

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)**

**FOR THE THREE-MONTH AND NINE-MONTH
PERIODS ENDED 30 SEPTEMBER 2022 AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

Anaam International Holding Group Company (A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the shareholders of
Anaam International Holding Group Company
(A Saudi Joint Stock Company)
Jeddah, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Anaam International Holding Group Company, a Saudi Joint Stock Company ("the Company" or "the Parent Company") and its Subsidiaries (collectively referred to as "the Group") as at 30 September 2022, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the interim condensed consolidated statement of changes in shareholders' equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes from 1 to 20. Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standards 34 - "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements consists of making inquiries, primarily to the 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.

Emphasis of matters

We would like to draw attention to the following:

1. As stated in note 4 to the accompanying interim condensed consolidated financial statements, the property, plant, and equipment includes land and building amounting to SR 14 million for which the ownership is not registered in the name of the Group.
2. As stated in note 5 to the accompanying interim condensed consolidated financial statements, the investment property includes land amounting to cost SR 16.8 million of which the ownership is not registered in the name of the Group.

Our conclusion is not modified in respect of these matters.

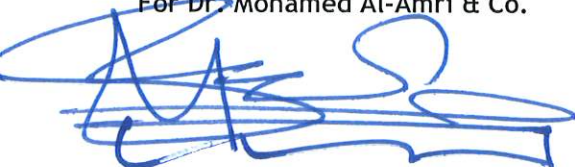
Other matter

The interim condensed consolidated financial statements of the Group for the three-month and nine-month periods ended 30 September 2021 have been reviewed by another auditor who has issued an unmodified conclusion on those interim condensed consolidated financial statements on 21 November 2021 and the consolidated financial statements for the year ended 31 December 2021 have been audited by the same auditor who has expressed unqualified audit opinion on those consolidated financial statements on 31 March 2022.

Conclusion

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

For Dr. Mohamed Al-Amri & Co.



Maher Al-Khatieb
Certified Public Accountant
Registration No. 514



22/04/1444 (H)
16/11/2022(G)

ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

		30 September 2022 Unaudited	31 December 2021 Unaudited (Restated, Note 19)
	Note	SR	SR
ASSETS			
Non-current assets			
Property, plant and equipment, net	4	61,745,704	59,664,600
Investment properties	5	452,314,000	88,611,500
Goodwill	6	10,380,711	4,990,711
Long term investments	7	3,951,250	3,951,250
Intangible assets, net		281,136	493,023
Total non-current assets		528,672,801	157,711,084
Current assets			
Short term investments	8	57,985,364	-
Prepayments and other receivables		5,300,442	16,176,428
Due from related parties	16.1	8,925,615	-
Inventories, net		3,033,779	509,263
Trade receivables, net	9	6,784,480	1,317,006
Cash and cash equivalents	10	29,894,222	95,393,009
Total current assets		111,923,902	113,395,706
TOTAL ASSETS		640,596,703	271,106,790
EQUITY AND LIABILITIES			
Equity			
Share capital	11	315,000,000	105,000,000
Retained earnings		872,125	2,955,809
Equity attributable to the owners of the Parent Company		315,872,125	107,955,809
Non-controlling interests		5,633,567	7,343,581
Total equity		321,505,692	115,299,390
Non-current liabilities			
Long term loans - non-current portion	12	155,274,812	-
Employees' end-of service benefits		2,560,408	2,300,809
Total non-current liabilities		157,835,220	2,300,809
Current liabilities			
Trade accounts payable		2,290,339	1,298,833
Accrued expenses and other payables		15,713,996	13,667,513
Dividends and due to shareholders		14,108,900	12,979,359
Due to related parties	16.2	12,115,374	3,528,354
Long term loans - current portion	12	16,403,471	15,105,254
Provision for Zakat		100,623,711	106,927,278
Total current liabilities		161,255,791	153,506,591
Total liabilities		319,091,011	155,807,400
TOTAL EQUITY AND LIABILITIES		640,596,703	271,106,790

The attached notes 1 to 20 form an integral part of these unaudited interim condensed consolidated financial statements.



ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022	2021 (Restated, Note 19)	2022	2021 (Restated, Note 19)
	SR	SR	SR	SR
<i>Note</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Revenue	10,605,504	1,943,472	17,794,119	5,845,582
Cost of revenue	(4,433,403)	(1,242,331)	(11,147,750)	(3,817,087)
Gross profit	6,172,101	701,141	6,646,369	2,028,495
Selling and marketing expenses	(664,705)	(95,114)	(1,450,546)	(269,275)
General and administrative expenses	(4,522,841)	(3,821,788)	(12,554,724)	(10,245,731)
Profit / (loss) from operations	984,555	(3,215,761)	(7,358,901)	(8,486,511)
Fair value gain on FVTPL investments	1,422,385	-	2,128,290	-
Financial charges	(2,422,377)	-	(2,599,695)	-
Fair value gain on investment properties	6,752,500	250,000	14,552,500	3,046,100
Dividends	330,201	-	755,836	-
Other income	101,246	379,037	1,270,772	394,337
Profit / (loss) before zakat	7,168,510	(2,586,724)	8,748,802	(5,046,074)
Zakat	-	-	-	-
Profit / (loss) after zakat from continuing operations	7,168,510	(2,586,724)	8,748,802	(5,046,074)
Profit on discontinuing operations - net of zakat	-	24,571,866	-	25,211,705
Profit for the period	7,168,510	21,985,142	8,748,802	20,165,631
Other comprehensive income:				
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Re-measurement on employee benefits' liabilities	-	-	-	-
Total comprehensive income for the period	7,168,510	21,985,142	8,748,802	20,165,631
Profit for the period:				
<i>Attributable to:</i>				
Owners of the Parent Company	8,111,381	21,985,142	10,998,816	20,165,631
Non-controlling interests	(942,871)	-	(2,250,014)	-
	7,168,510	21,985,142	8,748,802	20,165,631
Total comprehensive income for the period attributable to:				
Owners of the Parent Company	8,111,381	21,985,142	10,998,816	20,165,631
Non-controlling interests	(942,871)	-	(2,250,014)	-
	7,168,510	21,985,142	8,748,802	20,165,631
Earnings per share				
Basic and diluted earnings per share attributable to owners of the Parent Company	13	0.26	1.49	0.52
				1.37

The attached notes 1 to 20 form an integral part of these unaudited interim condensed consolidated financial statements.



**ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	Attributable to the owners of the parent			Non-controlling interest	Total Equity
	Note	Share Capital	Accumulated (loss) / profit		
Balance as at 1 January 2021		105,000,000	(16,054,747)	-	88,945,253
Effect of change in accounting policy (*)	19	-	14,530,484	-	14,530,484
Balance as at 01 January 2021 (Restated)		105,000,000	(1,524,263)	-	103,475,737
Non-controlling interests on acquisition of subsidiary		-	-	8,330,000	8,330,000
Profit for the period (Restated)		-	20,165,631	-	20,165,631
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	20,165,631	-	20,165,631
Balance as at 30 September 2021 (Restated)		105,000,000	18,641,368	8,330,000	131,971,368
Balance as at 1 January 2022		105,000,000	(10,117,086)	7,343,581	102,226,495
Effect of change in accounting policy (*)	19	-	19,812,184	-	19,812,184
Effect of error - impairment loss on goodwill	6/19	-	(6,739,289)	-	(6,739,289)
Balance as at 1 January 2022 (Restated)		105,000,000	2,955,809	7,343,581	115,299,390
Increase in capital		210,000,000	-	-	210,000,000
Capital increase expenses		-	(13,082,500)	540,000	(13,082,500)
Non-controlling interests on acquisition of subsidiary		-	-	540,000	540,000
Profit / (loss) for the period		-	10,998,816	(2,250,014)	8,748,802
Other comprehensive income for the period		-	10,998,816	(2,250,014)	8,748,802
Total comprehensive income / (loss) for the period		-	872,125	5,633,567	321,505,692
Balance as at 30 September 2022		315,000,000	872,125	5,633,567	321,505,692

(*) Refer to note 19 for the impact of change in accounting policy from cost model to fair value model of the investment properties.

The attached notes 1 to 20 form an integral part of these unaudited interim condensed consolidated financial statements.



ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

		For the nine-month period ended 30 September (Unaudited)	
	Note	2022	2021 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before zakat		8,748,802	(5,046,074)
Adjustments for non-cash items:			
Depreciation of property, plant, and equipment	4	2,884,119	3,243,429
Amortization of intangible assets		269,146	261,989
Fair value gain on investment properties		(14,552,500)	(3,046,100)
Profit on sale of property, plant, and equipment		(1,111,254)	-
Profit on discontinuing operations - net of zakat		-	25,211,705
Fair value gain on FVTPL investments		(2,128,290)	-
Finance cost		2,599,695	-
Provision for employees' end of service benefits		544,110	434,629
		<u>(2,746,172)</u>	<u>21,059,578</u>
Changes in operating assets and liabilities			
Inventories		(1,247,784)	1,878,406
Trade receivables		(4,328,912)	453,870
Prepayments and other receivables		11,339,420	(48,264,791)
Due from related parties		(8,925,615)	-
Accrued expenses and other payables		1,815,471	(3,966,843)
Due to related parties		4,007,901	-
Trade accounts payables		757,866	4,348,035
Cash generated from / (used) in operations		<u>3,418,347</u>	<u>(45,551,323)</u>
End of services indemnities paid		(331,486)	(1,643,994)
Finance cost paid		(2,599,695)	-
Zakat		(6,291,330)	-
Net cash used in operating activities		<u>(8,550,336)</u>	<u>(26,135,739)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, and equipment	4	(1,098,774)	(34,464,347)
Purchase of intangible assets		(57,260)	-
Net movement in non-current assets classified as held for sale		-	16,612,164
Acquisition of subsidiary, net of cash acquired	6	(5,435,736)	(3,400,000)
Short term deposits		-	(45,000,000)
Purchase of investment properties	5	(349,150,000)	-
Purchase of investment in FVTPL	8	(55,857,074)	(3,251,250)
Proceeds from sale of property, plant and equipment		2,150,491	15,000,000
Net cash used in investing activities		<u>(409,448,353)</u>	<u>(54,503,433)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends and due to shareholders		1,129,541	(11,935)
Issuance of shares net of underwriting commission		196,917,500	-
Proceeds from long term loans		154,452,861	16,730,800
Net cash generated from financing activities		<u>352,499,902</u>	<u>16,718,865</u>
Decrease in cash and cash equivalents		(65,498,787)	(63,920,307)
Cash and cash equivalents at beginning of the period		95,393,009	80,456,360
Cash and cash equivalents at end of the period		<u>29,894,222</u>	<u>16,536,053</u>

The attached notes 1 to 20 form an integral part of these unaudited interim condensed consolidated financial statements.

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1. CORPORATE INFORMATION

Anaam International Holding Group Company (the “Company” or “Parent Company”) is a Saudi joint stock company established in accordance with Commercial Registration No. 4030035073 dated 7/9/1402(H) corresponding to 29 June 1982. The registered office is located in Jeddah.

The Company and its subsidiaries’ (referred to it as the “Group”) main activities were performing all operations of marine transport of livestock within and outside the Kingdom, possession of all means of marine and overland transport necessary to the Group, trading of marine equipment necessary for the ships of the Group, trading of livestock and fodder, related operations of meat production and its transportations, management and operation of slaughterhouses and meat manufacturing, establishing, managing and operating centers and industrial projects, wholesale and retail trade in foodstuff, carryout import, export and marketing to third parties and public services in the fields of trading and distribution agencies.

On 3 December 2020, the Company has changed its activities of cultivation and trading of feedstuffs, wholesale and retail trade in foodstuffs, warehousing and leasing services to managing subsidiaries or participating in the management of other companies in which the Group contributes, providing the necessary support for them, investing their money in shares and other securities, owning real estate and movables necessary to conduct its activities, and providing loans, guarantees and financing for its subsidiaries.

The Company has the following subsidiaries included in the interim condensed consolidated financial statements. All these companies are established in the Kingdom of Saudi Arabia and are owned 100% by the Company directly and indirectly except for Saudi Wasit Factory where the Company owns 51% and ARW Industry Company where the Company owns 55% .

Description

Saudi Cold Store Company Limited
Anaam International Food Company Limited
Anaam International Agricultural Company*
Anaam International Investment Company
Anaam International Financial Company*
Saudi Wasit Factory for Entertainment and Beauty Systems
ARW Industry Company

* The board of directors resolved to liquidate the entities.

There has been no change in the Company’s interest in its subsidiaries since its last annual consolidated financial statements for the year ended 31 December 2021 except for the below.

During the period, the Company acquired 55% shares of the ARW Industry Company with commercial registration number 4030288106. Its main activities include single-use medical products and consumables and manufacture of sterilization devices and equipment. Refer note 3 for further details.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basic of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” “IAS 34” that is endorsed in the Kingdom of Saudi Arabia.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. These interim condensed consolidated financial statements should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021. In addition, results for the interim period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for employee benefit liabilities, projected unit credit method is used.

The interim condensed consolidated financial statements are presented in Saudi Riyals (“SR”), which is also the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Significant changes in accounting policy

During the period, the Group changed its accounting policy with respect to the subsequent measurement of investment properties from the cost model less depreciation and impairment loss to the fair value model. The Group believes that subsequent measurement using the fair value model provides more relevant information about the financial performance of these assets and assists users to better understand the risks associated with these assets.

