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**AYYAN INVESTMENT COMPANY**  
(SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022**

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(SAUDI JOINT STOCK COMPANY)

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

**TO: THE SHAREHOLDERS  
AYYAN INVESTMENT COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of **AYYAN INVESTMENT COMPANY (A Saudi Joint Stock Company)** (the "Company") and its subsidiaries (collectively referred to as the "Group") as at September 30, 2022, and the related condensed consolidated interim statement of profit and loss and other comprehensive income for the three and nine months period ended September 30, 2022, and the related condensed consolidated interim 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 ("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" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.



**Al Azem, Al Sudairy, Al Shaikh & Partners  
For Professional Consulting**



**Abdullah M. AlAzem  
License No. 335**

12 Rabi' Al-Thani 1444H (06 November 2022)  
Khobar, Kingdom of Saudi Arabia

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2022**

	September 30, 2022	December 31, 2021
Note	(Unaudited)	(Audited)
	SR	SR
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment, net	1,090,526,665	995,578,772
Intangible assets, net	1,292,873	1,614,146
Investments in equity instruments designated at fair value through other comprehensive income	5 148,460,390	148,460,390
Investment in an associate	19,945,450	15,427,499
Investment properties, net	123,850,155	123,987,912
Right-of-use assets, net	2,565,930	3,196,975
Goodwill	2,094,678	2,094,678
<b>Total non-current assets</b>	<b>1,388,736,141</b>	<b>1,290,360,372</b>
<b>Current assets</b>		
Inventories, net	27,615,260	21,503,501
Trade receivables, prepayments and other assets, net	124,876,715	118,446,037
Investment in equity instruments designated at fair value through profit or loss	8 56,542,342	57,601,912
Cash and cash equivalents	20,893,618	29,491,626
<b>Total current assets</b>	<b>229,927,935</b>	<b>227,043,076</b>
<b>TOTAL ASSETS</b>	<b>1,618,664,076</b>	<b>1,517,403,448</b>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>		
<b>Shareholder's Equity</b>		
Share capital	1 806,363,280	806,363,280
Share premium	65,478,995	65,478,995
Statutory reserve	7,786,135	7,786,135
(Accumulated losses) / Retained earnings	(13,271,241)	1,788,755
Reserve for acquisition of additional shares in a subsidiary	(122,454,330)	(122,454,330)
Fair value reserve	42,450,437	42,450,437
Reserve for re-measurement of employees' defined benefit obligations	7,245,223	7,245,223
<b>Total equity attributable to shareholder's</b>	<b>793,598,499</b>	<b>808,658,495</b>
Non-controlling interest	8,469,191	8,243,668
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>802,067,690</b>	<b>816,902,163</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long term loans – non-current portion	6 433,494,938	491,127,918
Lease liabilities – non - current portion	67,301,017	57,067,144
Employees' defined benefits obligations	37,269,673	37,598,597
<b>Total non-current liabilities</b>	<b>538,065,628</b>	<b>585,793,659</b>
<b>Current liabilities</b>		
Long term loan – current portion	6 132,111,014	-
Short term loans	7 45,607,651	14,876,073
Trade payables, accrued expenses and other liabilities	81,908,316	82,941,400
Lease liabilities – current portion	15,752,202	11,365,371
Zakat provision	3,151,575	5,524,782
<b>Total current liabilities</b>	<b>278,530,758</b>	<b>114,707,626</b>
<b>Total liabilities</b>	<b>816,596,386</b>	<b>700,501,285</b>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>	<b>1,618,664,076</b>	<b>1,517,403,448</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 AlThani 12, 1444H corresponding to November 06, 2022.

