

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE AND NINE- MONTH PERIOD ENDED SEPTEMBER 30, 2021  
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 AND NINE- MONTH PERIOD ENDED SEPTEMBER 30, 2021  
AND INDEPENDENT AUDITOR'S REVIEW REPORT

---

INDEX

	PAGE
- Independent Auditor's Review Report .....	-
- Interim Condensed Consolidated Statement of Financial Position (Unaudited) .....	1
- Interim Condensed Consolidated Statement of Profit or loss and Other Comprehensive Income (Unaudited) .....	2
- Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Unaudited) .....	3
- Interim Condensed Consolidated Statement of Cash Flows (Unaudited).....	4
- Notes to the Interim Condensed Consolidated Financial Statements (Unaudited).....	5-25



# RSM

المحاسبون المتحدون للإستشارات المهنية

الرياض - حي العليا - طريق العروبة

مبنى رقم ٣١٩٣ ، الطابق الأول

ص. ب ٨٣٣٥ ، الرياض - ١٢٣٣٣

هاتف: +٩٦٦ ١١ ٤١٦ ٩٣٦١

فاكس: +٩٦٦ ١١ ٤١٦ ٩٣٤٩

المملكة العربية السعودية

www.rsmksa.com

س.ت ٤٠٣٠٢٨٧٧٣

Allied Accountants Professional Services

Riyadh - Olaya District - Al Oruba Street

1<sup>st</sup> Floor, Building No. 3193

P.O. Box 8335 Riyadh - 12333

Tel: +966 11 416 9361

Fax: +966 11 416 9349

Kingdom of Saudi Arabia

www.rsmksa.com

C.R. 4030228773

## INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT FOR THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### The Shareholders

Anaam International Holding Group Company  
(A Saudi Joint Stock Company)

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Anaam International Holding Group Company, (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at September 30, 2021 and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three and nine-month periods then ended and the interim condensed consolidated statements of changes in shareholders' equity and cash flows for the nine-month period ended September 30, 2021, and the related interim condensed consolidated statement of changes in shareholders' equity and cash flows for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation of these interim condensed financial statements in accordance with International Accounting Standard (34), "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these 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 condensed 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 interim condensed financial statements as at 30 September 2021, are not prepared in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia.

**INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT FOR THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**The Shareholders**

**Anaam International Holding Group Company**  
(A Saudi Joint Stock Company)

**Emphases of Matter**

We would like to draw attention to the following:

- As disclosed in Note 1 to the accompanying interim condensed consolidated financial statements, the Group has previously issued the interim condensed consolidated financial statements as at September 30, 2021 and the three and nine months periods then ended which were approved on 6 Rabi II 1443 (corresponding November 11, 2021) and we expressed our adverse conclusion on those interim condensed consolidated financial statements. The accompanying interim condensed consolidated statements has now been reissued after resolving the matter that led to our adverse conclusion; and
- As disclosed in Note 6 to the accompanying interim condensed consolidated financial statements describing that property, plant, factory and equipment includes land and building amounting to SR 43 million, the ownership of which is not registered in the name of the Group.

Allied Accountants Professional Services Company



Mohammed Bin Farhan Bin Nader  
License No. 435  
Riyadh, Saudi Arabia  
16 Rabi' II 1443 H (21 November 2021)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
(Expressed in Saudi Riyals)

	Note	As at September 30, 2021 (Unaudited)	As at December 31, 2020 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant, factory and equipment, net	6	105,855,737	121,449,708
Projects under constructions		3,958,667	-
Intangible assets, net	7	405,305	667,294
Financial assets designated at fair value through profit or loss	8	3,251,250	-
Investment properties	9	946,000	946,000
Goodwill		11,730,000	-
<b>Total non-current assets</b>		<b>126,146,959</b>	<b>123,063,002</b>
<b>Current assets</b>			
Inventories, net		-	1,878,406
Trade receivables, net	10	1,503,967	1,957,837
Prepayments and other receivables		78,186,176	2,065,163
Short-term deposit	11	45,000,000	-
Cash and cash equivalents		16,536,053	80,456,360
		141,226,196	86,357,766
Non-current assets classified as held for sale	5	-	16,612,164
<b>Total current assets</b>		<b>141,226,196</b>	<b>102,969,930</b>
<b>TOTAL ASSETS</b>		<b>267,373,155</b>	<b>226,032,932</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Capital	15	105,000,000	105,000,000
Retained earnings (accumulated losses)		1,064,784	(16,054,747)
Equity attributable to equity holders of the Company		106,064,784	88,945,253
Non-controlling interest		8,330,000	-
<b>Total shareholder's equity</b>		<b>114,394,784</b>	<b>88,945,253</b>
<b>Non-current liabilities</b>			
Provision for employees' end-of service indemnity	13	3,647,840	4,857,205
Long term loan – non-current portion	12	13,430,800	-
<b>Total non-current liabilities</b>		<b>17,078,640</b>	<b>4,857,205</b>
<b>Current liabilities:</b>			
Long term loan – current portion	12	3,300,000	-
Trade payables		8,140,792	3,792,757
Accrued expenses and other payables		4,547,123	8,513,966
Dividend due to shareholders		12,984,538	12,996,473
Provision for Zakat	14	106,927,278	106,927,278
<b>Total current liabilities</b>		<b>135,899,731</b>	<b>132,230,474</b>
<b>Total liabilities</b>		<b>152,978,371</b>	<b>137,087,679</b>
<b>TOTAL SHAREHOLDER EQUITY AND LIABILITY</b>		<b>267,373,155</b>	<b>226,032,932</b>

CEO

Finance Manager

The accompanying notes from 1 to 21 form an integral part of these 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 (UNAUDITED)  
(Expressed in Saudi Riyals)

