

**AYYAN INVESTMENT COMPANY**  
**(FORMERLY: AI AHSA DEVELOPMENT COMPANY)**  
**(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Un-audited)**  
**FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020**

**WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

**AYYAN INVESTMENT COMPANY  
(FORMERLY: AL AHSA DEVELOPMENT COMPANY)  
(SAUDI JOINT STOCK COMPANY)**

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

The Shareholders  
 AYYAN Investment Company  
 (Formerly: Al Ahsa Development Company)  
 (A Saudi Joint Stock Company)  
 Al-Ahsa, Kingdom of Saudi Arabia

### Introduction

We have reviewed the accompanying consolidated interim statement of financial position of AYYAN Investment Company (Formerly: Al Ahsa Development Company) a Saudi Joint Stock Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of September 30, 2020, the related consolidated interim statement of profit or loss and other comprehensive income for the three and nine months periods then ended, the consolidated interim statements of changes in equity and cash flows for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes (the "condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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

### For Al-Bassam & Co.

P.O. Box 4636  
 Al Khobar 31952  
 Kingdom of Saudi Arabia

**Ibrahim A. Al Bassam**  
 Certified Public Accountant  
 License No.337  
 Al Khobar  
 Rabi ul Awal 16, 1442H  
 November 2, 2020



**AYYAN INVESTMENT COMPANY**  
**(FORMERLY: AL AHSA DEVELOPMENT COMPANY)**  
**(SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2020**

		September 30, 2020	December 31, 2019
	Note	(Unaudited) SR	(Audited) SR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		767,405,122	177,485,741
Intangible assets		-	104,540
Investments in equity instruments designated at fair value through other comprehensive income	6	161,408,000	222,503,460
Investment in an associate		13,216,512	12,851,170
Investment properties		124,263,424	124,355,262
Right-of-use assets		4,697,151	5,577,932
Goodwill		2,094,678	2,094,678
<b>Total non-current assets</b>		<b>1,073,084,887</b>	<b>544,972,783</b>
<b>Current assets</b>			
Inventory		21,694,105	23,798,596
Trade receivables, prepayments and other assets		119,334,924	91,711,581
Investment in equity instruments at fair value through profit or loss	8	38,096,608	-
Cash and cash equivalents		30,908,374	13,239,796
		<b>210,034,011</b>	<b>128,749,973</b>
Assets from discontinued operations		-	110,536
<b>Total current assets</b>		<b>210,034,011</b>	<b>128,860,509</b>
<b>TOTAL ASSETS</b>		<b>1,283,118,898</b>	<b>673,833,292</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	1, 5A	737,320,690	490,000,000
Share discount	5A	(10,882,110)	-
Statutory reserve		4,627,334	4,627,334
Retained earnings		3,912,593	4,536,541
Reserve for acquisition of additional shares in a subsidiary		(33,332,212)	(33,332,212)
Fair value reserve		53,901,264	42,978,324
Reserve for re-measurement of employees' defined benefit obligations		8,115,552	8,115,552
<b>Total equity attributable to shareholders</b>		<b>763,663,111</b>	<b>516,925,539</b>
Non-controlling interest		68,364,768	65,239,660
<b>TOTAL EQUITY</b>		<b>832,027,879</b>	<b>582,165,199</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term loan - non-current portion		216,505,140	10,000,000
Lease liabilities - non-current portion		30,075,488	4,352,601
Employees' defined benefits obligations		31,402,209	28,472,821
<b>Total non-current liabilities</b>		<b>277,982,837</b>	<b>42,825,422</b>
<b>Current liabilities</b>			
Long term loan – current portion		5,000,000	6,666,667
Lease liabilities - current portion		2,430,373	1,085,501
Short term loans		109,526,911	-
Trade payables, accrued expenses and other liabilities		50,117,256	33,448,011
Zakat provision		6,033,642	4,525,208
		<b>173,108,182</b>	<b>45,725,387</b>
Liabilities from discontinued operations		-	3,117,284
<b>Total current liabilities</b>		<b>173,108,182</b>	<b>48,842,671</b>
<b>Total liabilities</b>		<b>451,091,019</b>	<b>91,668,093</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,283,118,898</b>	<b>673,833,292</b>

The condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on behalf of the shareholders and were signed on Rabi ul Awal 16, 1442H corresponding to November 2, 2020.

