

AYYAN INVESTMENT COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
WITH INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021



Crowe

Al Azem, Al Sudairy, Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

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(A Saudi Joint Stock Company)

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

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **AYYAN INVESTMENT COMPANY (A Saudi Joint Stock Company) (the "Company")** and its subsidiaries (collectively referred to as the "Group") as of September 30, 2021, and the related condensed consolidated interim statement of profit and loss and other comprehensive income for the three and nine months period ended 30 September 2021, and the related condensed consolidated interim statement of changes in shareholders' equity and cash flows for the nine 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.

Other Matter


The condensed consolidated interim financial statements for the period of nine months ended 30 September 2020 have been reviewed by another auditor who expressed an unmodified conclusion on the condensed consolidated interim financial statements on 02 November 2020, and the consolidated financial statements for the year ended 31 December 2020 have been audited by the same auditor who expressed an unmodified opinion on the consolidated financial statements 7 March 2021.

Conclusion

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



Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountants


Abdullah M. AlAzem
License No. 335

29 Rabie Awal 1443H (04 November 2021)
Khobar, Kingdom of Saudi Arabia

Audit, Tax & consultants

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

		September 30, 2021	December 31, 2020
	Note	(Unaudited) SR	(Audited) SR
ASSETS			
Non-current assets			
Property, plant and equipment, net		927,180,029	809,878,792
Intangible assets, net		2,109,207	162,911
Investments at fair value through other comprehensive income	6	151,725,210	151,725,210
Investment in an associate		14,041,809	13,126,175
Investment properties		123,804,237	124,171,587
Right-of-use assets		3,598,761	4,402,052
Goodwill		2,094,678	2,094,678
Total non-current assets		1,224,553,931	1,105,561,405
Current assets			
Inventories		19,813,169	24,715,423
Due from related parties	9	164,152	219,837
Prepayments and other assets		13,850,243	13,947,298
Trade receivables, net		118,627,405	110,036,645
Investment at fair value through profit or loss	8	62,990,025	53,286,250
Cash and cash equivalents		11,537,231	3,453,564
Total current assets		226,982,225	205,659,017
TOTAL ASSETS		1,451,536,156	1,311,220,422
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's Equity			
Share capital	1, 5a	737,320,690	737,320,690
Share discount	5a	(10,882,110)	(10,882,110)
Statutory reserve		7,356,704	7,356,704
Retained earnings/ (Accumulated losses)		11,138,383	(579,346)
Reserve for acquisition of additional shares in a subsidiary		(33,332,212)	(33,332,212)
Fair value reserve		44,218,474	44,218,474
Reversal for re-measurement of employees' defined benefit obligations		6,701,273	6,701,273
Total equity attributable to shareholder's		762,521,202	750,803,473
Non-controlling interest		70,818,599	68,200,265
TOTAL SHAREHOLDER'S EQUITY		833,339,801	819,003,738
LIABILITIES			
Non-current liabilities			
Long term loans – non-current portion	10	439,494,659	191,506,019
Lease liabilities – non - current portion		55,589,770	35,696,971
Employees' defined benefits obligations		34,725,991	32,267,795
Total non-current liabilities		529,810,420	259,470,785
Current liabilities			
Long term loan – current portion	10	14,377,527	31,122,315
Due to banks		-	5,705,488
Short term loans		3,019,889	129,675,174
Accrued expenses and other liabilities		12,513,883	14,084,053
Lease liabilities – current portion		7,313,018	4,186,602
Zakat provision		4,556,863	6,566,518
Due to related parties	9	435,147	332,287
Trade payables		46,169,608	41,073,462
Total current liabilities		88,385,935	232,745,899
Total liabilities		618,196,355	492,216,684
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		1,451,536,156	1,311,220,422

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 Rabie Awal 29, 1443H corresponding to November 04, 2021.