	Note	For the three months period from July 1 to September 30,		For the nine months period ended September 30,	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Sales – net		1,943,472	1,499,808	5,845,582	6,380,753
Cost of sales		(1,242,331)	(2,147,413)	(3,817,087)	(5,591,608)
<b>Gross profit</b>		<b>701,141</b>	<b>(647,605)</b>	<b>2,028,495</b>	<b>789,145</b>
Selling and marketing expenses		(95,114)	(54,628)	(269,275)	(208,684)
General and administrative expenses		(3,821,788)	(1,507,704)	(10,245,731)	(4,904,371)
<b>Operating (loss)</b>		<b>(3,215,761)</b>	<b>(2,209,937)</b>	<b>(8,486,511)</b>	<b>(4,323,910)</b>
Other income		379,037	1,067,351	394,337	3,028,770
<b>Net (loss) for the period before Zakat</b>		<b>(2,836,724)</b>	<b>(1,142,586)</b>	<b>(8,092,174)</b>	<b>(1,295,140)</b>
Zakat expenses		-	-	-	-
<b>Net income (loss) after zakat from continuing operations</b>		<b>(2,836,724)</b>	<b>(1,142,586)</b>	<b>(8,092,174)</b>	<b>(1,295,140)</b>
<b>Discontinuing operations</b>					
Results of discontinuing operations	6	24,571,866	-	25,211,705	-
<b>Net income (loss) for the period</b>		<b>21,735,142</b>	<b>(1,142,586)</b>	<b>17,119,531</b>	<b>(1,295,140)</b>
<b>Other Comprehensive income items</b>					
Items that will not be reclassified subsequently in profit or loss:		-	-	-	-
Actuarial (loss) gains from re-measuring of employee benefits		-	-	-	-
<b>Total other comprehensive income (loss) for the period</b>		<b>21,735,142</b>	<b>(1,142,586)</b>	<b>17,119,531</b>	<b>(1,295,140)</b>
<b>Net income for the period attributable to:</b>					
Shareholder of the company		21,735,142	(1,142,586)	17,119,531	(1,295,140)
Non controlling interest		-	-	-	-
		<b>21,735,142</b>	<b>(1,142,586)</b>	<b>17,119,531</b>	<b>(1,295,140)</b>
<b>Total Comprehensive income for the period attributable to:</b>					
Shareholders of the company		21,735,142	(1,142,586)	17,119,531	(1,295,140)
Non-controlling interest		-	-	-	-
		<b>21,735,142</b>	<b>(1,142,586)</b>	<b>17,119,531</b>	<b>(1,295,140)</b>
Basic and diluted profit (loss) per share from net profit (loss) for the period.	16	2.07	(0.76)	1.63	(0.86)

CEO

Finance Manager

The accompanying notes from 1 to 21 form an integral  
part of these interim condensed consolidated financial statements

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
(UNAUDITED)  
(Expressed in Saudi Riyals)

	Capital	Retained earnings (Accumulated losses)	Equity attributable to equity holders	Non-controlling interest	Total
Balance at January 1, 2021 (audited)	105,000,000	(16,054,747)	88,945,253	-	88,945,253
Total comprehensive income					
Net income for the period	-	17,119,531	17,119,531	-	17,119,531
Other comprehensive income items for the period	-	-	-	-	-
Acquisition of subsidiary	-	-	-	8,330,000	8,330,000
Total comprehensive income for the period	-	17,119,531	17,119,531	8,330,000	25,449,531
Balance at September 30, 2021 (unaudited)	105,000,000	1,064,784	106,064,784	8,330,000	114,394,784
Balance at January 1, 2020 (audited)	15,000,000	789,261	15,789,261	-	15,789,261
Total comprehensive income					
Net loss for the period	-	(1,295,140)	(1,295,140)	-	(1,295,140)
Other comprehensive income items for the period	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-
Total other comprehensive loss for the period	-	(1,295,140)	(1,295,140)	-	(1,295,140)
Balance at September 30, 2020 (unaudited)	15,000,000	(505,879)	14,494,121	-	14,494,121

CEO

Finance Manager

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)  
(Expressed in Saudi Riyals)

	For the nine-month period ended September 30,	
	2021	2020
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Net loss for the period before zakat	(8,092,174)	(1,295,140)
Adjustments to reconcile net loss for the year before Zakat with net cash (used in) provided by operating activities:		
Depreciation of property, plant, factory and equipment	3,243,429	1,163,887
Amortization of intangible assets	261,989	152,044
(Gain) on sale of property, plant, factory, and equipment	-	(3,984,408)
profit from discontinuing operations	25,211,705	-
Provision for end of service indemnities	434,629	297,075
	21,059,578	(3,666,542)
<b>Changes in operating assets and liabilities</b>		
Inventories	1,878,406	737,110
Trade receivables	453,870	412,027
Prepayments and other receivables	(48,264,791)	(1,800,309)
Trade payables	4,348,035	(70,295)
Accrued expenses and other payables	(3,966,843)	280,298
End of service benefits paid	(1,643,994)	-
<b>Net cash flows (used in) operating activities</b>	<b>(26,135,739)</b>	<b>(4,107,711)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, factory and equipment	(30,505,680)	(65,598)
Projects under constructions	(3,958,667)	-
Net movement in non-current assets classified as held for sale	16,612,164	-
Proceeds from sale of property, plant, factory and equipment	15,000,000	4,834,318
Net movement of investment in subsidiary	(3,400,000)	-
Investment in unlisted Company	(3,251,250)	-
Short-term deposits	(45,000,000)	-
Long-term loan	16,730,800	-
<b>Net cash (used in) from investing activities</b>	<b>(37,772,633)</b>	<b>4,768,720</b>
<b>Cash flows from financing activities:</b>		
Dividends and dues to shareholders	(11,935)	178,995
<b>Net cash (used in) from financing activities</b>	<b>(11,935)</b>	<b>178,995</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(63,920,307)</b>	<b>840,004</b>
Cash and cash equivalents at beginning of the period	80,456,360	1,092,812
<b>Cash and cash equivalents at end of the period</b>	<b>16,536,053</b>	<b>1,932,816</b>

CEO

Finance Manager

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.



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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)**

**1- ORGANIZATION OF THE GROUP AND IT'S SUBSIDIARIES.**

Anaam International Holding Group Company is a Saudi joint stock company established in accordance with commercial Registration No. 4030035073 dated 7/9/1402(H) corresponding to 29/6/1982. The following are the subsidiaries included in the consolidated financial statements. All these companies are established in the Kingdom of Saudi Arabia and are fully owned (100%) by the Company directly and indirectly.

Description	Main activity	Commercial registration
Saudi Cold Store Company Limited	Foodstuff trading & rental	4030007971
Anaam International Food Co., Ltd.	Foodstuff trading	4030166809
Anaam International Agricultural Company	Agricultural production	4030035281
Anaam International Investment Company	Real estate and services	4030165735
Anaam International Financial Company	wholesale trading	4030165733

The main activity for the company and its subsidiaries (Referred to it as the "Group") is 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.

The group's main activity is the cultivation and trading of feedstuffs, wholesale and retail trade in foodstuffs, warehousing and leasing services. In addition 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 group owns a land area in Al Khomrah area in the city of Jeddah with an area of 197,555 square meters not registered in the name of the group as it does not have a title deed and a land in the health quarry area in Jeddah with an area of 9,987 square meters secured by a pledge of ownership transfer in exchange for the payment of financing as shown in note No. (6).

On 25 Safar 1437 AH, Cabinet Decision No. (66) was issued stipulating the cessation of the cultivation of green fodder before 25 Safar 1440H corresponding to November 3, 2020, and accordingly the group ceased the cultivation of green fodder during the year 2018, noting that sales of green fodder represent about 80% Of the Group's revenues in 2017 and 2018. On 29/9/2021, the group sold the entire Al-Jouf project, which included land, equipment, buildings and motor vehicles. The Group's future plan after the sale of Al- Jouf project is as follows:

- Increase the company's capital after the reduction by issuing priority rights shares and using the subscription proceeds to purchase income-generating real estate assets, in order to provide a continuous source of income and liquidity for the company.
- Improving and developing the group's transport fleet and increasing its efficiency to raise the efficiency of the logistics services provided by the group to its customers.
- Maintenance of central refrigerators by replacing some of the current (old) refrigeration devices with new, high-tech, modern ones.
- Work to reschedule and settle the remaining debts of the company and increase the effort made to collect the group's debts with others.
- Focusing on distinguished manpower and working to improve the group's performance in all its departments.

