

Al Azem, Al Sudairy, Al Shaikh & Partners
For Professional Consulting – Member Crowe Global

AYYAN INVESTMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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(SAUDI JOINT STOCK COMPANY)

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FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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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

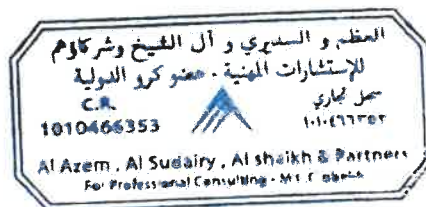
We have reviewed the accompanying condensed consolidated interim statement of financial position of **AYYAN INVESTMENT COMPANY (A Saudi Joint Stock Company)** (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2023, and the related condensed consolidated interim statement of profit on loss and other comprehensive income, changes in shareholders' equity and cash flows for the three 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 IAS 34 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

01 Dhul Qidah 1444H (21 May 2023)
Khobar, Kingdom of Saudi Arabia

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023**

	Note	March 31, 2023 (Unaudited) SR	December 31, 2022 (Audited) SR
ASSETS			
Non-current assets			
Property, plant and equipment, net		1,077,908,477	1,061,689,553
Intangible assets, net		1,043,818	1,156,775
Investments in equity instruments designated at fair value through other comprehensive income	5	121,942,163	121,942,163
Investment in an associate		21,335,108	20,184,068
Investment properties, net		126,447,573	126,500,412
Right-of-use assets, net		61,425,200	64,363,706
Goodwill		2,094,678	2,094,678
Total non-current assets		1,412,197,017	1,397,931,355
Current assets			
Inventories, net		31,612,549	30,171,486
Trade receivables, prepayments and other assets, net		138,723,672	131,090,072
Cash and cash equivalents		86,946,226	77,049,943
Total current assets		257,282,447	238,311,501
TOTAL ASSETS		1,669,479,464	1,636,242,856
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's Equity			
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		(89,624,833)	(42,978,981)
Reserve for acquisition of additional shares in a subsidiary		(122,454,330)	(122,454,330)
Fair value reserve		15,932,210	15,932,210
Reserve for re-measurement of employees' defined benefit obligations		5,608,499	5,608,499
Total equity attributable to shareholder's		689,089,956	735,735,808
Non-controlling interest		8,279,273	8,357,566
TOTAL SHAREHOLDER'S EQUITY		697,369,229	744,093,374
LIABILITIES			
Non-current liabilities			
Long term loans – non-current portion	6	559,170,690	471,282,531
Lease liabilities – non - current portion		62,570,793	65,746,541
Employees' defined benefits obligations		39,272,513	38,958,097
Total non-current liabilities		661,013,996	575,987,169
Current liabilities			
Long term loan – current portion	6	33,253,860	80,809,025
Short term loans	7	121,189,978	117,293,085
Trade payables, accrued expenses and other liabilities		133,961,280	96,063,185
Lease liabilities – current portion		16,058,637	16,114,534
Zakat provision		6,632,484	5,882,484
Total current liabilities		311,096,239	316,162,313
Total liabilities		972,110,235	892,149,482
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		1,669,479,464	1,636,242,856

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 Dhul Qidah 1, 1444H corresponding to May 21, 2023.

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 MONTHS PERIODS ENDED MARCH 31, 2023**

		For the three month period ended March 31	
		2023	2022
		(Unaudited)	(Unaudited)
		SR	SR
	Note		
Revenues, net	10	69,188,130	75,596,202
Cost of revenues		(81,083,913)	(56,468,722)
Gross (loss) profit		(11,895,783)	19,127,480
General and administrative expenses		(27,172,257)	(17,279,591)
Selling and marketing expenses		(1,147,382)	(285,302)
Operating (loss) profit		(40,215,422)	1,562,587
Finance cost		(10,209,985)	(839,341)
Dividends income		470,833	648,711
Share of result of an associate		1,151,040	2,192,864
Realised gain on investments at fair value through profit or loss		-	171,723
Unrealised gain on investments at fair value through profit or loss		-	9,500,303
Other income		2,829,389	1,859,561
Net (loss) income for the period before zakat		(45,974,145)	15,096,408
Zakat		(750,000)	(1,478,652)
Net (loss) income for the period		(46,724,145)	13,617,756
OTHER COMPREHENSIVE INCOME			
<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		-	-
Other comprehensive income		-	-
Total comprehensive (loss) income for the Period		(46,724,145)	13,617,756
Net (loss) income for the period attributable to:			
Shareholders		(46,645,852)	13,415,862
Non-controlling interest		(78,293)	201,894
Net (loss) income for the period		(46,724,145)	13,617,756
Total comprehensive (loss) income attributable to:			
Shareholders		(46,645,852)	13,415,862
Non-controlling interest		(78,293)	201,894
Total comprehensive (loss) income for the period		(46,724,145)	13,617,756
Earnings per share			
Earnings per share of net (loss) income for the period	8	(0.58)	0.17
Earnings per share of total comprehensive (loss) income for the period	8	(0.58)	0.17
Number of outstanding Shares		80,636,328	80,636,328