  
Ahmed Ibrahim  
Finance Manager

  
Raed Mohamed Alnaeem  
CEO

  
Faisal Abdullah Al Qahtani  
Chairman


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


**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022**

	Note	For the three month period ended September 30		For the nine month period ended September 30	
		2022	2021	2022	2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		SR	SR	SR	SR
Revenues, net		68,133,788	65,803,249	209,590,883	208,765,885
Cost of revenues		(54,291,954)	(49,196,435)	(163,666,278)	(150,709,832)
<b>Gross profit</b>		<b>13,841,834</b>	<b>16,606,814</b>	<b>45,924,605</b>	<b>58,056,053</b>
General and administrative expenses		(33,406,982)	(14,299,468)	(71,903,639)	(56,208,173)
Selling and marketing expenses		(287,319)	(226,763)	(857,386)	(681,214)
<b>Operating (loss) income</b>		<b>(19,852,467)</b>	<b>2,080,583</b>	<b>(26,836,420)</b>	<b>1,166,666</b>
Finance cost		(826,879)	(2,883,120)	(2,753,505)	(5,008,948)
Dividends income		2,371,279	2,020,777	3,880,180	2,869,622
Share of result of an associate		2,254,474	1,882,552	5,317,951	915,634
Realized (loss) gain on investments at fair value through profit or loss	8	(6,886)	-	1,311,320	888,379
Unrealized (loss) gain on investments at fair value through profit or loss	8	(1,729,933)	1,664,074	(557,999)	12,312,436
Other income		1,965,450	1,152,355	7,989,956	4,242,274
<b>Net (loss) income for the period before zakat</b>		<b>(15,824,962)</b>	<b>5,917,221</b>	<b>(11,648,517)</b>	<b>17,386,063</b>
Zakat		(978,652)	(1,350,000)	(3,185,956)	(3,050,000)
<b>Net (loss) income for the period</b>		<b>(16,803,614)</b>	<b>4,567,221</b>	<b>(14,834,473)</b>	<b>14,336,063</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		-	-	-	-
<b>Other comprehensive (loss) income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive (loss) income for the Period</b>		<b>(16,803,614)</b>	<b>4,567,221</b>	<b>(14,834,473)</b>	<b>14,336,063</b>
<b>Net (loss) income for the period attributable to:</b>					
Shareholders		(16,747,039)	3,735,042	(15,059,996)	11,717,729
Non-controlling interest		(56,575)	832,179	225,523	2,618,334
<b>Net (loss) income for the period</b>		<b>(16,803,614)</b>	<b>4,567,221</b>	<b>(14,834,473)</b>	<b>14,336,063</b>
<b>Total comprehensive (loss) income attributable to:</b>					
Shareholders		(16,747,039)	3,735,042	(15,059,996)	11,717,729
Non-controlling interest		(56,575)	832,179	225,523	2,618,334
<b>Total comprehensive (loss) income for the period</b>		<b>(16,803,614)</b>	<b>4,567,221</b>	<b>(14,834,473)</b>	<b>14,336,063</b>
<b>Earnings per share</b>					
Earnings per share of net (loss) income for the period	9	(0.21)	0.05	(0.19)	0.16
Earnings per share of total comprehensive (loss) income for the period	9	(0.21)	0.05	(0.19)	0.16
Number of outstanding Shares		80,636,328	73,732,069	80,636,328	73,732,069

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 AlThani 12, 1444H corresponding to November 06, 2022.

  
Ahmed Ibrahim  
Finance Manager

  
Raed Mohamed Alnaem  
CEO

  
Faisal Abdullah Al Qahtani  
Chairman

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

	Share Capital	Share premium/ discount	Statutory reserve	Retained earnings (Accumulated losses)	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
<b>Balance as at January 1, 2021 (audited)</b>	737,320,690	(10,882,110)	7,356,704	(579,346)	(33,332,212)	44,218,474	6,701,273	750,803,473	68,200,265	819,003,738
Net income for the period	-	-	-	11,717,729	-	-	-	11,717,729	2,618,334	14,336,063
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	11,717,729	-	-	-	11,717,729	2,618,334	14,336,063
<b>Balance as at September 30, 2021 (unaudited)</b>	737,320,690	(10,882,110)	7,356,704	11,138,383	(33,332,212)	44,218,474	6,701,273	762,521,202	70,818,599	833,339,801
<b>Balance as at January 1, 2022(audited)</b>	806,363,280	65,478,995	7,786,135	1,788,755	(122,454,330)	42,450,437	7,245,223	808,658,495	8,243,668	816,902,163
Net loss for the period	-	-	-	(15,059,996)	-	-	-	(15,059,996)	225,523	(14,834,473)
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(15,059,996)	-	-	-	(15,059,996)	225,523	(14,834,473)
<b>Balance as at September 30, 2022 (unaudited)</b>	806,363,280	65,478,995	7,786,135	(13,271,241)	(122,454,330)	42,450,437	7,245,223	793,598,499	8,469,191	802,067,690