On 21/11/1442H corresponding to 1/7/2021G, the Group acquired 51% ownership interest of Wasit Factory for Entertainment and Beauty Systems a branch of a sole proprietorship (the Factory) at a value of SR 24,480,000 which includes an amount of SR 4,080,000 as additional financing for the completion of the project and other requirements. Based on the acquisition agreement, the factory converted into a closed joint stock company. The legal formalities for the formation of the company were completed on August 18,

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021**  
(Expressed in Saudi Riyals)

2021. The Group consolidated the subsidiary based on managerial financial information of the subsidiary at the period ended September 30, 2021. The Group is still in the process of preparing and implementing the financial and administrative policies of the subsidiary to be in line with the Group.

Under the acquisition agreement, the Group has also committed to financing working capital by SR 5,000,000 as support loan which was paid subsequent to September 30, 2021.

The Group has previously issued the interim condensed consolidated financial statements as at September 30, 2021 which were approved on 6 Rabi II 1443 (corresponding November 11, 2021) The Group has now reissued the interim condensed consolidated financial statements by consolidating the financial information the subsidiary company within the interim condensed consolidated financial statements. Following is a summary of significant adjustment on the interim condensed consolidated statement of financial position:

	Previously issued As at September 30, 2021 (Unaudited)	Adjustments	Re-issued As at September 30, 2021 (Unaudited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant, factory and equipment, net	75,773,565	30,082,172	105,855,737
Projects under constructions	-	3,958,667	3,958,667
Investment in unconsolidated subsidiary	24,480,000	(24,480,000)	-
Goodwill	-	11,730,000	11,730,000
<b>Total non-current assets</b>	<b>104,856,120</b>	<b>21,290,839</b>	<b>126,146,959</b>
<b>TOTAL ASSETS</b>	<b>246,082,316</b>	<b>21,290,839</b>	<b>267,373,155</b>
<b>SHAREHOLDERS' EQUITY</b>			
Non-controlling interest	-	8,330,000	8,330,000
<b>Total shareholder's equity</b>	<b>106,064,784</b>	<b>8,330,000</b>	<b>114,394,784</b>
<b>Non-current liabilities</b>			
Long term loan – non-current portion	-	13,430,800	13,430,800
<b>Total non-current liabilities</b>	<b>3,647,840</b>	<b>13,430,800</b>	<b>17,078,640</b>
<b>Current liabilities:</b>			
Long term loan – current portion	-	3,300,000	3,300,000
Due to unconsolidated subsidiary	4,080,000	(4,080,000)	-
Accrued expenses and other payables	4,237,084	310,039	4,547,123
<b>Total current liabilities</b>	<b>136,369,692</b>	<b>(469,961)</b>	<b>135,899,731</b>
<b>Total liabilities</b>	<b>140,017,532</b>	<b>12,960,839</b>	<b>152,978,371</b>
<b>TOTAL SHAREHOLDER EQUITY AND LIABILITY</b>	<b>246,082,316</b>	<b>21,290,839</b>	<b>267,373,155</b>

The group's fiscal year starts from the beginning of January of each calendar year and ends at the end of December of the same year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)

---

2- **BASIS OF PREPARATION**

2-1 **Statement of compliance**

These interim condensed consolidated financial statements ("Consolidated Financial Statements") have been prepared in accordance with International Accounting Standard No. (34) "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia (the International Financial Reporting Standard that specifies the minimum contents of the interim financial reporting) and other standards and publications issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required for the full set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, and they must be read in together with the annual consolidated financial statements of the Group as of December 31, 2020 ("the last annual consolidated financial statements"). In addition, the results of the interim period ending on September 30, 2021, may not be considered an accurate indication of the expected results for the fiscal year ending on December 31, 2021.

Certain comparative figures have been reclassified to conform with the current period presentation.

2-2 **Basis of measurement**

These financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for employees' benefits obligation, which are measured at present value for the future obligations.

2-3 **Functional and presented currency**

These interim condensed consolidated financial statements are presented in Saudi Riyals (SR) which is the functional and presentation currency.

3- **SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of the interim condensed consolidated financial statements in accordance with applicable accounting standards and policies requires the use of judgments, estimates, and assumptions that affect the values of income, expenses, assets, liabilities and notes attached to the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result material adjustment to the carrying amounts of the assets and liabilities for the future periods.

The principal assumptions relating to the future and other key sources of uncertainty at the consolidated statement of financial position date, which represent a significant risk that lead to material adjustments to the carrying amounts of assets and liabilities within the next financial year. The Group's assumptions and estimates are based on available standards when preparing consolidated financial statements. These assumptions and estimates of future developments may change as a result of market changes and circumstances beyond the control of the Group. Such changes to assumptions are explained when they occur:

a- **Useful lives of property, plant, factory, and equipment**

Management determines the estimated useful lives of property, plant, factory, and equipment for calculating depreciation. The cost of property, plant, factory, and equipment is depreciated over the estimated useful life which estimated based on the expected use and obsolescence of the assets and the maintenance and repair programs as well as the technical obsolescence and the recoverable amount of the assets. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)

---

3- **SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (Cont.)**

b- **Actuarial valuation of the employee's end of service indemnities**

Cost of employees' end of service indemnities is determined under the defined unfunded remuneration program, which is measured using actuarial valuation. The actuarial valuation includes many assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, employee behavior, and employee's turnover. Given the complexity of the evaluation and its long-term nature, the specific unfunded bonus obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed once or more per year when necessary.

c- **Measurement of fair value**

Fair value is the amount to be received for the sale of an asset, or its payment to convert any of the liabilities in a regular transaction between the market participants on the measurement date under prevailing market conditions for example, the present price regardless of whether it is directly observable or estimated using another valuation method.

The fair value measurement is based on the assumption that the sale of the asset or the transfer of the obligation will be either:

- Through the main market of the asset or liability, or
- Through the most beneficial market for the asset or liability in the absence of the main market.

The main or most beneficial market must be available to the group to access.

The fair value of an asset or liability is measured using the assumptions assumed by market participants when pricing an asset or liability on the assumption that market participants are working in the best interest of their economy.

The measurement of the fair value of a non-financial asset takes into account the ability of market participants to provide economic benefits by using the asset to obtain the best benefit from it or to sell it to another party for use in the best interest. The Group uses valuation techniques that are appropriate to the circumstances and have sufficient data to measure fair value, maximize the use of relevant observable data and minimize the use of undisclosed data.

