

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

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

**FOR THE THREE-MONTH
PERIOD ENDED 31 MARCH 2023
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 PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi Riyals unless otherwise stated)

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Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements

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 (the "Company") and its subsidiaries (together "the Group"), a Saudi Joint Stock Company as of 31 March 2023 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, and the interim condensed consolidated statement of changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these 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 these 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' that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated 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 that are 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.

Material Uncertainty related to Going Concern

We draw attention to note 2.1 to the interim condensed consolidated financial statements which indicates that the Group's accumulated losses amounted to SR 37 million as at interim period ended 31 March 2023 and as of that date the Group's current liabilities exceeded its current assets by SR 243.9 million. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Emphasis of Matters

We draw attention to the following:

- As stated in note no. 4 to the accompanying interim condensed consolidated financial statements, the property, plant and equipment includes land amounting to SR 14 million for which the ownership is not yet registered in the name of the Group.
- As stated in note no. 5 to the accompanying interim condensed consolidated financial statements, the investment properties include a plot of land with a fair value of SR 16.5 million of which the ownership is not registered in the name of the Group.

Our conclusion is not modified in respect to these matters.

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 that is endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.


Maher Al-Khatieb
Certified Public Accountant
License Number 514




11 Dhul Qadah 1444 (H)
31 May 2023 (G)

ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023
(All amounts are in Saudi Riyals unless otherwise stated)

		31 March 2023	31 December 2022
	Note	Unaudited	Audited
ASSETS			
Non-current assets			
Property, plant and equipment	4	63,857,346	62,628,796
Investment properties	5	466,904,076	464,011,852
Intangible asset		60,142	65,482
Long term investments	6	3,951,250	3,951,250
Total non-current assets		534,772,814	530,657,380
Current assets			
Inventories		3,204,133	3,401,663
Trade receivables	7	9,961,196	9,119,312
Prepayments and other receivables	8	42,913,285	2,563,346
Short term investments	9	10,721,919	44,033,654
Cash and cash equivalents	10	2,720,721	4,854,876
Total current assets		69,521,254	63,972,851
TOTAL ASSETS		604,294,068	594,630,231
EQUITY AND LIABILITIES			
Equity			
Share capital	11	315,000,000	315,000,000
Accumulated losses		(37,003,519)	(40,335,540)
Equity attributable to owners of the Parent Company		277,996,481	274,664,460
Non-controlling interests		5,810,452	6,795,044
Total equity		283,806,933	281,459,504
Non-current liabilities			
Long-term loans - non-current portion	12	581,370	618,579
Government grant - non-current portion		1,567,877	1,607,907
Provision for employee benefits		4,906,887	4,704,397
Total non-current liabilities		7,056,134	6,930,883
Current liabilities			
Trade payables		4,340,388	3,079,403
Accrued expenses and other payables		15,445,594	9,662,234
Dividends and due to shareholders		13,845,889	13,848,165
Due to related parties		8,633,341	8,633,341
Long term loans - current portion	12	168,503,994	168,354,906
Government grant - current portion		160,122	160,122
Provision for zakat		102,501,673	102,501,673
Total current liabilities		313,431,001	306,239,844
Total liabilities		320,487,135	313,170,727
TOTAL EQUITY AND LIABILITIES		604,294,068	594,630,231


Chief Financial officer


Chief Executive Officer


Authorized Board Member

The attached notes 1 to 21 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 PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi Riyals unless otherwise stated)

