

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**

**FOR THE THREE-MONTH AND NINE-MONTH
PERIODS ENDED 30 SEPTEMBER 2023**

**AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023
(All amounts are in Saudi Riyals unless otherwise stated)

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INDEPENDENT AUDITOR'S REPORT
ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Anaam International Holding Group Company
(A Saudi Joint Stock Company)
Jeddah, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Anaam International Holding Group Company (the "Company") and its subsidiaries (together "the Group"), a Saudi Joint Stock Company as of 30 September 2023 and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the interim condensed consolidated statement of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standards 34 – "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated 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' that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated 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 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.

Material uncertainty related to going concern

We draw attention to note 2.1 to the interim condensed consolidated financial statements which indicates that the Group's accumulated losses amounted to SR 34.2 million as at 30 September 2023 and as of that date the Group's current liabilities exceeded its current assets by SR 231.9 million. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Emphasis of Matters

We draw attention to the following:

- As stated in note no. 4 to the accompanying interim condensed consolidated financial statements, the property, plant and equipment includes a plot of land amounting to SR 14 million for which the ownership and the title deed is not yet registered in the name of the Company.
- As stated in note no. 5 to the accompanying interim condensed consolidated financial statements, the investment properties include a plot of land with a fair value of SR 16.5 million of which the ownership and the title deed is not registered in the name of the Company.

Our conclusion is not modified in respect to these matters.

Conclusion

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

For Dr. Mohamed Al-Amri & Co.

Maher Al-Khatieb
Certified Public Accountant
Registration No. 514



21 Rabi al Thani 1445 (H)
5 November 2023 (G)

ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023
(All amounts are in Saudi Riyals unless otherwise stated)

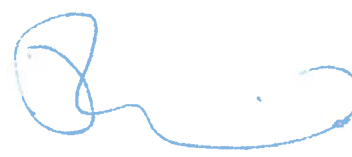
		30 September 2023	31 December 2022
	Note	Unaudited	Audited
ASSETS			
Non-current assets			
Property, plant and equipment	4	63,934,003	62,628,796
Investment properties	5	469,902,112	464,011,852
Intangible asset		49,870	65,482
Long-term investments	6	3,951,250	3,951,250
Total non-current assets		537,837,235	530,657,380
Current assets			
Inventories		2,756,707	3,401,663
Trade receivables	7	15,764,338	9,119,312
Prepayments and other receivables	8	5,753,943	2,563,346
Short term investments	9	8,033,474	44,033,654
Cash and cash equivalents	10	49,721,885	4,854,876
Total current assets		82,030,347	63,972,851
TOTAL ASSETS		619,867,582	594,630,231
EQUITY AND LIABILITIES			
Equity			
Share capital	11	315,000,000	315,000,000
Accumulated losses		(34,190,869)	(40,335,540)
Equity attributable to owners of the Parent Company		280,809,131	274,664,460
Non-controlling interests		5,764,077	6,795,044
Total equity		286,573,208	281,459,504
Non-current liabilities			
Long-term loans – non-current portion	12	12,640,799	618,579
Government grant – non-current portion	12.1	1,487,828	1,607,907
Provision for employee benefits		5,189,370	4,704,397
Total non-current liabilities		19,317,997	6,930,883
Current liabilities			
Trade payables		3,474,415	2,121,673
Accrued expenses and other payables		17,513,398	10,619,964
Dividends and due to shareholders		13,839,181	13,848,165
Due to related parties	17	8,633,341	8,633,341
Long-term loans – current portion	12	168,977,689	168,354,906
Government grant – current portion	12.1	160,122	160,122
Provision for zakat		101,378,231	102,501,673
Total current liabilities		313,976,377	306,239,844
Total liabilities		333,294,374	313,170,727
TOTAL EQUITY AND LIABILITIES		619,867,582	594,630,231



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

The attached notes 1 to 19 form an integral part of these unaudited interim condensed consolidated financial statements.

ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023
(All amounts are in Saudi Riyals unless otherwise stated)

		For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2023	2022	2023	2022
Note		Unaudited	Unaudited	Unaudited	Unaudited
Rental income		7,903,525	8,081,858	23,162,945	11,436,345
Revenue from contracts with customers		6,784,065	2,523,646	16,613,646	6,357,774
Revenue	15	14,687,590	10,605,504	39,776,591	17,794,119
Cost of revenue		(5,486,251)	(4,433,403)	(17,402,763)	(11,147,750)
Gross profit		9,201,339	6,172,101	22,373,828	6,646,369
Selling and marketing expenses		(1,524,693)	(664,705)	(3,498,102)	(1,450,546)
General and administrative expenses		(4,782,263)	(4,522,841)	(13,339,001)	(12,554,724)
Profit / (loss) from operations		2,894,383	984,555	5,536,725	(7,358,901)
Unrealized gain from FVTPL investments - net	9	450,998	1,422,385	173,059	2,128,290
Gain on disposal of FVTPL investments - net	9	-	-	961,148	-
Finance cost		(3,063,289)	(2,422,377)	(9,152,887)	(2,599,695)
Fair value (loss) / gain on investment properties	5	(1,964)	6,752,500	5,890,260	14,552,500
Dividends		87,465	330,201	307,669	755,836
Other income		636,274	101,246	1,397,730	1,270,772
Profit before zakat		1,003,867	7,168,510	5,113,704	8,748,802
Zakat expense		-	-	-	-
Profit for the period		1,003,867	7,168,510	5,113,704	8,748,802
Other comprehensive income:					
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>					
Re-measurement on employee benefits' liabilities		-	-	-	-
Total comprehensive income for the period		1,003,867	7,168,510	5,113,704	8,748,802
Profit for the period:					
<i>Attributable to:</i>					
Owners of the Parent Company		634,167	8,111,381	6,144,671	10,998,816
Non-controlling interests		369,700	(942,871)	(1,030,967)	(2,250,014)
		1,003,867	7,168,510	5,113,704	8,748,802
Total comprehensive income for the period					
<i>Attributable to:</i>					
Owners of the Parent Company		634,167	8,111,381	6,144,671	10,998,816
Non-controlling interests		369,700	(942,871)	(1,030,967)	(2,250,014)
		1,003,867	7,168,510	5,113,704	8,748,802
Earnings per share					
Basic and diluted earnings per share attributable to owners of the Parent Company	13	0.001	0.020	0.010	0.028

Chief Financial Officer

Chief Executive Officer

Authorized Board Member

The attached notes 1 to 19 form an integral part of these unaudited interim condensed consolidated financial statements.

ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(All amounts are in Saudi Riyals unless otherwise stated)

	Attributable to the owners of the Parent Company				
	Share capital	Accumulated losses	Total	Non-controlling interest	Total equity
Balance as at 1 January 2022 - audited	105,000,000	2,955,809	107,955,809	7,343,581	115,299,390
Increase in share capital	210,000,000	-	210,000,000	-	210,000,000
Capital increase expenses	-	(13,082,500)	(13,082,500)	-	(13,082,500)
Non-controlling interests on acquisition of subsidiary	-	-	-	540,000	540,000
Profit / (loss) for the period	-	10,998,816	10,998,816	(2,250,014)	8,748,802
Other comprehensive income for the period	-	10,998,816	10,998,816	(2,250,014)	8,748,802
Total comprehensive income / (loss) for the period	-	10,998,816	10,998,816	(2,250,014)	8,748,802
Balance as at 30 September 2022 – unaudited	315,000,000	872,125	315,872,125	5,633,567	321,505,692
Balance as at 1 January 2023 - audited	315,000,000	(40,335,540)	274,664,460	6,795,044	281,459,504
Profit / (loss) for the period	-	6,144,671	6,144,671	(1,030,967)	5,113,704
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	6,144,671	6,144,671	(1,030,967)	5,113,704
Balance as at 30 September 2023 – unaudited	315,000,000	(34,190,869)	280,809,131	5,764,077	286,573,208



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

The attached notes 1 to 19 form an integral part of these unaudited interim condensed consolidated financial statements.

ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(All amounts are in Saudi Riyals unless otherwise stated)

		For the nine-month period ended 30 September	
		2023	2022
	Note	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat		5,113,704	8,748,802
Adjustments for non-cash items:			
Depreciation on property, plant, and equipment	4	3,095,918	2,884,119
Amortization of software		15,612	269,146
Gain on disposal of property, plant, and equipment		-	(1,111,254)
Fair value gain on investment properties - net	5	(5,890,260)	(14,552,500)
Unrealized gain from FVTPL investments – net	9	(173,059)	(2,128,290)
Gain on disposal of FVTPL investments - net	9	(961,148)	-
Finance cost		9,152,887	2,599,695
Amortization of government grant	12.1	(120,079)	-
Provision for employee benefits		683,969	544,110
Dividend income		(307,669)	-
		10,609,875	(2,746,172)
Changes in operating assets and liabilities			
Inventories		644,956	(1,247,784)
Trade receivables		(6,645,026)	(4,328,912)
Prepayments and other receivables		(2,873,810)	11,339,420
Accrued expenses and other payables		6,794,538	2,773,201
Due from related parties		-	(8,925,615)
Due to related parties		-	4,007,901
Trade payables		1,352,742	(199,864)
Cash (used in) / from operations		(726,600)	3,418,347
Employee benefits paid		(198,996)	(331,486)
Finance cost paid		(8,629,038)	(2,599,695)
Dividend received		147,861	-
Zakat paid		(1,123,442)	(6,291,330)
Net cash from / (used in) operating activities		79,660	(8,550,336)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, and equipment	4	(4,401,125)	(1,098,774)
Proceeds from sale of property, plant and equipment		-	2,150,491
Purchase of intangible assets		-	(57,260)
Purchase of investment property		-	(349,150,000)
Acquisition of subsidiary, net of cash acquired		-	(5,435,736)
Purchase of investment in FVTPL		-	(55,857,074)
Proceeds from sale of investments in FVTPL		36,977,407	-
Net cash from / (used in) investing activities		32,576,282	(409,448,353)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends and due to shareholders		(8,984)	1,129,541
Issuance of shares net of underwriting commission		-	196,917,500
Repayment of long-term loans		(779,871)	-
Proceeds from long-term loans		12,999,922	154,452,861
Net cash from financing activities		12,211,067	352,499,902
Increase / decrease in cash and cash equivalents		44,867,009	(65,498,787)
Cash and cash equivalents at beginning of the period		4,854,876	95,393,009
Cash and cash equivalents at end of the period	10	49,721,885	29,894,222

Chief Financial Officer

Chief Executive Officer

Authorized Board Member

The attached notes 1 to 19 form an integral part of these unaudited interim condensed consolidated financial statements.

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(All amounts are in Saudi Riyals unless otherwise stated)**

1. CORPORATE INFORMATION

Anaam International Holding Group Company (the "Company") is a Saudi joint stock Company established in accordance with Commercial Registration No. 4030035073 dated 7/9/1402(H) corresponding to 29 June 1982. The registered office is located in Jeddah.

The Company and its subsidiaries' (referred to it as the "Group") main activities were performing all operations of marine transport of livestock within and outside the Kingdom, possession of all means of marine and overland transport necessary to the Group, trading of marine equipment necessary for the ships of the Group, trading of livestock and fodder, related operations of meat production and its transportations, management and operation of slaughterhouses and meat manufacturing, establishing, managing and operating centers and industrial projects, wholesale and retail trade in foodstuff, carryout import, export and marketing to third parties and public services in the fields of trading and distribution agencies.

On 3 December 2020, the Company has changed its activities of cultivation and trading of feedstuffs, wholesale and retail trade in foodstuffs, warehousing and leasing services to managing subsidiaries or participating in the management of other companies in which the Group contributes, providing the necessary support for them, investing their money in shares and other securities, owning real estate and movables necessary to conduct its activities, and providing loans, guarantees and financing for its subsidiaries.

The Company has the following subsidiaries included in the interim condensed consolidated financial statements. All these companies are established in the Kingdom of Saudi Arabia and are owned 100% by the Company directly and indirectly except for Saudi Wasit Factory for Entertainment and Beauty Systems where the Company owns 51% and ARW Industry Company where the Company owns 55%.