All assets and liabilities that are measured at fair value or whose fair values are disclosed in the consolidated financial statements are classified according to the hierarchy of the fair values shown below based on the lower-level data that is material to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities matching those that are measured.
- Level 2: inputs that are observable for the asset or liability, either directly or indirectly other than prices quoted in level one.
- Level 3: inputs for the asset or liability that are not observable.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)

---

**3- SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (Cont.)**

**d- Impairment of non-financial assets**

Impairment is recognized when the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, which represents its fair value less costs to sell or its value in use, whichever is higher. The fair value is calculated minus costs of disposal on the basis of available data from binding sales transactions, which are made on the basis of the spot price of the transaction in direct market transactions, for similar assets or observable market prices less costs to eliminate the asset.

The value in use is calculated based on the discounted cash flow model. Cash flows are realized from the budget for the following five years, and do not include restructuring activities that the group has not yet committed or significant future investments that will enhance the asset performance of the cash-generating unit subject to a impairment test. The recoverable amount is sensitive to the discount rate used in the discounted cash flow method, as well as expected future internal cash flows and the rate of growth used in the forecast.

**4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in preparing the interim condensed consolidated financial statements are consistent with those used in preparing the annual consolidated financial statements of the Group for the year ended December 31, 2020.

**4-1 Basis of consolidation of financial statements**

**Subsidiaries**

The interim condensed consolidated financial statements comprise the financial statements of the Company and all its subsidiaries (the Group). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or

Similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements that give the parent company the ability for orienting of related activities.
- The Group's voting rights and potential voting rights

The Group re-confirm whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The consolidation of a subsidiary is commenced when the control of the subsidiary ceases to be transferred to the group and is discontinued when the group ceases to control the subsidiary.

Assets, liabilities, income, and expenses of a subsidiary acquired during the year are included in the consolidated financial statements from the date of control transferred to the group until the date the Group ceases to control over subsidiary.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)

4- **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

Profit or loss and each component of other comprehensive income (OCI) is attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between components of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

4-2 **Classification of current and non-current items**

Assets and liabilities are presented in the consolidated statement of financial position classified as current and non-current. The asset is classified as current when:

- The Group expects the asset to be recognized, intended to be sold or used during a normal operating cycle.
- The Group retains the assets for trading purposes.
- The Group expects to realize the asset within a period of twelve months after the financial year (Period).
- The asset is in cash or equivalents unless it is subject to restrictions on its replacement or uses to settle an obligation for more than twelve months after the financial period.

All other assets are classified as non-current assets.

The liabilities is classified as current when:

- The settlement of the liability is expected during a normal operating cycle.
- Retains the liability primarily for the purpose of trading.
- The liability is the duty of settlement within twelve months after the financial period.
- The Group has no unconditional right to defer settlement of the liability for more than twelve months after the financial period.

All other liabilities are classified as non-current.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)

4- **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

4-3 **Property, plant, factory and equipment**

Property, plant, factory, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (except land where they are not depreciated). Expenses incurred to replace any component of the asset are recognized as a separate item and are capitalized against the write-off of the carrying amount of the replacement portion. Any other capitalization is recognized only when the future economic benefits relating to the asset increase. The repair and periodic maintenance costs of the property, plant, factory, and equipment are recognized in the consolidated statement of profit or loss as incurred. The useful lives of property, plant, factory, and equipment are reviewed at the end of each year. If the estimated useful life is different than previously estimated, the residual value of the asset is depreciated over the remaining useful life after a reassessment of the year in which the revaluation was made.

In respect of the current obligations for derecognition, restatement and similar obligations (dismantling or eliminating the assets), changes in the liability are added to or deducted from the cost of the related asset in the current period so that the amount deducted from the cost of the asset does not exceed its recorded amount and in case the amount of the loss decrease, then it must be recognized immediately in the statement of profit or loss and other comprehensive income. If the adjustment results any addition to the cost of the asset, the Group considers whether this indicates that the new amount of the asset may not be fully recoverable, and if so, the Group tests the asset for impairment by estimating its recoverable amount and Loss of impairment in consolidated profit or loss.

4-3 **Property, plant, factory and equipment (continued)**

Financing costs for loans used directly to finance the creation of assets are capitalized over the period of time required to complete the asset and prepare it for its intended use when the asset is eligible to bear the cost of borrowing. Depreciation expense is recognized in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant, factory, and equipment. Assets on leased land (leasehold improvements) are depreciated over the lease term or on the shorter useful lives of the assets

When the useful life of items of property, plant, factory, and equipment is different, they are accounted for as separate items.

Depreciation is charged to all items of property, plant, factory, and equipment to reduce their carrying amount by estimated useful lives as follows:

Type	Years
• Buildings	3,33-10
• Improvements to rented buildings	3,33-4
• Agricultural equipment and tools, and irrigation wells equipment	3,33-25
• Vehicles and trucks	10-20
• Furniture, fixtures, office equipment, and computers.	2-25
• Fruit plant	2-3

The group reviews the useful lives and residual values of property, plant, factory, and equipment at each financial year-end to ensure that it reflects the benefit obtained, and if any is traded as changes in accounting estimates (in the year of change and subsequent years).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)

---

4- **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Subsequent costs**

The cost of replacing part of an item of property, plant, factory, and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The daily cost and expenses incurred by the group for the maintenance and operation of property, plant, factory, and equipment are recognized in the consolidated statement of profit or loss as incurred. Improvements that subsequently increase the value of the assets or the useful life of the assets concerned are capitalized.

**4-4 Bearer plant**

IAS 16 Property, "Plant and Equipment" defined bearer plant as:

- Used in the production or supply of agricultural products.
- Expected to yield more than once during the period.
- There is a remote possibility of selling them as agricultural products other than scrap sales.

Bearer plants are initially recognized at cost less accumulated depreciation and accumulated impairment losses. The cost incurred by the Group includes the acquisition of the asset and includes the costs of raw materials, labor and all other direct costs associated with placing the asset in a condition that enables it to achieve the purpose for which it was purchased.

Any gain or loss arising from the disposal of the fruit plant (calculated on the basis of the difference between the net proceeds of the sale and the carrying amount of the plant) is recognized in other income in the consolidated statement of profit or loss in the period in which the asset is disposed of.

**4-5 Intangible assets**

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses if any. Intangible assets are amortized on a straight-line basis over their five to ten-year economic life.

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the expenditure can be measured reliably.

The residual values of intangible assets, their useful lives, and impairment indices are reviewed at the end of each financial year and adjusted prospectively where necessary.

**4-6 Biological assets**

Biological assets are measured at fair value less costs to sell. Changes in the value of biological assets are recognized in the consolidated statement of profit or loss.

**4-7 Investment properties**

Investment properties consist of land held by the Group for the purpose of earning rental income or growing capital through value appreciation or for both purposes and do not include land and buildings used for the production or supply of goods or services or for administrative purposes or for regular sale purposes.

