

**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, 2022**



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

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(SAUDI JOINT STOCK COMPANY)

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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, 2022, 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.



**AlAzem, AlSudairy, AlShaikh & Partners
for Professional Consulting**

**Salman B. AlSudairy
License No. 283**

18 Shawwal 1443H (19 May 2022)
Khobar, Kingdom of Saudi Arabia

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

	Note	March 31, 2022 (Unaudited) SR	December 31, 2021 (Audited) SR
ASSETS			
Non-current assets			
Property, plant and equipment, net		1,025,380,963	995,578,772
Intangible assets, net		1,522,552	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		17,620,363	15,427,499
Investment properties, net		123,941,993	123,987,912
Right-of-use assets, net		2,954,913	3,196,975
Goodwill		2,094,678	2,094,678
Total non-current assets		1,321,975,852	1,290,360,372
Current assets			
Inventories, net		18,511,749	21,503,501
Trade receivables, prepayments and other assets, net		109,331,290	118,446,037
Investment in equity instruments designated at fair value through profit or loss	8	67,447,190	57,601,912
Cash and cash equivalents		54,968,574	29,491,626
Total current assets		250,258,803	227,043,076
TOTAL ASSETS		1,572,234,655	1,517,403,448
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
Retained earnings		15,204,617	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
Total equity attributable to shareholder's		822,074,357	808,658,495
Non-controlling interest		8,445,562	8,243,668
TOTAL SHAREHOLDER'S EQUITY		830,519,919	816,902,163
LIABILITIES			
Non-current liabilities			
Long term loans – non-current portion	6	543,795,873	491,127,918
Lease liabilities – non - current portion		53,959,039	57,067,144
Employees' defined benefits obligations		37,052,325	37,598,597
Total non-current liabilities		634,807,237	585,793,659
Current liabilities			
Long term loan – current portion	6	1,991,280	-
Short term loans	7	2,989,330	14,876,073
Trade payables, accrued expenses and other liabilities		85,364,345	82,941,400
Lease liabilities – current portion		13,425,062	11,365,371
Zakat provision		3,137,482	5,524,782
Total current liabilities		106,907,499	114,707,626
Total liabilities		741,714,736	700,501,285
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		1,572,234,655	1,517,403,448

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 Shawwal 18, 1443H corresponding to May 19, 2022.


Ahmed Ibrahim
Finance Manager


Raed Mohamed alnaeem
CEO


Abdulrahman Balghunaim
Chairman

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2022

	Note	For the three month period ended March 31	
		2022	2021
		(Unaudited) SR	(Unaudited) SR
Revenues, net	11	75,596,202	72,533,206
Cost of revenues		(56,468,722)	(51,082,479)
Gross profit		19,127,480	21,450,727
General and administrative expenses		(17,279,591)	(19,373,775)
Selling and marketing expenses		(285,302)	(205,467)
Operating profit		1,562,587	1,871,485
Finance cost		(839,341)	(784,739)
Dividends income		648,711	424,486
Share of result of an associate		2,192,864	(531,827)
Realised gain on investments at fair value through profit or loss	8	171,723	95,342
Unrealised gain on investments at fair value through profit or loss	8	9,500,303	6,845,157
Other income		1,859,561	1,702,233
Net income for the period before zakat		15,096,408	9,622,137
Zakat		(1,478,652)	(1,100,000)
Net income for the period		13,617,756	8,522,137
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 income for the Period		13,617,756	8,522,137
Net income for the period attributable to:			
Shareholders		13,415,862	7,366,484
Non-controlling interest		201,894	1,155,653
Net income for the period		13,617,756	8,522,137
Total comprehensive income attributable to:			
Shareholders		13,415,862	7,366,484
Non-controlling interest		201,894	1,155,653
Total comprehensive income for the period		13,617,756	8,522,137
Earnings per share			
Earnings per share of net income for the period	9	0.17	0.10
Earnings per share of total comprehensive loss for the period	9	0.17	0.10
Number of outstanding Shares		80,636,328	73,732,069

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

	Share Capital	Share premium/discount	Statutory reserve	Retained earnings	Reserve for acquisition of additional shares in a subsidiary	Fair value reserve	Reserve for re-measurement of employees' defined benefit obligations	Total equity attributable to shareholders of the Company	Non-controlling interest	Total equity
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Balance as at January 1, 2021 (audited)	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	-	-	-	7,366,484	-	-	-	7,366,484	1,155,653	8,522,137
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	7,366,484	-	-	-	7,366,484	1,155,653	8,522,137
Balance as at March 31, 2021 (unaudited)	737,320,690	(10,882,110)	7,356,704	6,787,138	(33,332,212)	44,218,474	6,701,273	758,169,957	69,355,918	827,525,875
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

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 Shawwal 18, 1443H corresponding to May 19, 2022.