Ahmed Ibrahim
Finance Manager



Raed Mohamed Alnaeem
CEO



Abdulrahman Balghunaim
Chairman

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2021**

	Note	For the three month period ended September 30		For the nine month period ended September 30	
		2021	2020	2021	2020
		(Unaudited) SR	(Unaudited) SR	(Unaudited) SR	(Unaudited) SR
Revenues, net		65,803,249	65,948,326	208,765,885	190,695,941
Cost of revenues		(49,196,435)	(46,969,869)	(150,709,832)	(139,275,119)
Gross profit		16,606,814	18,978,457	58,056,053	51,420,822
General and administrative expenses		(14,299,468)	(16,653,646)	(56,208,173)	(47,636,268)
Selling and marketing expenses		(226,763)	(217,718)	(681,214)	(740,213)
Operating profit		2,080,583	2,107,093	1,166,666	3,044,341
Finance cost		(2,883,120)	(632,975)	(5,008,948)	(1,489,809)
Dividends income		2,020,777	855,441	2,869,622	2,120,838
Share of result of an associate		1,882,552	(25,778)	915,634	365,342
Realized gain on investments at fair value through profit or loss	8	-	1,995,796	888,379	2,127,590
Unrealized gain on investments at fair value through profit or loss	8	1,664,074	2,725,844	12,312,436	5,795,271
Bargain purchase on acquisition of a subsidiary	5	-	-	-	14,580,063
Other income		1,152,355	2,533,442	4,242,274	5,987,443
Net income before zakat from continuing operations		5,917,221	9,558,863	17,386,063	32,531,079
Gain on disposal of discontinued operations		-	3,011,839	-	3,011,839
Net income for the period before zakat		5,917,221	12,570,702	17,386,063	35,542,918
Zakat		(1,350,000)	(1,961,540)	(3,050,000)	(3,361,540)
Net income for the period		4,567,221	10,609,162	14,336,063	32,181,378
OTHER COMPREHENSIVE INCOME					
<i>Item that will not be reclassified subsequently to the profit or loss</i>					
Net movement in fair value of equity instruments designated at fair value through other comprehensive income		-	-	-	(18,757,278)
Other comprehensive income/ (loss)		-	-	-	(18,757,278)
Total comprehensive income for the Period		4,567,221	10,609,162	14,336,063	13,424,100
Net income for the period attributable to:					
Shareholders		3,735,042	9,189,047	11,717,729	29,056,270
Non-controlling interest		832,179	1,420,115	2,618,334	3,125,108
Net income for the period		4,567,221	10,609,162	14,336,063	32,181,378
Total comprehensive income attributable to:					
Shareholders		3,735,042	9,189,047	11,717,729	10,298,992
Non-controlling interest		832,179	1,420,115	2,618,334	3,125,108
Total comprehensive income for the period		4,567,221	10,609,162	14,336,063	13,424,100
Earnings per share					
Earnings per share of net income for the period	7	0.05	0.08	0.16	0.39
Earnings per share of total comprehensive income for the period	7	0.05	0.08	0.16	0.11
Number of outstanding Shares		73,732,069	73,732,069	73,732,069	66,962,342

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 Rabie Awal 29, 1443H corresponding to November 04, 2021.


Ahmed Ibrahim
Finance Manager


Raed Mohamed Alnaeem
CEO


Abdulrahman Balghunaim
Chairman

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

	Share Capital	Share discount	Statutory reserve	Retained earnings	Reserve for acquisition of additional shares in a subsidiary	Fair value reserve	Reserve for re- measurement of employees' defined benefit obligations	Total equity attributable to shareholders of the Company	Non-controlling interest	Total equity
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Balance as at January 1, 2020 (audited)	490,000,000	-	4,627,334	4,536,541	(33,332,212)	42,978,324	8,115,552	516,925,539	65,239,660	582,165,199
Net income for the period	-	-	-	29,056,270	-	-	-	29,056,270	3,125,108	32,181,378
Other comprehensive loss	-	-	-	-	-	(18,757,278)	-	(18,757,278)	-	(18,757,278)
Total comprehensive income for the period	-	-	-	29,056,270	-	(18,757,278)	-	10,298,992	3,125,108	13,424,100
Loss on sale of investment in equity instruments designated at fair value through other comprehensive income	-	-	-	(29,680,218)	-	29,680,218	-	-	-	-
Transaction with shareholders in their capacity as shareholders										
Additional share capital issued (Note 5)	247,320,690	(10,882,110)	-	-	-	-	-	236,438,580	-	236,438,580
Balance as at September 30, 2020 (unaudited)	737,320,690	(10,882,110)	4,627,334	3,912,593	(33,332,212)	53,901,264	8,115,552	763,663,111	68,364,768	832,027,879
Balance as at January 1, 2021(audited)	737,320,690	(10,882,110)	7,356,704	(579,346)	(33,332,212)	44,218,474	6,701,273	750,803,473	68,200,265	819,003,738
Net income for the period	-	-	-	11,717,729	-	-	-	11,717,729	2,618,334	14,336,063
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	11,717,729	-	-	-	11,717,729	2,618,334	14,336,063
Balance as at September 30, 2021(unaudited)	737,320,690	(10,882,110)	7,356,704	11,138,383	(33,332,212)	44,218,474	6,701,273	762,521,202	70,818,599	833,339,801