Investment properties are stated at cost less accumulated depreciation (if any) and impairment losses (impairment) in accumulated value (if any). The land is not depreciated. The cost includes the purchase price plus all the costs directly associated with the establishment or acquisition of the investment property and the condition necessary to be used for the intended purpose. Significant portions of the investment property are depreciated separately from the other segments and the fair value of the investment properties is disclosed.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)

---

**4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

The cost of properties under construction which their purpose is to construct properties to earn rental income or for the purpose of growing capital, is included through the value appreciation or for both purposes within the investment properties. The group will start depreciation when the property is ready for use in its intended purpose.

The carrying amount of the investment property is derecognized when it is disposed (either through sale or through a finance lease) or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between (a) the net proceeds from the disposal of the investment property and (b) the carrying amount of the investment property is recognized in the statement of profit or loss in the year in which the asset is disposed or written off.

If the use of an investment property changes to a property occupied by the Group, it is reclassified to the property, plant, factory and equipment item.

**4-8 Assets held for sale**

The Group consider properties as held for sale when management approves and complies with a formal plan to market a property or group of properties for sale, and the sale may be completed within twelve months from the date of the consolidated statement of financial position. When assets are classified as such, the Group records the carrying amounts of each property or group of properties at their estimated fair value or estimated fair value less costs to sell which lower. When assets are classified as held for sale, they are not depreciated or amortized.

**4-9 Inventories**

Inventories are measured at the lower of cost or net realizable value after deducting any slow-moving inventory provision. The cost of inventories is based on the weighted average method and includes expenditure incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business for the group, less the estimated costs of completion and selling expenses.

Agriculture products from fruit plants are measured at the date of harvest at fair value less cost of sell.

**4-10 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held with banks and other highly liquid investments with original maturities of three months or less from the date of acquisition.

**4-11 Trade Receivables**

Trade receivables are amounts due from customers for products sold in the ordinary course of business. Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less the expected credit loss allowance in value, which is recognized in the statement of profit or loss and other comprehensive income.

**4-12 Provision for Zakat**

Zakat provision is calculated annually in the consolidated financial statements in accordance with the directives of the General Authority for Zakat and Income Tax in the Kingdom of Saudi Arabia. Any adjustments that may result at Zakat final claim are recorded in the consolidated statement of profit or loss in the year in which the final claim is received, at this time the provision is settled.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)

---

**4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**4-13 Value Added Tax**

The group is subject to the value-added tax system and the tax is calculated immediately after the invoice is issued or the commodity is delivered or the price or part of it is received. The VAT return is submitted on a monthly basis for the holding company and on a quarterly basis to the subsidiary companies.

**4-14 Loans**

Loans are recorded at net realizable value net of transaction costs incurred and interest is charged to loans using the effective interest method. Interest is charged to long-term loans during the year in which they are due. Interest on long-term loans to finance the qualifying asset is capitalized as part of the cost of the asset in accordance with IFRS 23.

**4-15 Employee benefit provision**

The Group contributes to the pension and social insurance for its employees in accordance with the Saudi Labor Law.

**a- Annual leave**

The estimated liabilities of employees for annual leave are calculated according to the Saudi Labor Law.

**b- Provision for employees' end of service indemnities**

The end of service indemnity is payable to all working employees according to the terms and conditions of the Saudi Labor Law followed by the Group, upon the termination of their service contracts.

Net liabilities of the Group in respect of defined benefit programs for unfunded employees are calculated by estimating the amount of future benefits through the actuarial valuation that the employee receives for his services in the current year and prior years. The benefits are deducted to determine the present value and any past unrecorded service costs. The discount rate used is the market return on government bonds at the consolidated financial statement date, which has maturities close to the maturity profile of the Group's liabilities. The cost of providing benefits under defined benefit programs for unfunded employees is determined using the unit's expected credit method to determine the present value of the Group's liabilities. The revaluation of defined benefit obligations consisting of actuarial profits and losses is recognized directly in the consolidated statement of other comprehensive income. The group determines the net interest expense on the defined benefit obligation for the year by applying the discount rate that is used to measure the defined benefit obligation at the beginning of the year and the net liabilities identified in it after taking into consideration any change in the net defined benefit obligations during the year and the payments of the obligations. The net interest expense and other expenses related to defined benefit plans are recognized in the interim condensed consolidated statement of profit or loss.

**4-16 Provisions**

Provisions are recognized when the Group has a liability (statutory or constructive) arising from a past event and there is a possibility that costs to settle the obligation will arise which can be reliably measured. When the Group expects to receive compensation for some or all of the provision - for example, under an insurance contract - compensation is recognized as an independent asset but only in the event that the compensation is asserted in practice. Expenses related to the provision are presented in the consolidated statement of profit or loss, net of any compensation.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)

---

**4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**4-17 Transactions in foreign currencies**

Transactions carried out by the Group in currencies other than the currency of the major economic environment in which the Group operates (its functional currency - Saudi Riyal) are recorded using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities are revalued using the exchange rates prevailing at the date of preparation of the consolidated financial statements. The resulting exchange gains and losses are recognized immediately in the consolidated statement of profit or loss. Non-monetary assets and liabilities are stated at historical cost using the prevailing rate at the date of those transactions. Non-monetary items at fair value are translated using the prevailing price at the date of valuation and evaluation profits and losses are recognized as a part of this fair value.

**4-18 Revenue**

Revenue from sale of goods is measured at the fair value of the cash consideration received or receivable from the sale of the goods in the course of the Group's normal activities. The Group recognizes revenue when control of the goods is transferred, or when the goods are delivered to the customer, and the customer is completely free to use or sell these goods, and there is no unfulfilled obligation that affects the customer's acceptance of the goods. Delivery takes place when the goods are shipped to the specified location and the risks of obsolescence and losses are transferred to the customer, and either the customer accepts the goods according to the sales contract or with the expiration of the acceptance provisions, or the group has objective evidence that all acceptance criteria are met. Trade receivables are recognized when the goods are delivered, as this is the point in time at which this amount is unconditional, because only time is required before the payment is due.

**4-19 Rent**

Determining whether the contractual arrangement is leasehold (or contains leasehold) depends on the substance of the arrangement at the inception of the lease. A contractual arrangement is considered a lease (or contains a lease) if its fulfillment is dependent on the use of a specific asset or assets, and the arrangement conveys the right to use the asset or assets even if it does not explicitly stipulate that right to the arrangement. A lease contract is classified on the date of contract inception as a finance lease or an operating lease contract. A lease that transfers all significant risks and rewards of ownership to the Group is classified as a finance lease.

**The group as a leaser**

Operating lease payments are recognized as expenses in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. The direct costs incurred when negotiating and making arrangements for an operating lease are added to the book value of the leased asset and are recognized on a straight-line basis over the term of the lease.

**4-20 Earnings per share**

Basic earnings per share and diluted earnings per share (if any) are presented for ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted by the number of ordinary shares repurchased or issued during the year. The diluted earnings per share are adjusted by adjusting the profit or loss attributable to ordinary equity holders of the Company and the weighted average number of shares outstanding during the year with the effect of all dilutive potential ordinary shares issued during the year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)

4- **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

4-21 **Operating segments**

The operating segment is a component of the Group:

- a) Which carries out business activities from which it may earn revenues and incur expenses (including profit and expenses relating to transactions with the components of the same group).
- b) Whose operating results are regularly reviewed by the chief operating decision maker at the facility to make decisions about the resources to be allocated to the sector and to evaluate its performance.
- c) For which separate financial information is available.

