

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

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2023**

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

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FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2023**

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<b>INDEX</b>	<b>PAGE</b>
Independent Auditors' Review Report on the Condensed Consolidated Interim Financial Statements	1
Condensed Consolidated Interim Statement of Financial position	2
Condensed Consolidated Interim Statement of profit or loss and other comprehensive income	3
Condensed Consolidated Interim Statement of changes in shareholder's equity	4
Condensed Consolidated Interim Statement of cash flows	5
Notes to the Condensed Consolidated Interim financial statements	6 – 16

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

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

**Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of AYYAN INVESTMENT COMPANY (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at June 30, 2023, and the related condensed consolidated interim statement of profit and loss and other comprehensive income for the three and six months period ended June 30, 2023, and the related condensed consolidated interim statement of changes in shareholders' equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.



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




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

23 Muharam 1445H (10 August 2023)  
Khobar, Kingdom of Saudi Arabia


**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2023**

	Note	June 30, 2023 (Unaudited) SR	December 31, 2022 (Audited) SR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net		1,084,735,066	1,061,689,553
Intangible assets, net		929,486	1,156,775
Investments in equity instruments designated at fair value through other comprehensive income	5	121,942,163	121,942,163
Investment in an associate		21,606,074	20,184,068
Investment properties, net		126,394,578	126,500,412
Right-of-use assets, net		58,388,145	64,363,706
Goodwill		2,094,678	2,094,678
<b>Total non-current assets</b>		<b>1,416,090,190</b>	<b>1,397,931,355</b>
<b>Current assets</b>			
Inventories, net		33,455,195	30,171,486
Trade receivables, prepayments and other assets, net		147,722,177	131,090,072
Cash and cash equivalents		77,615,970	77,049,943
<b>Total current assets</b>		<b>258,793,342</b>	<b>238,311,501</b>
<b>TOTAL ASSETS</b>		<b>1,674,883,532</b>	<b>1,636,242,856</b>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>			
<b>Shareholder's Equity</b>			
Share capital	1	806,363,280	806,363,280
Share premium		65,478,995	65,478,995
Statutory reserve		7,786,135	7,786,135
Accumulated losses		(130,916,633)	(42,978,981)
Reserve for acquisition of additional shares in a subsidiary		(122,454,330)	(122,454,330)
Fair value reserve		15,932,210	15,932,210
Reserve for re-measurement of employees' defined benefit obligations		5,608,499	5,608,499
<b>Total equity attributable to shareholder's</b>		<b>647,798,156</b>	<b>735,735,808</b>
Non-controlling interest		8,306,467	8,357,566
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>656,104,623</b>	<b>744,093,374</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term loans – non-current portion	6	544,306,117	471,282,531
Lease liabilities – non - current portion		59,506,461	65,746,541
Employees' defined benefits obligations		40,845,833	38,958,097
<b>Total non-current liabilities</b>		<b>644,658,411</b>	<b>575,987,169</b>
<b>Current liabilities</b>			
Long term loan – current portion	6	30,620,983	80,809,025
Short term loans	7	133,922,551	117,293,085
Trade payables, accrued expenses and other liabilities	9	191,127,969	96,063,185
Lease liabilities – current portion		15,392,951	16,114,534
Zakat provision		3,056,044	5,882,484
<b>Total current liabilities</b>		<b>374,120,498</b>	<b>316,162,313</b>
<b>Total liabilities</b>		<b>1,018,778,909</b>	<b>892,149,482</b>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>		<b>1,674,883,532</b>	<b>1,636,242,856</b>

The condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on behalf of the shareholders and were signed on Muharram 23, 1445H corresponding to August 10, 2023.

