

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2020

ALMARAI COMPANY

A SAUDI JOINT STOCK COMPANY

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of Almarai Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Almarai Company (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 31 March 2020 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements 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, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

PricewaterhouseCoopers

By: _____

Omar M. Al Sagga
License Number 369

5 April 2020


ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	31 March 2020 (Unaudited) SAR '000	31 December 2019 (Audited) SAR '000
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		22,882,735	23,038,263
Intangible Assets and Goodwill		1,146,611	1,128,533
Biological Assets		1,386,439	1,381,268
Investments in Associate and Joint Venture	5	86,693	88,029
Equity Investment	5	112,427	145,684
Derivative Financial Instruments		133	725
Deferred Tax Assets		41,125	40,836
		25,656,163	25,823,338
Current Assets			
Inventories		4,050,147	4,198,005
Biological Assets		119,032	96,462
Trade Receivables, Prepayments and Other Receivables		2,516,041	1,868,895
Derivative Financial Instruments		9,599	13,751
Time Deposit		-	590,038
Cash and Bank Balances		376,029	557,553
		7,070,848	7,324,704
		32,727,011	33,148,042
EQUITY AND LIABILITIES			
Share Capital	6	10,000,000	10,000,000
Statutory Reserve		2,230,479	2,230,479
Treasury Shares		(1,015,120)	(770,740)
Other Reserves		(540,614)	(450,587)
Retained Earnings		4,049,515	3,644,197
Equity Attributable to Equity Holders of the Company		14,724,260	14,653,349
Non-Controlling Interests		597,228	605,771
TOTAL EQUITY		15,321,488	15,259,120
Non-Current Liabilities			
Loans and Borrowings	7	11,292,838	10,897,327
Lease Liabilities		336,877	335,659
Employee Retirement Benefits		826,964	826,399
Derivative Financial Instruments		1,894	1,556
Deferred Tax Liabilities		107,147	103,328
		12,565,720	12,164,269
Current Liabilities			
Bank Overdrafts		230,981	219,118
Loans and Borrowings	7	1,158,406	1,986,393
Lease Liabilities		86,897	95,750
Zakat		327,916	363,488
Income Tax Payable		28,640	31,578
Trade and Other Payables		2,937,503	3,019,160
Derivative Financial Instruments		69,460	9,166
		4,839,803	5,724,653
TOTAL LIABILITIES		17,405,523	17,888,922
TOTAL EQUITY AND LIABILITIES		32,727,011	33,148,042

The accompanying notes 1 to 12 form an integral part of these Condensed Consolidated Interim Financial Statements, which have been authorised for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by:


Paul Gay
Chief Financial Officer


Majed Mazen Rasheed Nofal
Chief Executive Officer


HR Prince Naif Bin Sultan Bin
Mohammed Bin Saad Al Kabeer
Chairman


ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020

		31 March 2020	31 March 2019
	Notes	(Unaudited) SAR '000	(Unaudited) SAR '000
Revenue	9	3,592,440	3,308,892
Cost of Sales		(2,339,247)	(2,144,986)
Gross Profit		1,253,193	1,163,906
Selling and Distribution Expenses		(611,569)	(564,538)
General and Administration Expenses		(99,828)	(94,754)
Other Expenses, net		(491)	(16,422)
Impairment Loss on Financial Assets		(28,540)	(1,882)
Operating Profit		512,765	486,310
Finance Cost, net		(124,875)	(126,419)
Share of Results of Associate and Joint Venture	5	(1,598)	-
Profit before Zakat and Income Tax		386,292	359,891
Zakat		(12,985)	(15,334)
Income Tax		(5,913)	(7,609)
Profit for the period		367,394	336,948
Profit / (Loss) for the period attributable to:			
Shareholders of the Company		383,005	336,028
Non-Controlling Interests		(15,611)	920
		367,394	336,948
Earnings per share (SAR), based on Profit for the period attributable to Shareholders of the Company			
- Basic	8	0.39	0.34
- Diluted	8	0.38	0.34

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Mohammed Bin Saud Al Kabeer
Chairman


ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020

	31 March 2020 (Unaudited) SAR '000	31 March 2019 (Unaudited) SAR '000
Profit for the period	367,394	336,948
Items that will not be reclassified to profit or loss:		
Change in the Fair Value of Equity Investment through OCI	(33,257)	34,373
Items that are or may be reclassified subsequently to profit or loss:		
Foreign Currency Translation Differences	12,445	9,190
Movement in Fair Value on Cash Flow Hedges	(48,342)	15,221
Settlement of Cash Flow Hedges transferred to Profit or Loss	(16,976)	(9,128)
Other Comprehensive (Loss) / Income for the period, net of Income Tax	(86,130)	49,656
Total Comprehensive Income for the period	281,264	386,604
Total Comprehensive Income / (Loss) for the period attributable to:		
Shareholders of the Company	289,807	374,467
Non-Controlling Interests	(8,543)	12,137
	281,264	386,604

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ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020

	Share Capital	Statutory Reserve	Treasury Shares	Other Reserves	Retained Earnings	Equity Attributable to Equity Holders	Non-Controlling Interests	Total Equity
	-SAR '000-							
Balance as at 1 January 2019 (Audited)	10,000,000	2,049,304	(593,567)	(520,500)	2,941,346	13,876,583	586,061	14,462,644
Profit for the period	-	-	-	-	336,028	336,028	920	336,948
Other Comprehensive Income for the period	-	-	-	38,439	-	38,439	11,217	49,656
Total Comprehensive Income	-	-	-	38,439	336,028	374,467	12,137	386,604
Impact of Change in Functional Currency of Overseas Operations	-	-	-	-	(13,601)	(13,601)	-	(13,601)
Transactions with Owners in their Capacity as Owners								
Share Based Payment Transactions	-	-	-	2,930	-	2,930	-	2,930
Settlement of Treasury Shares	-	-	84,666	(22,239)	1,430	63,857	-	63,857
Purchase of Treasury Shares	-	-	(68,845)	-	-	(68,845)	-	(68,845)
Transactions with Non-Controlling Interests	-	-	-	-	-	-	36,024	36,024
Balance as at 31 March 2019 (Unaudited)	10,000,000	2,049,304	(577,746)	(501,370)	3,265,203	14,235,391	634,222	14,869,613
Balance as at 1 January 2020 (Audited)	10,000,000	2,230,479	(770,740)	(450,587)	3,644,197	14,653,349	605,771	15,259,120
Profit for the period	-	-	-	-	383,005	383,005	(15,611)	367,394
Other Comprehensive (Loss) / Income for the period	-	-	-	(93,198)	-	(93,198)	7,068	(86,130)
Total Comprehensive (Loss) / Income	-	-	-	(93,198)	383,005	289,807	(8,543)	281,264
Transactions with Owners in their Capacity as Owners								
Reclassification of dividend declared on treasury shares in prior years	-	-	-	-	21,546	21,546	-	21,546
Share Based Payment Transactions	-	-	-	4,883	-	4,883	-	4,883
Settlement of Treasury Shares	-	-	8,777	(1,712)	767	7,832	-	7,832
Purchase of Treasury Shares	-	-	(253,157)	-	-	(253,157)	-	(253,157)
Balance as at 31 March 2020 (Unaudited)	10,000,000	2,230,479	(1,015,120)	(540,614)	4,049,515	14,724,260	597,228	15,321,488

The accompanying notes 1 to 12 form an integral part of these Condensed Consolidated Interim Financial Statements, which have been authorised for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by:


Paul Gay
Chief Financial Officer


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HH Prince Nail Bin Sultan Bin
Mohammed Bin Saud Al Kabeer
Chairman


ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020

	Notes	31 March 2020 (Unaudited) SAR '000	31 March 2019 (Unaudited) SAR '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		367,394	336,948
Adjustments for non-cash items:			
Depreciation of Property, Plant and Equipment		401,165	386,904
Depreciation of Right-of-Use Assets		25,981	25,479
Amortisation of Intangible Assets		12,711	12,151
Depreciation of Biological Assets		77,090	88,712
Loss Arising from Changes in Fair Value less Cost to Sell of Crops		11,209	11,491
Provision for Employee Retirement Benefits		30,355	33,623
Share Based Payment Expense		4,883	2,930
Finance Cost, net		124,875	126,419
Other Expenses, net		491	16,422
Share of Results of Associates and Joint Venture	5	1,598	-
Zakat		12,985	15,334
Income Tax		5,913	7,609
		1,076,650	1,064,022
Changes in working capital:			
Inventories		463,129	378,055
Biological Assets		(346,071)	(339,441)
Trade Receivables, Prepayments and Other Receivables		(644,704)	(258,234)
Trade and Other Payables		(80,523)	(42,293)
Cash Flow Used in Working Capital		(608,169)	(261,913)
Employee Retirement Benefits Paid		(29,710)	(18,547)
Zakat and Income Tax Paid		(54,679)	(1,473)
Net Cash Generated from Operating Activities		384,092	782,089
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend from Equity Investment		-	300
Proceeds from Redemption of Time Deposit		585,000	-
Additions to Property, Plant and Equipment		(241,368)	(466,484)
Proceeds from the Disposal of Property, Plant and Equipment		45,608	12,282
Additions to Intangible Assets		(31,274)	(30,247)
Additions to Biological Assets		(27,780)	(28,294)
Appreciation of Biological Assets		(141,698)	(153,167)
Proceeds from the Disposal of Biological Assets		51,618	59,776
Net Cash Generated From / (Used in) Investing Activities		240,106	(605,834)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Loans and Borrowings		2,027,824	2,727,758
Repayment of Loans and Borrowings		(2,464,731)	(3,383,540)
Finance Cost Paid		(106,799)	(131,456)
Purchase of Treasury Shares		(253,157)	(68,845)
Settlement of Treasury Shares		7,832	63,857
Transactions with Non-Controlling Interests		-	36,024
Lease Payments		(27,952)	(30,156)
Net Cash Used in Financing Activities		(816,983)	(786,358)
Net Change in Cash and Cash Equivalents		(192,785)	(610,103)
Cash and Cash Equivalents as at 1 January		338,435	1,003,581
Effect of Movements in Exchange Rates on Cash and Cash Equivalents		(602)	2,412
Cash and Cash Equivalents as at 31 March		145,048	395,890

The accompanying notes 1 to 12 form an integral part of these Condensed Consolidated Interim Financial Statements, which have been authorised for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by:


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Mohammed Bin Saud Al Kabeer
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ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION

Almarai Company (the “Company”) is a Saudi Joint Stock Company, which was converted from a limited liability company to a joint stock company on 2 Rajab 1426 A.H. (8 August 2005). The Company initially commenced trading on 19 Dul Hijjah 1411 A.H. (1 July 1991) and operates under Commercial Registration No. 1010084223. Prior to the consolidation of activities in 1991, the core business was trading between 1977 and 1991 under the Almarai brand name.

The Company’s Head Office is located at Exit 7, North Ring Road, Al Izdihar District, P.O. Box 8524, Riyadh 11492, Kingdom of Saudi Arabia (“Saudi Arabia”).

The Company and its subsidiaries (together, the “Group”) are a major integrated consumer food and beverage Group in the Middle East with leading market share in Saudi Arabia. It also operates in Egypt, Jordan and other Gulf Cooperation Council (“GCC”) countries.

Dairy, Fruit Juices and related food business is operated under the “Almarai”, “Joosy Life”, “Beyti” and “Teeba” brand names. All raw milk production, Dairy and Fruit Juice product processing and related food product manufacturing activities are undertaken in Saudi Arabia, United Arab Emirates (“UAE”), Egypt and Jordan.

Dairy, Fruit Juices and related food business in Egypt and Jordan operates through International Dairy and Juice Limited (“IDJ”), a joint venture with PepsiCo, in which the Company holds a controlling interest. The Group manages IDJ operations through the following key subsidiaries:

- Jordan - Teeba Investment for Developed Food Processing
- Egypt - International Company for Agricultural Industries Projects (Beyti) (SAE)

Bakery products are manufactured and traded by Western Bakeries Company Limited and Modern Food Industries Company Limited, a venture with Chipita Group, in which the Company holds a controlling interest, under the brand names “L’usine” and “7 Days”, respectively.

Poultry products are manufactured and traded by Hail Agricultural Development Company under the “Alyoum” and “AlBashayer” brand names.

Infant Nutrition products are manufactured by Almarai Baby Food Company Limited and traded by International Pediatric Nutrition Company under “Nuralac” and “Evolac” brand names.