Operating segment results reported to operational decision makers include the direct items relating to the operating segment and the items that are allocated to the operating segment to a reasonable extent. The Group has three operating segments as described in note (18).

4-22 **Expenses**

Selling, marketing, general, and administrative expenses include direct and indirect expenses not considered part of the cost of sales. Selling and marketing expenses are all related to sales activity and delivery vehicles as well as other marketing related expenses. All other expenses are classified as general and administrative expenses. Joint expenses are divided between the cost of sales, Selling and marketing expenses, administrative and general expenses on a consistent basis when required.

5- **NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

	<b>September 30, 2021</b>
Balance at beginning of the period	21,112,164
Impairment in machinery and equipment	(4,500,000)
Disposals	(16,612,164)
	<u>-</u>

On Safar 25, 1437H, Council of Ministers Resolution No. (66) was issued to stop planting green fodder before Safar 25, 1440H corresponding to November 3, 2018, and accordingly the Group stopped planting green fodder during the year 2019, noting that green fodder sales represent about 80% from the Group's revenues in 2017 and 2018.

The Company has in the consolidated financial statements a provision for impairment in the value of machinery and equipment in the amount of SR 4.5 million to meet any expected decrease in the value of machinery and equipment for growing fodder.

In accordance with International Financial Reporting Standard No. 5 (Non-current assets held for sale and discontinued operations) and as a result of stopping the cultivation of fodder by the end of 2018, the Company's Board of Directors decided to stop the cultivation permanently and the sale of machinery directly related to the cultivation of fodder at least not below the net book value of the assets in the books, that is to provide the necessary liquidity to finance the Company's operational activities effective from 1/1/2020.

Non-current assets classified as held for sale are to be disposed by selling them through auctions or direct sales. It is expected that the sale of the assets available for disposal will be completed within one year of the reporting date. The Group's assets available for disposal mainly consist of agricultural equipment that was mainly used in operation, maintenance and agricultural projects. The impairment loss in the group of assets available for disposal is charged to the interim condensed consolidated statement of profit or loss.

On 29/9/2021, the group sold the entire Al-Jouf project, which included land, equipment, buildings and motor vehicles.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)

6- PROPERTY, PLANT, FACTORY AND EQUIPMENT, NET

	January 1	Additions	Disposals	September 30
<b>Cost:</b>				
Land *	96,688,442	-	31,335,126	65,353,316
Buildings**	43,129,368	16,918,655	18,854,669	41,193,354
Agricultural tools, and equipment, wells, and irrigation equipment	51,515,389	12,577,935	49,330,679	14,762,645
Cars and Trucks	12,188,594	993,381	-	13,181,975
Furniture, office equipment and computer	9,905,126	15,709	3,603,045	6,317,790
<b>Total cost</b>	<b>213,426,919</b>	<b>30,505,680</b>	<b>103,123,519</b>	<b>140,809,080</b>
<b>Accumulated depreciation:</b>				
Buildings	28,318,665	1,676,468	14,397,372	15,597,761
Agricultural tools, equipment, wells and irrigation equipment	43,544,723	906,375	42,178,359	2,272,739
Cars and Trucks	10,417,021	427,962	-	10,844,983
Furniture, office equipment and computer	9,696,802	232,624	3,691,566	6,237,860
<b>Total depreciation</b>	<b>91,977,211</b>	<b>3,243,429</b>	<b>60,267,297</b>	<b>34,953,343</b>
<b>Net book value</b>				
<b>September 30, 2021</b>				<b>105,855,737</b>
<b>December 31, 2020</b>	<b>121,449,708</b>			

\*The Group has a land in Al-Khumrah district in Jeddah with an area of 197,555 square meters of SR 23 million has no title deeds and is not registered in the name of the Group. The property, plant, factory and equipment item also include a land and building amounting to SR 20 million as a guarantee in accordance with the financing agreement with Karnaf Investment and Installment Company and the ownership is to be returned to the Group once all the installments are paid. The Group has paid all the remaining installments with the interest amount and the transfer of ownership to the Group has not been completed.

On 29/9/2021, the group sold the entire Al-Jouf project, which includes lands, equipment, buildings and motor vehicles, for SR 85 million. The net book value of the assets of Al-Jouf Farm on the date of sale amounted to SR 63,074,920, and capital gains as a result of this sale amounted to SR 24,571,866.

\*\*The buildings include improvements on leased buildings, with a value of SR 5.5 million (2020: SR 5.5 million).

The net book value of property, plant, factory and equipment of the subsidiary as of the acquisition date on 1 July 2021 an amount of SR 30,082,172. Some of assets are pledged against a loan in favor of the Saudi Industrial Development Fund. Note 12.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)

7- INTANGIBLE ASSETS, NET

Description	Cost	Software licenses	
		Acc. Amortization	Net book value
Balance as at January 1, 2020	3,380,854	(2,518,190)	862,664
Additions	-	(195,370)	(195,370)
<b>Balance as at December 31, 2020 (audited)</b>	<b>3,380,854</b>	<b>(2,713,560)</b>	<b>667,294</b>
Balance as at January 1, 2021 (audited)	3,380,854	(2,713,560)	667,294
Additions	-	(261,989)	(261,989)
<b>Balance at September 30, 2021 (unaudited)</b>	<b>3,380,854</b>	<b>(2,975,549)</b>	<b>405,305</b>

8- FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Share of equity	September 30, 2021	December 31, 2020
<u>Wasatah financial company</u>	1,73%		
Balance at beginning of the period/year		-	-
Addition during the year		3,251,250	-
Share of the group on the company's profit		-	-
		<b>3,251,250</b>	<b>-</b>

During the third quarter ended September 2021, the Group has acquired 1.734% ownership interest in Al Wasatah Al Maliah Company (a closed joint stock company) for a value of SR 3,251,250 against the nominal value of the share of SR 4,335,000.

9- INVESTMENT PROPERTY

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Investment in land in Yanbu city*	150,000	150,000
Investment in land in Jubail city**	796,000	796,000
	<b>946,000</b>	<b>946,000</b>

**Fair value estimation**

\* The Group sought the assistance of Ruwad Approve Company for Real Estate Appraisal "an approved appraisal expert" with license number 1210000033 to estimate the fair value of the investment properties for Yanbu land, which amounted to SR 322,000.

\*\* The Group sought the assistance of Ruwad Approved Company for Real Estate Appraisal "an approved appraisal expert" to estimate the fair value of the investment properties for Jubail land, which amounted to SR 1,360,000.