  
**Ahmed Ibrahim**  
**Finance Manager**

  
**Raed Mohamed alnaeem**  
**CEO**




  
**Abdulrahman Balghunaim**  
**Chairman**

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

**CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020**

	Note	For the three month period ended September 30		For the nine month period ended September 30	
		2020	2019	2020	2019
		(Unaudited) SR	(Unaudited) SR	(Unaudited) SR	(Unaudited) SR
Revenues, net	10	65,948,326	60,263,408	190,695,941	176,506,175
Cost of revenues		(46,969,869)	(44,584,348)	(139,275,119)	(131,224,620)
<b>Gross profit</b>		<b>18,978,457</b>	<b>15,679,060</b>	<b>51,420,822</b>	<b>45,281,555</b>
General and administrative expenses		(16,653,646)	(14,932,787)	(47,636,268)	(43,995,939)
Selling and marketing expenses		(217,718)	(227,415)	(740,213)	(1,026,017)
<b>Operating profit</b>		<b>2,107,093</b>	<b>518,858</b>	<b>3,044,341</b>	<b>259,599</b>
Finance cost		(632,975)	(183,660)	(1,489,809)	(333,196)
Dividends income		855,441	1,814,487	2,120,838	5,692,925
Share of result of an associate		(25,778)	-	365,342	-
Bargain purchase on acquisition of a subsidiary	5	-	-	14,580,063	-
Realised gain on disposal of equity instruments at fair value through profit or loss		1,995,796	-	2,127,590	-
Unrealised gain on equity instruments at fair value through profit or loss		2,725,844	-	5,795,271	-
Other income		2,533,442	2,051,901	5,987,443	5,830,003
<b>Net income before zakat from continuing operations</b>		<b>9,558,863</b>	<b>4,201,586</b>	<b>32,531,079</b>	<b>11,449,331</b>
Gain on disposal of discontinued operations	1,14	3,011,839	-	3,011,839	-
<b>Net income for the period before zakat</b>		<b>12,570,702</b>	<b>4,201,586</b>	<b>35,542,918</b>	<b>11,449,331</b>
Zakat		(1,961,540)	(1,062,316)	(3,361,540)	(2,935,138)
<b>Net income for the period</b>		<b>10,609,162</b>	<b>3,139,270</b>	<b>32,181,378</b>	<b>8,514,193</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<i>Item that will not be reclassified subsequently to the profit or loss</i>					
Net movement in fair value of equity instruments designated at fair value through other comprehensive income		-	5,854,294	(18,757,278)	180,471
<b>Other comprehensive income</b>		<b>-</b>	<b>5,854,294</b>	<b>(18,757,278)</b>	<b>180,471</b>
<b>Total comprehensive income for the Period</b>		<b>10,609,162</b>	<b>8,993,564</b>	<b>13,424,100</b>	<b>8,694,664</b>
<b>Net income for the period attributable to:</b>					
Shareholders		9,189,047	2,301,661	29,056,270	5,700,422
Non-controlling interest		1,420,115	837,609	3,125,108	2,813,771
<b>Net income for the period</b>		<b>10,609,162</b>	<b>3,139,270</b>	<b>32,181,378</b>	<b>8,514,193</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders		9,189,047	8,155,955	10,298,992	5,880,893
Non-controlling interest		1,420,115	837,609	3,125,108	2,813,771
<b>Total comprehensive income for the period</b>		<b>10,609,162</b>	<b>8,993,564</b>	<b>13,424,100</b>	<b>8,694,664</b>
<b>Earnings per share from continued operations</b>					
Earnings per share of net income for the period	7	0.08	0.05	0.39	0.12
Earnings per share of total comprehensive income for the period	7	0.08	0.17	0.11	0.12
Weighted average number of outstanding Shares		73,732,069	49,000,000	66,962,342	49,000,000

The condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on behalf of the shareholders and were signed on Rabi ul Awal 16, 1442H corresponding to November 2, 2020.

	<b>Ahmed Ibrahim</b>		<b>Raed Mohamed alnaeem</b>		<b>Abdulrahman Balghunaim</b>
	Finance Manager		CEO		Chairman

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

**AYYAN INVESTMENT COMPANY  
(FORMERLY: AL AHSA DEVELOPMENT COMPANY)  
(SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

	Share capital	Share discount	Statutory reserve	Retained earnings	Reserve for acquisition of additional shares in a subsidiary	Fair value reserve	Reserve for re-measurement of employees' defined benefit obligations	Total equity attributable to shareholders of the Company	Non-controlling interest	Total equity
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Balance as at January 1, 2019	490,000,000	-	4,627,334	5,318,685	(442,483)	19,294,967	6,808,889	525,607,392	99,070,091	624,677,483
Net income for the period	-	-	-	5,700,422	-	-	-	5,700,422	2,813,771	8,514,193
Other comprehensive income	-	-	-	-	-	180,471	-	180,471	-	180,471
Total comprehensive income for the period	-	-	-	5,700,422	-	180,471	-	5,880,893	2,813,771	8,694,664
Gain on sale of investment in equity instruments at fair value through other comprehensive income	-	-	-	501,299	-	(501,299)	-	-	-	-
<b>Transactions with shareholders' in their capacity as shareholders'</b>										
The effect of acquisition of additional shares in a subsidiary	-	-	-	-	(32,889,729)	-	2,139,466	(30,750,263)	(35,363,287)	(66,113,550)
Balance at September 30, 2019 (Unaudited)	490,000,000	-	4,627,334	11,520,406	(33,332,212)	18,974,139	8,948,355	500,738,022	66,520,575	567,258,597
<b>Balance as at January 1, 2020</b>	490,000,000	-	4,627,334	4,536,541	(33,332,212)	42,978,324	8,115,552	516,925,539	65,239,660	582,165,199
Net income for the period	-	-	-	29,056,270	-	-	-	29,056,270	3,125,108	32,181,378
Other comprehensive loss	-	-	-	-	-	(18,757,278)	-	(18,757,278)	-	(18,757,278)
Total comprehensive income for the period	-	-	-	29,056,270	-	(18,757,278)	-	10,298,992	3,125,108	13,424,100
Loss on sale of investment in equity instruments designated at fair value through other comprehensive income	-	-	-	(29,680,218)	-	29,680,218	-	-	-	-
<b>Transactions with shareholders' in their capacity as shareholders'</b>										
Additional share capital issued (Note 5)	247,320,690	(10,882,110)	-	-	-	-	-	236,438,580	-	236,438,580
<b>Balance as at September 30, 2020 (Unaudited)</b>	737,320,690	(10,882,110)	4,627,334	3,912,593	(33,332,212)	53,901,264	8,115,552	763,663,111	68,364,768	832,027,879

The condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on behalf of the shareholders and were signed on Rabi ul Awal 16, 1442H corresponding to November 2, 2020.