Subsidiaries	Main activity	Commercial registration
Saudi Cold Store Company Limited	Foodstuff trading & rental storage (dormant entity)	4030007971
Anaam International Food Co., Ltd.	Foodstuff trading	4030166809
Anaam International Agricultural Company (*)	Agricultural production (dormant entity)	4030035281
Anaam International Investment Company	Real estate and services (dormant entity)	4030165735
Saudi Wasit Factory for Entertainment and Beauty Systems	Entertainment and Beauty	1126002218
ARW Industry Company	Manufacturing of medical equipment and healthcare products	4030288106

(*) The Board of Directors resolved to liquidate the entity.

There has been no change in the Group's interest in its subsidiaries since its last annual consolidated financial statements for the year ended 31 December 2022.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" "IAS 34" that is endorsed in the Kingdom of Saudi Arabia.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. These interim condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. In addition, results for the interim period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

These interim condensed consolidated financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for provision for employee benefits, which are measured at present value for the future obligations as well as investment properties and investments at fair value through profit and loss which are measured at fair value.

The interim condensed consolidated financial statements are presented in Saudi Riyals ("SR"), which is also the functional currency of the Company.

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(All amounts are in Saudi Riyals unless otherwise stated)**

2. BASIS OF PREPARATION (Continued)

2.1 Going concern assessment

The Group's accumulated losses amounted to SR 34.2 million and its current liabilities exceeded current assets by SR 231.9 million as at interim period ended 30 September 2023. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. These interim condensed consolidated financial statements have been prepared on a going concern basis as, amongst others:

- Alinma Bank waived the Company with respect to a breach of covenants during the period;
- Total equity is positive at 30 September 2023; and
- The Group is planning to further increase its share capital.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting judgments, estimates and assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's key sources of estimation uncertainty were the same as those described in the consolidated financial statements for the year ended 31 December 2022. However, the Group has also reviewed the key sources of estimation uncertainties disclosed in its 2022 annual consolidated financial statements. Management believes that all sources of estimation uncertainty remain similar to those disclosed in 2022 annual consolidated financial statements. The Group will continue to monitor the situation, and any changes required will be reflected in future reporting periods.

3.2 Significant accounting policies

The fair value for financial instruments traded in active markets at the reporting date are based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics.

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities, and correlations require management to make estimates.

3.3 New standards, interpretations and amendments adopted by the Group

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022, except for the following amendments which apply for the first time in 2023. However, not all are expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

The following new standards and amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes).

ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(All amounts are in Saudi Riyals unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 New standards, interpretations and amendments adopted by the Group (Continued)

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there are no such transactions under the above amendments during the current period.

Impact of accounting standards to be applied in future periods

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning on or after 1 January 2024 that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the interim condensed consolidated financial statements once adopted.

4. PROPERTY, PLANT AND EQUIPMENT

For purpose of preparing the interim condensed consolidated statement of cash flows, movement in property, plant and equipment during the nine-month period ended 30 September is as follows:

	For the nine-month period ended 30 September	
	2023	2022
	Unaudited	Unaudited
Depreciation	3,095,918	2,884,119
Additions to property, plant and equipment	4,401,125	1,098,774

4.1. Property, plant and equipment of the Group as of 30 September 2023 included assets with net book value amounting to SR 29.82 million mortgaged against loan obtained from the Saudi Industrial Development Fund. (Refer to note 12(i)).

4.2. Property, plant and equipment of the Group as of 30 September 2023 included land amounting to SR 14 million under sales lease back agreement with Kirnaf Investment and Installment Group with an area of 9,987 square meters. The Group fulfilled and completed the contract conditions, and in the process of changing the land deed to Group name again. The Group already has the custody of the land and its right to use in its normal operations. It was secured by a pledge of ownership transfer in exchange for the payment of financing.

5. INVESTMENT PROPERTIES

	Land	Buildings	Total
Fair Value			
Balance as at 1 January 2022 – Audited	73,030,301	15,581,199	88,611,500
Additions	109,848,560	239,301,440	349,150,000
Fair value gain	17,697,043	8,553,309	26,250,352
Balance as at 31 December 2022 – Audited	200,575,904	263,435,948	464,011,852
Fair value gain	3,250,478	2,639,782	5,890,260
Balance as at 30 September 2023 – Unaudited	203,826,382	266,075,730	469,902,112

Since the date of inception, the Group had adopted the cost model to measure the investment properties. During year ended 31 December 2022, the management has decided to change its accounting policy for measurement of the investment properties to fair value model.