		For the three-month period ended 31 March	
		2023	2022 (Restated, Note 20)
	Note	Unaudited	Unaudited
Rental income		7,632,274	1,774,066
Revenue from contracts with customers		4,453,253	1,444,310
Revenue	15	12,085,527	3,218,376
Cost of revenue		(5,890,774)	(2,939,950)
Gross profit		6,194,753	278,426
Selling and marketing expenses		(983,879)	(395,897)
General and administrative expenses		(4,231,001)	(5,855,069)
Profit / (loss) from operations		979,873	(5,972,540)
Unrealized gain from FVTPL investments - net	9	254,528	8,974,348
Gain on disposal of FVTPL investments - net	9	1,034,473	-
Finance cost		(2,975,701)	(166,788)
Fair value gain on investment properties	5	2,892,224	510,500
Dividends		14,486	388,698
Other income		147,546	42,232
Profit before zakat		2,347,429	3,776,450
Zakat expense		-	-
Profit for the period		2,347,429	3,776,450
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		2,347,429	3,776,450
Profit for the period:			
<i>Attributable to:</i>			
Owners of the Parent Company		3,332,021	4,445,879
Non-controlling interests		(984,592)	(669,429)
		2,347,429	3,776,450
Total comprehensive income for the period attributable to:			
Owners of the Parent Company		3,332,021	4,445,879
Non-controlling interests		(984,592)	(669,429)
		2,347,429	3,776,450
Earnings per share			
Basic and diluted earnings per share attributable to owners of the Parent Company	13	0.11	0.22


Chief Financial Officer

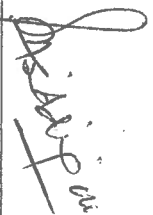

Chief Executive Officer

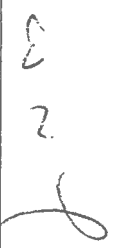

Authorized Board Member

The attached notes 1 to 21 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 THREE-MONTH PERIOD ENDED 31 MARCH 2023
 (All amounts are in Saudi Riyals unless otherwise stated)

	Attributable to the owners of the Parent Company				
	Share capital	Retained earnings / (accumulated losses)	Total	Non-controlling interest	Total equity
Balance as at 1 January 2022 (Previously stated)	105,000,000	(10,117,086)	94,882,914	7,343,581	102,226,495
Effect of change in accounting policy	-	19,812,184	19,812,184	-	19,812,184
Effect of error - impairment loss on intangible asset and goodwill	-	(6,739,289)	(6,739,289)	-	(6,739,289)
Balance as at 1 January 2022 (Restated)	105,000,000	2,955,809	107,955,809	7,343,581	115,299,390
Profit for the period - (Restated)	-	4,445,879	4,445,879	(669,429)	3,776,450
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period (Restated)	-	4,445,879	4,445,879	(669,429)	3,776,450
Balance as at 31 March 2022 - Unaudited	105,000,000	7,401,688	112,401,688	6,674,152	119,075,840
Balance as at 1 January 2023	315,000,000	(40,335,540)	274,664,460	6,795,044	281,459,504
Profit for the period	-	3,332,021	3,332,021	(984,592)	2,347,429
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	3,332,021	3,332,021	(984,592)	2,347,429
Balance as at 31 March 2023 - Unaudited	315,000,000	(37,003,519)	277,996,481	5,810,452	283,806,933

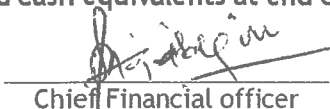



 Chief Financial officer


 Chief Executive Officer


 Authorized Board Member

The attached notes 1 to 21 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 THREE-MONTH PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi Riyals unless otherwise stated)