**Ahmed Ibrahim**

**Finance Manager**

**Raed Mohamed alnaceem**

**CEO**

**Abdulrahman Balghunaim**

**Chairman**

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

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2020**

	<b>For the nine month period ended</b>	
	<b>September 30, 2020 (Unaudited) SR</b>	<b>September 30, 2019 (Unaudited) SR</b>
<b>OPERATING ACTIVITIES</b>		
Net income for the period before zakat	35,542,918	11,449,331
<i>Adjustments for:</i>		
Depreciation	11,008,105	10,694,735
Loss from disposal of property, plant and equipment	163,874	615,843
Amortization of right of use	880,781	947,270
Amortization of intangible assets	104,540	351,946
Share of result of associate	(365,342)	-
Dividends income	(2,120,838)	(5,692,925)
Finance cost	1,489,809	333,196
Allowance / (reversal) for impairment of receivables	1,228,005	(2,180,000)
Gain on discontinued operations	(3,011,839)	-
Realised gain on disposal of equity instruments at fair value through profit or loss, net	(2,127,590)	-
Unrealised gain on equity instruments at fair value through profit or loss	(5,795,271)	-
Bargain purchase on acquisition of subsidiary (note 5)	(14,580,063)	-
Employees' defined benefits obligations	4,584,712	3,708,908
	<b>27,001,801</b>	<b>20,228,304</b>
<b>Changes in operating assets and liabilities:</b>		
Trade receivables, prepayments and other assets	34,359,860	(8,465,637)
Inventories	2,104,491	381,045
Trade payables, accrued expenses and other liabilities	257,514	(3,360,172)
Cash generated from operations	63,723,666	8,783,540
Zakat paid	(1,853,106)	(4,178,821)
Employees' defined benefits obligations paid	(1,960,850)	(1,653,912)
<b>Net cash generated from operating activities</b>	<b>59,909,710</b>	<b>2,950,807</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(47,805,433)	(10,865,197)
Proceeds from disposal of property, plant and equipment	-	19,942
Cash dividend income received	2,120,838	5,692,925
Proceeds from sale of investments by fair value through other comprehensive income	42,338,182	10,501,299
Purchase of equity instruments at fair value through profit or loss	(41,900,980)	-
Proceed from sale of equity instruments at fair value through profit or loss	11,727,233	-
Paid to purchase extra share in a subsidiary	-	(66,113,550)
Acquisition of investment in an associate	-	(15,000,000)
<b>Net cash used in investing activities</b>	<b>(33,520,160)</b>	<b>(75,764,581)</b>
<b>FINANCING ACTIVITIES</b>		
Lease liabilities paid	(2,016,693)	(1,005,600)
Repayment of loans	(9,841,346)	(21,558,409)
Loans draw down	2,500,000	24,319,161
<b>Net cash (used in) generated from financing activities</b>	<b>(9,358,039)</b>	<b>1,755,152</b>
<b>Net change in cash and cash equivalents</b>	<b>17,031,511</b>	<b>(71,058,622)</b>
Cash acquired on acquisition of a subsidiary	637,067	-
Cash and cash equivalent as at 1 January	13,239,796	81,863,318
<b>Cash and cash equivalents as at September 30</b>	<b>30,908,374</b>	<b>10,804,696</b>

**NON-CASH TRANSACTIONS (NOTE 13)**

The condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on behalf of the shareholders and were signed on Rabi ul Awal 16, 1442H corresponding to November 2, 2020.

<b>Ahmed Ibrahim</b>	<b>Raed Mohamed alnaeem</b>	<b>Abdulrahman Balghunaim</b>
<b>Finance Manager</b>	<b>CEO</b>	<b>Chairman</b>

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



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM**  
**FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020**

**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

AYYAN Investment Company (formerly: Al-Ahsa Development Company) ("the Company") is a Saudi Joint Stock Company established as per Ministerial Decree No. 573 dated 14 Rabea II 1414H corresponding to October 1, 1993 and registered previously under Commercial Register No. 2252021816 dated 1 Jumada II 1414H corresponding to November 15, 1993.

The authorized, issued and paid up share capital as at September 30, 2020, amounted to SR 737,320,690 divided into 73,732,069 shares with par value of SR 10 per share. (As at December 31, 2019: SR 490 million divided into 49 million shares with par value of SR 10 per share). The Company's share capital has increased during the period ended September 30, 2020, as a result of acquisition of one of the subsidiaries (Note 5), consequently, the Company has issued 24,732,069 new shares to the former owners of the newly acquired subsidiary.

The main activity of the Company is general construction of non-residential buildings including schools, hospitals, hotels etc.

The Company's head office is located in Al Khobar, Kingdom of Saudi Arabia.

In their Extra Ordinary General Assembly meeting dated June 25, 2020, the shareholders approved the following:

- To change the Company legal and commercial name to be "AYYAN Investment Company" under commercial registration number 2051064048 dated 19 Rajab 1438H corresponding to April 16, 2017. The Company has a branch registered in Al Ahsa City under commercial registration number 2252021816.
- To change the Company's registered address to be P.O. Box 77411, Al Khobar 31952, Kingdom of Saudi Arabia.

Legal formalities relating to updating the commercial registration and Company's by-law have been completed during the period ended September 30, 2020.

**1.1 Structure of the group**

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

Company	Legal Form	Incorporation Country	Effective ownership	
			2020	2019
Saudi-Japanese Textile Manufacturing Company (A)	Limited Liability Company	Saudi Arabia	-	100%
Al-Ahsa Food Industries Company (B)	Limited Liability Company	Saudi Arabia	100%	100%
Al-Ahsa Medical Services Company (C)	Closed Joint Stock Company	Saudi Arabia	69.93%	69.93%
Al Salam Medical Services Company (D)	Closed Joint Stock Company	Saudi Arabia	100%	-

The assets, liabilities and result of operations of the above subsidiaries of the company have been included in the accompanying condensed consolidated interim financial statements. The Company and its subsidiaries are referred to as "the Group".