In territories where the Group has operations, final consumer packed products are distributed from manufacturing facilities to local distribution centres by the Group’s long haul distribution fleet. The distribution centres in GCC countries are managed through subsidiaries in UAE, Oman and Bahrain and an agency agreement in Kuwait as follows:

- UAE - Almarai Emirates Company LLC
- Oman - Arabian Planets for Trading and Marketing LLC
- Bahrain - Almarai Company Bahrain S.P.C
- Kuwait - Al Kharafi Brothers Dairy Products Company Limited

In other territories, where permissible by law, and the prescriptions of the IDJ Joint-Venture agreement, all products are exported through various subsidiaries including IDJ subsidiaries.

The Group owns and operates arable farms in Argentina and in United States of America (USA), collectively referred to as “Fondomonte”, through the following key subsidiaries:

- USA - Fondomonte Holdings North America LLC
- Argentina - Fondomonte South America S.A

The Group’s non-GCC business operations under IDJ and Fondomonte are managed through Almarai Investment Holding Company W.L.L., a Company incorporated in the Kingdom of Bahrain.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION (Continued...)

The Group owns 93.5% shareholding in Pure Breed Poultry Company whose main operations are focused on poultry grandparent farming.

The Group owns 100% shareholding in Premier Foods Industries Company LLC ("Premier Foods"). Premier Foods is primarily engaged in providing value added products (meat and poultry) to the food services industry in the Middle East.

In response to the spread of the Covid-19 in GCC and other territories where Group operates and its resulting disruptions to the social and economic activities in those markets, Almarai's management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets. Notwithstanding these challenges, Almarai's business operations currently remain largely unaffected as the food industry in general is exempted from various bans and constraints imposed by various regulatory authorities including exemption from curfew hours and cargo shipping and flight operations restrictions. Based on these factors, Almarai's management believes that the Covid-19 pandemic has had no material effects on Almarai's reported financial results for the period ended 31 March 2020. Almarai's management continues to monitor the situation closely.

Zakat and Income Tax assessments for the years from 2007 to 2014

The status of zakat and income tax assessments was disclosed in Note 24 to the annual Consolidated Financial Statements. During the three-month period ended 31 March 2020, an agreement has been reached with General Authority of Zakat and Tax for the years from 2007 to 2014 at an amount not significantly different from that recorded by the Group.

The results for the period are not indicative of the Group's annual result.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard IAS 34 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA") and should be read in conjunction with the Group's last annual Consolidated Financial Statements for the year ended 31 December 2019. They do not include all of the information normally required for a complete set of Consolidated Financial Statements; however, accounting policies and 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 31 December 2019.

2.2 Preparation of the Financial Statements

These Condensed Consolidated Interim Financial Statements have been prepared on the historical cost basis except for the following material items in the Condensed Consolidated Statement of Financial Position:

- Derivative financial instruments are measured at fair value.
- Equity Investment is measured at fair value through OCI.
- The defined benefit obligation is recognised at the present value of future obligations using the Projected Unit Credit Method.
- Biological Assets, where fair value is reliably measurable, have been measured at fair value.

Certain comparative amounts have been adjusted to conform to the current period presentation, which includes reallocation between revenue and selling and distribution expenses, and reallocating exchange gain / loss into cost of sales, other expenses and finance cost, presented as follows:

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020

2. BASIS OF PREPARATION (Conitnued..)

	For the period ended		
	31 March 2019	31 March 2019	
	As Reported	Reclassifications	Reclassified
	SAR '000	SAR '000	SAR '000
Revenue	3,354,083	(45,191)	3,308,892
Cost of Sales	(2,144,464)	(522)	(2,144,986)
Gross Profit	1,209,619	(45,713)	1,163,906
Selling and Distribution Expenses	(609,729)	45,191	(564,538)
Other Expenses, net	(22,437)	6,015	(16,422)
Operating Profit	480,817	5,493	486,310
Exchange Gain, net	9,355	(9,355)	-
Finance Cost, net	(130,281)	3,862	(126,419)
Profit before Zakat and Income Tax	359,891	-	359,891
Profit for the period	336,948	-	336,948

2.3 Use of Judgments and Estimates

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments 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 Consolidated Financial Statements.