		For the three-month period ended 31 March	
	Note	2023 Unaudited	2022 (Restated) Note 20 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat		2,347,429	3,776,450
Adjustments for non-cash items:			
Depreciation on property, plant, and equipment	4	1,015,224	941,067
Amortization of software		5,339	87,609
Fair value gain on investment properties	5	(2,892,224)	(510,500)
Unrealized gain from FVTPL investments - net	9	(254,528)	(8,974,348)
Gain on disposal of FVTPL investments - net	9	(1,034,473)	-
Finance cost		2,975,701	166,788
Amortization of government grant	12.1	(40,030)	-
Provision for employee benefits		248,007	165,061
Dividend income		(14,486)	(388,698)
		2,355,959	(4,736,571)
Changes in operating assets and liabilities			
Inventories		197,530	(740,980)
Trade receivables		(841,884)	(655,068)
Prepayments and other receivables		(40,371,208)	7,537,215
Accrued expenses and other payables		2,978,017	(698,006)
Trade payables		1,260,985	1,829,597
Cash (used in) / from operations		(36,776,560)	7,272,758
Employee benefits paid		(45,517)	(273,484)
Finance cost paid		(21,269)	-
Dividend received		14,486	388,698
Net cash (used in) / from operating activities		(34,472,901)	2,651,401
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, and equipment	4	(2,243,774)	(1,046,782)
Purchase of investment in FVTPL		-	(55,968,560)
Proceeds from sale of investments in FVTPL	9	34,600,736	-
Net cash from / (used in) investing activities		32,356,962	(57,015,342)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends and due to shareholders paid		(2,276)	(351)
Repayment of long-term loans		(15,940)	-
Net cash used in financing activities		(18,216)	(351)
Decrease in cash and cash equivalents		(2,134,155)	(54,364,292)
Cash and cash equivalents at beginning of the period		4,854,876	95,393,009
Cash and cash equivalents at end of the period	10	2,720,721	41,028,717
 Chief Financial officer		 Chief Executive Officer	
		 Authorized Board Member	

The attached notes 1 to 21 form an integral part of these unaudited interim condensed consolidated financial statements.

ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
 NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
 (All amounts are in Saudi Riyals unless otherwise stated)

1. CORPORATE INFORMATION

Anaam International Holding Group Company (the "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 for Entertainment and Beauty Systems where the Company owns 51% and ARW Industry Company where the Company owns 55%.

Subsidiaries	Main activity	Commercial registration
Saudi Cold Store Company Limited	Foodstuff trading & rental storage (dormant entity)	4030007971
Anaam International Food Co., Ltd.	Foodstuff trading	4030166809
Anaam International Agricultural Company (*)	Agricultural production (dormant entity)	4030035281
Anaam International Investment Company	Real estate and services (dormant entity)	4030165735
Saudi Wasit Factory for Entertainment and Beauty Systems	Entertainment and Beauty	1126002218
ARW Industry Company	Manufacturing of medical equipment and healthcare products	4030288106

(*) The board of directors resolved to liquidate the entities.

There has been no change in the Group's interest in its subsidiaries since its last annual consolidated financial statements for the year ended 31 December 2022.

2. 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 2022. In addition, results for the interim period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

These interim condensed consolidated financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for provision for employee benefits, which are measured at present value for the future obligations as well as investment properties and investments at fair value through profit and loss which are measured at fair value.

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

ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi Riyals unless otherwise stated)

2. BASIC OF PREPARATION (Continued)

2.1 Going concern assessment

The Group's accumulated losses amounted to SR 37 million and its current liabilities exceeded current assets by SR 243.9 million as at interim period ended 31 March 2023. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. These interim condensed consolidated financial statements have been prepared on a going concern basis as, amongst others:

- Alinma Bank waived the Company with respect to a breach of covenants during the period;
- total equity is positive at 31 March 2023; and
- the Group is planning to further increase its share capital.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 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 2022. However, the Group has also reviewed the key sources of estimation uncertainties disclosed in its 2022 annual consolidated financial statements. Management believes that all sources of estimation uncertainty remain similar to those disclosed in 2022 annual consolidated financial statements. The Group will continue to monitor the situation, and any changes required will be reflected in future reporting periods.

3.2 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.

3.3 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 2022, except for the following amendments which apply for the first time in 2023. 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 new standards and amendments are effective for the period beginning 1 January 2023:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes).

ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi Riyals unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 New standards, interpretations and amendments adopted by the Group (Continued)

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.

4. PROPERTY, PLANT AND EQUIPMENT

For purpose of preparing the interim condensed consolidated statement of cash flows, movement in property, plant and equipment during the three-month period ended 31 March as follows:

	For the three-month period ended 31 March	
	2023	2022
	Unaudited	Unaudited
Depreciation	1,015,224	941,067
Additions to property, plant and equipment	2,243,774	1,046,782

4.1. Property, plant and equipment of the Group as of 31 March 2023 included assets with net book value amounting to SR 30.8 million mortgaged against loan obtained from the Saudi Industrial Development Fund. Refer to note 12(i).