Refer to note 19 for the impact of change in accounting policy from cost model to fair value model.

2.3 Going concern

As at 30 September 2022, the Group's current liabilities exceeded current assets by SR 49.3 million. These events or conditions may cast significant doubt on the Group's ability to continue as going concern. However, during the period, the Group raised an amount of SR 210 million by way of rights issue to finance the operations of the Group (Refer note 11). Accordingly, the interim condensed consolidated financial statements have been prepared on a going concern basis which assumes that the Group will continue in operational existence for at least 12 months from the date of issuance of these interim condensed consolidated financial statements.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's key sources of estimation uncertainty were the same as those described in the consolidated financial statements for the year ended 31 December 2021. However, the Group has also reviewed the key sources of estimation uncertainties disclosed in its 2021 annual consolidated financial statements. Management believes that all sources of estimation uncertainty remain similar to those disclosed in 2021 annual consolidated financial statements. The Group will continue to monitor the situation, and any changes required will be reflected in future reporting periods.

2.5 Significant accounting policies

The fair value for financial instruments traded in active markets at the reporting date are based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics.

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities, and correlations require management to make estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 New standards, interpretations and amendments adopted by the Group

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021, except for the following amendments which apply for the first time in 2022. However, not all are expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there are no such transactions under the above amendments during the current period.

Impact of accounting standards to be applied in future periods

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 December 2022 (the date of the Group's next annual financial statements) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the consolidated financial statements once adopted.

3. SIGNIFICANT MATTERS DURING THE PERIOD

Purchase price allocation exercise

In respect of the 51% shareholding in Saudi Wasit Factory for Entertainment and Beauty Systems ("Saudi Wasit") acquired on 1 July 2021, the Group completed its high level purchase price allocation exercise during the 30 June 2022 with the assistance of independent expert. The purchase price allocation resulted in a difference - between the fair value of net assets of SR 8.67 million and the consideration paid of 20.4 million - amounting to SR 11.73 million which was attributed to the goodwill only. Refer to note 6 for further details.

Acquisition of the subsidiary

On 26 April 2022, the Company acquired 55% shareholding of ARW Industry ("ARW") Company for a cash consideration of SR 6.1 million. The difference between the carrying value of identifiable assets and liabilities, being the provisional fair values, and the total consideration paid of SR 5.4 million is recognized as provisional goodwill in these interim condensed consolidated financial statements. The Group expect to finalize the above purchase price allocation exercise with in 12 months of its acquisition date. The acquisition also requires a contingent consideration of SR 2.2 million subject to meeting a revenue target, the probability of which could not be determined with reasonable certainty by the management. Accordingly, the contingent consideration is considered at nil amount for the purpose of goodwill calculation. Refer note 6 for details.

Acquisition of the Investment property

During the period, the Group acquired additional investment properties located at Jeddah City amounting to SR 325 million and SR 24.2 million respectively Refer note 5 for details.

4. PROPERTY, PLANT, AND EQUIPMENT - NET

For purpose of preparing the interim condensed consolidated statement of cash flows, movement in property, plant and equipment during the nine-month period ended 30 September as follows:

	<i><u>For the nine-month period ended 30 September</u></i>	
	2022	2021
	SR	SR
	<u>Unaudited</u>	<u>Unaudited</u>
Depreciation	2,884,119	3,243,429
Additions to property, plant and equipment	1,098,774	34,464,347

(*) Property, plant and equipment of the Group as of 30 September 2022 included assets with net book value amounting to SR 31.2 million mortgaged against loan obtained from the Saudi Industrial Development Fund. Refer to note 12(i).

(**) Property, plant and equipment of the Group as of 30 September 2022 included land and building amounting to SR 14 million under sales lease back agreement with Kirnaf Investment and Installment Company with an area of 9,987 square meters. The Group fulfilled and completed the contract conditions, and in the process of changing the land deed to Group name again. The Group already has the custody of the land and building and its right to use in its normal operations. It was secured by a pledge of ownership transfer in exchange for the payment of financing.