However, as explained in Note 1 above, the Group has reviewed the key sources of estimation uncertainties disclosed in the last annual Consolidated Financial Statements against the backdrop of Covid-19 pandemic. Management believes that other than the expected credit losses arising on the financial assets, all other sources of estimation uncertainty remain similar to those disclosed in the annual Consolidated Financial Statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These Condensed Consolidated Interim Financial Statements are presented in Saudi Riyals ("SAR"), which is the Company's functional and Group's presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. SIGNIFICANT ACCOUNTING POLICIES

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2020 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020

5. INVESTMENTS

	Nature	Principal activity	Place of Incorporation	31 March	31 December	31 March	31 December
				2020	2019	2020	2019
				(Unaudited)	(Audited)	(Unaudited)	(Audited)
				SAR '000			
Investments in Associate and Joint Venture							
Maria Fondomonte S.A. (Refer note 5.1)	Associate	Source, Process and Sale of Forage Supplies to the Group	Romania	49.0%	49.0%	86,489	87,825
Almarai Company W.L.L.	Joint Venture	Dormant	Qatar	50.0%	50.0%	204	204
						86,693	88,029
Equity Investment (Refer note 5.2)							
Mobile Telecommunications Company Saudi Arabia - ("Zain")				2.1%	2.1%	112,427	145,684

5.1. On 23 Safar 1441 A.H. (22 October 2019) the Group, through its subsidiary Almarai Investment Holding Company W.L.L., obtained 49% equity interest in Maria Fondomonte S.A. for a cash consideration of SAR 87.8 million (EUR 21.0 million). Maria Fondomonte S.A.'s main operations are to source, process and sale of forage supplies to the Group and its acquisition will add to the Group's on-going efforts to further streamline, integrate and strengthen its feed supply. Movement in the investment is as follows:

	31 March	31 December
	2020	2019
	(Unaudited)	(Audited)
	SAR '000	
Maria Fondomonte S.A.		
Opening balance	87,825	-
Additions	-	87,825
Share of Results for the period / year	(1,598)	-
Currency Translation Difference	262	-
Closing balance	86,489	87,825

5.2. The equity investment of 12.4 million shares in Zain is measured at fair value based on quoted market price available on the Saudi Stock Exchange (Tadawul). The fair valuation resulted in unrealised loss of SAR 33.3 million for the period ended 31 March 2020 which is presented within the Condensed Consolidated Statement of Other Comprehensive Income. (31 December 2019: unrealised gain of SAR 43.1 million).

The Company has pledged Zain shares to Banque Saudi Fransi ("BSF") to secure the BSF loan to Zain KSA.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020

6. SHARE CAPITAL

The Company's share capital as at 31 March 2020 amounted to SAR 10.0 billion (2019: SAR 10.0 billion), consisting of 1.0 billion (2019: 1.0 billion) fully paid and issued shares of SAR 10 each.

	Notes	31 March 2020 (Unaudited) SAR '000	31 December 2019 (Audited) SAR '000
7. LOANS AND BORROWINGS			
Islamic Banking Facilities (Murabaha)		5,452,249	5,119,508
Saudi Industrial Development Fund		2,677,227	2,665,478
Banking Facilities of Non-GCC Subsidiaries		398,956	363,296
Supranational		277,046	276,099
Agricultural Development Fund		162,253	159,173
		<u>8,967,731</u>	<u>8,583,554</u>
Sukuk	7.1	1,612,283	2,408,180
International Sukuk		1,871,230	1,891,986
		<u>12,451,244</u>	<u>12,883,720</u>
Short-Term Loans		84,720	51,419
Current Portion of Long-Term Loans		1,073,686	1,934,974
Loans and Borrowings - Current Liabilities		<u>1,158,406</u>	<u>1,986,393</u>
Loans and Borrowings - Non-Current Liabilities		<u>11,292,838</u>	<u>10,897,327</u>
		<u>12,451,244</u>	<u>12,883,720</u>

7.1. The second Sukuk - Series II amounting to SAR 787.0 million at a par value of SAR 1.0 million each issued by the Company on 19 Jumada Awal 1434 A.H. (31 March 2013) was redeemed at par on its date of maturity i.e. 7 Shabaan 1441 A.H. (31 March 2020).

7.2. The loans contain certain covenants. A future breach of covenants may lead to renegotiation. The covenants are monitored on a monthly basis by management. In case of potential breach, actions are taken by management to ensure compliance. During the period ended 31 March 2020, there has been no non-compliance for any of the covenants.