  
Ahmed Ibrahim  
Finance Manager

  
Raed Mohamed Alnaeem  
CEO

  
Faisal Abdullah Al Qahtani  
Chairman

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2023**

	Note	For the three month period ended June 30		For the six month period ended June 30	
		2023	2022	2023	2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		SR	SR	SR	SR
Revenues, net		76,489,682	65,860,893	145,677,812	141,457,095
Cost of revenues		(78,909,108)	(52,905,602)	(159,993,021)	(109,374,324)
<b>Gross (loss) profit</b>		<b>(2,419,426)</b>	<b>12,955,291</b>	<b>(14,315,209)</b>	<b>32,082,771</b>
General and administrative expenses		(33,791,309)	(21,217,066)	(60,963,566)	(38,496,657)
Selling and marketing expenses		(945,396)	(284,765)	(2,092,778)	(570,067)
<b>Operating loss</b>		<b>(37,156,131)</b>	<b>(8,546,540)</b>	<b>(77,371,553)</b>	<b>(6,983,953)</b>
Finance cost		(9,256,707)	(1,087,285)	(19,466,692)	(1,926,626)
Dividends income		2,050,009	860,190	2,520,842	1,508,901
Share of result of an associate		270,966	870,613	1,422,006	3,063,477
Realized gain on investments at fair value through profit or loss		-	1,146,483	-	1,318,206
Unrealized (loss) gain on investments at fair value through profit or loss		-	(8,328,369)	-	1,171,934
Other income		3,577,257	4,164,945	6,406,646	6,024,506
<b>Net (loss) income for the period before zakat</b>		<b>(40,514,606)</b>	<b>(10,919,963)</b>	<b>(86,488,751)</b>	<b>4,176,445</b>
Zakat		(750,000)	(728,652)	(1,500,000)	(2,207,304)
<b>Net (loss) income for the period</b>		<b>(41,264,606)</b>	<b>(11,648,615)</b>	<b>(87,988,751)</b>	<b>1,969,141</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<i>Item that will not be reclassified subsequently to the profit or loss</i>					
Net movement in fair value of equity instruments designated at fair value through other comprehensive income		-	-	-	-
<b>Other comprehensive (loss) income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive (loss) income for the Period</b>		<b>(41,264,606)</b>	<b>(11,648,615)</b>	<b>(87,988,751)</b>	<b>1,969,141</b>
<b>Net (loss) income for the period attributable to:</b>					
Shareholders		(41,291,800)	(11,728,819)	(87,937,652)	1,687,043
Non-controlling interest		27,194	80,204	(51,099)	282,098
<b>Net (loss) income for the period</b>		<b>(41,264,606)</b>	<b>(11,648,615)</b>	<b>(87,988,751)</b>	<b>1,969,141</b>
<b>Total comprehensive (loss) income attributable to:</b>					
Shareholders		(41,291,800)	(11,728,819)	(87,937,652)	1,687,043
Non-controlling interest		27,194	80,204	(51,099)	282,098
<b>Total comprehensive (loss) income for the period</b>		<b>(41,264,606)</b>	<b>(11,648,615)</b>	<b>(87,988,751)</b>	<b>1,969,141</b>
<b>Earnings per share</b>					
Earnings per share of net (loss) income for the period	8	(0.51)	(0.15)	(1.09)	0.02
Earnings per share of total comprehensive (loss) income for the period	8	(0.51)	(0.15)	(1.09)	0.02
Number of outstanding Shares		80,636,328	80,636,328	80,636,328	80,636,328

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 Muharram 23, 1445H corresponding to August 10, 2023.

  
**Ahmed Ibrahim**  
Finance Manager

  
**Raed Mohamed Alnaeem**  
CEO

  
**Faisal Abdullah Al Qahtani**  
Chairman

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


AYYAN INVESTMENT COMPANY  
(SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023

	Share Capital	Share premium	Statutory reserve	Retained earnings/ Accumulated losses	Reserve for acquisition of additional shares in a subsidiary	Fair value reserve	Reserve for re- measurement of employees' defined benefit obligations	Total equity attributable to shareholders of the Company	Non-controlling interest	Total equity
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
<b>Balance as at January 1, 2022 (audited)</b>	806,363,280	65,478,995	7,786,135	1,788,755	(122,454,330)	42,450,437	7,245,223	808,658,495	8,243,668	816,902,163
Net income for the period	-	-	-	1,687,043	-	-	-	1,687,043	282,098	1,969,141
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,687,043	-	-	-	1,687,043	282,098	1,969,141
<b>Balance as at June 30, 2022 (unaudited)</b>	806,363,280	65,478,995	7,786,135	3,475,798	(122,454,330)	42,450,437	7,245,223	810,345,538	8,525,766	818,871,304
<b>Balance as at January 1, 2023 (audited)</b>	806,363,280	65,478,995	7,786,135	(42,978,981)	(122,454,330)	15,932,210	5,608,499	735,735,808	8,357,566	744,093,374
Net loss for the period	-	-	-	(87,937,652)	-	-	-	(87,937,652)	(51,099)	(87,988,751)
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(87,937,652)	-	-	-	(87,937,652)	(51,099)	(87,988,751)
<b>Balance as at June 30, 2023 (unaudited)</b>	806,363,280	65,478,995	7,786,135	(130,916,633)	(122,454,330)	15,932,210	5,608,499	647,798,156	8,306,467	656,104,623

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 Muharram 23, 1445H corresponding to August 10, 2023.