5. INVESTMENT PROPERTIES

	Land	Buildings	Total
Fair Value			
Balance as at 01 January 2021	52,299,316	-	52,299,316
Fair value gain	14,530,484	-	14,530,484
Balance as at 01 January 2021 - restated	66,829,800	-	66,829,800
Additions	2,100,000	14,400,000	16,500,000
Fair value gain	5,107,155	174,545	5,281,700
Balance as at 31 December 2021 - restated	74,036,955	14,574,545	88,611,500
Additions	109,848,561	239,301,439	349,150,000
Fair value gain	3,038,115	11,514,385	14,552,500
Balance as at 30 September 2022	186,923,631	265,390,369	452,314,000

Since the date of inception, the Group had adopted the cost model to measure the investment properties. During the period, the management has decided to change its accounting policy for measurement of the investment properties to fair value model. Refer to note 19 for the impact of change in accounting policy from cost model to fair value model.

The Group has evaluated its investment properties as of reporting periods based on an evaluation carried out by two independent evaluators Ruwad Approved Co. for Real Estate Appraisal and Remax One, registered at the Saudi Authority for Accredited valuers (Taqeem) and accordingly recorded these based on the lower of their fair values as required by the Capital Market Authority ("CMA") vide announcement dated 31 December 2019 and to be effective from 1 January 2022.

Details of investment properties are mentioned below:

5. INVESTMENT PROPERTIES (Continued)

	30 September 2022 SR (Unaudited)	31 December 2021 SR (Restated, note 19) (Unaudited)
Land in Al-Sururiya Neighborhood - Jeddah (*)	16,500,000	16,500,000
Land in Al-Khumra District (Warehouse) - Jeddah City	3,880,000	4,489,500
Hayat Al Fursan Hotel	20,330,000	16,700,000
Land in Al-Khumra District - Jeddah City	46,046,000	45,440,000
Land in Al-Wadi Neighborhood - Jeddah City	3,450,000	3,800,000
Land in Jubail City	1,406,000	1,360,000
Land in Yanbu City	412,000	322,000
Land and Building in Prince Sultan Street - Jeddah City (**)	334,000,000	-
Land and Building in Taliah Street Building - Jeddah City	26,290,000	-
	452,314,000	88,611,500

(*) Included in investment property a land in Al-Khumra district in Jeddah with an area of 197,554 square meters with a cost value of SR 16.8 million. This land neither has title deed nor registered under the Group's name. This land was purchased by the Group at the time of the merger in 1995.

(**) The purchase of the investment property was financed from Alinma Bank. Refer to note 12(iv).

6. GOODWILL

	30 September 2022 SR (Unaudited)	31 December 2021 SR (Restated, note 19) (Unaudited)
Cost		
Balance at 1 January	4,990,711	-
Additions (*) / (**)	5,390,000	11,730,000
Impairment loss (***)	-	(6,739,289)
Balance at 30 September / 31 December	10,380,711	4,990,711

(*) On 26 April 2022, the Company acquired 55% shareholding of ARW Industry Company, incorporated in Jeddah, for a total consideration of SR 6.1 million. Following is the summary for assets acquired, liabilities assumed and the resulting goodwill on the date of the acquisition.

(**) Refer to note 3 for the details of the purchase price allocation completed on Saudi Wasit Factory for Entertainment and Beauty Systems (51% shareholding) during the period ended 30 June 2022. The summary of the fair values of assets acquired, liabilities assumed and the resulting goodwill on the date of the acquisition is given below.

(***) During the period, the Group has tested goodwill for impairment using the discounted cash flow model. As a result of the above goodwill impairment assessment test performed, the Group found evidence of goodwill impairment as at 31 December 2021 and accordingly recorded the impairment loss retrospectively. Refer note 19.

6. GOODWILL (Continued)

Below are the details of carrying amounts, being the provisional fair values, of ARW Industry Company at the acquisition date:

		26 April 2022 SR
Assets		
Property, plant and equipment		4,905,686
Inventories, net		1,276,732
Trade receivable		1,138,562
Prepayments and other receivables		463,434
Cash and cash equivalents		614,264
Total assets	(A)	8,398,678
Liabilities		
Trade payables		233,640
Accrued expenses and other liabilities		205,952
Long-term loan		2,155,958
Due to related parties		4,579,119
Accrued Zakat		24,009
Total liabilities	(B)	7,198,678
Net assets	(A-B)	1,200,000
Parent share of acquired net assets		(660,000)
Purchase consideration		6,050,000
Goodwill		5,390,000
Non-controlling interests in net assets		540,000
Cash outflow on acquisition		
Cash consideration		(6,050,000)
Net cash acquired with the subsidiary		614,264
Net cash outflow		(5,435,736)

6. GOODWILL (Continued)

Below are the details of the fair values of Saudi Wasit Factory for Entertainment and Beauty Systems after the purchase price allocation at the acquisition date. No significant differences were identified between preliminary and final fair values of assets and liabilities as result of purchase price allocation.