The Group has evaluated its investment properties as of reporting periods based on an evaluation carried out by independent evaluators such as Global Ideas Real Estate (Registration number: 1210000033) and Hassan Hadi Real Estate Valuation (Registration number: 1210001456), registered at the Saudi Authority for Accredited valuers (Taqeem) and accordingly recorded these based on the lower of their fair values as required by the Capital Market Authority (“CMA”) vide announcement dated 31 December 2019 and to be effective from 1 January 2022.

ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(All amounts are in Saudi Riyals unless otherwise stated)

5. INVESTMENT PROPERTIES (Continued)

Details of investment properties are mentioned below:

	30 September 2023	31 December 2022
	Unaudited	Audited
Land in Al-Sururiya Neighborhood – Jeddah (*)	16,500,000	16,500,000
Land in Al-Khumra District (Warehouse) - Jeddah City	4,933,920	3,850,000
Hayat Al Fursan Hotel	19,500,000	19,500,000
Land in Al-Khumra District - Jeddah City	59,729,852	59,729,852
Land in Al-Wadi Neighborhood - Jeddah City	3,836,805	3,450,000
Land in Jubail City	1,360,000	1,360,000
Land in Yanbu City	340,660	322,000
Land and Building in Prince Sultan Street – Jeddah City (**)	335,942,571	333,000,000
Land and Building in Taliah Street Building – Jeddah City (***)	27,758,304	26,300,000
	469,902,112	464,011,852

(*) Included in investment property a land in Al-Khumra district in Jeddah with an area of 197,554 square meters with a fair value of SR 16.5 million. This plot of land has neither a title deed nor is registered under the Company's name. This land was transfer to the Group at the time of the merger in 1995.

(**) The purchase of the investment properties was financed from Alinma Bank. (Refer to note 12(iv))

(***) The properties are mortgaged against the loan obtained from Alinma Bank during the period. (Refer to note 12(v))

6. LONG-TERM INVESTMENTS

At fair value through profit or loss (FVTPL)

The shares have no quoted market price. The management of the Company believes that the change in fair value of the investment between 31 December 2022 and 30 September 2023 is immaterial. The movement for the investment is as follows:

	30 September 2023	31 December 2022	30 Septemb er 2023	31 December 2022
	Unaudited	Audited	Unaudited	Audited
	Number of shares		Amount	
<u>Al Wasatah Al Maliah Company</u>				
<u>(Wasatah Capital)</u>				
Balance at beginning of the period/year	533,500	395,125	3,951,250	3,951,250
Addition (bonus issue)	-	138,375	-	-
Total	533,500	533,500	3,951,250	3,951,250

7. TRADE RECEIVABLES

		30 September 2023	31 December 2022
	Note	Unaudited	Audited
Trade receivables		16,226,863	9,677,436
Allowance for expected credit losses	7.1	(462,525)	(558,124)
		15,764,338	9,119,312

7.1. The summary for the movement of allowance for expected credit losses is as follows:

	30 September 2023	31 December 2022
	Unaudited	Audited
Opening balance	558,124	279,953
(Reversal) / charge for allowance for expected credit losses	(95,599)	278,171
Closing balance	462,525	558,124

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8. PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2023	31 December 2022
	Unaudited	Audited
Other receivables	817,824	640,873
Deposit	355,732	96,558
Advances to suppliers	291,422	625,082
Employees loans	2,060,988	175,180
Prepaid expenses	2,227,977	859,115
Value added tax	-	166,538
	5,753,943	2,563,346

9. SHORT TERM INVESTMENTS

Fair value through profit or loss (FVTPL)

During the period, the Group sold all 2.21 million shares of Tourism Enterprise Company and 0.41 million shares of Al Waha REIT Fund. The Group realized a gain of SR 1.1 million from the sale of Tourism Enterprise Company shares and a realized loss of SR 0.13 million from the sale of Al Waha REIT Fund shares.