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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	Share Capital	Share premium	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, 2022 (audited)	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 income for the period	-	-	-	13,415,862	-	-	-	13,415,862	201,894	13,617,756
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	13,415,862	-	-	-	13,415,862	201,894	13,617,756
Balance as at March 31, 2022 (unaudited)	806,363,280	65,478,995	7,786,135	15,204,617	(122,454,330)	42,450,437	7,245,223	822,074,357	8,445,562	830,519,919
Balance as at January 1, 2023(audited)	806,363,280	65,478,995	7,786,135	(42,978,981)	(122,454,330)	15,932,210	5,608,499	735,735,808	8,357,566	744,093,374
Net loss for the period	-	-	-	(46,645,852)	-	-	-	(46,645,852)	(78,293)	(46,724,145)
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(46,645,852)	-	-	-	(46,645,852)	(78,293)	(46,724,145)
Balance as at March 31, 2023(unaudited)	806,363,280	65,478,995	7,786,135	(89,624,833)	(122,454,330)	15,932,210	5,608,499	689,089,956	8,279,273	697,369,229

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 Dhul Qidah 1, 1444H corresponding to May 21, 2023.


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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023**

	For the three month period ended	
	March 31, 2023	March 31, 2022
	(Unaudited)	(Unaudited)
	SR	SR
OPERATING ACTIVITIES		
Net (loss) income for the period before zakat	(45,974,145)	15,096,408
<i>Adjustments for:</i>		
Depreciation	5,846,137	4,001,849
Gain from disposal of property, plant and equipment	(78,227)	(2,677)
Depreciation of right of use	2,938,506	242,062
Amortization of intangible assets	112,957	91,594
Realised gain on investments at fair value through profit or loss	-	(171,723)
Unrealised gain on investments at fair value through profit or loss	-	(9,500,303)
Share of result of associate	(1,151,040)	(2,192,864)
Dividends income	(470,833)	(648,711)
Finance cost	10,209,985	839,341
Impairment recognized on trade receivables	-	1,146,411
Employees' defined benefits obligations	2,513,940	1,496,500
	(26,052,720)	10,397,887
Changes in operating assets and liabilities:		
Trade receivables, prepayments and other assets	(7,633,600)	7,884,674
Inventories	(1,441,063)	2,991,752
Trade payables, accrued expenses and other liabilities	37,898,095	2,400,684
Cash provided by operations	2,770,712	23,674,997
Zakat Paid	-	(3,865,952)
Employees' defined benefits obligations paid	(2,199,524)	(2,042,773)
Net cash provided by operating activities	571,188	17,766,272
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(22,024,685)	(28,610,340)
Proceeds from disposal of property, plant and equipment	90,692	86,880
Cash dividends received	470,833	648,711
Purchase of investments at fair value through profit or loss	-	(2,656,593)
Proceeds from sale of investments at fair value through profit or loss	-	2,483,342
Net cash used in investing activities	(21,463,160)	(28,048,000)
FINANCING ACTIVITIES		
Lease liabilities, net	(3,317,262)	(1,680,533)
Repayment of loans	(77,739,701)	(15,115,143)
Proceeds from Loans	111,845,218	52,554,352
Net cash provided by financing activities	30,788,255	35,758,676
Net change in cash and cash equivalents	9,896,283	25,476,948
Cash and cash equivalent as at 1 January	77,049,943	29,491,626
Cash and cash equivalents as at March 31	86,946,226	54,968,574
NON-CASH TRANSACTIONS		
Borrowing cost capitalized	-	5,231,985

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 Dhul Qidah 1, 1444H corresponding to May 21, 2023.