The market value determined during the third quarter was used as a basis for the fair value estimation for disclosure purpose only as stated below:

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021**  
**(Expressed in Saudi Riyals)**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Cost	946,000	946,000
Fair value	<b>1,682,000</b>	<b>1,576,800</b>

**10- TRADE RECEIVABLES – NET**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables *	1,529,052	1,982,922
Less: Provision for expected credit loss	(25,085)	(25,085)
	<b>1,503,967</b>	<b>1,957,837</b>

The movement of provision for doubtful debts is as follows:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at January 1,	25,085	205,228
Charge for the period / year	-	-
Adjustment of provision	-	(180,143)
	<b>25,085</b>	<b>25,085</b>

\* Details of trade receivables are set out in note 17.

**11- SHORT-TERM DEPOSIT**

The short-term deposit represents deposit at a local commercial bank and its maturity date is on 4/1/2022, and the Group has no intension to renew this deposit.

**12- LONG TERM LOAN**

The long-term loan represent a loan obtained from Saudi Industry Development Fund "SIDF" for one of the subsidiaries. The loan repayment schedule extends for a period of five years ending in 2026. The subsidiary was unable to comply with some of the bank's covenants. Also, the subsidiary did not pay the installments due during 2021 amounting to SR 1,200,000. The group addressed SIDF to re-schedule the loan entitlements based on the request submitted by the group's management to the SIDF. On September 30, 2021. The subsidiary did not receive an approval from the SIDF to reschedule as on the date of financial statements. The loan is secured by pledged some of the assets of the subsidiary to the SIDF, and is also secured by a promissory note with the full value from one of the shareholders.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)**

**13- PROVISION FOR EMPLOYEES' END OF SERVICE INDEMNITY**

	<b>September 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
Opening balance	4,857,205	3,063,891
<b>Included in the statement of profit or losses</b>		
Cost of current service and interest cost	385,252	470,309
<b>Included in other comprehensive income statement</b>		
Actuarial (profits) loss	49,377	1,354,005
<b>Movement in cash</b>		
End of service paid	(1,643,994)	(31,000)
<b>Closing balance</b>	<b>3,647,840</b>	<b>4,857,205</b>

The following are the main actuarial assumptions:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Discount rate	2.2	2.2%
Salary increase rate	3%	3%
retirement age	60 years	60 years

The sensitivity of the obligation of the specific remuneration to changes in the key assumptions is as follows:

			<b>Impact on defined benefit obligation - Increase / (decrease)</b>
	<b>Change in assumptions</b>		<b>December 31, 2020</b>
Discount rate	1%	Increase in assumptions	6,732,029
	1%	Decrease in assumptions	7,642,598
Salary increase rate	1%	Increase in assumptions	7,680,617
	1%	Decrease in assumptions	6,688,653
Employee turnover	1%	Increase in assumptions	7,110,102
	1%	Decrease in assumptions	7,198,918

**The assumption of a statistical study for employees:**

<b>Membership data</b>	<b>December 31, 2020</b>
Number of Employees	76
The average age of staff (years)	49
Average number of experience (years)	14

The current cost of service differences and the interest cost of the employees' end of service indemnities are charged to general and administrative expenses.



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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)**

**14- PROVISION OF ZAKAT**

**Main elements of Zakat base**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Non-current assets	100,776,120	123,063,002
Non-current liabilities	3,647,840	4,857,202
Shareholders' Equity at beginning of period / year	88,945,253	15,789,261
Net loss before Zakat	(5,068,514)	(8,705,574)

**a) Movement of provision**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Balance at beginning of the period / year	106,927,278	106,927,278
Additions during the period / year	-	-
Payments during the period / year	-	-
	<b>106,927,278</b>	<b>106,927,278</b>

**b) Zakat status**

The Holding Company submitted its Zakat returns to Zakat, Tax and Customs Authority (The Authority) for the years from 1995 to 2018 on the basis of the consolidated financial statements and obtained a restricted certificate. The Company submitted its Zakat return for the year ended December 31, 2019 to the Authority and obtained a restricted certificate valid until April 30, 2021. The Holding Company received a letter from Zakat, Tax and Customs Authority (The Authority) on February 25, 2018 which includes a claim for zakat differences of SR 106,927,278 for the years from 1995 to 2011. A provision was made in these consolidated financial statements amounting to SR 88,552,906 during the year 2019, in addition to the amount of provision recorded in the consolidated financial statements for the year ended December 31, 2018 amounting to SR 18,374,372, so the total amount of provision recorded in these consolidated financial statements is SR 106,927,278. On November 17, 2019, the Group submitted an objection to the Authority on the final Zakat assessment for the aforementioned years, and the objection is still under review by the Authority. On 23/6/2021, a decision was issued by the Committee for Adjudication of Tax Violations and Disputes, accepting some objections and rejecting some other items. The Company has appealed this decision to the Appeal Committee for Tax Violations and Disputes.

**15- CAPITAL**

As of December 31, 2018, the Company's capital amounted to SR 196 million, consisting of 19.6 million fully paid shares of SR 10 for each.

During December 2019, and based on the Extraordinary General Assembly meeting held on December 31, 2019, the shareholders decided to amortize the accumulated losses as on November 10, 2019 amounting to SR 181 million and reduce the capital by that amount to become the capital after the reduction in the amount of SR 15 million instead of SR 196 million, with a decrease of 92.35%, and the number of shares after the reduction become 1.5 million shares at 10 Saudi riyals per share instead of 19.6 million shares, and the Company's articles of association and commercial registry have been amended accordingly.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)**

On 15/6/1441 corresponding to 9/2/2020, the Board of Directors of the Company recommended increasing the Company's capital by an amount of SR 90 million by issuing priority rights shares, and on 5/2/1442H corresponding to 22/9/2020, the Capital Market Authority approved the request, and the Extraordinary General meeting of the shareholders met on 10/3/1442 corresponding to 27/10/2020 and approved the increase of the Company's capital to SR 105 million, and thus the number of shares after the increase becomes 10.5 million shares at a rate of SR 10 per share instead of 1.5 One million shares, and the Articles of Association and the commercial register of the Company have been amended accordingly.

On 4/12/1442H corresponding to 14/7/2021G, the company announced that it had submitted a file requesting approval to increase the company's capital by offering rights shares amounting to SR 210 million to the Capital Market Authority, conditional on obtaining the approval of the relevant official authorities and Extraordinary General Assembly.

**16- BASIC AND DILUTED SHARE LOSS OF NET LOSS FOR THE PERIOD**

	<b>September 30, 2021</b>	<b>September 30, 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net income (loss) for the period	17,119,531	(1,295,140)
Weighted average number of shares	10,500,000	1,500,000
<b>Basic and diluted income (loss) per share of net income (loss) for the period</b>	<b>1.63</b>	<b>(0.86)</b>

**17- FINANCIAL RISK MANAGEMENT**

The Group's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value, cash flow, interest rate risk and prices risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the fluctuations of financial markets and the Group's management attempts to mitigate the potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge against certain risks.

**Financial Risk Management Framework**

The risk management policy is implemented by top management under policies approved by the Board of Directors. Top management identifies, evaluates and hedges for financial risks in close collaboration with the Group's operating units. The most important types of risk are credit risk, currency risk or fair value and cash flow interest rates.