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 AlThani 12, 1444H corresponding to November 06, 2022.

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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

	<b>For the Nine month period ended</b>	
	<b>September 30, 2022 (Unaudited) SR</b>	<b>September 30, 2021 (Unaudited) SR</b>
<b>OPERATING ACTIVITIES</b>		
Net (loss) income for the period before zakat	(11,648,517)	17,386,063
<i>Adjustments for:</i>		
Depreciation	12,316,414	12,057,472
Loss from disposal of property, plant and equipment	150,762	278,125
Depreciation of right of use	631,045	803,292
Amortization of intangible assets	321,273	50,183
Realised gain on investments at fair value through profit or loss	(1,311,320)	(888,379)
Unrealised (loss) gain on investments at fair value through profit or loss	557,999	(12,312,436)
Share of result of associate	(5,317,951)	(915,634)
Dividends income	(3,880,180)	(2,869,622)
Finance cost	2,753,505	5,008,948
Provision for slow moving inventory	-	240,000
Impairment recognized on trade receivables	5,251,065	10,735,006
Write-off for receivables provision	(996,399)	-
Employees' defined benefits obligations	6,404,678	4,871,850
	<u>5,232,374</u>	<u>34,444,868</u>
<b>Changes in operating assets and liabilities:</b>		
Trade receivables, prepayments and other assets	(9,885,344)	(19,228,711)
Inventories	(6,111,759)	4,662,254
Trade payables, accrued expenses and other liabilities	(1,051,207)	3,525,976
Cash used in provided by operations	(11,815,936)	23,404,387
Zakat Paid	(5,563,302)	(5,059,654)
Employees' defined benefits obligations paid	(6,733,603)	(2,413,641)
<b>Net cash (used in) provided by operating activities</b>	<u>(24,112,841)</u>	<u>15,931,092</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(89,422,971)	(107,733,863)
Intangible assets addition	-	(1,996,479)
Proceeds from disposal of property, plant and equipment	2,093	625,024
Cash dividends received	3,880,180	2,869,622
Purchase of investments at fair value through profit or loss	(16,362,381)	(6,319,856)
Proceeds from sale of investments at fair value through profit or loss	18,175,272	9,816,896
<b>Net cash used in investing activities</b>	<u>(83,727,807)</u>	<u>(102,738,656)</u>
<b>FINANCING ACTIVITIES</b>		
Lease liabilities, net	8,987,731	9,389,495
Due to related parties	-	158,545
Due to bank	-	(5,705,488)
Repayment of loans	(58,186,530)	(339,642,789)
Proceeds from Loans	148,441,439	430,691,468
<b>Net cash provided by financing activities</b>	<u>99,242,640</u>	<u>94,891,231</u>
<b>Net change in cash and cash equivalents</b>	<u>(8,598,008)</u>	<u>8,083,667</u>
Cash and cash equivalent as at 1 January	29,491,626	3,453,564
<b>Cash and cash equivalents as at September 30</b>	<u>20,893,618</u>	<u>11,537,231</u>
<b>NON-CASH TRANSACTIONS</b>		
Borrowing cost capitalized	14,446,213	9,602,198
Effect of revision in lease liability	3,410,220	10,783,991
Management fees - loans	-	1,774,456
Accrued dividends	800,000	-

  
**Ahmed Ibrahim**  
Finance Manager

  
**Raed Mohamed alnaeem**  
CEO

  
**Faisal Abdullh Al Qahtani**  
Chairman

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Ayyan Investment 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 under Commercial Register No. 2051064048 dated 19 Rajab 1438H corresponding to April 16, 2017. The Company has a branch registered under commercial registration number 2252021816 which is located in Al-Ahsa, Kingdom of Saudi Arabia.