Ahmed Ibrahim
Finance Manager


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CEO


Faisal Abdullah 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 THREE MONTHS PERIODS ENDED MARCH 31, 2023**

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 March 31, 2023, 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:

Company	Legal Form	Incorporation Country	Effective ownership	
			2023	2022
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. 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 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 three months period ended March 31, 2023 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, 2022, 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, 2022.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2023**

2. BASIS OF PREPARATION(Continued)

2.2 Statement of compliance (Continued)

The current liabilities of the Company have exceeded its current assets by 53.8 million Saudi riyals as at March 31, 2023 (December 31, 2022: 77.9 Million Saudi riyals). The Company is currently in negotiations with a commercial bank for additional facilities to finance its working capital requirements. Management of the Company believes that it would be successful in obtaining additional facilities in the near future as required. And also if required the company will sale one of its investments from investment properties and investment in equity instruments designated at fair value through other comprehensive income to cover this issue. Accordingly, the financial statements have been prepared assuming that the Company will continue as a going concern.

2.3 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.

2.4 Functional and presentation currency

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

2.5 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, 2022.

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 2022.

New Standards and amendments

No new standards have been issued. However, a number of amendments to the standards became effective from January 1, 2023, 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.

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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2023**

4. BASIS OF CONSOLIDATION (Continued)

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

			March 31, 203 (Unaudited)	December 31, 2022 (Audited)
			SR	SR
Unquoted in the Saudi stock market			121,942,163	121,942,163
	Ownership %			
	March 31, 2023	December 31, 2022	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
			SR	SR
Industrialization and Energy Services Co. TAQA	0.95	0.95	80,356,290	80,356,290
Taleem Investment Co. Ltd	12.78	12.78	19,200,341	19,200,341
Arab Paper Manufacturing Co. (Warq)	4.74	4.74	20,695,393	20,695,393
Al Ahsa Tourism & Leisure Co.	7.57	7.57	1,690,139	1,690,139
Arab Company for Industrial Fibers (Ibn Rushd)	0.42	0.42	-	-
			121,942,163	121,942,163

The above investments were valued 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 December 31, 2022. The guideline publicly-traded comparable 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 discounted cash flows method is used. The valuation techniques used in current year are consistent with those used in last year for investment valuation.

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Balance as at January 1	121,942,163	148,460,390
Change in fair value	-	(26,518,227)
Closing balance	121,942,163	121,942,163

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2023

6. LONG TERM LOANS

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Loan from commercial bank - ASMSC (Note 6.1)	425,554,025	407,404,748
Loan from Ministry of Finance - ASMSC (Note 6.2)	124,199,895	99,624,458
Loan from commercial bank – AMSC (Note 6.3)	42,670,630	45,062,350
	592,424,550	552,091,556

6.1 -This loans belong to the subsidiary ASMSC (Al Salam medical services company) 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, long term loan facility amounting to SR 163.43 million and medium term loan facility amounting to SR 122.16 million. During the year 2021, the Company capitalized interest amounting to SR 2.7 million, related to this loan, in capital work in progress . This complete loan has been paid by the Company during the year ended December 31, 2021.

During the year 2021, the company has changed its financing arrangement and obtained a new facility with a new commercial bank, whereby the purpose of financing is to pay outstanding obligations of previous commercial bank, financing the remaining cost of completing the hospital construction, and any other entitlements. During the year 2021, the company obtained loan amounting SR 443.2 million from this facility, out of which SR 116 million is a medium term flexible murabaha loan and SR 327.2 million is long term flexible Murabaha loan. 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 land of the Holding Company and the Company’s property, and pledge over Holding Company’s interest in Al Ahsa medical services company (related party). The facilities agreement contains certain financial and non-financial covenants. During the year 2022, the Company capitalized interest amounting to SR 24.58 million, related to these loans, in capital work in progress.

During the period ending on March 31, 2023, the company obtained an amount of 49.9 million Saudi riyals from credit facilities, and the company paid an amount of 39.6 million Saudi riyals, of which 5.2 million riyals was paid by the company from the accrued interest.