**A. Saudi-Japanese Textile Manufacturing Company (SJTMC)**

Saudi-Japanese Textile Manufacturing Company is a Saudi limited liability company registered under Commercial Register No. 2257025539 dated 12 Rabea II 1419 H corresponding to August 6, 1998. On October 10, 2016 the Board of Directors approved the appointment of a liquidator to liquidate the Saudi-Japanese Textile Manufacturing Company. During the period ended September 30, 2020, the Group has completed the legal formalities related to the liquidation of Saudi Japanese Textile Manufacturing Company (a Subsidiary) after the cancellation of all registrations and licenses. The disposal of the Subsidiary resulted in gains from discontinued operations amounting to SR 3 million.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS – (Continued)  
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020**

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**1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)**

**B. Al-Ahsa Food Industries Company (AFC)**

Al-Ahsa Food Industries Company is a Saudi limited liability company registered under Commercial Register No. 2252023850 dated 7 Muharram 1416H corresponding to June 6, 1995. The principle activities of Al-Ahsa Food Industries Company are the production of dates and their derivatives and it is wholly owned by the Group. The subsidiary's accumulated losses exceeded its capital. Under the provisions of Article 181 of the Companies Law, the shareholders are required to resolve to continue in the business and provide support to the subsidiary or liquidate it. At their meeting on March 14, 2019, the Board of Directors resolved to continue to support the subsidiary and provide it with the necessary funding.

**C. Al-Ahsa Medical Services Company (AMC)**

Al-Ahsa Medical Services Company is a closed joint stock company under Commercial Register No. 2252025213 dated 29 Sha'ban 1420H corresponding to December 8, 1999. Al-Ahsa Medical Services Company is engaged in the establishment, management, operation and maintenance of hospitals. On May 1, 2019, The Group acquired additional 16.32% of the subsidiary's equity shares from the non-controlling interest, this resulted in an increase of the Company's ownership in the subsidiary from 53.61% to 69.93%.

**D. Al Salam Medical Services Company (ASMSC)**

Al Salam Medical Services Company is a Saudi Closed Joint Stock Company Registered under commercial registration number 2051059611 dated 16 Safar 1436H corresponding to December 9, 2014. The principal activities of ASMSC include establishing, maintenance and operating hospitals, medical centers, government and private dispensaries. On March 15, 2020, the Group has acquired 100% share capital and voting interest in ASMSC and obtained control (Note 5).

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The condensed consolidated interim financial statements for the three and nine months periods ended September 30, 2020 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards. The accompanying condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and hence should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2019.

**2.2 Preparation of the condensed consolidated interim financial statements**

These condensed consolidated interim financial statements have been prepared under the historical cost convention except where International Financial Reporting Standards (IFRS) require other measurement basis.

These condensed consolidated interim financial statements are presented in Saudi Riyals which represent the Group's functional currency.

The principal accounting policies applied in the preparation of condensed consolidated interim financial statements are consistent with those of the previous financial year and the respective comparative interim reporting period, except for those disclosed in note 4.1.

The preparation of condensed consolidated interim financial statements in conformity with IFRS required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the condensed consolidated interim financial statements. These critical accounting judgements and key sources of estimations were the same as those described in the last annual audited financial statements.

**3. BASIS OF CONSOLIDATION**

The condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries detailed in note 1. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS – (Continued)  
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020**

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**3. BASIS OF CONSOLIDATION (Continued)**

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of the subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Consolidated profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**4. SIGNIFICANT ACCOUNTING POLICES**

**4.1 New accounting policies**

**Investment in equity instruments at fair value through profit or loss**

The group classifies the following financial assets at fair value through profit or loss (FVTPL):

- debt investments that do not qualify for measurement at either amortised cost or fair value through other comprehensive income (FVTOCI)
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognize fair value gains and losses through other comprehensive income.

These assets are subsequently measured at fair value. Change in the fair value of such instruments and dividends are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

The Group de-recognizes the equity instruments at fair value through profit or loss when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any gain or loss on de-recognition is charged to profit or loss.

**4.2 New standards amendments to standards and interpretations**

There are a number of amendments to the Standards effective from January 1, 2020, which had no material impact on the Group's condensed consolidated interim financial statements. These new amendments to the standards have been explained in the group annual audited consolidated financial statements.

**5. ACQUISITION TRANSACTIONS**

As disclosed in note 1 to these condensed consolidated interim financial statements, on March 15, 2020, the Group has completed the acquisition transaction of 100% of shares and voting interest in Al Salam Medical Services Company (ASMSC) against issuance of new shares to the former owners of ASMSC which resulted in the increase in the share capital of AYYAN Investment Company by SR 247 million and obtained control of ASMSC. Legal formalities related to transfer of certain loans guarantees related to ASMSC in the name of AYYAN Investment Company are still under process as of the date of approval of these condensed consolidated interim financial statements.

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**5. ACQUISITION TRANSACTIONS (Continued)**

**A. Consideration transferred**

Fair value of consideration transferred at the business combination date is as follows:

	<b>Amount</b>
	<b>SR</b>
Issued shares (24,732,069 shares @ SR 9.56 per share)	236,438,580

The fair value of the ordinary shares issued was based on the listed share closing price of the Company at March 15, 2020 of SR 9.56 per share. Differences between the market value and par value of the new issued shares amounted to SR 10.9 million has been reported as a part of the equity component under share discount.