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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2022

	For the three month period ended	
	March 31, 2022 (Unaudited) SR	March 31, 2021 (Unaudited) SR
OPERATING ACTIVITIES		
Net income for the period before zakat	15,096,408	9,622,137
<i>Adjustments for:</i>		
Depreciation	4,001,849	3,969,161
Gain from disposal of property, plant and equipment	(2,677)	(15,312)
Depreciation of right of use	242,062	161,483
Amortization of intangible assets	91,594	45,919
Realised gain on investments at fair value through profit or loss	(171,723)	(95,342)
Unrealised gain on investments at fair value through profit or loss	(9,500,303)	(6,845,157)
Share of result of associate	(2,192,864)	531,827
Dividends income	(648,711)	(424,486)
Finance cost	839,341	784,739
Provision for slow moving inventory	-	90,000
Impairment recognized on trade receivables	1,146,411	4,217,793
Employees' defined benefits obligations	1,496,500	1,770,863
	10,397,887	13,813,625
Changes in operating assets and liabilities:		
Trade receivables, prepayments and other assets	7,884,674	(16,255,801)
Inventories	2,991,752	623,606
Trade payables, accrued expenses and other liabilities	2,400,684	(9,201,579)
Cash provided by (used in) operations	23,674,997	(11,020,149)
Zakat Paid	(3,865,952)	(700,725)
Employees' defined benefits obligations paid	(2,042,773)	(968,165)
Net cash provided by (used in) operating activities	17,766,272	(12,689,039)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(28,610,340)	(34,851,330)
Proceeds from disposal of property, plant and equipment	86,880	105,000
Cash dividends received	648,711	424,486
Purchase of investments at fair value through profit or loss	(2,656,593)	(3,711,046)
Proceeds from sale of investments at fair value through profit or loss	2,483,342	5,245,693
Net cash used in investing activities	(28,048,000)	(32,787,197)
FINANCING ACTIVITIES		
Lease liabilities, net	(1,680,533)	13,455,510
Due to related parties	-	40,714,570
Repayment of loans	(15,115,143)	(12,386,491)
Proceeds from Loans	52,554,352	11,615,470
Net cash provided by financing activities	35,758,676	53,399,059
Net change in cash and cash equivalents	25,476,948	7,922,823
Cash and cash equivalent as at 1 January	29,491,626	3,453,564
Cash and cash equivalents as at March 31	54,968,574	11,376,387
NON-CASH TRANSACTIONS		
Borrowing cost capitalized	5,231,985	-

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Finance Manager

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CEO

Abdulrahman Balghunaim
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, 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 March 31, 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:

Company	Legal Form	Incorporation Country	Effective ownership	
			2022	2021
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 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 three months period ended March 31, 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 THREE MONTHS PERIODS ENDED MARCH 31, 2022**

2. BASIS OF PREPARATION(Continued)

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.

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS – (Continued)
FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2022

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

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

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

6. LONG TERM LOANS

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Loan from commercial bank (Note 6.1)	475,179,326	441,209,728
Loan from Ministry of Finance (Note 6.2)	60,579,077	49,918,190
Loan from commercial bank (Note 6.3)	10,028,750	-
	545,787,153	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 ,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 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 year 2021, the company capitalized interest amounting to SR 9.55 million, related to these loans, in capital work in progress.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS – (Continued)
FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2022

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

During the period ending on March 31, 2022, the company has withdrawn an amount of 32 million Saudi riyals from the credit facilities, the company capitalized interest amounting to SR 5.2 million, related to these loans, in capital work in progress

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
<u>Principal amount</u>		
Opening balance	443,202,642	177,398,368
Loan obtained	32,301,862	443,202,642
Loam paid / settled	(2,155,852)	(177,398,368)
Total loans	473,348,652	443,202,642
Accrued interest	5,614,345	1,841,036
Advance service charges	(3,783,671)	(3,833,950)
Net long term loan payable	475,179,326	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, the company obtained an additional interest-free loan of 15.1 million Saudi riyals from the same facility from the Ministry of Finance on the same terms, with a net amount of 10.1 million Saudi riyals. The difference between the loan received and its present value of SAR 5 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:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Opening balance	49,918,190	44,743,889
Loan obtained	10,112,619	2,323,103
Interest for the year (capitalized)	548,268	2,851,198
Closing balance	60,579,077	49,918,190

6.3 - During the period, 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 10 million Saudi riyals.

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Current portion	1,991,280	-
Non-current portion	543,795,873	491,127,918
	545,787,153	491,127,918

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FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2022

7. SHORT TERM LOANS

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Short term loan (7-1)	-	10,349,015
Short term loan (7-2)	2,989,330	4,527,058
	2,989,330	14,876,073

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

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 one million Saudi riyals and paid 2.5 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:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Opening balance	57,601,912	53,286,250
Additions	2,656,593	9,990,310
Disposal	(2,311,618)	(16,098,944)
Gain on fair value measurement, net	9,500,303	10,424,296
Closing balance	67,447,190	57,601,912

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:

	For the three-months period ended March 31	
	2022 (Unaudited)	2021 (Unaudited)
	SR	SR
Net income for the period attributable to shareholders	13,415,862	7,366,484
Weighted average number of shares	80,636,328	73,732,069
Earnings per share from net income for the period	0.17	0.10
	2022 (Unaudited)	2021 (Unaudited)
	SR	SR
Total comprehensive income for the period attributable to shareholders	13,415,862	7,366,484
Weighted average number of shares	80,636,328	73,732,069
Earnings per share from the total comprehensive income for the period	0.17	0.10