  
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Raed Mohamed alnaeem  
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Faisal Abdullah Al Qahtani  
Chairman

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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023**

	For the six month period ended	
	June 30, 2023 (Unaudited) SR	June 30, 2022 (Unaudited) SR
<b>OPERATING ACTIVITIES</b>		
Net (loss) income for the period before zakat	(86,488,751)	4,176,445
<i>Adjustments for:</i>		
Depreciation	12,492,759	8,220,585
Loss from disposal of property, plant and equipment	77,211	120,947
Depreciation of right of use	5,975,561	476,120
Amortization of intangible assets	227,289	205,806
Realized gain on investments at fair value through profit or loss	-	(1,318,206)
Unrealized gain on investments at fair value through profit or loss	-	(1,171,934)
Share of result of associate	(1,422,006)	(3,063,477)
Dividends income	(2,520,842)	(1,508,901)
Finance cost	19,466,692	1,926,626
Impairment recognized on trade receivables	-	3,773,938
Write-off for receivables provision	-	(2,665,881)
Employees' defined benefits obligations	6,109,068	4,427,487
	(46,083,019)	13,599,555
<b>Changes in operating assets and liabilities:</b>		
Trade receivables, prepayments and other assets	(16,632,105)	(1,508,835)
Inventories	(3,283,709)	(310,343)
Trade payables, accrued expenses and other liabilities	95,064,784	(7,825,047)
Cash provided by operations	29,065,951	3,955,330
Zakat Paid	(4,326,440)	(5,563,302)
Employees' defined benefits obligations paid	(4,221,332)	(5,057,992)
<b>Net cash provided by (used in) operating activities</b>	<b>20,518,179</b>	<b>(6,665,964)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(33,125,420)	(55,664,829)
Cash dividends received	2,520,842	1,508,901
Purchase of investments at fair value through profit or loss	-	(3,972,318)
Proceeds from sale of investments at fair value through profit or loss	-	6,614,077
<b>Net cash used in investing activities</b>	<b>(30,604,578)</b>	<b>(51,514,169)</b>
<b>FINANCING ACTIVITIES</b>		
Lease liabilities, net	(8,091,519)	1,250,549
Repayment of loans	(165,776,206)	(52,883,331)
Proceeds from Loans	184,520,151	112,941,499
<b>Net cash provided by financing activities</b>	<b>10,652,426</b>	<b>61,308,717</b>
<b>Net change in cash and cash equivalents</b>	<b>566,027</b>	<b>3,128,584</b>
Cash and cash equivalent as at 1 January	77,049,943	29,491,626
<b>Cash and cash equivalents as at June 30</b>	<b>77,615,970</b>	<b>32,620,210</b>
<b>NON-CASH TRANSACTIONS</b>		
Borrowing cost capitalized	2,384,227	9,760,556
Effect of revision in lease liability	-	847,600

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 Muharram 23, 1445H corresponding to August 10, 2023.

  
Ahmed Ibrahim  
Finance Manager

  
Raed Mohamed alnaeem  
CEO

  
Faisal Abdullah Al Qahtani  
Chairman

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023**

**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Ayyan Investment Company ("the Company") is a Saudi Joint Stock Company established as per Ministerial Decree No. 573 dated 14 Rabea II 1414H corresponding to October 1, 1993 and registered under Commercial Register No. 2051064048 dated 19 Rajab 1438H corresponding to April 16, 2017. The Company has a branch registered under commercial registration number 2252021816 which is located in Al-Ahsa, Kingdom of Saudi Arabia.

The authorized, issued and paid up share capital as at June 30, 2023, amounted to SR 806,363,280 divided into 80,636,328 shares with par value of SR 10 per share.

The main activity of the Company is general construction of non-residential buildings including schools, hospitals, hotels etc.

The Company's head office is located in Al-Khobar, Kingdom of Saudi Arabia.