**B. Identifiable assets acquired and liabilities assumed**

The following table summarizes the allocation of the purchase price based on the fair value of the assets acquired and liabilities assumed on the business combination date:

	<b>Fair Value</b>
	<b>SR</b>
Property and equipment	545,228,359
Cash and cash equivalents	637,067
Prepayments and other debit balances	63,211,208
Borrowings	(314,881,358)
Lease liabilities	(26,486,880)
Employees' end of service benefits	(305,526)
Accrued liabilities and other credit balances	(16,384,227)
Net assets acquired	<b>251,018,643</b>

In determining the fair value for the acquired assets and liabilities, net asset valuation (NAV) method under cost approach was used considering the acquired Company is yet to commence operations. The estimation of fair values requires significant judgement to mark every asset and liability of the acquired Company to current market values. The valuation techniques used for measuring the fair value of material assets and liabilities acquired were as follows:

<b>Assets Acquired</b>	<b>Valuation technique and fair value of material component</b>
Land	The fair value of land and buildings have been determined by engaging three certified real estate valuers. Land has been valued using the market approach throughout conducting a site survey for the land location and comparing prices of similar land.
Buildings	Buildings have been valued using replacement cost approach being under construction.
Borrowings	Fair value is determined by discounting the future cash outflows at current applicable market rate.
Current assets and current liabilities	Due to short term maturity of these assets and liabilities, their fair values closely approximate their carrying values, therefore, their fair values are deemed to be their respective carrying values.

Following are the significant assumptions used in determining fair values of assets and liabilities:

<b>Significant assumption</b>	<b>Approach used in determining values</b>
Replacement cost	Buildings replacement cost has been determined using the estimated construction cost per-meter for similar types of buildings that is used for the same valuated buildings
Current interest rate	Management used the current interest rate to reflect the fair value of the borrowings at acquisition date.

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**5. ACQUISITION TRANSACTIONS (Continued)**

**C. Bargain purchase**

	<b>Amount</b>
	<b>SR</b>
Consideration transferred (Note – 5 (A))	236,438,580
Fair value of identifiable net assets (Note – 5 (B))	(251,018,643)
<b>Bargain purchase</b>	<b>(14,580,063)</b>

The acquisition transaction has resulted in SR 14.6 million of bargain purchase. Bargain purchase represents excess of fair value of the acquired assets and liabilities over the consideration transferred. The bargain purchase recognised in this transaction largely related to the acquired land, building and borrowings.

**D. Acquisition transaction costs**

Transaction costs in connection with acquisition transaction amounted to SR 62,500 during the period ended September 30, 2020 (Nil during the period ended September 30, 2019). These are included in general and administrative expenses and in operating cash flows in the statement of cash flows. These costs primarily comprise of legal fees. Transaction cost incurred in previous years amounted to SR 1,385,299 has been included in general and administrative expenses and in operating cash flows in the statement of cash flows.

**E. Revenue and profit contribution**

Although the acquisition transaction was legally completed on March 15, 2020, for the purpose of consolidation, Al Salam Medical Services Company (ASMSC) financial information was consolidated with effect from March 31, 2020. Management considers that the impact of the transactions from March 15, 2020 to March 31, 2020 not material to the condensed consolidated interim financial statements. Accordingly, ASMSC has contributed revenue of Nil and net loss of SR 2.4 million for the nine months period ended September 30, 2020. If the acquisition had occurred on January 1, 2020, management estimates that ASMSC would have contributed revenues of Nil and net loss of SR 3.6 million to the group for the nine months period ended September 30, 2020. Therefore, the net income for the period of the Group amounting to SR 32.1 million would have been SR 30.9 million.

**6. INVESTMENTS IN EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<b>September 30, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
	<b>SR</b>	<b>SR</b>
A) Quoted in the stock market	-	61,095,460
B) Unquoted in the stock market	<b>161,408,000</b>	161,408,000
	<b>161,408,000</b>	222,503,460

**A) Quoted in the stock market**

	<b>Fair Market Value</b>
	<b>September 30, 2020 (Unaudited)</b>
	<b>SR</b>
Takween Advanced Industries	-
Saudi Ground Services Company	-
	-
	61,095,460

During the period ending September 30, 2020, the Group sold its investments quoted in the stock market for a consideration of SR 42.3 million, which represents also the fair market value at the disposal date, resulting in transfer of fair value loss, recognised till date of disposal, of SR 29.7 million from fair value reserve to retained earnings.

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6. EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

B) Unquoted in the stock market

	Ownership % September 30, 2020	December 31, 2019	September 30, 2020 (Unaudited) SR	December 31, 2019 (Audited) SR
Industrialization and Energy Services Co. TAQA	1.36	1.36	113,077,000	113,077,000
Taleem Investment Co. Ltd	12.78	12.78	21,300,000	21,300,000
Arab Paper Manufacturing Co. (Warq)	4.74	4.74	21,671,000	21,671,000
National Aviation Ground Support Company	5	5	4,680,000	4,680,000
Al Ahsa Tourism & Leisure Co.	7.57	7.57	680,000	680,000
Arab Company for Industrial Fibers (Ibn Rushd)	0.42	0.42	-	-
			<b>161,408,000</b>	<b>161,408,000</b>

The above investments are being evaluated annually by an independent valuation expert who issued his report after evaluating all investments. The independent valuation expert issued his report on the value of these investments as at 31 December 2019. The earnings based method, using the earnings multiples of similar companies in GCC and other countries, was used to assess the fair value of investments except for Taleem for which free cash flows method is used. The valuation techniques used in the current period are consistent with those used in comparative year for investment valuation.