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 Rabie Awal 29, 1443H corresponding to November 04, 2021.



Ahmed Ibrahim
Finance Manager



Raed Mohamed Alnaeem
CEO



Abdulrahman Balghunaim
Chairman

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	For the Nine month period ended	
	September 30, 2021 (Unaudited) SR	September 30, 2020 (Unaudited) SR
OPERATING ACTIVITIES		
Net income for the period before zakat	17,386,063	35,542,918
<i>Adjustments for:</i>		
Depreciation	12,057,472	11,008,105
loss from disposal of property, plant and equipment	278,125	163,874
Depreciation of right of use	803,292	880,781
Amortization of intangible assets	50,183	104,540
Share of result of associate	(915,634)	(365,342)
Dividends income	(2,869,622)	(2,120,838)
Finance cost	5,008,948	1,489,809
Provision for Bad-Debt	10,735,006	1,228,005
Gain on discontinued operations	-	(3,011,839)
Realized gain on investments at fair value through profit or loss	(888,379)	(2,127,590)
Unrealized gain on investments at fair value through profit or loss	(12,312,436)	(5,795,271)
Bargain purchase on acquisition of subsidiary (note 5)	-	(14,580,063)
Provision for slow moving inventory	240,000	-
Employees' defined benefits obligations	4,871,850	4,584,712
	<u>34,444,868</u>	<u>27,001,801</u>
Changes in operating assets and liabilities:		
Trade receivables, prepayments and other assets	(19,228,711)	34,359,860
Inventories	4,662,254	2,104,491
Trade payables, accrued expenses and other liabilities	3,525,976	257,514
Cash provided by operations	<u>23,404,387</u>	<u>63,723,666</u>
Zakat paid	(5,059,654)	(1,853,106)
Employees' defined benefits obligations paid	(2,413,641)	(1,960,850)
Net cash provided by operating activities	<u>15,931,092</u>	<u>59,909,710</u>
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(107,733,863)	(47,805,433)
Additions to Intangible assets	(1,996,479)	-
Cash dividend income received	2,869,622	2,120,838
Proceeds from disposal of property, plant and equipment	625,024	-
Purchase of investments at fair value through profit or loss	(6,319,856)	(41,900,980)
Proceeds from sale of investments at fair value through other comprehensive income	-	42,338,182
Proceeds from sale of investments at fair value through profit or loss	9,816,896	11,727,233
Net cash used in investing activities	<u>(102,738,656)</u>	<u>(33,520,160)</u>
FINANCING ACTIVITIES		
Lease liabilities received (paid)	9,389,495	(2,016,693)
Net change on related parties	158,545	-
Due to Bank	(5,705,488)	-
Repayment of loans	(339,642,789)	(9,841,346)
Loans draw down	430,691,468	2,500,000
Net cash provided by (used in) financing activities	<u>94,891,231</u>	<u>(9,358,039)</u>
Net change in cash and cash equivalents	<u>8,083,667</u>	<u>17,031,511</u>
Cash acquired on acquisition of a subsidiary	-	637,067
Cash and cash equivalent as at 1 January	3,453,564	13,239,796
Cash and cash equivalents as at September 30	<u>11,537,231</u>	<u>30,908,374</u>
Non-Cash Transactions (note 14)		

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 Rabie Awal 29, 1443H corresponding to November 04, 2021.