		1 July 2021 SR
Statement of financial position		
Assets		
Property, plant and equipment		34,008,460
Total Assets	(A)	34,008,460
Liabilities		
Long-term loans		16,730,800
Due to related parties		277,660
Total liabilities	(B)	17,008,460
Net assets	(A-B)	17,000,000
Share of acquired net assets (51%)		(8,670,000)
Purchase consideration		20,400,000
Goodwill		11,730,000
Non-controlling interests in net assets		8,330,000
Cash outflow on acquisition		
Cash consideration		(20,400,000)
Net cash acquired with the subsidiary		-
Net cash outflow		(20,400,000)

7. LONG TERM INVESTMENTS

Fair value through profit or loss (FVTPL)

The shares have no quoted market price. As at period/year end, the management of the Group believes that the change in fair market value for the investment is immaterial, the movement for the investment is as follow:

	30 September 2022	31 December 2021	30 September 2022 SR	31 December 2021 SR
	Number of shares		(Unaudited)	(Unaudited)
Wasatah Financial Company				
Balance at beginning of the period/year	395,125	-	3,951,250	-
Addition during the year	-	395,125	-	3,951,250
	395,125	395,125	3,951,250	3,951,250

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8. SHORT TERM INVESTMENTS

Fair value through profit or loss (FVTPL)

During the period, the Group acquired shares with quoted market price at an amount of SR 55,857,074. As of 30 September 2022, these shares have fair market value amounting to SR 57,985,364 with unrealized gain amounting to SR 2,128,290. The following are the fair market value for the investments:

	Number of shares	30 September 2022 SR (Unaudited)
Tourism Enterprise Company	201,104	38,209,760
Raoom Trading Company	65,758	7,627,928
Saudi Arabian Oil Company	115,500	4,140,676
Riyad REIT Fund	400,000	4,472,000
Al Rajhi REIT Fund	350,000	3,535,000
Total	1,132,362	57,985,364

9. TRADE RECEIVABLES - NET

	30 September 2022 SR (Unaudited)	31 December 2021 SR Audited
Trade receivable	7,045,473	1,596,959
Impairment loss on trade receivables	(260,993)	(279,953)
	6,784,480	1,317,006

The summary for the movement of impairment loss on trade receivables is as follows:

	30 September 2022 (Unaudited) SR	31 December 2021 Audited SR
Opening balance	279,953	25,085
(Reversal) / allowance of expected credit loss	(18,960)	254,868
Closing balance	260,993	279,953

10. CASH AND CASH EQUIVALENTS

	30 September 2022 (Unaudited) SR	31 December 2021 Audited SR
Cash on hand	118,142	54,783
Cash at banks	29,776,080	95,338,226
	29,894,222	95,393,009

11. SHARE CAPITAL

As at 30 September 2022, the share capital of the Company was SR 315 million, divided into 31.5 million shares of SR 10 each. (31 December 2021: SR 105 million share capital divided into 10.5 million shares of SR 10 each).

On 8 February 2021, the Board of Directors of the Company recommended the increase in the Company's capital by an amount of SR 210 million by issuing priority rights shares. On 14 July 2021, the Group announced that it has submitted a file to the CMA requesting the approval to increase the above share capital by offering rights shares, subject to the approval of the concerned authorities and Extraordinary General Assembly.

On 17 May 2022, the shareholders in Extra Ordinary General meeting resolved to increase the share capital by SR 210 million by way of rights issue to finance working capital, invest in real estate properties and invest in shares of other privately owned entities. The right issues process was completed in tranches during the period ended 30 June 2022 and the resulting total proceeds from the right issue was received on 26 June 2022. The above right issue process also resulted in over-subscription by the amount of SR 42.3 million out of which only SR 1.1 million is outstanding for payments as at 30 September 2022.

The Company has fulfilled all the regulatory requirements pertaining to the above share capital increase during the current period ended 30 September 2022.