**1.1 Structure of the group**

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

Company	Legal Form	Incorporation Country	Effective ownership	
			2023	2022
Al-Ahsa Food Industries Company (A)	Limited Liability Company	Saudi Arabia	100%	100%
Al-Ahsa Medical Services Company (B)	Closed Joint Stock Company	Saudi Arabia	96,3%	96,3%
Al Salam Medical Services Company (C)	Closed Joint Stock Company	Saudi Arabia	100%	100%

The assets, liabilities and result of operations of the above subsidiaries of the company have been included in the accompanying condensed consolidated interim financial statements. The Company and its subsidiaries are referred to as "the Group".

**A. Al-Ahsa Food Industries Company**

Al-Ahsa Food Industries Company is a Saudi limited liability company registered under Commercial Register No. 2252023850 dated 7 Muharram 1416H corresponding to June 6, 1995. The principle activities of Al-Ahsa Food Industries Company are the production of dates and their derivatives and it is wholly owned by the Company. The subsidiary's accumulated losses exceeded its capital. Under the provisions of Article 181 of the Companies Law, the shareholders are required to resolve to continue in the business and provide support to the subsidiary or liquidate it. At their meeting the Board of Directors resolved to continue to support the subsidiary and provide it with the necessary funding.

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

Al-Ahsa Medical Services Company is a closed joint stock company under Commercial Register No. 2252025213 dated 07 Sha'ban 1418H corresponding to December 07, 1997. Al-Ahsa Medical Services Company is engaged in the establishment, management, operation and maintenance of hospitals. On May 1, 2019, The Company acquired additional 16.32% of the subsidiary's equity shares from the non-controlling interest, this resulted in an increase of the Company's ownership in the subsidiary from 53.61% to 69.9%.

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

**C. Al Salam Medical Services Company (ASMSC)**

Al Salam Medical Services Company is a Saudi Closed Joint Stock Company Registered under commercial registration number 2051059611 dated 16 Safar 1436H corresponding to December 9, 2014. The principal activities of ASMSC include establishing, maintenance and operating hospitals, medical centers, government and private dispensaries. On March 15, 2020, the Group has acquired 100% share capital and voting interest in ASMSC and obtained control.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The condensed consolidated interim financial statements for the six months' period ended June 30, 2023 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards. The accompanying condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and hence should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2022, They do not include all of the information required for a complete set of IFRS Financial Statements however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since December 31, 2022.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023**

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

**2.1 Statement of compliance (continued)**

The current liabilities of the Company have exceeded its current assets by 115.3 million Saudi riyals as at June 30, 2023 (December 31, 2022: 77.9 Million Saudi riyals). The Company is currently in negotiations with a commercial bank for additional facilities to finance its working capital requirements. Management of the Company believes that it would be successful in obtaining additional facilities in the near future as required. And also if required the company will sale one of its investments from investment properties and investment in equity instruments designated at fair value through other comprehensive income to cover this issue. Accordingly, the financial statements have been prepared assuming that the Company will continue as a going concern.

**2.2 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, 2022.

**3. SIGNIFICANT ACCOUNTING POLICES**

The accounting policies applied in the preparation of condensed consolidated interim financial statements are in accordance with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards issued by the Saudi Organization for Chartered and Professional Accountants, and they are consistent with those of the financial year ended 31 December 2022, except for the application of new accounting policies below effective from 1 January 2023.

**New Standards Issued, and Standards Issued and Effective**

Following are the standards and amendments that become effective on January 1, 2023 or after (unless otherwise stated): and do not have a material impact on the Group interim condensed consolidated financial statements.

<b>Standard, Amendment or Interpretation</b>	<b><u>Effective date</u></b>
- IFRS (17) "Insurance Contracts"	January 1, 2023
- Definition of Accounting Estimates - Amendments to IAS (8)	January 1, 2023
- Deferred Tax Related to Assets and Liabilities arising from A Single Transaction – Amendments to IAS (12)	January 1, 2023
- Disclosure of accounting policies - Amendments to IAS (1) and IFRS Practice Statement (2)	January 1, 2023

**New Standards Issued, and Standards Issued But Not Yet Effective**

The new amended, issued standards and interpretations, which are not effective yet have not been adopted early by the Group, and will be adopted on their effective date as applicable. The adoption of these standards and interpretations is not expected to have any material impact on the Group on the effective date.