Ahmed Ibrahim
Finance Manager


Raed Mohamed Alnaeem
CEO


Abdulrahman Balghunaim
Chairman

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2021**

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 September 30, 2021, amounted to SR 737,320,690 divided into 73,732,069 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	
			2021	2020
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	69,9%	69,9%
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 Group. The subsidiary's accumulated losses exceeded its capital. Under the provisions of Article 181 of the Companies Law, the shareholders are required to resolve to continue in the business and provide support to the subsidiary or liquidate it. At their meeting on March 24, 2019, 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. The ownership share of the company is 69.9%, and during the year 2021 and prior to the issuance of the financial statements, the Board of Directors took its decision to sign an agreement to purchase 26.43% of the capital of Al-Ahsa Medical Services Company. It is worth noting that the company is still in the process of obtaining the necessary approvals to end the purchase transaction.

C. Al Salam Medical Services Company (ASMSC) – under construction

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 (Note 5).

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed consolidated interim financial statements for the nine months period ended September 30, 2021 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 issued by the Saudi Organization for Certified Public Accountants. 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, 2020. 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 previous year .

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2021**

2. BASIS OF PREPARATION (CONTINUED)

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost except What international financial reporting standers imply.

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, 2020.

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 Certified Public Accountants, and they are consistent with those of the financial year ended 31 December 2020.

New Standards and amendments

No new standards have been issued. However, a number of amendments to the standards became effective from January 1, 2021, which were explained in the annual financial statements of the company, but did not have a material impact on the interim condensed consolidated financial statements.

4. BASIS OF CONSOLIDATION

The condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries detailed in note 1. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of the subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2021**

4. BASIS OF CONSOLIDATION (CONTINUED)

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. ACQUISITION TRANSACTIONS

On March 15, 2020, the Group has completed the acquisition transaction of 100% of shares and voting interest in Al Salam Medical Services Company (ASMSC) against issuance of new shares to the former owners of ASMSC which resulted in the increase in the share capital of Ayyan Investment Company by SR 247 million and obtained control of ASMSC.

A. Consideration transferred

Fair value of consideration transferred at the business combination date is as follows:

	<u>Amount</u> <u>SR</u>
Issued shares (24,732,069 shares @ SR 9.56 per share)	<u>236,438,580</u>

The fair value of the ordinary shares issued was based on the listed share closing price of the Company at March 15, 2020 of SR 9.56 per share. Differences between the market value and par value of the new issued shares amounted to SR 10.9 million has been reported as a part of the equity component under share discount.

B. Identifiable assets acquired and liabilities assumed

The following table summarizes the allocation of the purchase price based on the fair value of the assets acquired and liabilities assumed on the business combination date:

	<u>Fair Value</u> <u>SR</u>
Property and equipment	545,228,359
Cash and cash equivalents	637,067
Prepayments and other debit balances	63,211,208
Loans	(314,881,358)
Lease liabilities	(26,486,880)
Employees' end of service benefits	(305,526)
Accrued liabilities and other credit balances	(16,384,227)
Net assets acquired	<u>251,018,643</u>

In determining the fair value for the acquired assets and liabilities, net asset valuation (NAV) method under cost approach was used considering the Company is yet to commence operations. The estimation of fair values requires significant judgement to mark every asset and liability of the acquired Company to current market values. The valuation techniques used for measuring the fair value of material assets and liabilities acquired were as follows:

<u>Assets Acquired</u>	<u>Valuation technique and fair value of material component</u>
Land	The fair value of land and buildings have been determined by engaging three certified real estate valuers. Land has been valued using the market approach throughout conducting a site survey for the land location and comparing prices of similar land.
Buildings	Buildings have been valued using replacement cost approach being under construction.
Loans	Fair value is determined by discounting the future cash outflows at current applicable market rate.
Current assets and current liabilities	Due to short term maturity of these assets and liabilities, their fair values closely approximate their carrying values, therefore, their fair values are deemed to be their respective carrying values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2021

5. ACQUISITION TRANSACTIONS (CONTINUED)

Following are the significant assumptions used in determining fair values of assets and liabilities:

Significant assumption	Approach used in determining values
Replacement cost	Buildings replacement cost has been determined using the estimated construction cost per-meter for similar types of buildings that is used for the same valuated buildings
Current interest rate	Management used the current interest rate to reflect the fair value of the borrowings at acquisition date.

C. Bargain purchase

	Amount
	SR
Consideration transferred Note – 5 (A)	236,438,580
Fair value of identifiable net assets Note – 5 (B)	(251,018,643)
Bargain purchase	(14,580,063)

The acquisition transaction has resulted in SR 14.6 million of bargain purchase. Bargain purchase represents excess of fair value of the acquired assets and liabilities over the consideration transferred. The bargain purchase recognized in this transaction largely related to the acquired land and building and borrowings.