Board of Directors has overall responsibility for establishing and overseeing the Group's risk management framework. Executive management team is responsible for developing and monitoring the group's risk management policies, where the team conducts regular meetings. Any changes or matters relating to policy compliance shall be reported to the Board through the Audit Committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and activities of the Group. The Group aims through training, management standards, and procedures to develop a responsible and constructive control environment so that all employees are aware of their roles and obligations.

Audit Committee oversees compliance by management with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)

17- **FINANCIAL RISK MANAGEMENT (Cont.)**

**Financial Risk Management Framework (Cont.)**

The financial instruments included in the statement of financial position include accounts receivable, prepayments, other debit balances, accounts payable, accruals and other payables balances. The methods of evidence used are disclosed in the policy statement for each item.

The offsetting between the financial assets and liabilities were comprised and the net amounts included in the consolidated financial statements when there is a legally enforceable right to offset those amounts and when the Group has an intention to settle them on a net basis or to sell the assets to settle the liability simultaneously.

**Foreign exchange risk**

Foreign exchange risk arises from changes and fluctuation in the value of financial instruments as a result of changes in foreign exchange rates.

The Group has not carried out any materiality transactions by currencies other than the Saudi Riyal, the US Dollar. Since the Saudi Riyal is fixed against the US Dollar, it does not represent significant currency risk. The Group's management monitors currency exchange rates and believes that currency risk is not material.

**Commission rate risk**

Commission risk arises from changes and fluctuations in commission rates that affect the future profit of the fair value of the financial instruments. The Group monitors commission rate fluctuation and believes that the effect of commission rate risk is not material.

**Credit risk**

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's financial instruments that can be exposed to credit risk include mainly cash from banks and trade receivable. The Group deposits its cash in reliable and highly reputable banks and the Group has a policy regarding the volume of cash deposited in each bank and management does not expect significant credit risk to arise. Management also does not expect to be exposed to significant credit risk from customer accounts because it has a broad base of customer operating in different activities and multiple locations. It also monitors existing trade receivables and guarantees from customers to cover any debt not expected for the collection.

The maximum exposure to credit risk at the reporting date is as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>Financial assets</b>		
Cash and cash equivalents	16,536,053	80,456,360
Trade receivables - net	1,503,967	1,957,837
Prepayments and other receivables	78,186,176	2,065,163
	<b>96,226,196</b>	<b>84,479,360</b>

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)**

**17- FINANCIAL RISK MANAGEMENT (Cont.)**

**Credit risk (Cont.)**

The maturity of trade receivables at the reporting date is as follows:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Less than three months	863,301	1,982,922
More than three months and less than six months	73,452	-
More than six months and less than nine months	48,076	-
More than nine months and less than a year	111,376	-
More than a year	432,847	-
<b>Total before provision deduction</b>	<b>1,529,052</b>	<b>1,982,922</b>
After provision deducting:		
Doubtful debts	(25,085)	(25,085)
<b>Trade receivables, net</b>	<b>1,503,967</b>	<b>1,957,837</b>

**Concentration risk**

Concentration risk arises when a number of counterparties engage in similar activities, or activities in the same geographical area or activities having the same economic advantages, which may affect their ability to meet contractual obligations in a similar manner in the event of any economic, political or any other circumstances changes. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting certain industries.

**Liquidity risk**

Liquidity risk is the risk that the Group will experience difficulties in obtaining financing to meet commitments associated with financial instruments. Liquidity risk may arise when an asset cannot be sold quickly and at close to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of available liquidity to meet the Group's financial obligations.

**Capital management risk**

In managing capital, the Group aims to ensure that the Group continues to be able to provide returns to its shareholders and to maintain a strong capital to support its business.

The Group manages the capital structure by monitoring returns on net assets and making adjustments in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or may increase capital. The Group also monitors capital using borrowing rate, which is the total debt (interest-bearing loans, trade payables, accruals and other payable balances). Capital refers to shareholders' equity as shown in the interim condensed consolidated statement of financial position in addition to the total debt. The rate of borrowing is as follows:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade payables, accruals and other accounts payables	136,369,692	132,230,474
<b>Total debts</b>	<b>136,369,692</b>	<b>132,230,474</b>
Cash and cash equivalents	16,536,053	80,456,360
Capital	105,000,000	105,000,000
Retained earnings (accumulated losses)	1,064,784	(16,054,747)
<b>Total shareholders' equity</b>	<b>106,064,784</b>	<b>88,945,253</b>
Capital (shareholders equity + total debt)	242,434,476	221,175,727
Borrowing rate% = (total debt / capital)	56.25%	59.78%

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH-PERIOD ENDED SEPTEMBER 30, 2021  
(Expressed in Saudi Riyals)**

**17- FINANCIAL RISK MANAGEMENT (Cont.)**

**Fair value**

Fair value is the amount to be received for the sale of an asset or its payment to convert any of the liabilities into regular transactions between the market participants on the measurement date. As such, differences can arise between book values and fair value estimates. The definition of fair value is based on market-based measurement and assumptions used by market participants.

**Fair values for financial instruments recognized at amortized cost**

Management believes that the carrying book values of financial assets and liabilities which recognized at amortized cost are not materially different from their fair values in the consolidated financial statement.

**18- SEGMENTS INFORMATION**

The Group's main activity consists of sectors including agricultural activity, foodstuff trading, and other activities. The following is a breakdown of the sectoral information as at September 30, 2021 and September 30, 2020 for each sector:

September 30, 2021	Food stuff trading	Agricultural activities	Head office & leasing	Manufacturing toys	Total
Sales	5,199,476	-	646,106	-	5,845,582
Non-current assets	7,406,237	-	84,699,883	34,040,839	126,146,959
Operating income (loss)	270,724	(1,870,706)	(6,886,529)	-	(8,486,511)
Net income (loss) for the period	272,574	20,317,339	(3,470,382)	-	17,119,531

September 30, 2020	Food stuff trading	Agricultural activities	Head office & leasing	Manufacturing toys	Total
Sales	4,503,590	1,249,420	627,743	-	6,380,753
Non-current assets	7,166,088	67,973,987	67,687,640	-	142,827,715
Operating income (loss)	(43,749)	(642,794)	(3,637,367)	-	(4,323,910)
Net income (loss) for the period	(35,299)	2,377,526	(3,637,367)	-	(1,295,140)

**19- TRANSACTIONS WITH RELATED PARTIES AND BALANCES**

Transactions with related parties include remuneration of the board of directors, salaries, allowances and incentives for key management personnel for the period ended September 30, 2021, amounting to SR 3,275,994 (September 30, 2020: SR 1,920,250).

**20- SUBSEQUENT EVENTS**

The management believes that there are no subsequent events that could affect the financial position of the group reflected in these interim condensed consolidated financial statements.

**21- APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements were approved by the Board of Directors on 16 Rabi' II, 1443 corresponding to November 21, 2021.