4.2. Property, plant and equipment of the Group as of 31 March 2023 included land amounting to SR 14 million under sales lease back agreement with Kirnaf Investment and Installment Group 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 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 2022	53,392,662	15,406,654	68,799,316
Fair value gain	19,637,639	174,545	19,812,184
Balance as at 01 January 2022 - restated	73,030,301	15,581,199	88,611,500
 Additions	 109,848,560	 239,301,440	 349,150,000
Fair value gain	17,697,043	8,553,309	26,250,352
Balance as at 31 December 2022 - Audited	200,575,904	263,435,948	464,011,852
 Additions	 -	 -	 -
Fair value gain	2,368,128	524,096	2,892,224
Balance as at 31 March 2023 - Unaudited	202,944,032	263,960,044	466,904,076

ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
 NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
 (All amounts are in Saudi Riyals unless otherwise stated)

5. INVESTMENT PROPERTIES (Continued)

Since the date of inception, the Group had adopted the cost model to measure the investment properties. During year ended 31 December 2022, the management has decided to change its accounting policy for measurement of the investment properties to fair value model.

The Group has evaluated its investment properties as of reporting periods based on an evaluation carried out by independent evaluators such as Ruwad Approved Co. for Real Estate Appraisal (Registration number: 4030344686), Remax One (Registration number: 4030288972) and Hassan Hadi Real Estate Valuation (Registration number: 4030370562), 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:

	31 March 2023 SR (Unaudited)	31 December 2022 SR Audited
Land in Al-Sururiya Neighborhood - Jeddah (*)	16,500,000	16,500,000
Land in Al-Khumra District (Warehouse) - Jeddah City	4,933,920	3,850,000
Hayat Al Fursan Hotel	19,500,000	19,500,000
Land in Al-Khumra District - Jeddah City	59,729,852	59,729,852
Land in Al-Wadi Neighborhood - Jeddah City	3,800,000	3,450,000
Land in Jubail City	1,360,000	1,360,000
Land in Yanbu City	322,000	322,000
Land and Building in Prince Sultan Street - Jeddah City (**)	333,000,000	333,000,000
Land and Building in Taliah Street Building - Jeddah City	27,758,304	26,300,000
	466,904,076	464,011,852

(*) Included in investment property a land in Al-Khumra district in Jeddah with an area of 197,554 square meters with a fair value of SR 16.5 million. This land neither has title deed nor registered under the Company's name. This land was purchased by the Group at the time of the merger in 1995.

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

6. LONG TERM INVESTMENTS

Investments at fair value through profit or loss (FVTPL)

The shares have no quoted market price. The management of the Company believes that the change in fair value for the investment between 31 December 2022 and 31 March 2023 is immaterial. The movement for the investment is as follows:

	31 March 2023 Unaudited Number of shares	31 December 2022 Audited	31 March 2023 Unaudited Amount	31 December 2022 Audited
Al Wasatah Al Maliah Company				
(Wasatah Capital)				
Balance at beginning of the period	533,500	395,125	3,951,250	3,951,250
Addition during the period/year	-	138,375	-	-
Total	533,500	533,500	3,951,250	3,951,250

ANAAM INTERNATIONAL HOLDING GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi Riyals unless otherwise stated)

7. TRADE RECEIVABLES

	Note	31 March 2023	31 December 2022
		Unaudited	Audited
Trade receivables		10,519,320	9,677,436
Allowance for expected credit losses	7.1	(558,124)	(558,124)
		<u>9,961,196</u>	<u>9,119,312</u>

7.1. The summary of the movement in allowance for expected credit losses is as follows:

	31 March 2023	31 December 2022
	Unaudited	Audited
Opening balance	558,124	279,953
Allowance for expected credit losses	-	278,171
Closing balance	<u>558,124</u>	<u>558,124</u>

8. PREPAYMENTS AND OTHER RECEIVABLES

	Note	31 March 2023	31 December 2021
		Unaudited	Audited
Other receivables	8.1	39,830,795	737,431
Advances to suppliers		576,724	625,082
Employees loans		770,008	175,180
Prepaid expenses		1,735,758	859,115
Value added tax		-	166,538
		<u>42,913,285</u>	<u>2,563,346</u>

8.1. During the period, the Group has sold shares of Tourism Enterprise Company and Al Waha REIT Fund (Refer to note 9 for further details).