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS – (Continued)
FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2022**

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:

<u>Related Party</u>	<u>Nature of transaction</u>	<u>March 31, 2022</u> <u>(Un-audited)</u>	<u>March 31, 2021</u> <u>(Un-audited)</u>
- Board of directors (BOD)	BOD remunerations and meeting expenses	27,000	57,000
- Key management staff	Salaries and benefits	526,389	803,876
- Al-Othman Holding Company.	Financing	-	40,938,297
- Al-Othman Agricultural Company (NADA)	Purchases	-	(258,008)
	Sales	-	29,922

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>
March 31, 2022	SR	SR	SR	SR
Property, Plant & Equipment	4,608,933	1,020,112,849	659,181	1,025,380,963
Total Assets	16,863,080	1,198,579,651	356,791,924	1,572,234,655
Total Liabilities	6,443,050	728,822,981	6,448,705	741,714,736
December 31, 2021				
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 March 31, 2022 and March 31, 2021:

	<u>Manufacturing Sector</u>	<u>Medical Services Sector</u>	<u>Investment Sector</u>	<u>Total</u>
March 31, 2022	SR	SR	SR	SR
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
March 31, 2021				
Revenues, net	4,953,628	67,579,578	-	72,533,206
Net income	1,065,300	2,734,266	4,722,571	8,522,137

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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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Financial assets at fair value		
Investments in equity instruments at fair value through profit or loss	67,447,190	57,601,912
Investments in equity instruments designated at fair value through other comprehensive income	148,460,390	148,460,390
	215,907,580	206,062,302
Financial assets at amortized cost		
Trade receivables and other assets	86,339,860	102,913,308
Cash and cash equivalent	54,968,574	29,491,626
	141,308,434	132,404,934
Total of financial assets	357,216,014	338,467,236
Financial liabilities at amortized cost		
Trade payables, accrued expenses and other liabilities	85,364,345	82,941,400
Short term loans	2,989,330	14,876,073
Long term loans	545,787,153	491,127,918
	634,140,828	588,945,391

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).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS – (Continued)
FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2022

12. **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, 2022 (Unaudited)			Total (SR)
	Level 1 (SR)	Level 2 (SR)	Level 3 (SR)	
Instruments at fair value through profit or loss Instruments designated at fair value through other comprehensive income	67,447,190	-	-	67,447,190
	-	-	148,460,390	148,460,390
	<u>67,447,190</u>	<u>-</u>	<u>148,460,390</u>	<u>215,907,580</u>
	December 31, 2021 (Audited)			Total (SR)
	Level 1 (SR)	Level 2 (SR)	Level 3 (SR)	
Instruments at fair value through profit or loss Instruments at fair value through other comprehensive income	57,601,912	-	-	57,601,912
	-	-	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.

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, 2022 (Unaudited)	December 31, 2021 (Audited)
	SR	SR
Trade receivables and other assets	86,339,860	102,913,308
Cash and cash equivalents	54,968,574	29,491,626
	<u>141,308,434</u>	<u>132,404,934</u>

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

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

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

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

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12. 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, 2022 (unaudited)			
	Total undiscounted amounts			
	Book value	Upon request or less than 1 year	From 1 to 5 years	More than 5 years
SR	SR	SR	SR	
Financial liabilities at amortized cost				
Trade payables, accrued expenses and other liabilities	85,364,345	85,364,345	-	-
Short term loans	2,989,330	2,989,330	-	-
Long term loans	545,787,153	-	313,593,639	232,193,514
	634,140,828	88,353,675	313,593,639	232,193,514
	December 31, 2021 (audited)			
	Total undiscounted amounts			
	Book value	Upon request or less than 1 year	From 1 to 5 years	More than 5 years
	SR	SR	SR	SR
Financial liabilities at amortized cost				
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
	588,945,391	97,817,473	273,977,751	217,150,167

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

Market risk

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

Foreign currency risk management

Foreign currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future business transactions and recognized assets and liabilities are denominated in currencies different from the Group's currency. The Group's exposure to foreign exchange risk is primarily limited to transactions in US Dollars. 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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
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13. CAPITAL COMMITMENTS AND OBLIGATIONS

As of March 31, 2022 the Group has a capital commitment related to the construction of a hospital for Al-Salam Medical Services Company, amounting to SR 38 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 0.33 million 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. SIGNIFICANT EVENT

The impact of COVID-19 on the condensed consolidated interim financial statements for the period ending March 31, 2022. With reference to the current events of the Corona pandemic and the precautionary measures taken by the official authorities, which had some negative impact on the group's business. Since the beginning of the crisis, the management of the company has been continuously following up on developments and taking the necessary measures and measures to confront that crisis and reduce its effects on the group and its work, including the support provided by the government to the group to counter these effects.

15. SUBSEQUENT EVENT

In the opinion of management, there were no significant subsequent events after March 31, 2022 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, 2022.

16. COMPARATIVE FIGURES

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

17. 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.

18. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved by the board of directors on Shawwal 18, 1443H corresponding to May 19, 2022.