<b>Standard, Amendment or Interpretation</b>	<b><u>Effective date</u></b>
- Amendments to IAS (1): Classifications of Liabilities as Current or Non-current	January 1, 2024
- Amendments to IAS (16): Lease Liabilities from Sale and Leaseback	January 1, 2024

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023**

**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.

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

	<b>June 30, 2023</b>		<b>December 31, 2022</b>	
	<b>(Unaudited)</b>		<b>(Audited)</b>	
	<b>SR</b>		<b>SR</b>	
Companies Unquoted in the Saudi stock market	<b>121,942,163</b>		121,942,163	
	<b>121,942,163</b>		121,942,163	

	<b>Ownership %</b>			
	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
			<b>(Unaudited)</b>	<b>(Audited)</b>
			<b>SR</b>	<b>SR</b>
Industrialization and Energy Services Co. TAQA	<b>0.95</b>	0.95	<b>80,356,290</b>	80,356,290
Taleem Investment Co. Ltd	<b>12.78</b>	12.78	<b>19,200,341</b>	19,200,341
Arab Paper Manufacturing Co. (Warq)	<b>4.74</b>	4.74	<b>20,695,393</b>	20,695,393
Al Ahsa Tourism & Leisure Co.	<b>7.57</b>	7.57	<b>1,690,139</b>	1,690,139
Arab Company for Industrial Fibers (Ibn Rushd)	<b>0.42</b>	0.42	-	-
			<b>121,942,163</b>	121,942,163

The above investments were valued by an independent valuation expert who issued his report after evaluating all investments. The independent valuation expert issued his report on the value of these investments as at December 31, 2022. The guideline publicly-traded comparable method, using the earnings multiples of similar companies in GCC and other countries, was used to assess the fair value of investments except for Taleem for which discounted cash flows method is used. The valuation techniques used in current year are consistent with those used in last year for investment valuation.

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR</b>	<b>SR</b>
Balance at the beginning of period/year	<b>121,942,163</b>	148,460,390
Change in fair value	-	(26,518,227)
Balance at the end of period/year	<b>121,942,163</b>	121,942,163

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023**

**6. LONG TERM LOANS**

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Loan from commercial bank - ASMSC (Note 6.1)	408,877,172	407,404,748
Loan from Ministry of Finance - ASMSC (Note 6.2)	125,499,329	99,624,458
Loan from commercial bank – AMSC (Note 6.3)	40,550,599	45,062,350
	<b>574,927,100</b>	<b>552,091,556</b>

**6.1** - This loans belong to the subsidiary ASMSC (Al Salam medical services company) which had signed facility agreement (“the facility”), to partially finance the construction of hospital, comprising of documentary credits and bills, deferred payment credits/documentary credits and bills, performance guarantees, long term loan facility amounting to SR 163.43 million and medium term loan facility amounting to SR 122.16 million. During the year 2021, the Company capitalized interest amounting to SR 2.7 million, related to this loan, in capital work in progress . This complete loan has been paid by the Company during the year ended December 31, 2021.

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

During the period ending on June 30, 2023, the company obtained an amount of 49.9 million Saudi riyals from credit facilities, and the company paid an amount of 63.5 million Saudi riyals, of which 17.2 million riyals was paid by the company from the accrued interest..

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
<b><u>Principal amount</u></b>		
Opening balance	406,331,695	443,202,642
Loan obtained	49,999,305	32,797,178
Loam paid	(46,339,498)	(69,668,125)
Total loans	409,991,502	406,331,695
Accrued interest	2,310,002	4,497,385
Advance service charges	(3,424,332)	(3,424,332)
<b>Net long term loan payable</b>	<b>408,877,172</b>	<b>407,404,748</b>

**6.2** - During year 2018, ASMSC (Al Salam medical services company) obtained an interest free loan facility amounting to SR 56 million from the Ministry of Finance, to finance the construction, furnishing and fitting of the Hospital Project. This loan is repayable in 20 annual installments with first installment due after five years from the date of the contract, which is discounted on average market prevailing interest rates for similar nature loans, to have a present value of SR 31.69 million. During the year 2019, the Company obtained an additional interest free loan amounting to SR 15.9 million from the same facility from Ministry of Finance, with same terms of loan as for first loan, having net present value of SR 9.2 million. The difference between loan received and its present value amounting to SR 31.1 million was recorded as governmental grant as a reduction to property and equipment.