The movement on equity instruments designated at fair value through other comprehensive income is as follows:

	September 30, 2020 (Unaudited) SR	December 31, 2019 (Audited) SR
Balance as at January 1	222,503,460	208,820,103
Disposals	(42,338,182)	(10,501,299)
Change in fair value	(18,757,278)	24,184,656
Closing balance	<b>161,408,000</b>	<b>222,503,460</b>

The fair value hierarchy of the above financial instruments, valuation techniques used and key inputs for valuation of fair value are disclosed in Note 11.

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**7. EARNINGS PER SHARE**

Earnings per share of income for the period is calculated by dividing the net income for the period by the weighted average number of shares outstanding during the period. Earnings per share is as follows:

**From continued operations:**

	<b>For the three-months period ended September 30</b>		<b>For the nine-months period ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
Net income for the period attributable to Shareholders	<b>6,177,208</b>	2,301,661	<b>26,044,431</b>	5,700,422
Weighted average number of shares	<b>73,732,069</b>	49,000,000	<b>66,962,342</b>	49,000,000
Earnings per share from income for the Period	<b>0.08</b>	0.05	<b>0.39</b>	0.12

	<b>For the three-months period ended September 30</b>		<b>For the nine-months period ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
Total comprehensive income for the period attributable to shareholders	<b>6,177,208</b>	8,155,955	<b>7,287,153</b>	5,880,893
Weighted average number of shares	<b>73,732,069</b>	49,000,000	<b>66,962,342</b>	49,000,000
Earnings per share from the total comprehensive income for the period	<b>0.08</b>	0.17	<b>0.11</b>	0.12

**From discontinued operations:**

	<b>For the three-months period ended September 30</b>		<b>For the nine-months period ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
Net income for the period attributable to Shareholders	<b>3,011,839</b>	-	<b>3,011,839</b>	-
Weighted average number of shares	<b>73,732,069</b>	49,000,000	<b>66,962,342</b>	49,000,000
Earnings per share from income for the Period	<b>0.04</b>	-	<b>0.04</b>	-

**Net income attributable to shareholders:**

	<b>For the three-months period ended September 30</b>		<b>For the nine-months period ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
Net income for the period attributable to Shareholders	<b>9,189,047</b>	2,301,661	<b>29,056,270</b>	5,700,422
Weighted average number of shares	<b>73,732,069</b>	49,000,000	<b>66,962,342</b>	49,000,000
Earnings per share from income for the Period	<b>0.12</b>	0.05	<b>0.43</b>	0.12

**Weighted average number of ordinary shares**

	<b>September 30, 2020</b>	<b>September 30, 2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Issued share capital as at January 1	<b>49,000,000</b>	49,000,000
Effect of shares issued to acquire subsidiary (Note 5)	<b>17,962,342</b>	-
Weighted average number of ordinary shares as at September 30	<b>66,962,342</b>	49,000,000

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**8. INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

During the period ending September 30, 2020, the Group made investment in portfolio of equity instruments to be held for trading and are measured at fair value through profit or loss. The movement on investment in equity instruments at fair value through profit or loss is as follows:

	<b>September 30, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
	<b>SR</b>	<b>SR</b>
Additions	<b>41,900,981</b>	-
Disposal	<b>(9,599,643)</b>	-
Gain on fair value measurement, net	<b>5,795,270</b>	-
Closing balance	<b>38,096,608</b>	-

**9. RELATED PARTIES TRANSACTIONS AND BALANCES**

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the Group and other related parties are disclosed below:

<b>Company</b>	<b>Relationship</b>
Al Othman Group of companies	Shareholder and affiliates

During the period, the Group entered into the following transactions with related parties that are not members of the Group:

<b>Nature of transaction</b>	<b>September 30, 2020 (Un-audited)</b>	<b>September 30, 2019 (Un-audited)</b>
BOD remunerations and meeting expenses	118,773	756,400
Key management personnel salaries and benefits	1,182,257	1,281,047
Expenses incurred by affiliate capitalized	3,638,354	-
Expenses incurred by affiliate	263,305	-
Expenses incurred for affiliate	196,377	-
Purchase of IT software and equipment	557,525	-
Temporary loans	100,000	-
Purchases	63,008	-
Sales	145,955	-



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**10. SEGMENTAL REPORTING**

The main activities of the Group are categorized into three main business sectors, the medical services sector represented by Al-Ahsa Medical Services company and Al Salam Medical Services Company; the manufacturing sector represented by Al-Ahsa Food Industries Company specializing in the production and packaging of dates; and Investment sector represented by AYYAN Investment Company. The financial information is summarized in accordance with the main activities as follows:

	<b>Medical Services Sector</b>	<b>Manufacturing Sector</b>	<b>Investment Sector</b>	<b>Total</b>
<b><u>September 30, 2020</u></b>				
<b><u>(unaudited)</u></b>	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
Property, Plant & Equipment	761,579,610	5,231,761	593,751	767,405,122
Total Assets	914,997,203	19,400,522	348,721,173	1,283,118,898
Total Liabilities	438,392,217	5,203,138	7,495,664	451,091,019

<b><u>December 31, 2019 (audited)</u></b>				
Property, Plant & Equipment	170,994,458	5,808,347	682,936	177,485,741
Total Assets	295,954,799	25,566,546	352,311,947	673,833,292
Total Liabilities	78,370,394	4,264,320	9,033,379	91,668,093

The following table summarises the financial information disaggregated by business segments for the nine months' periods ending September 30, 2020 and September 30, 2019:

	<b>Medical Services Sector</b>	<b>Manufacturing Sector</b>	<b>Investment Sector</b>	<b>Total</b>
<b><u>September 30, 2020</u></b>				
<b><u>(unaudited)</u></b>	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
Revenues, net	178,092,365	12,603,576	-	190,695,941
Net income from continuing operations	8,001,937	1,295,739	19,871,863	29,169,539
Net income	8,001,937	1,295,739	22,883,702	32,181,378
<b><u>September 30, 2019</u></b>				
<b><u>(unaudited)</u></b>				
Revenues, net	164,811,843	11,694,332	-	176,506,175
Net income from continuing operations	7,486,330	465,071	562,792	8,514,193
Net income	7,486,330	465,071	562,792	8,514,193

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**11. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

The Group's principal financial liabilities comprise trade payables, accrued expenses, other payables and loans. The Group's principal financial assets comprise cash and cash equivalents, investments in equity instruments designated at fair value through other comprehensive income, investment in equity instruments at fair value through profit or loss and trade and other receivables.