The following are the fair market value for the investments:

	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	Unaudited	Audited	Unaudited	Audited
	Number of shares		Amount	
Tourism Enterprise Company	-	2,212,144	-	31,854,875
Raoom Trading Company	65,758	65,758	7,680,534	7,430,654
Al Rajhi REIT Fund	43,898	43,898	352,940	429,761
Al Waha REIT Fund	-	408,163	-	4,318,364
Total	109,656	2,729,963	8,033,474	44,033,654

9.1. Movement in short term investments:

2023 Unaudited	Tourism Enterprise Company	Raoom Trading Company	Al Rajhi REIT Fund	Al Waha REIT Fund	Total
Balance as at 1 January	31,854,873	7,430,654	429,761	4,318,366	44,033,654
Disposals and redemptions	(32,950,026)	-	-	(4,184,361)	(37,134,387)
Unrealized gain / (loss)	-	249,880	(76,821)	-	173,059
Realized gain / (loss)	1,095,153	-	-	(134,005)	961,148
Balance at as 30 September	-	7,680,534	352,940	-	8,033,474

10. CASH AND CASH EQUIVALENTS

		30 September 2023	31 December 2022
	Note	Unaudited	Audited
Cash in hand		113,858	136,292
Cash at banks	10.1	37,608,027	4,718,584
Short-term deposits	10.2	12,000,000	-
		49,721,885	4,854,876

10.1. Cash at bank is held in a current account with commercial banks in Saudi Arabia. Balance in current account bears no interest.

10.2. This represents amounts deposited in Alinma bank with original maturity period of 120 days. The deposit carries an annual interest rate of 5.93%.

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11. SHARE CAPITAL

As at 30 September 2023, the share capital of the Company is SR 315 million, divided into 630 million shares of SR 0.5 each. (31 December 2022: SR 315 million share capital divided into 31.5 million shares of SR 10 each).

On 8 February 2021, the Board of Directors of the Company recommended increasing the Company's capital by an amount of SR 210 million by issuing rights shares. On 14 July 2021, the Group announced that it had submitted a file requesting approval to increase the Group's capital by offering rights shares amounting to SR 210 million to the Capital Market Authority (CMA), conditional on obtaining the approval of the relevant official authorities and Extraordinary General Assembly.

On 17 May 2022, the shareholders in Extra Ordinary General meeting resolved to increase the share capital by SR 210 million by way of rights issue to finance working capital, invest in real estate properties and invest in shares of other privately owned entities. The right issues process was completed in tranches during the period ended 30 September 2022 and the resulting total proceeds from the right issue was received on 26 September 2022. The above right issue process also resulted in over-subscription by the amount of SR 42.3 million out of which only SR 0.88 million is outstanding for payments as at 30 September 2023.

With reference to the Company's announcement dated 04 October 2022 and the addendum dated 18 May 2023 regarding the Board of Directors' recommendation to increase the Company's capital by issuing priority rights shares at a value of 236.25 million, subject to the approval of the relevant official authorities and the Extraordinary General Assembly. The Company has announced its submission on 29 Dhul Hijjah 1444 corresponding to 17 July 2023, a file requesting approval to increase the Company's capital by offering priority rights shares, to the Capital Market Authority (CMA).

On 9 July 2023, the shareholders in Extra Ordinary General meeting resolved to split the shares by adjusting the nominal value of share from SR 10 per share to SR 0.5 per share. Accordingly, the number of shares have been increased from 31.5 million to 630 million during the period. There is no change in the Company's share capital before and after the share split.

12. LONG-TERM LOANS

		30 September 2023	31 December 2022
	Note	Unaudited	Audited
Saudi Industrial Development Fund loan	i/ii	14,716,868	14,960,751
Facility arrangement with Alinma Bank	iv/v	166,225,234	153,225,234
Facility arrangement with Riyadh Bank	iii	676,386	787,500
Total loans		181,618,488	168,973,485
Less: current portion of long-term loans		(168,977,689)	(168,354,906)
Non-current portion of long-term loans		12,640,799	618,579

Saudi Wasit Factory for Entertainments and Beauty System

- i. The entity has a long-term facility from the Saudi Industrial Development Fund (SIDF). The total outstanding balance of the loan as at 30 September 2023 amounted to SR 13.42 million (31 December 2022: SR SR 13.5 million). The loan bearing below market interest rate, due to which the difference between the fair value of loan and book value (being the discount present value of the loan using effective interest rate) is considered as a deferred income.