9. SHORT TERM INVESTMENTS

Investments at fair value through profit or loss (FVTPL)

During the period, the Group sold all 2.21 million shares of Tourism Enterprise Company and 0.16 million shares of Al Waha REIT Fund. The Group realized a gain of SR 1.1 million from the sale of Tourism Enterprise Company shares and a realized loss of SR 0.1 million from the sale of Al Waha REIT Fund shares.

The following are the fair market value for the investments:

	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	Unaudited	Audited	Unaudited	Audited
	Number of shares		Amount	
Tourism Enterprise Company	-	2,212,144	-	31,854,875
Raoom Trading Company	65,758	65,758	7,759,444	7,430,654
Al Rajhi REIT Fund	43,898	43,898	424,493	429,761
Al Waha REIT Fund	246,406	408,163	2,537,982	4,318,364
Total	<u>356,062</u>	<u>2,729,963</u>	<u>10,721,919</u>	<u>44,033,654</u>

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9. SHORT TERM INVESTMENTS (Continued)

9.1. Movement in short term investments:

31 March 2023 Unaudited	Tourism Enterprise Company	Raoom Trading Company	Al Rajhi REIT Fund	Al Waha REIT Fund	Total
Balance as at 1 January	31,854,873	7,430,654	429,761	4,318,366	44,033,654
Disposals and redemptions	(32,950,026)	-	-	(1,650,710)	(34,600,736)
Unrealized gain / (loss)	-	328,790	(5,268)	(68,994)	254,528
Realized gain / (loss)	1,095,153	-	-	(60,680)	1,034,473
Balance at as 31 March	-	7,759,444	424,493	2,537,982	10,721,919

31 December 2022 Audited	Saudi Arabian Oil Company	Riyad REIT Fund	Tourism Enterprise Company	Raoom Trading Company	Al Rajhi REIT Fund	Al Waha REIT Fund	Total
Balance as at 1 January	-	-	-	-	-	-	-
Additions	3,911,250	4,008,000	59,025,142	5,334,640	4,057,535	4,175,200	80,511,767
Disposals and redemptions	(3,842,718)	(4,078,761)	-	-	(3,005,283)	-	(10,926,762)
Unrealized loss	-	-	(27,170,269)	2,096,014	(79,107)	143,166	(25,010,196)
Realized gain	(68,532)	70,761	-	-	(543,384)	-	(541,155)
Balance at as 31 December	-	-	31,854,873	7,430,654	429,761	4,318,366	44,033,654

10. CASH AND CASH EQUIVALENTS

	Note	31 March 2023 Unaudited	31 December 2022 Audited
Cash in hand		116,371	136,292
Cash at banks	10.1	2,604,350	4,718,584
		2,720,721	4,854,876

10.1 Cash at bank is held in a current accounts with commercial banks in Saudi Arabia. Balances in current accounts bears no interest.

11. SHARE CAPITAL

As at 31 March 2023, the share capital of the Company is SR 315 million, divided into 31.5 million shares of SR 10 each. (31 December 2022: SR 315 million share capital divided into 31.5 million shares of SR 10 each).

On 8 February 2021, the Board of Directors of the Company recommended increasing the Company's capital by an amount of SR 210 million by issuing rights shares. On 14 July 2021, the Group announced that it had submitted a file requesting approval to increase the Group's capital by offering rights shares amounting to SR 210 million to the Capital Market Authority (CMA), conditional on obtaining the approval of the relevant official 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 0.9 million is outstanding for payments as at 31 March 2023.

