611,603,132</u>

iv. Liabilities:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Total liabilities for reportable segments	343,802,627	359,528,453
Liabilities for other segments	119,063,392	124,312,263
Elimination of inter-segment balances	<u>(121,576,514)</u>	<u>(99,229,994)</u>
Consolidated total liabilities	<u>341,289,505</u>	<u>384,610,722</u>

v. Other material items:

<u>30 June 2021 (Un-audited)</u>	Reportable segments total	Other segments total	Consolidated
Interest expense	4,260,125	3,390,469	7,650,594
Depreciation:			
- Property, plant and equipment	11,591,592	3,960,930	15,552,522
- Right of use assets	22,485,878	8,950,655	31,436,533
Share of losses of equity-accounted investee	413,973	-	413,973

ALAMAR FOODS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021
(Amount in Saudi Riyals)

25. REPORTING SEGMENTS(CONTINUED)

<u>30 June 2020 (Un-audited)</u>	Reportable segments total	Other segments total	Consolidated
Interest expense	3,901,878	2,961,940	6,863,818
Depreciation:			
- Property, plant and equipment	12,453,639	4,402,609	16,856,249
- Right of use assets	22,166,332	7,094,548	29,260,880
Share of losses of equity-accounted investee	833,849	--	833,849

26. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share is same as basic earnings per share as the Group does not have any dilutive instruments in issues.

	<u>For the three months period</u>		<u>For the six months period</u>	
	<u>30 June 2021 (Unaudited)</u>	<u>30 June 2020 (Unaudited)</u>	<u>30 June 2021 (Unaudited)</u>	<u>30 June 2020 (Unaudited)</u>
Profit /(loss) for the year (SR)	25,514,329	(10,808,509)	61,905,126	(7,832,243)
Weighted average number of shares	25,200,000	25,200,000	25,200,000	25,200,000
Basic and diluted earnings per share (SR)	1.01	(0.43)	2.46	(0.31)
Reconciliation of weighted average number of shares				
Shares outstanding throughout the period	500,000	500,000	500,000	500,000
Bonus shares issued after the reporting period (note 11)	24,700,000	24,700,000	24,700,000	24,700,000
	25,200,000	25,200,000	25,200,000	25,200,000

27. SUBSEQUENT EVENTS

No events have occurred subsequent to the reporting date and before the issuance of these consolidated financial statements which requires adjustment to, or disclosure thereto.

28. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved on 15 Muharram 1443H (corresponding to 23 August 2021).