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8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
	SAR '000	SAR '000
Profit for the period attributable to the Shareholders of the Company	383,005	336,028
Number of shares '000'		
Weighted average number of ordinary shares for the purpose of basic earnings	982,007	988,088
Weighted average number of ordinary shares repurchased	17,993	11,912
Weighted average number of ordinary shares for the purpose of diluted earnings	1,000,000	1,000,000
Earnings per Share (SAR), based on Profit for the period attributable		
- Basic	0.39	0.34
- Diluted	0.38	0.34

Weighted average number of shares are retrospectively adjusted to reflect the effect of Bonus Shares and are adjusted to take account of Treasury Shares held under the Almarai Employee Stock Options Programme.

9. SEGMENT REPORTING

The Group's principal business activities involve manufacturing and trading of the following different types of products. Selected financial information categorised by these business segments, is as follows:

Dairy and Juice	Milk production, dairy and fruits juice products processing and distribution under Almarai, Joosy Life, Beyti and Teeba brands.
Bakery	Bakery products manufacturing and distribution under L'usine and 7 Days brands.
Poultry	Poultry products manufacturing and distribution under Alyoum and AlBashayer brands.
Other Activities	Arable, Horticulture and Infant Nutrition

	Dairy and Juice	Bakery	Poultry	Other Activities	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
31 March 2020					
Revenue	2,536,845	432,810	558,388	221,677	3,749,720
Third Party Revenue	2,520,118	432,810	558,388	81,124	3,592,440
Depreciation and Amortisation	(327,659)	(57,689)	(94,665)	(36,934)	(516,947)
Profit / (loss) for the period	251,906	63,919	73,147	(21,578)	367,394
Profit / (loss) attributable to Shareholders					
of the Company	272,218	59,208	73,157	(21,578)	383,005
Total Assets	22,007,991	2,203,806	5,277,175	3,238,039	32,727,011
Total Liabilities	15,191,553	441,156	1,007,956	764,858	17,405,523
31 December 2019					
Total Assets	22,327,971	2,229,028	5,239,310	3,351,733	33,148,042
Total Liabilities	15,668,242	457,357	1,000,988	762,335	17,888,922

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9. SEGMENT REPORTING (Continued...)

	Dairy and Juice	Bakery	Poultry	Other Activities	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
31 March 2019					
Revenue	2,351,157	421,073	499,501	202,659	3,474,390
Third Party Revenue	2,333,971	421,073	499,501	54,347	3,308,892
Depreciation and Amortisation	(330,934)	(62,262)	(86,164)	(33,886)	(513,246)
Profit / (loss) for the period	266,301	56,668	39,062	(25,083)	336,948
Profit / (loss) attributable to Shareholders of the Company	269,692	48,982	42,437	(25,083)	336,028
31 December 2018					
Total Assets	22,144,438	2,354,347	5,330,716	2,953,046	32,782,547
Total Liabilities	16,052,834	471,598	1,082,856	712,615	18,319,903

The Group's revenue is recognised when the control of products is transferred at a point in time to the customers for sale of consumer products.

The table below shows the revenue disaggregation by business segments and geographical locations.

	Dairy and Juice	Bakery	Poultry	Other Activities	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
For the three month period ended 31 March 2020					
Saudi Arabia	1,572,984	350,309	487,189	59,208	2,469,690
Other GCC Countries	641,960	79,406	60,374	-	781,740
Other Countries	305,174	3,095	10,825	21,916	341,010
Total	2,520,118	432,810	558,388	81,124	3,592,440
For the three month period ended 31 March 2019					
Saudi Arabia	1,460,056	342,768	452,294	32,796	2,287,914
Other GCC Countries	623,883	76,148	34,161	124	734,316
Other Countries	250,032	2,157	13,046	21,427	286,662
Total	2,333,971	421,073	499,501	54,347	3,308,892

10. DIVIDENDS

The Board of Directors have proposed, for shareholders' approval at the General Assembly Meeting that will be held virtually as prescribed by Capital Market Authority, on 5 April 2020, a dividend of SAR 850 million (SAR 0.85 per share) for the year ended 31 December 2019.

11. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period-end that require disclosure or adjustment in these Condensed Consolidated Interim Financial Statements.

12. BOARD OF DIRECTORS APPROVAL

These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on behalf of the Shareholders on 12 Shaban 1441 A.H. (5 April 2020).