The Company has fulfilled all the legal and regulatory requirements pertaining to the above increase in share capital during the year ended 31 December 2022.

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12. LONG-TERM LOANS

	Note	31 March 2023 Unaudited	31 December 2022 Audited
Saudi Industrial Development Fund loan	i/ii	15,109,839	14,960,751
Facility arrangement with Alinma Bank	iv	153,225,234	153,225,234
Facility arrangement with Riyadh Bank	iii	750,291	787,500
Total loans		169,085,364	168,973,485
Less: current portion of long-term loans		(168,503,994)	(168,354,906)
Non-current portion of long-term loans		581,370	618,579

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 31 March 2023 amounted to SR 13.7 million (31 December 2022: SR 13.5 million). The loan bearing below market interest rate, due to which 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.

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 final payment is due on 3 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 worth.

As at 31 March 2023 and 31 December 2022, the entity has not complied with certain covenants as stipulated in the loan agreement. Accordingly, the total loan amount is classified under current liabilities as at current and comparative year ends.

ARW Industry Company

- ii. During 2017, the entity obtained long term facility from the SIDF. The total outstanding balance of the loan as at 31 March 2023 amounted to SR 1.5 million (31 December 2022: SR 1.5 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.
- 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 31 March 2023 amounted to SR 0.8 million (31 December 2022: SR 0.8 million).

As at 31 March 2023, the entity has not complied with certain covenants as stipulated in the loan agreement of SIDF. Accordingly, the total loan amount is classified under current liabilities.

The Company

- iv. During 2022, the Company has obtained long-term facility from Alinma Bank amounting to SR 153.2 million to finance the purchase of the investment property. As of 31 March 2023, the total balance of this loan was SR 153.2 million as per the loan agreements. This loan carries a SAIBOR plus 2% interest rate. The loan is repayable over the period of 10 years in semi-annual basis, commencing from 29 December 2023 until 29 June 2032. The loan is secured against the mortgage of the newly purchased investment property in Prince Sultan Street Building-Jeddah city (refer to note 5).

As at 31 March 2023, the entity has not complied with certain covenants as stipulated in the loan agreement. Accordingly, the total loan amount is classified under current liabilities. During the period, the Company obtained a waiver from Alinma Bank with respect to the covenants in breach.

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12. LONG-TERM LOANS (Continued)

12.1 Government Grant

On 9 October 2018 a loan was obtained by Saudi Wasit Factory for Entertainments and Beauty System from Saudi Industrial Development Fund for the purpose of financing the establishment and expansion of a factory for the production of collective children's games and garden and park furniture in Sudair Industrial City. It is qualified to be a government grant given that the Saudi Industrial Development Fund is a government agency and that the Company received a loan bearing below market interest rate, and the conditions associated with government grant are being met.

Movement during the period	31 March 2023	31 December 2022
	Unaudited	Audited
Opening balance	1,768,029	1,921,459
Deferred income amortized during the period	(40,030)	(153,430)
Balance as at 31 March 2023	1,727,999	1,768,029

13. BASIC AND DILUTED EARNINGS PER SHARE

	For the three-month period ended 31 March	
	2023	2022 (Restated)
	Unaudited	Unaudited
Profit for the period attributable to the owners of the Parent Company - unaudited	3,332,021	4,445,879
Weighted average number of shares	31,500,000	19,856,481
Basic and diluted earnings per share for the period	0.11	0.22

14. CONTINGENCIES AND COMMITMENTS

a. Contingencies

There were no contingencies as at 31 March 2023 (31 December 2022: Nil).

b. Commitments

There were no commitments as at 31 March 2023 (31 December 2022: Nil).

15. REVENUE

		For the three-month period ended 31 March	
	Note	2023	2022
		Unaudited	Unaudited
Rental income (*)		7,632,274	1,774,066
Revenue from contracts with customers (**)	15.1	4,453,253	1,444,310
		12,085,527	3,218,376

15.1 Revenue from contracts with customers

	For the three-month period ended 31 March	
	2023	2022
	Unaudited	Unaudited
Revenue from contracts with customers	4,472,278	1,444,310
Discount	(19,025)	-
	4,453,253	1,444,310

(*) Rental income is recognized over the period of lease term.