12. LONG TERM LOANS

		30 September 2022	31 December 2021
		(Unaudited)	Audited
	Note	SR	SR
Saudi Industrial Development Fund loan	i, ii	17,863,471	15,105,254
Facility arrangement with Alinma Bank	iv	153,225,234	-
Facility arrangement with Riyadh Bank	iii	589,578	-
Total loans		171,678,283	15,105,254
Less: Current portion of long term borrowings		(16,403,471)	(15,105,254)
Total long term loans		155,274,812	-

Subsidiaries

Saudi Wasit Factory for Entertainments and Beauty System

- i. The entity has a long-term facility from the Saudi Industrial Development Fund (SIDF). The total outstanding balance of the loan as at 30 September 2022 amounted to SR 16.4 million (31 December 2021: SR 15.1million). The loan has a low interest rate, accordingly, the difference between the fair value of loan and book value (being the discount present value of the loan using effective interest rate) is considered as a deferred income that is amortization over the period of the loan duration. These facilities are secured by the promissory notes, corporate guarantees from the subsidiary's shareholders and mortgaged by the assets of the Company (Refer to note 4). The semi-annual repayment of the loan begins on 18 March 2022 and ends until 03 February 2026. The loan agreements contain certain covenants which among others, require that the entities maintain specified financial ratios mainly the current ratio and the ratio of net tangible wealth.

As at 30 September 2022 and 31 December 2021, the entity has not complied with certain covenants as stipulated in the above loan agreement. Accordingly, the total loan amount is classified under current liabilities as at current and comparative periods ends. Refer note 19.

ARW Industry Company

- ii. During 2017, the entity obtained long term facility from the SIDF. The total outstanding balance of the loan as at 30 September 2022 amounted to SR 1.5 million (26 April 2022: SR 1.9 million). The loan is secured by the promissory notes and corporate guarantees from the subsidiary's shareholders. The loan is repayable on semi-annual basis over the period of 6 years.

12. LONG TERM LOANS (Continued)

ARW Industry Company (Continued)

- iii. During 2021, the entity entered into a three year financing agreement with Riyadh Bank for a credit limit of SR 1.1 million to finance its working capital requirements. The total outstanding balance of the facility as at 30 September 2022 amounted to SR 0.6 million (26 April 2022: SR 1.9 million).

During the current period, there was no non-compliance with the above agreements.

Parent Company

- iv. During the period, the Parent Company has obtained long-term facility from the Alinma Bank amounting to SAR 153.2 million to finance the purchase of the investment property. As of 30 September 2022, the total balance of these loans was SR 153.2 million under the loan agreements. This loan has a SIBOR plus 2% interest rate. Term loans are generally repaid in semi-annual installments. The loan is repayable over the period of 10 years in semi-annual basis, commencing from 29 December 2023 till 29 June 2032. Loan is secured against the mortgage of the newly purchased investment property in Prince Sultan Street Building-Jeddah city. Refer note 5.

During the current period, there was no non-compliance with the above facilities agreement requiring repayment of loans on request.

13. BASIC AND DILUTED EARNINGS PER SHARE

	For the three-month period ended		For the nine-month period ended	
	30 September 2022	30 September 2021 (Restated)	30 September 2022	30 September 2021 (Restated)
Profit for the period attributable to the owners of the parent company - unaudited	8,111,381	21,985,142	10,998,816	20,165,631
Weighted average number of shares	31,500,000	14,755,739	21,095,821	14,755,739
Basic and diluted earnings per share for the period	0.26	1.49	0.52	1.37

14. CONTINGENCIES AND CAPITAL COMMITMENTS

14.1 Contingencies

There were no contingencies as at 30 September 2022 (30 September 2021: Nil).

14.2 Commitments

The commitments in respect of capital expenditure contracted for as at 30 September 2022 amounted to SR. 0.94 million (30 September 2021: Nil).

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15. SEGMENTS INFORMATION

The Group's main activity consists of segments including agricultural activity, food stuff trading, and other activities. The following is a breakdown of the segmental information as at 30 September 2022 and 30 September 2021 for each segment:

30 September 2022	Food stuff trading	Agricultural activities	Real estate and leasing	Manufacturing toys	Medical supplies	Reconciliation	Total
Sales	3,328,400	-	8,107,945	5,153,919	1,203,855		17,794,119
Non-current assets	5,858,790	1,950,000	530,468,299	32,933,603	5,963,617	(48,501,508)	528,672,801
Operating income / (loss)	206,758	-	(3,098,031)	(3,347,968)	(1,119,660)	-	(7,358,901)
Net income / (loss) for the period	1,318,012	-	12,115,591	(3,546,352)	(1,138,449)		8,748,802

30 September 2021	Food stuff trading	Agricultural activities	Real estate and leasing	Manufacturing toys	Medical supplies	Total
Sales	5,199,476	-	646,106	-	-	5,845,582
Non-current assets	7,406,237		84,699,883	34,040,839	-	126,146,959
Operating income / (loss)	270,724	(1,870,706)	(3,446,092)	-	-	(5,046,074)
Net income / (loss) for the period	272,574	20,317,339	(424,282)	-	-	20,165,631