The authorized, issued and paid up share capital as at September 30, 2022, amounted to SR 806,363,280 divided into 80,636,328 shares with par value of SR 10 per share.

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.

**1.1 Structure of the group**

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

<u>Company</u>	<u>Legal Form</u>	<u>Incorporation Country</u>	<u>Effective ownership</u>	
			<u>2022</u>	<u>2021</u>
Al-Ahsa Food Industries Company (A)	Limited Liability Company	Saudi Arabia	100%	100%
Al-Ahsa Medical Services Company (B)	Closed Joint Stock Company	Saudi Arabia	96,3%	96,3%
Al Salam Medical Services Company (C)	Closed Joint Stock Company	Saudi Arabia	100%	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. Al-Ahsa Food Industries Company**

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 Company. The subsidiary's accumulated losses exceeded its capital as of December 31, 2021. 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 20, 2022, the Board of Directors resolved to continue to support the subsidiary and provide it with the necessary funding.

**B. Al-Ahsa Medical Services Company**

Al-Ahsa Medical Services Company is a closed joint stock company under Commercial Register No. 2252025213 dated 07 Sha'ban 1418H corresponding to December 07, 1997. Al-Ahsa Medical Services Company is engaged in the establishment, management, operation and maintenance of hospitals. On May 1, 2019, The Company 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 69.9%.

During the year 2021, the Group increase the capital from 737,320,690 to SAR 806,363,280 by issuing new shares (6,904,259 shares) for the acquisition of 26.43% of AMSC shares for SR 148.5 million, Which led to an increase in the actual ownership percentage in the subsidiary from 69.9% to 96.3%.

**C. 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.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The condensed consolidated interim financial statements for the nine months' period ended September 30, 2022 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, 2021, They do not include all of the information required for a complete set of IFRS Financial Statements however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since December 31, 2021.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS – (Continued)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

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**2. BASIS OF PREPARATION (Continued)**

**2.1 Statement of compliance (continued)**

The Capital Market Authority issued the decision of the Board of Commissioners on (15) Muharram 1438H (16 October 2016) to require listed companies to apply the cost model when measuring the assets of property and equipment, investment properties and intangible assets when adopting the IFRS for a period of 3 years begin from the date of adoption of the International Financial Reporting Standards, On December 31, 2019, it issued a decision including the following:

- Requiring listed companies to continue using the cost model option to measure real estate and investment properties for the financial periods of the fiscal year that begin before 2022.
- Allowing listed companies to use the fair value or revaluation model to measure real estate and investment properties for the financial periods of the fiscal year starting during or after 2022.
- Listed companies will continue to be required to use the cost model option to measure machinery, equipment, and intangible assets for a period of five years, starting from 1 January 2020, and the authority will study the appropriateness of continuing to decide to use this model at the end of this period or the appropriateness to allow the use of the fair value model option or re-evaluation.

The company's current liabilities exceeded its current assets by SR 48,602,823 However, the management and board of directors assumed that the company have the ability to generate sufficient cash flows to meet its ongoing liabilities and scheduled repayments. These condensed consolidated interim financial statements have been prepared on the going concern basis.

**2.2 Basis of measurement**

These condensed consolidated interim financial statements have been prepared under the historical cost convention using the accrual basis of accounting and the going concern concept except for financial instruments that are measured at fair value.

The principal accounting policies applied in preparing the interim condensed consolidated financial statements are consistent with those applied for the previous financial year and the interim consolidated comparison period.

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.

**2.3 Functional and presentation currency**

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

**2.4 Use of estimates and judgements**

The preparation of the interim financial statements in conformity with International Financial Reporting Standards (IFRS). Requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant estimates made by the management when applying the company's accounting policies and the significant sources of uncertainties in the estimates were similar to those shown in the company's annual financial statements for the year ended December 31, 2021.