D. Acquisition transaction costs

Transaction costs in connection with acquisition transaction amounted to SR 62,500 during the period ended March 31, 2020 (Nil during the period ended March 31, 2019). These are included in general and administrative expenses and in operating cash flows in the statement of cash flows. These costs primarily comprise of legal fees.

E. Revenue and profit contribution

Although the acquisition deal was legally completed on March 15, 2020, for the purpose of consolidation, the financial statements of Al-Salam Medical Services Company (ASMSC) have been consolidated with effect from March 31, 2020 as management believes that the effect of the transactions from March 15, 2020 to March 31, 2020 is not material to the condensed consolidated interim financial statements. Accordingly, Al-Salam Medical Services Company did not contribute any revenue or net profit for the three-month period ending March 31, 2020. Assuming that the acquisition took place on January 1, 2020, the revenues and the conceptual net loss of Al-Salam Company would be Nil and 1.2 million Saudi riyals, respectively. For the period ending March 31, 2020. Accordingly, the net profit for the period of 16.5 million Saudi riyals will be 15.3 million Saudi Riyals.

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

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	SR	SR
Unquoted in the stock market	151,725,210	151,725,210
	151,725,210	151,725,210

	September 30, 2021	December 31, 2020	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
			SR	SR
Industrialization and Energy Services Co. TAQA	1,36	1,36	110,370,548	110,370,548
Taleem Investment Co. Ltd	12,78	12,78	20,513,677	20,513,677
Arab Paper Manufacturing Co. (Warq)	4,74	4,74	18,306,831	18,306,831
National Aviation Ground Support Company	5	5	1,496,783	1,496,783
Al Ahsa Tourism & Leisure Co.	7,57	7,57	1,037,371	1,037,371
Arab Company for Industrial Fibers (Ibn Rushd)	0,42	0,42	-	-
			151,725,210	151,725,210

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**6. EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
(CONTINUED)**

Unquoted in the stock market

The above investments are being evaluated annually by an independent valuation expert who issued his report after evaluating all investments. The independent valuation expert issued his report on the value of these investments as at 31 December 2020. The earnings based method, using the earnings multiples of similar companies in GCC and other countries, was used to assess the fair value of investments except for Taleem for which free cash flows method is used. The valuation techniques used in this year are consistent with those used in previous for investment valuation.

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

	September 30, 2021 (Unaudited) SR	December 31, 2020 (Audited) SR
Balance as at January 1	151,725,210	222,503,460
Disposals	-	(42,338,182)
Change in fair value	-	(28,440,068)
Closing balance	<u>151,725,210</u>	<u>151,725,210</u>

7. EARNINGS PER SHARE

Earnings per share of income for the period is calculated by dividing the net income for the period by the weighted average number of shares outstanding during the period. Earnings per share is as follows:

From continued operations:

	For the three-months period ended September 30		For the nine-months period ended September 30	
	2021 (Unaudited) SR	2020 (Unaudited) SR	2021 (Unaudited) SR	2020 (Unaudited) SR
Net income for the period attributable to Shareholders	3,735,042	6,177,208	11,717,729	26,044,431
Weighted average number of shares	73,732,069	73,732,069	73,732,069	66,962,342
Earnings per share from income for the Period	<u>0.05</u>	<u>0.08</u>	<u>0.16</u>	<u>0.39</u>

	For the three-months period ended September 30		For the nine-months period ended September 30	
	2021 (Unaudited) SR	2020 (Unaudited) SR	2021 (Unaudited) SR	2020 (Unaudited) SR
Total comprehensive income for the period attributable to shareholders	3,735,042	6,177,208	11,717,729	7,287,153
Weighted average number of shares	73,732,069	73,732,069	73,732,069	66,962,342
Earnings per share from the total comprehensive income for the period	<u>0.05</u>	<u>0.08</u>	<u>0.16</u>	<u>0.11</u>

From discontinued operations:

	For the three-months period ended September 30		For the nine-months period ended September 30	
	2021 (Unaudited) SR	2020 (Unaudited) SR	2021 (Unaudited) SR	2020 (Unaudited) SR
Net income for the period attributable to Shareholders	-	3,011,839	-	3,011,839
Weighted average number of shares	73,732,069	73,732,069	73,732,069	66,962,342
Earnings per share from income for the Period	<u>-</u>	<u>0.04</u>	<u>-</u>	<u>0.04</u>

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7. EARNINGS PER SHARE(CONTINUED)

Net income attributable to shareholders:

	For the three-months period ended September 30		For the nine-months period ended September 30	
	2021 (Unaudited) SR	2020 (Unaudited) SR	2021 (Unaudited) SR	2020 (Unaudited) SR
Net income for the period attributable to Shareholders	3,735,042	9,189,047	11,717,729	29,056,270
Weighted average number of shares	73,732,069	73,732,069	73,732,069	66,962,342
Earnings per share from income for the Period	0.05	0.12	0.16	0.43

Weighted average number of ordinary shares

	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
Issued share capital as at January 1	73,732,069	49,000,000
Effect of shares issued to acquire subsidiary (Note 5)	-	17,962,342
Weighted average number of ordinary shares as at September 30	73,732,069	66,962,342

**8. INVESTMENTS IN SHAREHOLDER'S EQUITY INSTRUMENTS AT FAIR VALUE THROUGH
PROFIT OR LOSS**

	September 30, 2021 Unaudited	December 31, 2020 Audited
Opining Balance	53,286,250	-
Additions	6,319,856	54,374,163
Disposals	(9,816,896)	(9,599,643)
Gain on fair value measurement, net	13,200,815	8,511,730
Ending Balance	62,990,025	53,286,250

9. RELATED PARTIES TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties consist of the shareholders, directors and businesses in which shareholders and directors, individually or combined, have significant influence. The Group's transactions with related parties are entered at arm's length basis in a normal course of business and are authorized by the management.

Related Party	Nature of Relation
Al-Othman Holding Group	Shareholder / Affiliated company

Significant related party transactions are as follows:

Nature of transactions	September 30, 2021 (Un-audited)	December 31, 2020 (audited)
- BOD remunerations and meeting expenses	168,000	1,171,000
- Key management personnel salaries and benefits	1,406,921	1,798,827
- Loans payment on behalf	56,600,000	-
-Purchases	(1,446,852)	(248,250)
-Sales	47,624	126,385
-Purchasing of Technological software's and Equipment's	454,370	759,268
-Services provided to the affiliated company	-	6,335,638

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10. LONG TERM LOANS

	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
Loan from commercial bank (1)	395,144,543	162,492,995
Loan from commercial bank (2)	10,247,857	15,391,450
Loan from Ministry of Finance (3)	48,479,786	44,743,889
Total	453,872,186	222,628,334
Current portion	14,377,527	31,122,315
Non-current portion	439,494,659	191,506,019
	453,872,186	222,628,334

1. During the period, Al Salam Medical Services company signed a credit facility agreement of SAR 162.5 million to restructure the financing, this loan is to be repaid over 12 years (including 24 months as grace period after the first withdrawal) and 40 quarterly installments thereafter, with minimum of 90 days for each transaction. The interest rate on this loan is SIBOR + 2.75%. The first installment of the loan is due in August 2023. A new financing loan has also been restructured in the amount of 116 million to replace an existing loan to reduce the interest payable. This loan is repaid after two years to be replaced by the interest-free Ministry of Finance loan. Another facility agreement of 115.5 million was signed to as a Partial finance to build a hospital project. This loan is repayable over 12 years (including 24 months as grace period after the first draw down) and 40 quarterly installments thereafter, with a minimum of 90 days for each transaction. The interest rate on this loan is SIBOR + 2.75%. The first installment of the loan is due in August 2023. The loan from the commercial banks is secured by order note signed by the company, guarantors and corporate guarantees from Ayyan Investment Company and one of the major shareholders supported by the decision of the Board of Directors and receivable security agreement, real estate mortgage, mortgage on the shares of Al-Ahsa Medical Services Company, joint guarantees and contains some financial and non-financial covenants.
2. During the year 2021 the company changed its financing and revised facility was obtained for a total amount of SR 45,1 Million Tawarrouq facility from a local bank out of which the company has used SR 10,2 million from medium term facility to finance its capital work in progress. As per the agreement, the facility is guaranteed by the Company, assignment of proceeds from customers and provision of real estate mortgage as of the date of financial statements. The outstanding balance of currently used money is repayable on May 2022 This loan carries financing charges at SIBOR (+1.75 to + 2.25)%. As per facility agreement, the company has to maintain certain covenants with respect to obtaining new facilities from other banks. The finance cost related to this facility amounted to SR 0.67 million out of which, SR 0.29 million has been capitalized in capital work in progress during the year and SR 0.386 million has been charged to profit or loss.
3. During year 2018, 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 facility amounting to SR 15.9 million from the Ministry of Finance, with same terms of loan as for first loan, having net present value of SR 9.2 million. The difference between loan received and its present value amounting to SR 31.1 million was recorded as governmental grant as a reduction to property and equipment. 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 2021 the company acquired additional bank facilities without interest with total of 3.7 million Saudi Riyals and current value of 2.3 million Saudi Riyals.