During the year 2021, the Company obtained an additional interest free loan amounting to SR 3.73 million from the same facility from Ministry of Finance, with same terms of loan as for first and second loan, having net present value of SR 2.32 million. The difference between loan received and its present value amounting to SR 1.41 million was recorded as governmental grant as a reduction to property and equipment. The loan is secured by a pledge on the land of the project, the construction and maintenance of the building for the Ministry of Finance.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023**

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

During the year 2022, the Company obtained an additional interest free loan amounting to SR 69.67 million from the same facility from Ministry of Finance, with same terms of loan as for first and second loan, having net present value of SR 46.77 million. The difference between loan received and its present value amounting to SR 22.9 million was recorded as governmental grant as a reduction to property and equipment. The loan is secured by a pledge on the land of the project, the construction and maintenance of the building for the Ministry of Finance. During the year 2022, the Company capitalized interest amounting to SR 2.9 million (2021: 2.8 million), related to this loan, in capital work in progress.

During the period ending on June 30, 2023 the Company obtained an additional interest free loan amounting to SR 34.4 million from the same facility from Ministry of Finance, with same terms of loan, having net present value of SR 23.4 million. The difference between loan received and its present value amounting to SR 11 million was recorded as governmental grant as a reduction to property and equipment.

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Opening balance	99,624,458	49,918,190
Loan obtained	23,405,073	46,769,213
Interest for the year	2,469,798	2,937,055
Closing balance	125,499,329	99,624,458

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

During the period ending on June 30, 2023, the company repaid an amount of 4.5 million Saudi riyals from the long-term loan.

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Current portion	30,620,983	80,809,025
Non-current portion	544,306,117	471,282,531
	574,927,100	552,091,556

**7. SHORT TERM LOANS**

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Short term loan - AMSC ( 7-1)	40,857,804	50,283,253
Short term loan - AFIC (7-2)	3,065,404	2,010,222
Short term loan - ASMSC (7-3)	89,999,343	64,999,610
	133,922,551	117,293,085

7-1 This loan belongs to the subsidiary (Al Ahsa medical services company) during the year 2021 the company obtained a short term loan from a local bank. As per the agreement the loan is secured by pledge on goods and services of the company, the outstanding balance is repayable in full during first half of 2022. and during the year 2022 the company paid the full amount of short term loan amounted SR 10,349,015, During the year 2022 the Company obtained a short-term loan from commercial bank amounting to SR 20 million. And Also during the year 2022, the Company signed a loan agreement with another commercial bank amounting to SR 30 million to finance operations for the Company, these borrowings facility agreements are subject to certain financial and non-financial covenants. The Company is complying with all the covenants.

During the period ending on June 30, 2023, the company repaid an amount of 41 million Saudi riyals and also obtained a short-term loan of 30 million Saudi riyals.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

7. **SHORT TERM LOANS (CONTINUED)**

7-2 This loan belongs to the subsidiary (Al Ahssa food industries company) the company has obtained facility from a local bank amounting to SR 5 million, the balance of the loan amounted to SR 2 million as of December 31, 2022 (2021: SR 4.5 million) to finance working capital. The facility comprises of forward sale financing. As per the agreements the facility is guarantee by corporate guarantee from ayyan investment company and from the guarantee program to finance small and medium enterprises. The outstanding balance is repayable in 6 months. The facility carries financing charges at market rates. As per facility agreement, the company has to maintain certain non-financial covenants. During the period ending on June 30, 2023, the company obtained 3 million Saudi riyals from the facility and paid 2 million Saudi riyals.

7-3 This loan belongs to Al Salam Medical Services Company (a subsidiary company), During the year 2022, Al-Salam Medical Services Company obtained a short-term loan from a local bank in the amount of 65 million Saudi riyals. During the period ending on June 30, 2023, the company obtained an amount of 80.5 million Saudi riyals from that agreement and paid 55.5 million Saudi riyals.