16. TRANSACTIONS WITH RELATED PARTIES AND BALANCES

The Group deals in its normal activities with related parties and these transactions include providing operational services and others. Transactions and balances with related parties as follows:

16.1 Balance due from the related party:

	Nature of the transactions	Nature of the relationship	30 September 2022	31 December 2021
Hassan Saad Yamani	Advance given to CEO	Chief Executive Officer (CEO)	8,925,615	-
			<u>8,925,615</u>	<u>-</u>

16.2 Balances due to the related parties:

	Nature of the transactions	Nature of the relationship	30 September 2022	31 December 2021
Mr. Anas Al-Harbi	Loan given to ARW Industry Company for working capital	Non-controlling interest	8,587,020	-
Mr. Mohammed Ibrahim Haidari	Loan given to Saudi Wasit for working capital		2,572,451	2,572,451
Mr. Tariq Mohammed Ibrahim Haidari	Loan given to Saudi Wasit for working capital		955,903	955,903
			<u>12,115,374</u>	<u>3,528,354</u>

Transactions with related parties include remuneration of the Board of Directors, salaries, allowances and incentives for key management personnel for the period ended 30 September 2022, amounting to SR 3,220,366 (30 September 2021: SR 3,275,994).

17. FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Suppose the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy. In that case, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

<i>Assets measured at fair Value</i>	<i>Date of valuation</i>	<i>Total SR</i>	<i>Fair value measurement using</i>		
			<i>Quoted prices in active markets (Level 1) SR</i>	<i>Significant observable inputs (Level 2) SR</i>	<i>Significant unobservable inputs (Level 3) SR</i>
Short term investments	30 September 2022 (Unaudited)	57,985,364	49,978,364	-	8,007,000
Long term investments	30 September 2022 (Unaudited)	3,951,250	-	-	3,951,250

During the current period ended 30 September 2022, there were no movement between the fair value hierarchy levels.

Different valuation methodologies and related significant inputs and assumptions are used by the independent valuation experts in estimation of the **fair values** of the investment properties as mentioned in note 5, being the net recoverable amount. Such values are based on significant unobservable inputs and the fair value measurement was classified as Level 3.

18. SUBSEQUENT EVENTS

- On 4 October 2022, the Board of Directors of the Company recommended the increase in the Company's capital by an amount of SR 157.5 million by issuing priority rights shares. The Group will announce later when submitting the capital increase application file to CMA and when there are any future developments in this regard.
- On 7 November 2022, the Company announced the issuance of an electronic title deed for the ownership of the land located in Al-khumra area, South of Jeddah covering an area of 151,465.98 square meters in the name of the company.

19. IMPACT OF CHANGE IN ACCOUNTING POLICY, ERROR AND RECLASSIFICATIONS

During the current period, the Company has started measuring the investment properties at fair value under the requirement of under IAS 40 "Investment properties". Accordingly, as per the requirements of IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors" the resulting impact is disclosed below:

	31 December 2021 (Previously stated)	Impact of change in accounting policy	Impact of impairment loss due to error	Re-classification	31 December 2021 (Restated)
IMPACT ON STATEMENT OF FINANCIAL POSITION:					
Impact on current liabilities					
Long term loans - current portion	1,604,628	-	-	13,500,626	15,105,254
Impact on non-current liabilities					
Long term loans	13,500,626	-	-	(13,500,626)	-
Impact on accumulated losses:					
Accumulated losses	(10,117,086)	19,812,184	(6,739,289)	-	2,955,809
Impact on non-current assets:					
Investment properties	68,799,316	19,812,184	-	-	88,611,500
Impairment loss on Goodwill	11,730,000	-	(6,739,289)	-	4,990,711

	1 January 2021 (Previously stated)	Impact of change in accounting policy	Impact of impairment loss due to error	Re-classification	1 January 2021 (Restated)
IMPACT ON STATEMENT OF FINANCIAL POSITION:					
Impact on accumulated losses:					
Accumulated losses	(16,054,747)	14,530,484	-	-	(1,524,263)
Impact on non-current assets:					
Investment properties	52,299,316	14,530,484	-	-	66,829,800

IMPACT ON STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME:

Impact on Fair value gain on investment properties:

	30 September 2021 (Previously stated)	Impact of change in accounting policy	Impact of impairment loss due to error	Re-classification	30 September 2021 (Restated)
Fair value gain on investment properties	-	3,046,100	-	-	3,046,100

20. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements for the Group for the three-month and nine-month periods ended 30 September 2022, were approved by the Board of Directors on 10 November 2022 (17 Rabi-ul-Thani 1444).