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11. SEGMENTAL REPORTING

The main activities of the Group are categorized into three main business sectors, the medical services sector represented by Al-Ahsa Medical Services company and Al Salam Medical Services Company; the manufacturing sector represented by Al-Ahsa Food Industries Company specializing in the production and packaging of dates; and Investment sector represented by Ayyan Investment Company. The financial information are summarized in accordance with the main activities as follows:

	<u>Manufacturing Sector</u>	<u>Medical Services Sector</u>	<u>Investment Sector</u>	<u>Total</u>
<u>September 30, 2021</u>	SR	SR	SR	SR
Property, Plant & Equipment	4,776,797	921,896,087	507,145	927,180,029
Total Assets	17,477,334	1,080,131,939	353,926,883	1,451,536,156
Total Liabilities	7,428,351	604,325,751	6,442,253	618,196,355
<u>December 31, 2020</u>				
Property, Plant & Equipment	5,131,275	804,172,341	575,176	809,878,792
Total Assets	19,384,592	951,092,871	340,742,959	1,311,220,422
Total Liabilities	7,977,775	476,483,137	7,755,772	492,216,684

The following table summarises the financial information disaggregated by business segments for the nine months' periods ending September 30, 2021 and September 30, 2020:

	<u>Manufacturing Sector</u>	<u>Medical Services Sector</u>	<u>Investment Sector</u>	<u>Total</u>
<u>September 30, 2021</u>	SR	SR	SR	SR
Revenues, net	12,291,857	196,474,028	-	208,765,885
Net income from continuing operations	1,710,423	1,281,178	11,344,462	14,336,063
Net income	1,710,423	1,281,178	11,344,462	14,336,063
<u>September 30, 2020</u>				
Revenues, net	12,603,576	178,092,365	-	190,695,941
Net income from continuing operations	1,295,739	8,001,937	19,871,863	29,169,539
Net income	1,295,739	8,001,937	22,883,702	32,181,378

12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group's principal financial liabilities comprise trade payables, accrued expenses, other payables and loans. The Group's principal financial assets comprise cash and cash equivalents, investments in equity instruments designated at fair value through other comprehensive income, investment in equity instruments at fair value through profit or loss and trade and other receivables.

Classification of financial instruments

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	(Unaudited)	(Audited)
	SR	SR
Financial assets at fair value		
Investments in equity instruments at fair value through profit or loss	62,990,025	53,286,250
Investments in equity instruments designated at fair value through other comprehensive income	151,725,210	151,725,210
	<u>214,715,235</u>	<u>205,011,460</u>
Financial assets at amortized cost		
Trade receivables and other assets	118,791,557	115,333,113
Cash and cash equivalent	11,537,231	3,453,564
	<u>130,328,788</u>	<u>118,786,677</u>
Total of financial assets	<u>345,044,023</u>	<u>323,798,137</u>
Financial liabilities at amortized cost		
Trade payables, accrued expenses and other liabilities	59,118,638	55,481,523
Due to bank	-	5,705,488
Short term loans	3,019,889	129,675,174
Long term loans	453,872,186	222,628,334
	<u>516,010,713</u>	<u>413,490,519</u>

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12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

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)

Following schedule presents an analysis of financial instruments carried at fair value according to the fair value hierarchy:

	September 30, 2021 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	(SR)	(SR)	(SR)	(SR)
Instruments at fair value through profit or loss	62,990,025	-	-	62,990,025
Instruments designated at fair value through other comprehensive income	-	-	151,725,210	151,725,210
	62,990,025	-	151,725,210	214,715,235
	December 31, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
	(SR)	(SR)	(SR)	(SR)
Instruments at fair value through profit or loss	53,286,250	-	-	53,286,250
Instruments at fair value through other comprehensive income	-	-	151,725,210	151,725,210
	53,286,250	-	151,725,210	205,011,460

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:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	SR	SR
Trade receivables and other assets	118,791,557	115,333,113
Cash and cash equivalents	11,537,231	3,453,564
	130,328,788	118,786,677

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12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

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.

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.

	September 30, 2021 (unaudited)			
	Total undiscounted amounts			
	Book value	Upon request or less than 1 year	From 1 to 5 years	More than 5 years
	SR	SR	SR	SR
Financial liabilities at amortized cost				
Trade payables, accrued expenses and other liabilities	59,118,638	59,118,638	-	-
Loans	456,892,075	23,209,173	259,522,286	270,521,455
	516,010,713	82,327,811	259,522,286	270,521,455

	December 31, 2020 (audited)			
	Total undiscounted amounts			
	Book value	Upon request or less than 1 year	From 1 to 5 years	More than 5 years
	SR	SR	SR	SR
Financial liabilities at amortized cost				
Trade payables, accrued expenses and other liabilities	55,481,523	55,481,523	-	-
Due to bank	5,705,488	5,705,488	-	-
Short term loans	129,675,174	129,675,174	-	-
Loans	222,628,334	31,832,209	161,129,588	61,285,136
	413,490,519	222,694,394	161,129,588	61,285,136

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

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13. CAPITAL COMMITMENTS AND OBLIGATIONS

As of September 30, 2021 the Group has a capital commitment related to the construction of a new buildings. at Al-Ahsa Medical Services Company and the construction of a hospital for Al-Salam Medical Services Company, amounting to SR 66 million (SR 108 million as of December 31, 2020), which is expected to be completed by the end of 2021. In addition to letter of credits of 11 million Saudi riyals (11 million Saudi riyals as of December 31, 2020) and a letter of guarantee of 0.33 million Saudi riyals (0.33 million Saudi riyals as of December 31, 2020) for the purpose of building Al-Salam Hospital as on the date of the report.

14. NON-CASH TRANSACTIONS

	September 30, 2021 (Unaudited) SR	September 30, 2020 (Unaudited) SR
Borrowing cost capitalized	9,602,198	6,857,967
Effect of revision in lease liability	10,783,991	-
Management fees - loans	1,774,456	-
Additional share capital issued	-	247,320,690
Share discount	-	10,882,110
Net assets acquired on acquisition of subsidiary (Note 5(B))	-	251,018,643
Change in fair value of equity investments designated at fair value through other comprehensive income	-	18,757,278

15. SIGNIFICANT MATTERS

- A. The impact of COVID-19 on the financial statements for the period ending September 30, 2021.
With reference to the current events of the Corona pandemic and the precautionary measures taken by the official authorities, which had some negative impact on the group's business. Since the beginning of the crisis, the management of the group has been continuously following up on developments and taking the necessary measures and measures to confront that crisis and reduce its effects on the group and its work, including the support provided by the government to the group to counter these effects.
- B. On April 18, 2021 corresponding to 06 Ramadan 1442 AH, the company announced that it had signed a share purchase agreement to acquire non-controlling shares in Al-Ahsa Medical Services Company (a subsidiary company) amounting to 3,964,850 ordinary shares, which represents 26.43% of the capital of Al-Ahsa Medical Services Company by increasing the share capital of the company by 69,042,590 Saudi riyals in exchange for 6,904,259 shares through the issuance of shares for the shareholders of Al-Ahsa Medical Services Company, After obtaining the approval of the Capital Market Authority, the company invited the shareholders to attend the extraordinary general assembly on 13/10/2021, but the quorum for the meeting was not completed, and the shareholders were invited to the third meeting, which will be held on 9/11/2021.

16. COMPARATIVE FIGURES

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

17. INTERIM RESULTS

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

18. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved by the board of directors on Rabie Awal 29, 1443H corresponding to November 04, 2021.