8. **EARNINGS PER SHARE**

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

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

	<b>For the three-months period ended June 30</b>		<b>For the six-months period ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
Net (loss) income for the period attributable to shareholders	<b>(41,291,800)</b>	<b>(11,728,819)</b>	<b>(87,937,652)</b>	<b>1,687,043</b>
Weighted average number of shares	<b>80,636,328</b>	<b>80,636,328</b>	<b>80,636,328</b>	<b>80,636,328</b>
Earnings per share from (loss) income for the period	<b>(0.51)</b>	<b>(0.15)</b>	<b>(1.09)</b>	<b>0.02</b>

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

	<b>For the three-months period ended June 30</b>		<b>For the six-months period ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>	<b>SR</b>
Total comprehensive (loss) income for the period attributable to shareholders	<b>(41,291,800)</b>	<b>(11,728,819)</b>	<b>(87,937,652)</b>	<b>1,687,043</b>
Weighted average number of shares	<b>80,636,328</b>	<b>80,636,328</b>	<b>80,636,328</b>	<b>80,636,328</b>
Earnings per share from the total comprehensive (loss) income for the period	<b>(0.51)</b>	<b>(0.15)</b>	<b>(1.09)</b>	<b>0.02</b>

9. **TRADE PAYABLES, ACCRUED EXPENSES AND OTHER LIABILITIES**

	<b>June 30, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
	<b>SR</b>	<b>SR</b>
Due to related parties (Note 10)	<b>111,453,025</b>	<b>18,675,614</b>
Trade payables	<b>65,029,066</b>	<b>63,105,773</b>
Accrued employees benefits	<b>8,701,598</b>	<b>3,553,724</b>
VAT accrual	<b>2,415,740</b>	<b>2,451,172</b>
Advance revenue	<b>-</b>	<b>733,583</b>
Others	<b>3,528,540</b>	<b>7,543,319</b>
	<b>191,127,969</b>	<b>96,063,185</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023**

**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>June 30, 2023</u> (Un-audited)	<u>June 30, 2022</u> (Un-audited)
- Board of directors (BOD)	BOD remunerations and meeting expenses	153,248	932,000
- Key management staff	Salaries and benefits	880,554	934,131
- Al-Othman Holding Company.	Financing	108,100,000	-
- Al-Othman Holding Company.	Purchases / Services	8,330,829	-
- Security Company for Security Services	Purchases / Services	2,912,601	-
- Al-Othman Agricultural Company (NADA)	Purchases	80,811	-

**Due to related parties as of June 30, 2023 and December 31, 2022 as follow:**

	<u>June 30, 2023</u> (Unaudited)	<u>December 31, 2022</u> (Audited)
	SR	SR
Al-Othman Holding Company.	108,459,613	15,263,013
Security Company for Security Services	2,912,601	3,412,601
Al-Othman Agricultural Company (NADA)	80,811	-
	<b>111,453,025</b>	<b>18,675,614</b>

**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</u> <u>Sector</u>	<u>Medical</u> <u>Services Sector</u>	<u>Investment</u> <u>Sector</u>	<u>Total</u>
<b><u>June 30, 2023</u></b>	SR	SR	SR	SR
Property, Plant & Equipment	4,800,061	1,079,338,678	596,327	1,084,735,066
Total Assets	17,872,783	1,410,291,280	246,719,469	1,674,883,532
Total Liabilities	6,262,629	1,006,896,126	5,620,154	1,018,778,909
<b><u>December 31, 2022</u></b>				
Property, Plant & Equipment	5,076,290	1,056,069,876	543,387	1,061,689,553
Total Assets	17,388,358	1,372,893,976	245,960,522	1,636,242,856
Total Liabilities	6,386,374	879,826,014	5,937,094	892,149,482

The following table summarizes the financial information disaggregated by business segments for the ending period on June 30, 2023 and June 30, 2022:

	<u>Manufacturing</u> <u>Sector</u>	<u>Medical</u> <u>Services Sector</u>	<u>Investment</u> <u>Sector</u>	<u>Total</u>
<b><u>June 30, 2023</u></b>	SR	SR	SR	SR
Revenues, net	10,765,023	134,912,789	-	145,677,812
Net income	1,391,509	(91,376,221)	1,995,961	(87,988,751)
<b><u>June 30, 2022</u></b>				
Revenues, net	9,614,986	131,842,109	-	141,457,095
Net income	1,499,432	(1,945,619)	2,415,328	1,969,141

NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

**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, investment in equity instruments at fair value through profit or loss and trade and other receivables.