**3. SIGNIFICANT ACCOUNTING POLICES**

The accounting policies applied in the preparation of condensed consolidated interim financial statements are in accordance with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards issued by the Saudi Organization for Chartered and Professional Accountants, and they are consistent with those of the financial year ended 31 December 2021.

**New Standards and amendments**

No new standards have been issued. However, a number of amendments to the standards became effective from January 1, 2022, which were explained in the annual financial statements of the company, but did not have a material impact on the interim condensed consolidated financial statements.

**4. 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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS – (Continued)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

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

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.

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.

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

			<b>September 30, 2022</b>	December 31, 2021
			<b>(Unaudited)</b>	(Audited)
			SR	SR
Unquoted in the stock market			<b>148,460,390</b>	148,460,390
	Ownership %			
	<b>September</b>	December	<b>September 30, 2022</b>	December 31, 2021
	<b>30, 2022</b>	31, 2021	<b>(Unaudited)</b>	(Audited)
			SR	SR
Industrialization and Energy Services Co. TAQA	<b>1.36</b>	1.36	<b>113,787,114</b>	113,787,114
Taleem Investment Co. Ltd	<b>12.78</b>	12.78	<b>19,857,334</b>	19,857,334
Arab Paper Manufacturing Co. (Warq)	<b>4.74</b>	4.74	<b>13,935,484</b>	13,935,484
Al Ahsa Tourism & Leisure Co.	<b>7.57</b>	7.57	<b>880,458</b>	880,458
Arab Company for Industrial Fibers (Ibn Rushd)	<b>0.42</b>	0.42	-	-
			<b>148,460,390</b>	148,460,390

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 2021. 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 this year are consistent with those used in previous for investment valuation.

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

	<b>September 30, 2022</b>	December 31, 2021
	<b>(Unaudited)</b>	(Audited)
	SR	SR
Balance as at January 1	<b>148,460,390</b>	151,725,210
Change in fair value	-	(3,264,820)
Closing balance	<b>148,460,390</b>	148,460,390

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6. LONG TERM LOANS

	<b>September 30, 2022</b>	December 31, 2021
	<b>(Unaudited)</b>	(Audited)
	SR	SR
Loan from commercial bank (Note 6.1)	447,168,618	441,209,728
Loan from Ministry of Finance (Note 6.2)	71,199,669	49,918,190
Loan from commercial bank (Note 6.3)	47,237,665	-
	<b>565,605,952</b>	491,127,918

6.1 -This loans belong to the subsidiary ASMSC which had signed facility agreement (the facility) to partially finance the construction of hospital, comprising of documentary credits and bills ,deferred payment credits / documentary credits and bills ,performance guarantees , The facility carries mark up at market rates and is secured by corporate guarantees of the holding company (ayyan investment company),joint and personal guarantees of several related parties, assignment of proceeds and guarantees from certain financial and other suppliers, mortgage of title deed of lands of the holding company and the company's property, and pledge over holding company's interest in AL Ahsa hospital .The facilities agreement contains certain financial and non – financial covenants.

During the period ending on September 30, 2022, the company withdrew an amount of 32 million Saudi riyals from the credit facilities and the company capitalized interest in the amount of 12.3 million Saudi riyals related to these loans on capital work in progress.

The movement in the long term loan from commercial banks is as follows:

	<b>September 30, 2022</b>	December 31, 2021
	<b>(Unaudited)</b>	(Audited)
	SR	SR
<b><u>Principal amount</u></b>		
Opening balance	443,202,642	177,398,368
Loan obtained	32,797,375	443,202,642
Loan paid / settled	(39,052,388)	(177,398,368)
Total loans	436,947,629	443,202,642
Accrued interest	13,781,577	1,841,036
Advance service charges	(3,560,588)	(3,833,950)
<b>Net long term loan payable</b>	<b>447,168,618</b>	441,209,728