These facilities are secured by the promissory notes, corporate guarantees from the subsidiary's shareholders and mortgaged by the assets of the Company (Refer to note 4). The semi-annual repayment of the loan begins on 18 March 2022 and final payment is due on 3 February 2026. The loan agreements contain certain covenants which among others, require that the entities maintain specified financial ratios mainly the current ratio and the ratio of net tangible worth.

As at 30 September 2023 and 31 December 2022, the entity has not complied with certain covenants as stipulated in the loan agreement. Accordingly, the total loan amount is classified under current liabilities as at the current period and comparative year ends.

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12. LONG-TERM LOANS (Continued)

ARW Industry Company

- ii. During 2017, the entity obtained long term facility from the SIDF. The total outstanding balance of the loan as at 30 September 2023 amounted to SR 1.3 million (31 December 2022: SR 1.46 million). The loan is secured by the promissory notes and corporate guarantees from the subsidiary's shareholders. The loan is repayable on semi-annual basis over the period of 6 years.
- iii. During 2021, the entity entered into a three-year financing agreement with Riyadh Bank for a credit limit of SR 1.1 million to finance its working capital requirements. The total outstanding balance of the facility as at 30 September 2023 amounted to SR 0.68 million (31 December 2022: SR 0.79 million).

As at 30 September 2023, the entity has not complied with certain covenants as stipulated in the loan agreement of SIDF. Accordingly, the total loan amount is classified under current liabilities.

The Company

- iv. During 2022, the Company has obtained long-term facility from Alinma Bank amounting to SR 153.23 million to finance the purchase of the investment property. As of 30 September 2023, the total balance of this loan was SR 153.23 million as per the loan agreements. This loan carries a SAIBOR plus 2% interest rate. The loan is repayable over the period of 10 years in semi-annual basis, commencing from 29 December 2023 until 29 June 2032. The loan is secured against the mortgage of the purchased investment property in Prince Sultan Street Building-Jeddah city (Refer to note 5).

As at 30 September 2023, the entity has not complied with certain covenants as stipulated in the loan agreement. Accordingly, the total loan amount is classified under current liabilities. During the period, the Company obtained a waiver from Alinma Bank with respect to the covenants in breach.

Anaam International Investment Company

- v. During the period, the entity has obtained long-term facility from Alinma Bank amounting to SR 13 million. As of 30 September 2023, the total balance of this loan was SR 13 million as per the loan agreement. This loan carries a SAIBOR plus 3% interest rate. The loan is repayable over the period of 15 years in semi-annual basis, commencing from 24 February 2024 until 24 August 2038. The loan is secured against the mortgage of the investment property in Taliah Street Building-Jeddah city (Refer to note 5).

12.1 Government Grant

On 9 October 2018 a loan was obtained by Saudi Wasit Factory for Entertainments and Beauty System from Saudi Industrial Development Fund for the purpose of financing the establishment and expansion of a factory for the production of collective children's games and garden and park furniture in Sudair Industrial City. It is qualified to be a government grant given that the Saudi Industrial Development Fund is a government agency and that the Company received a loan bearing below market interest rate, and the conditions associated with government grant are being met.

Movement during the period	30 September 2023	31 December 2022
	Unaudited	Audited
Opening balance	1,768,029	1,921,459
Deferred income amortized during the period	(120,079)	(153,430)
Closing balance	1,647,950	1,768,029

13. BASIC AND DILUTED EARNINGS PER SHARE

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023	2022	2023	2022
	Unaudited	Unaudited	Unaudited	Unaudited
Profit for the period attributable to the owners of the Parent Company	634,167	8,111,381	6,144,671	10,998,816
Weighted average number of shares	630,000,000	397,129,615	630,000,000	397,129,615
Basic and diluted earnings per share for the period	0.001	0.020	0.010	0.028

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14. CONTINGENCIES AND COMMITMENTS

a. Contingencies

There were no contingencies as at 30 September 2023 (31 December 2022: Nil).

b. Commitments

There were no commitments as at 30 September 2023 (31 December 2022: Nil).