(**) Revenue from contracts with customers is recognized at point in time.

15.2 Geographical Market

The Group operates completely within the Kingdom of Saudi Arabia.

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16. SEGMENTS INFORMATION

The Group's main activity consists of segments including leasing, warehousing and other activities. The following is a breakdown of the segmental information as at 31 March 2023 and 31 March 2022 for each segment:

31 March 2023 Unaudited	Warehousing	Head office & leasing and others	Entertainment and beauty	Medical and healthcare	Total
Revenue	1,370,751	6,261,523	3,332,905	1,120,348	12,085,527
Non-current assets	5,684,588	490,618,315	31,962,332	6,507,579	534,772,814
Profit / (loss) from operations	642,886	2,385,905	(1,000,658)	(1,048,260)	979,873
Profit / (loss) for the period	642,886	3,795,514	(1,091,385)	(999,586)	2,347,429
31 March 2022 Unaudited	Warehousing	Head office & leasing and others	Entertainment and beauty	Medical and healthcare	Total
Revenue	1,090,350	683,716	1,444,310	-	3,218,376
Non-current assets	7,107,029	489,647,190	33,903,161	-	530,657,380
Profit / (loss) from operations - restated	(313,123)	(4,419,996)	(1,239,421)	-	(5,972,540)
Profit / (loss) for the period - restated	(313,123)	5,455,751	(1,366,178)	-	3,776,450

17. 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:

17.1 Balances due to the related parties:

	Nature of the transactions	Nature of the relationship	31 March 2023 Unaudited	31 December 2022 Audited
Mr. Anas Al-Harbi	Expenses paid on behalf	Non-	5,104,987	5,104,987
Mr. Mohammed Ibrahim Haidari	Loan given to Saudi Wasit for working capital	controlling shareholder	2,572,451	2,572,451
Mr. Tariq Mohammed Ibrahim Haidari	Loan given to Saudi Wasit for working capital	in a subsidiary	955,903	955,903
			8,633,341	8,633,341

Transactions with related parties include remuneration of the Board of Directors, salaries, allowances and incentives for key management personnel for the period ended 31 March 2023, amounting to SR 1.1 million (31 March 2022: SR 1 million).

18. 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.

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18. FAIR VALUE MEASUREMENT (Continued)

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:

Assets measured at fairValue	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Short term investments	31 March 2023 (Unaudited)	10,721,919	7,759,444	2,962,475	-
Long term investments	31 March 2023 (Unaudited)	3,951,250	-	-	3,951,250

During the period ended 31 March 2023, there were no transfers 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. Such values are based on significant unobservable inputs and the fair value measurement was classified as Level 3 of fair value hierarchy.

19. SUBSEQUENT EVENTS

On 11/10/1444 AH corresponding to 1 May 2023 AD, the Group has announced to extend the signed (non-binding) Memorandum of Understanding with Al Murjan Group Holding Company relating to acquisition of shares of Al-Murjan Holding Group, which represented 69.33% in the United Ink Production Co. Ltd. for a additional period of 30 days that begins at the end of the original period on 2 May 2023 AD and ends after Thirty (30) days, to allow the completion of due diligence and other preparatory work necessary to implement the deal agreements and other final agreements.

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

During 2022, the Group 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:

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

Impact on fair value gain on investment properties:

	31 March 2022 (Previously reported)	Impact of change in accounting policy	31 March 2022 (Restated) Unaudited
Fair value gain on investment properties	-	510,500	510,500
General and administrative expenses	6,267,569	(412,500)	5,855,069

In addition, corresponding reclassifications have been made in the interim condensed consolidated statement of cash flows for the period ended 31 March 2022. The balances of cash from operating activities and used in investing and financing activities remained unchanged.

21. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements for the Group for the three-month period ended 31 March 2023, were approved by the Board of Directors on 23 May 2023 (3 Dhul Qadah 1444).