6.2 -During year 2018, ASMSC obtained an interest free loan facility amounting to SR 56 million from the Ministry of Finance, to finance the construction, furnishing and fitting of the Hospital Project. This loan is repayable in 20 annual installments with first installment due after five years from the date of the contract, which is discounted on average market prevailing interest rates for similar nature loans, to have a present value of SR 31.69 million. During the year 2019, the Company obtained an additional interest free loan facility amounting to SR 15.9 million from the Ministry of Finance, with same terms of loan as for first loan, having net present value of SR 9.2 million. The difference between loan received and its present value amounting to SR 31.1 million was recorded as governmental grant as a reduction to property and equipment. During the year 2021, the company obtained an additional interest free loan amounting to SR 3.73 million from the same facility from ministry of finance, with same terms of loan as for first and second loan, having net present value of SR 2.32 million. The difference between loan received and its present value amounting to SR 1.41 million was recorded as governmental grant as a reduction to property and equipment. The loan is secured by a pledge on the land of the project, the construction and maintenance of the building for the Ministry of Finance. During the year 2021, the company capitalized interest amounting to SR 2.85 million, related to this loan, in capital work in progress.

During the period ending on September 30, 2022 the company obtained an additional interest-free loan of 28.5 million Saudi riyals from the same facility from the Ministry of Finance on the same terms, with a net amount of 19.1 million Saudi riyals. The difference between the loan received and its present value of SAR 9.3 million as a government grant was recorded as a reduction in property and equipment.

The movement in loan from ministry of finance is as follows:

	<b>September 30, 2022</b>	December 31, 2021
	<b>(Unaudited)</b>	(Audited)
	SR	SR
Opening balance	49,918,190	44,743,889
Loan obtained	19,144,124	2,323,103
Interest for the year (capitalized)	2,137,355	2,851,198
Closing balance	<b>71,199,669</b>	49,918,190

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6. **LONG TERM LOANS (Continued)**

6.3 - During the period ending on September 30, 2022, the subsidiary company (Al-Ahsa Medical Services Company) signed a credit facility agreement with a commercial bank in the amount of 100 million Saudi riyals to finance working capital requirements, expansions and modernization of equipment related to the hospital, including business development, and obtained an amount of 50 million Saudi riyals and paid 2.7 million Saudi riyals.

Long-term loans balances are presented in the condensed consolidated interim statement of financial position as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Current portion	132,111,014	-
Non-current portion	433,494,938	491,127,918
	<u>565,605,952</u>	<u>491,127,918</u>

7. **SHORT TERM LOANS**

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Short term loan (7-1)	9,999,940	10,349,015
Short term loan (7-2)	3,012,756	4,527,058
Short term loan (7-3)	32,594,955	-
	<u>45,607,651</u>	<u>14,876,073</u>

7-1 This loan belongs to the subsidiary (Al Ahsa medical services company) during the year 2021 the company obtained a short term loan from a local bank. As per the agreement the loan is secured by pledge on goods and services of the company, the outstanding balance is repayable in full during first half of 2022, During the period, the company paid the full amount due to the bank. Also, during the period, the company signed a facility agreement (revolving loan) with a local bank with a value of 30 million Saudi riyals, and the facility carries a profit margin at market prices, and received 10 million Saudi riyals as a short-term loan.

7-2 This loan belongs to the subsidiary (Al Ahsa food industries company) the company has obtained facility from a local bank amounting to SR 5 million, to finance working capital. The facility comprises of forward sale financing. As per the agreements the facility is guarantee by corporate guarantee from ayyan investment company and from the guarantee program to finance small and medium enterprises. The outstanding balance is repayable in 6 months. The facility carries financing charges at market rates. As per facility agreement the company has to maintain certain non-financial covenants, During the period, the company obtained 4 million Saudi riyals and paid 5.5 million Saudi riyals.

7-3 This loan belongs to Al Salam Medical Services Company (a subsidiary company), and during the period the company obtained a short-term loan to finance working capital from a local bank, amounting to 32.5 million Saudi riyals.