**Classification of financial instruments**

	September 30, 2020 (Unaudited) SR	December 31, 2019 (Audited) SR
<b>Financial assets at fair value</b>		
Investments in equity instruments at fair value through profit or loss	38,096,608	-
Investments in equity instruments designated at fair value through other comprehensive income	161,408,000	222,503,460
	<b>199,504,608</b>	<b>222,503,460</b>
<b>Financial assets at amortized cost</b>		
Trade receivables and other assets	112,483,392	82,108,514
Cash and cash equivalent	30,908,374	13,239,796
	<b>143,391,766</b>	<b>95,348,310</b>
	<b>342,896,374</b>	<b>317,851,770</b>
<b>Financial liabilities at amortized cost</b>		
Trade payables, accrued expenses and other liabilities	50,117,256	31,697,349
Loans	331,032,051	16,666,667
	<b>381,149,307</b>	<b>48,364,016</b>

**Risk management of financial instruments**

The Group's activities are exposed to various financial risks such as fair value measurement, credit risk, liquidity risk, foreign currency risk and capital management risk. Management reviews and approves policies to manage each of these risks, which are summarized as follows:

**Fair value measurement of financial instruments**

Fair value is the amount at which an asset is sold or a liability settled between willing parties in the arm's length transactions at the date there is a presumption that the Group is a going concern entity where there is no intention or requirement to materially reduce the volume of its operations or to conduct a transaction on adverse terms.

A financial instrument is considered to be listed in the active market if the quoted prices are readily and regularly available from an intermediary, industry group, pricing services or regulatory body, and these prices represent market transactions that have occurred on an active and regular basis on a commercial basis.

When measuring fair value, the Group uses observable market information whenever possible to the inputs used in valuation methods as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that can be obtained on the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities directly (eg prices) or indirectly derived from prices.

Level 3: inputs for assets or liabilities not based on observable market information (non-observable inputs).

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**11. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)**

Following schedule presents an analysis of financial instruments carried at fair value according to the fair value hierarchy:

	September 30, 2020 (Unaudited)			
	Level 1 (SR)	Level 2 (SR)	Level 3 (SR)	Total (SR)
Investments in equity instruments at fair value through profit or loss	38,096,608	-	-	38,096,608
Investments in equity instruments designated at fair value through other comprehensive income	-	-	161,408,000	161,408,000
	<u>38,096,608</u>	<u>-</u>	<u>161,408,000</u>	<u>199,504,608</u>
	December 31, 2019 (Audited)			
	Level 1 (SR)	Level 2 (SR)	Level 3 (SR)	Total (SR)
Investments in equity instruments designated at fair value through other comprehensive income	61,095,460	-	161,408,000	222,503,460
	<u>61,095,460</u>	<u>-</u>	<u>161,408,000</u>	<u>222,503,460</u>

During the period, there were no transfers from the first to the second and the third level.

Although management believes that the fair value measurements for investments included in Level 3 are appropriate, the use of other methods or assumptions may result in different fair value measurements. Level 3 includes non-current local and non-local investments where the Group relies on its assessment of the net asset value based on the most recent audited financial statements available to determine the fair value of these investments. Other valuation techniques use discounted cash flow models based on expected dividends for which no information is available. Accordingly, the potential impact of the use of valuation techniques based on alternative assumptions cannot be determined.

**Credit risk**

Credit risk is the risk that one party may fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk which represents the balances due from customers and cash balances. Cash and cash equivalents are placed with banks and institutions with sound credit ratings. Trade and other receivables are mainly due from customers in the local market and related parties and are shown at their estimated recoverable amount as follows:

	September 30, 2020 (Unaudited) SR	December 31, 2019 (Audited) SR
Trade receivables and other assets	112,483,392	82,108,514
Cash and cash equivalents	30,908,374	13,239,796
	<u>143,391,766</u>	<u>95,348,310</u>

The carrying amount of financial assets represents the maximum exposure to credit risk.

Credit risk on accounts receivable and bank balances is limited to:

- Cash balances held with banks with a high credit rating.
- Accounts receivable, net of provision for impairment of trade receivables.

The Group manages credit risk relating to amounts due from customers through the ongoing monitoring in accordance with the specific policies and procedures. The Group minimizes its credit risk relating to customers by setting credit limits for each customer and monitoring existing receivables on an ongoing basis. The balances are monitored and the Group's exposure to the risk of bad debts is not material.

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**11 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)**

**Liquidity risk**

Liquidity risk is the difficulty that an entity encounters in raising funds to meet the obligations in connection with the financial instruments. Liquidity risk can result from the inability to sell financial assets quickly and at its approximate fair value. The contractual maturities of financial liabilities at the end of the financial period are as follows, the amounts are presented in total and are not discounted and include estimated interest payments.