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
<u>Principal amount</u>		
Opening balance	406,331,695	443,202,642
Loan obtained	49,999,700	32,797,178
Loam paid	(34,396,875)	(69,668,125)
Total loans	421,934,520	406,331,695
Accrued interest	7,043,837	4,497,385
Advance service charges	(3,424,332)	(3,424,332)
Net long term loan payable	425,554,025	407,404,748

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
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6. LONG TERM LOANS (Continued)

6.2 -During year 2018, ASMSC (Al Salam medical services company) 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 amounting to SR 15.9 million from the same facility from 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 2022, the Company obtained an additional interest free loan amounting to SR 69.67 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 46.77 million. The difference between loan received and its present value amounting to SR 22.9 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 2022, the Company capitalized interest amounting to SR 2.9 million (2021: 2.8 million), related to this loan, in capital work in progress.

During the period ending on March 31, 2023 the Company obtained an additional interest free loan amounting to SR 34.3 million from the same facility from Ministry of Finance, with same terms of loan, having net present value of SR 23.3 million. The difference between loan received and its present value amounting to SR 11 million was recorded as governmental grant as a reduction to property and equipment.

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Opening balance	99,624,458	49,918,190
Loan obtained	23,340,537	46,769,213
Interest for the year	1,234,900	2,937,055
Closing balance	124,199,895	99,624,458

6.3 - During year 2022 AMSC obtained a long term loans from commercial bank amounting to SR 50 million. As per the agreement, the loan is secured by pledge on collection against services of the Company. The outstanding balance is repayable till first quarter of 2027, These borrowings facility agreements are subject to certain financial and non-financial covenants. The Company is complying with all the covenants.

During the period ending on March 31, 2023, the company repaid an amount of 2.5 million Saudi riyals from the long-term loan.

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Current portion	33,253,860	80,809,025
Non-current portion	559,170,690	471,282,531
	592,424,550	552,091,556

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7. SHORT TERM LOANS

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Short term loan - AMSC (7-1)	51,090,164	50,283,253
Short term loan - AFIC (7-2)	5,100,204	2,010,222
Short term loan - ASMSC (7-3)	64,999,610	64,999,610
	121,189,978	117,293,085

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. and during the year 2022 the company paid the full amount of short term loan amounted SR 10,349,015, During the year 2022 the Company obtained a short-term loan from commercial bank amounting to SR 20 million. And Also during the year 2022, the Company signed a loan agreement with another commercial bank amounting to SR 30 million to finance operations for the Company, these borrowings facility agreements are subject to certain financial and non-financial covenants. The Company is complying with all the covenants. During the period ending on March 31, 2023, the company repaid an amount of 10 million Saudi riyals and also obtained a short-term loan of 10 million Saudi riyals.

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, the balance of the loan amounted to SR 2 million as of December 31, 2022 (2021: SR 4.5 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 ending on March 31, 2023, the company obtained 3 million Saudi riyals from the facility.

7-3 This loan belongs to the subsidiary ASMSC (Al Salam medical services company), During the year 2022, the company obtained loan amounting SR 65 million from local bank is a short term facility.

8. EARNINGS PER SHARE

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

	For the three-months period ended March 31	
	2023 (Unaudited)	2022 (Unaudited)
	SR	SR
Net (loss) income for the period attributable to shareholders	(46,645,852)	13,415,862
Weighted average number of shares	80,636,328	80,636,328
Earnings per share from net (loss) income for the period	(0.58)	0.17

	2023 (Unaudited)	2022 (Unaudited)
	SR	SR
Total comprehensive (loss) income for the period attributable to shareholders	(46,645,852)	13,415,862
Weighted average number of shares	80,636,328	80,636,328
Earnings per share from the total comprehensive (loss) income for the period	(0.58)	0.17

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9. 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:

Related Party	Nature of transaction	March 31, 2023 (Un-audited)	March 31, 2022 (Un-audited)
- Board of directors (BOD)	BOD remunerations and meeting expenses	48,000	27,000
- Key management staff	Salaries and benefits	606,329	526,389
- Al-Othman Holding Company	Purchases	2,000,559	-
- Al-Othman Holding Company	Financing	37,169,825	-

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 are summarized in accordance with the main activities as follows:

	Manufacturing Sector	Medical Services Sector	Investment Sector	Total
March 31, 2023	SR	SR	SR	SR
Property, Plant & Equipment	4,894,387	1,072,509,028	505,062	1,077,908,477
Total Assets	20,591,194	1,407,314,040	241,574,230	1,669,479,464
Total Liabilities	8,910,270	957,471,476	5,728,489	972,110,235
December 31, 2022				
Property, Plant & Equipment	5,076,290	1,056,069,876	543,387	1,061,689,553
Total Assets	17,388,358	1,372,893,976	245,960,522	1,636,242,856
Total Liabilities	6,386,374	879,826,014	5,937,094	892,149,482