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

The Company have 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:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Opening balance	57,601,912	53,286,250
Additions	16,362,381	9,990,310
Disposal	(16,863,952)	(16,098,944)
Gain on fair value measurement, net	(557,999)	10,424,296
Closing balance	<u>56,542,342</u>	<u>57,601,912</u>

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**9. EARNINGS PER SHARE**

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

**Net (loss) income for the period attributable to shareholders**

	<b>For the three-months period ended September 30</b>		<b>For the nine-months period ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</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 (loss) income for the period attributable to shareholders	<b>(16,747,039)</b>	3,735,042	<b>(15,059,996)</b>	11,717,729
Weighted average number of shares	<b>80,636,328</b>	73,732,069	<b>80,636,328</b>	73,732,069
Earnings per share from (loss) income for the period	<b>(0.21)</b>	0.05	<b>(0.19)</b>	0.16

**Total comprehensive (loss) income for the period attributable to shareholders**

	<b>For the three-months period ended September 30</b>		<b>For the nine-months period ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</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 (loss) income for the period attributable to shareholders	<b>(16,747,039)</b>	3,735,042	<b>(15,059,996)</b>	11,717,729
Weighted average number of shares	<b>80,636,328</b>	73,732,069	<b>80,636,328</b>	73,732,069
Earnings per share from the total comprehensive (loss) income for the period	<b>(0.21)</b>	0.05	<b>(0.19)</b>	0.16

**10. RELATED PARTIES TRANSACTIONS AND BALANCES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties consist of the shareholders, directors and businesses in which shareholders and directors, individually or combined, have significant influence. The Group's transactions with related parties are entered at arm's length basis in a normal course of business and are authorized by the management.

Significant related party transactions are as follows:

<b>Related Party</b>	<b>Nature of transaction</b>	<b>September 30, 2022</b>	<b>September 30, 2021</b>
		<b>(Un-audited)</b>	<b>(Un-audited)</b>
- Board of directors (BOD)	BOD remunerations and meeting expenses	<b>1,022,000</b>	168,000
- Key management staff	Salaries and benefits	<b>1,346,116</b>	1,406,921
- Al-Othman Holding Company.	Financing	-	56,600,000
- Al-Othman Agricultural Company (NADA)	Purchases	-	(1,446,852)
	Sales	-	47,624
	Purchasing of Technological software's and Equipment's	-	454,370

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**11. 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 are summarized in accordance with the main activities as follows:

	<u>Manufacturing Sector</u>	<u>Medical Services Sector</u>	<u>Investment Sector</u>	<u>Total</u>
<b>September 30, 2022</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
Property, Plant & Equipment	4,890,651	1,085,054,302	581,712	1,090,526,665
Total Assets	17,471,679	1,306,414,425	294,777,972	1,618,664,076
Total Liabilities	7,286,933	805,149,557	4,159,896	816,596,386
<b>December 31, 2021</b>				
Property, Plant & Equipment	4,742,176	990,134,615	701,981	995,578,772
Total Assets	18,764,183	1,153,050,849	345,588,416	1,517,403,448
Total Liabilities	8,582,396	685,708,436	6,210,453	700,501,285

The following table summarizes the financial information disaggregated by business segments for the three months' periods ending September 30, 2022 and September 30, 2021:

	<u>Manufacturing Sector</u>	<u>Medical Services Sector</u>	<u>Investment Sector</u>	<u>Total</u>
<b>September 30, 2022</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
Revenues, net	13,838,144	195,752,739	-	209,590,883
Net income	1,726,656	(20,204,004)	3,642,875	(14,834,473)
<b>September 30, 2021</b>				
Revenues, net	12,291,857	196,474,028	-	208,765,885
Net income	1,710,423	1,281,178	11,344,462	14,336,063