	September 30, 2020 (unaudited)				
	Total undiscounted amounts				
	Book value	Contractual cash flows	Upon request		
			or less than one year	From 1 to 5 years	More than 5 years
	SR	SR	SR	SR	SR
<b>Financial liabilities at amortized cost</b>					
Trade payables, accrued expenses and other liabilities	50,117,256	50,117,256	50,117,256	-	-
Loans	331,032,051	381,308,765	133,212,014	186,811,623	61,285,128
	<b>381,149,307</b>	<b>431,426,021</b>	<b>183,329,270</b>	<b>186,811,623</b>	<b>61,285,128</b>
	December 31, 2019 (audited)				
	Total undiscounted amounts				
	Book value	Contractual cash flows	Upon request		
			or less than one year	From 1 to 5 years	More than 5 years
	SR	SR	SR	SR	SR
<b>Financial liabilities at amortized cost</b>					
Trade payables, accrued expenses and other liabilities	31,697,349	31,697,349	31,697,349	-	-
Loans	16,666,667	17,900,004	7,440,634	10,459,370	-
	<b>48,364,016</b>	<b>49,597,353</b>	<b>39,137,983</b>	<b>10,459,370</b>	<b>-</b>

The Group manages its liquidity risk through monitoring on an ongoing basis to ensure that funds and bank facilities are available to meet the future liabilities.

**Market risk**

Market risk is the risk that a financial instrument will fluctuate due to changes in prevailing market prices such as foreign exchange rates, interest rates and stocks prices affecting the Group's income or the value of its financial instruments. Market risk management aims to manage and control market risk exposure within acceptable limits while maximizing returns.

**Foreign currency risk management**

Foreign currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future business transactions and recognized assets and liabilities are denominated in currencies different from the Group's currency. The Group's exposure to foreign exchange risk is primarily limited to transactions in US Dollars and UAE dirhams. Management believes that its exposure to foreign exchange risk is not material as the Group's currency is linked to the US Dollar.

**Capital management**

Management policy is to maintain an adequate capital base in order to maintain investor, creditor and market confidence and to maintain the future development of its business. Management monitors the return on the capital used and the level of dividends distributed to shareholders.

In managing capital, the Group aims to:

- To protect the entity's ability to continue as a going concern so that it can continue to provide returns to shareholders and interest to other stakeholders.
- Provide sufficient returns for shareholders

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**12 OBLIGATIONS AND COMMITMENTS**

**Lawsuits:**

There is a legal case filed against the company by a third party, which requires from the Group to pay an amount of SR 24.5 million as fees for consulting services for the aluminum plant project. The case was filed against the Group in the General Court in Riyadh, and the court decision was issued on 19 Shawwal 1434H corresponding to August 26, 2013 rejecting the case. The decision was appealed on 13 Rabea I, 1435H corresponding to January 14, 2014. On September 15, 2020, the appeal against Company was rejected by the court.

**Capital Commitment:**

The Group has a capital commitment related to the construction of a new buildings. The details of commitments as at September 30, 2020 are as follows:

	<b>September 30, 2020 (Unaudited) SR</b>
Capital commitments for construction of the new buildings	107,386,439
Letter of credits	11,000,000
Letter of guarantees	330,000

**13 NON-CASH TRANSACTIONS**

	<b>September 30, 2020 (Unaudited) SR</b>	<b>September 30, 2019 (Unaudited) SR</b>
Change in fair value of equity investments designated at fair value through other comprehensive income	<b>18,757,278</b>	180,471
Borrowing cost capitalized	<b>6,857,967</b>	-
Additional share capital issued	<b>247,320,690</b>	-
Share discount	<b>10,882,110</b>	-
Net assets acquired on acquisition of subsidiary (Note 5(B))	<b>251,018,643</b>	-

**14 DISCONTINUED OPERATIONS**

Upon the cancellation of all registrations and licenses, the group has written off all assets and liabilities relating to Saudi-Japanese Textile Manufacturing Company. Net assets written off by the group are as follows;

	<b>September 30, 2020 (Unaudited) SR</b>
Other receivables	<b>(105,445)</b>
Trade payable	<b>1,691,724</b>
Accruals and other credit balances	<b>1,006,496</b>
Provision for Zakat and income tax	<b>248,273</b>
Employees' end of service benefits	<b>170,791</b>
<b>Net assets and liabilities written off</b>	<b>3,011,839</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS – (Continued)  
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2020**

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**15 SIGNIFICANT EVENT**

In March 2020, the Kingdom of Saudi Arabia announced a global pandemic due to the novel coronavirus (COVID-19). The impact of outbreak and long hours of curfew has caused a significant change in business activities and increase in economy uncertainty. The Group proactively took a range of operational preventive measures in response to the situation by modifying certain operations to comply with health and safety guidelines to protect employees, customers and suppliers, secure smooth supply chain process to avoid any business interruption benefiting from all supports announced by the Government for the private sectors.

In response to COVID-19;

- AMC has been relieved from repayments due till November 2020 by commercial bank, as per the instructions of Government and consequently, has extended the period for loan till November 2022.
- Lessor has restructured the repayment schedule for lease of equipment by ASMSC resulting in reduced quarterly payments till June 2021 instead of monthly payments and has extended the lease period till December 2027. These condensed consolidated interim financial statements have been adjustment for the impact of modification in lease.

Management believes that, except for the above, the Covid-19 pandemic had no major impact on the Group reported results for the period ended September 30, 2020 due to the steps taken by the company and the diversification of its portfolio. The company will continue to assess this situation moving forward.

**16 COMPARATIVE FIGURES**

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

**17 APPROVAL OF THE FINANCIAL STATEMENTS**

The condensed consolidated interim financial statements were approved by the board of directors on Rabi ul Awal 16, 1442H corresponding to November 2, 2020.