15. REVENUE

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2023	2022	2023	2022
		Unaudited	Unaudited	Unaudited	Unaudited
Rental income		7,903,525	8,081,858	23,162,945	11,436,345
Revenue from contracts with customers	15.1	6,784,065	2,523,646	16,613,646	6,357,774
Revenue		14,687,590	10,605,504	39,776,591	17,794,119

15.1 Revenue from contracts with customers

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023	2022	2023	2022
	Unaudited	Unaudited	Unaudited	Unaudited
Revenue from contracts with customers	6,903,250	2,620,460	16,754,876	6,457,803
- Sales return	-	(5,340)	-	(8,555)
- Discount	(119,185)	(91,474)	(141,230)	(91,474)
	6,784,065	2,523,646	16,613,646	6,357,774

(*) Rental income is recognized over the period of lease term.

(**) Revenue from contracts with customers is recognized at point in time.

15.2 Geographical Market

The Group operates completely within the Kingdom of Saudi Arabia.

16. SEGMENTS INFORMATION

The Group's main activity consists of segments including leasing, warehousing and other activities. The following is a breakdown of the segmental information as at 30 September 2023 and 30 September 2022 for each segment:

30 September 2023 Unaudited	Warehousing	Head office & leasing and others	Entertainment and beauty	Medical and healthcare	Investment	Total
Revenue	3,689,471	19,215,824	14,164,478	2,706,818	-	39,776,591
Non-current assets	5,533,001	495,103,812	30,874,376	6,326,046	-	537,837,235
Profit / (loss) from operations	1,442,711	6,116,467	1,109,986	(2,982,861)	(149,578)	5,536,725
Profit / (loss) for the period	1,447,192	6,000,123	839,810	(2,924,947)	(248,474)	5,113,704
30 September 2022 Unaudited	Warehousing	Head office & leasing and others	Entertainment and beauty	Medical and healthcare	Investment	Total
Revenue	3,328,400	8,107,945	5,153,919	1,203,855	-	17,794,119
Non-current assets	1,270,570	513,098,156	7,920,824	6,383,251	-	528,672,801
Profit / (loss) from operations	206,758	(3,098,017)	(3,347,968)	(1,119,674)	-	(7,358,901)
Profit / (loss) for the period	1,318,012	12,115,591	(3,546,352)	(1,138,449)	-	8,748,802

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17. TRANSACTIONS WITH RELATED PARTIES AND BALANCES

The Group deals in its normal activities with related parties and these transactions include providing operational services and others. Transactions and balances with related parties as follows:

17.1 Balances due to the related parties:

	Nature of the transactions	Nature of the relationship	30 September 2023 Unaudited	31 December 2022 Audited
Mr. Anas Al-Harbi	Expenses paid on behalf	Non-controlling shareholder in a subsidiaries	5,104,987	5,104,987
Mr. Mohammed Ibrahim Haidari	Loan given to Saudi Wasit for working capital		2,572,451	2,572,451
Mr. Tariq Mohammed Ibrahim Haidari	Loan given to Saudi Wasit for working capital		955,903	955,903
			8,633,341	8,633,341

Transactions with related parties include remuneration of the Board of Directors, salaries, allowances and incentives for key management personnel for the period ended 30 September 2023, amounting to SR 3.81 million (30 September 2022: SR 3.22 million).

18. FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Suppose the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy. In that case, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Assets measured at fair value	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Short term investments	30 September 2023 (Unaudited)	8,033,474	7,680,534	352,940	-
Long term investments	30 September 2023 (Unaudited)	3,951,250	-	-	3,951,250

During the period ended 30 September 2023, there were no movement between the fair value hierarchy levels.

Different valuation methodologies and related significant inputs and assumptions are used by the independent valuation experts in estimation of the fair values of the investment properties as mentioned in note 5, being the net recoverable amount. Such values are based on significant unobservable inputs and the fair value measurement was classified as Level 3.

19. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements for the Group for the three-month and nine-month periods ended 30 September 2023, were approved by the Board of Directors on 26 October 2023 (11 Rabi al Thani 1445).