The following table summarizes the financial information disaggregated by business segments for the three months' periods ending March 31, 2023 and March 31, 2022:

	Manufacturing Sector	Medical Services Sector	Investment Sector	Total
March 31, 2023	SR	SR	SR	SR
Revenues, net	6,522,640	62,665,490	-	69,188,130
Net income (loss)	1,090,392	(48,479,388)	664,851	(46,724,145)
March 31, 2022				
Revenues, net	5,586,922	70,009,280	-	75,596,202
Net income	1,063,810	2,330,598	10,223,348	13,617,756

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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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Financial assets at fair value		
Investments in equity instruments at fair value through profit or loss	-	-
Investments in equity instruments designated at fair value through other comprehensive income	121,942,163	121,942,163
	121,942,163	121,942,163
Financial assets at amortized cost		
Trade receivables and other assets	136,947,069	112,951,176
Cash and cash equivalent	86,946,226	77,049,943
	223,893,295	190,001,119
Total of financial assets	345,835,458	311,943,282
Financial liabilities at amortized cost		
Trade payables, accrued expenses and other liabilities	89,326,707	91,673,054
Short term loans	121,189,978	117,293,085
Long term loans	592,424,550	552,091,556
	802,941,235	761,057,695

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:

	March 31, 2023 (Unaudited)			
	Level 1 (SR)	Level 2 (SR)	Level 3 (SR)	Total (SR)
Instruments at fair value through profit or loss	-	-	-	-
Instruments designated at fair value through other comprehensive income	-	-	121,942,163	121,942,163
	-	-	121,942,163	121,942,163
	December 31, 2022 (Audited)			
	Level 1 (SR)	Level 2 (SR)	Level 3 (SR)	Total (SR)
Instruments at fair value through profit or loss	-	-	-	-
Instruments at fair value through other comprehensive income	-	-	121,942,163	121,942,163
	-	-	121,942,163	121,942,163

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:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Trade receivables and other assets	136,947,069	112,951,176
Cash and cash equivalents	86,946,226	77,049,943
	223,893,295	190,001,119

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.

		March 31, 2023 (unaudited)			
		Total undiscounted amounts			
Book value	SR	Contractual cash flow	Upon request or less than 1 year	From 2 to 5 years	More than 5 years
		SR	SR	SR	SR
Financial liabilities at amortized cost					
Trade payables, accrued expenses and other liabilities	89,326,707	89,326,707	89,326,707	-	-
Lease liability	78,629,430	89,906,591	15,323,070	70,361,605	4,221,916
Loans	713,614,528	964,149,752	154,443,838	384,248,519	425,457,395
	881,570,665	1,143,383,050	259,093,615	454,610,124	429,679,311

		December 31, 2022 (audited)			
		Total undiscounted amounts			
Book value	SR	Contractual cash flow	Upon request or less than 1 year	From 2 to 5 years	More than 5 years
		SR	SR	SR	SR
Financial liabilities at amortized cost					
Trade payables, accrued expenses and other liabilities	96,063,185	96,063,185	96,063,185	-	-
Lease liability	81,861,075	90,262,763	15,332,801	60,129,717	14,800,245
Loans	669,384,641	929,752,877	235,154,395	373,948,519	320,649,963
	847,308,901	1,116,078,825	346,550,381	434,078,236	335,450,208

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.

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11. 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

12. CAPITAL COMMITMENTS AND OBLIGATIONS

As of March 31, 2023 the Group has a capital commitment related to the construction of a hospital for Al-Salam Medical Services Company, amounting to 13 million Saudi riyals (December 31, 2022: 13 Million Saudi riyals).

13. SUBSEQUENT EVENT

In the opinion of management, there were no significant subsequent events after March 31, 2023 and up to the date of approval of the interim condensed financial statements by the Board of Directors which may have a material impact on the interim condensed financial statements as of March 31, 2023.

14. COMPARATIVE FIGURES

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

15. 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.

16. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved by the board of directors on Dhul Qidah 1, 1444H corresponding to May 21, 2023.