**12. 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**

	<u>September 30, 2022 (Unaudited)</u>	<u>December 31, 2021 (Audited)</u>
	SR	SR
<b>Financial assets at fair value</b>		
Investments in equity instruments at fair value through profit or loss	56,542,342	57,601,912
Investments in equity instruments designated at fair value through other comprehensive income	148,460,390	148,460,390
	<u>205,002,732</u>	<u>206,062,302</u>
<b>Financial assets at amortized cost</b>		
Trade receivables and other assets	97,176,583	102,913,308
Cash and cash equivalent	20,893,618	29,491,626
	<u>118,070,201</u>	<u>132,404,934</u>
<b>Total of financial assets</b>	<u>323,072,933</u>	<u>338,467,236</u>
<b>Financial liabilities at amortized cost</b>		
Trade payables, accrued expenses and other liabilities	81,908,316	82,941,400
Short term loans	45,607,651	14,876,073
Long term loans	565,605,952	491,127,918
	<u>693,121,919</u>	<u>588,945,391</u>



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

**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).

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

	September 30, 2022 (Unaudited)			Total (SR)
	Level 1 (SR)	Level 2 (SR)	Level 3 (SR)	
Instruments at fair value through profit or loss	56,542,342	-	-	56,542,342
Instruments designated at fair value through other comprehensive income	-	-	148,460,390	148,460,390
	<u>56,542,342</u>	<u>-</u>	<u>148,460,390</u>	<u>205,002,732</u>
	December 31, 2021 (Audited)			
	Level 1 (SR)	Level 2 (SR)	Level 3 (SR)	Total (SR)
Instruments at fair value through profit or loss	57,601,912	-	-	57,601,912
Instruments at fair value through other comprehensive income	-	-	148,460,390	148,460,390
	<u>57,601,912</u>	<u>-</u>	<u>148,460,390</u>	<u>206,062,302</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.

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

**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, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Trade receivables and other assets	97,176,583	102,913,308
Cash and cash equivalents	20,893,618	29,491,626
	<b>118,070,201</b>	<b>132,404,934</b>

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.

**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, 2022 (unaudited)			
	Total undiscounted amounts			
	Upon request or less than 1 year	From 1 to 5 years	More than 5 years	
Book value	SR	SR	SR	SR
<b>Financial liabilities at amortized cost</b>				
Trade payables, accrued expenses and other liabilities	81,908,316	81,908,316	-	-
Short term loans	45,607,651	45,607,651	-	-
Long term loans	565,605,952	132,111,014	298,121,679	135,373,259
	<b>693,121,919</b>	<b>259,626,981</b>	<b>298,121,679</b>	<b>135,373,259</b>
	December 31, 2021 (audited)			
	Total undiscounted amounts			
	Upon request or less than 1 year	From 1 to 5 years	More than 5 years	
Book value	SR	SR	SR	SR
<b>Financial liabilities at amortized cost</b>				
Trade payables, accrued expenses and other liabilities	82,941,400	82,941,400	-	-
Short term loans	14,876,073	14,876,073	-	-
Long term loans	491,127,918	-	273,977,751	217,150,167
	<b>588,945,391</b>	<b>97,817,473</b>	<b>273,977,751</b>	<b>217,150,167</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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
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**12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)**

**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. Management believes that its exposure to foreign exchange risk is limited 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

**13. CAPITAL COMMITMENTS AND OBLIGATIONS**

As of September 30, 2022 the Group has a capital commitment related to the construction of a hospital for Al-Salam Medical Services Company, amounting to SR 16 million (SR 55 million as of December 31, 2021), which is expected to be completed by the end of 2022. In addition to a letter of guarantee of zero Saudi riyals (0.33 million Saudi riyals as of December 31, 2021) for the purpose of building Al-Salam Hospital as on the date of the report.

**14. SUBSEQUENT EVENT**

- On October 5, 2022, Al Salam Medical Services Company (a subsidiary company) received the final license from the Ministry of Health to operate the hospital, and the hospital was opened and patients were received on October 9, 2022.
- On October 6, 2022, the company's board of directors decided to liquidate investments in equity instruments that are valued at fair value through profit or loss (note 8).

**15. COMPARATIVE FIGURES**

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

**16. INTERIM RESULTS**

The results of operations for the condensed consolidated interim periods may not be considered an accurate indicator of the results of operations for the whole year.

**17. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The condensed consolidated interim financial statements were approved by the board of directors on Rabi AlTHani 12, 1444H corresponding to November 06, 2022.