**Classification of financial instruments**

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
<b>Financial assets at fair value</b>		
Investments in equity instruments at fair value through profit or loss	-	-
Investments in equity instruments designated at fair value through other comprehensive income	121,942,163	121,942,163
	<b>121,942,163</b>	<b>121,942,163</b>
<b>Financial assets at amortized cost</b>		
Trade receivables and other assets	146,188,260	112,951,176
Cash and cash equivalent	77,615,970	77,049,943
	<b>223,804,230</b>	<b>190,001,119</b>
<b>Total of financial assets</b>	<b>345,746,393</b>	<b>311,943,282</b>
<b>Financial liabilities at amortized cost</b>		
Trade payables, accrued expenses and other liabilities	188,310,993	91,673,054
Short term loans	133,922,551	117,293,085
Long term loans	574,927,100	552,091,556
	<b>897,160,644</b>	<b>761,057,695</b>

**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  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

**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:

	June 30, 2023 (Unaudited)			
	Level 1 (SR)	Level 2 (SR)	Level 3 (SR)	Total (SR)
Instruments at fair value through profit or loss	-	-	-	-
Instruments designated at fair value through other comprehensive income	-	-	121,942,163	121,942,163
	-	-	121,942,163	121,942,163

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

During the period, there were no transfers from the first to the second and the third level.

Although management believes that the fair value measurements for investments included in Level 3 are appropriate, the use of other methods or assumptions may result in different fair value measurements. Level 3 includes non-current local and non-local investments where the Group relies on its assessment of the net asset value based on the most recent audited financial statements available to determine the fair value of these investments. Other valuation techniques use discounted cash flow models based on expected dividends for which no information is available. Accordingly, the potential impact of the use of valuation techniques based on alternative assumptions cannot be determined.

**Credit risk**

Credit risk is the risk that one party may fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk which represents the balances due from customers and cash balances. Cash and cash equivalents are placed with banks and institutions with sound credit ratings. Trade and other receivables are mainly due from customers in the local market and related parties and are shown at their estimated recoverable amount as follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SR	SR
Trade receivables and other assets	146,188,260	112,951,176
Cash and cash equivalents	77,615,970	77,049,943
	223,804,230	190,001,119

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

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

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

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023**

**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.

	June 30, 2023 (unaudited)				
	Total undiscounted amounts				
	Book value	Contractual cash flow	Upon request or less than 1 year	From 2 to 5 years	More than 5 years
	SR	SR	SR	SR	SR
<b>Financial liabilities at amortized cost</b>					
Trade payables, accrued expenses and other liabilities	188,310,993	188,310,993	188,310,993	-	-
Lease liability	74,899,412	81,891,993	15,666,045	61,198,685	5,027,263
loans	708,849,651	764,373,617	150,211,177	252,428,459	361,733,981
	<u>972,060,056</u>	<u>1,034,576,603</u>	<u>354,188,215</u>	<u>313,627,144</u>	<u>366,761,244</u>
	December 31, 2022 (audited)				
	Total undiscounted amounts				
	Book value	Contractual cash flow	Upon request or less than 1 year	From 2 to 5 years	More than 5 years
	SR	SR	SR	SR	SR
<b>Financial liabilities at amortized cost</b>					
Trade payables, accrued expenses and other liabilities	96,063,185	96,063,185	96,063,185	-	-
Lease liability	81,861,075	90,262,763	15,332,801	60,129,717	14,800,245
Loans	669,384,641	929,752,877	235,154,395	373,948,519	320,649,963
	<u>847,308,901</u>	<u>1,116,078,825</u>	<u>346,550,381</u>	<u>434,078,236</u>	<u>335,450,208</u>

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.

**13. CAPITAL COMMITMENTS AND OBLIGATIONS**

As of June 30, 2023 the Group has a capital commitment related to the construction of a hospital for Al-Salam Medical Services Company, amounting to 13 million Saudi riyals (December 31, 2022: 13 Million Saudi riyals).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023**

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**14. SUBSEQUENT EVENT**

In the opinion of management, there were no significant subsequent events after June 30, 2023 and up to the date of approval of the condensed consolidated interim financial statements by the Board of Directors, which may have a material impact on the condensed consolidated interim financial statements as of June 30, 2023.

**15. COMPARATIVE FIGURES**

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

**16. INTERIM RESULTS**

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

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

The condensed consolidated interim financial statements were approved by the board of directors on Muharram 23, 1445H corresponding to August 10, 2023.