

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

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

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

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

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<b>Content</b>	<b>Page No.</b>
Independent auditor's review report	2
Interim condensed consolidated statement of financial position	3
Interim condensed consolidated statement of profit or loss and other comprehensive income	4
Interim condensed consolidated statement of changes in shareholders' equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7 - 17

## INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE SHAREHOLDERS OF  
ANAAM INTERNATIONAL HOLDING GROUP COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
JEDDAH, KINGDOM OF SAUDI ARABIA

### Introduction

We were engaged to review the accompanying interim condensed consolidated statement of financial position of Anaam International Holding Group Company, a Saudi Joint Stock Company ("the Company" or "the Parent Company") and its Subsidiaries (collectively referred to as "the Group") as at 30 June 2022, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statement of changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes from 1 to 18 which form an integral part of these interim condensed consolidated financial statements. Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standards 34 - "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

### Scope of review

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

### Emphasis of matters

We would like to draw attention to the following:

1. As stated in note 4 to the accompanying interim condensed consolidated financial statements, the property, plant, and equipment includes land and building amounting to SR 14 million for which the ownership is not registered in the name of the Group.
2. As stated in note 5 to the accompanying interim condensed consolidated financial statements, the investment property represents land amounting to SR 16.5 million of which the ownership is not registered in the name of the Group.

Our conclusion is not modified in respect of these matters.

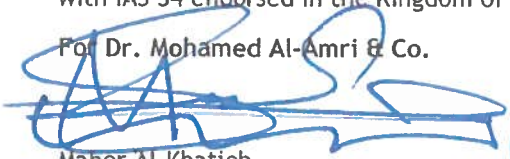
### Other matter

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

### Conclusion

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

For Dr. Mohamed Al-Amri & Co.

  
Maher Al-Khatieb  
Certified Public Accountant  
License Number 514



Jeddah on 28 September 2022 (G)  
Corresponding to: 02 Rabi-ul-Awwal 1444 (H)

Anaam International Holding Group Company (A Saudi Joint Stock Company)  
Interim Condensed Consolidated Statement Of Financial Position  
As at 30 June 2022

		30 June 2022 Unaudited	31 December 2021 Unaudited (Restated, Note 17)
	Note	SR	SR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	4	61,928,696	59,664,600
Investment properties	5	421,411,500	88,611,500
Goodwill	6	10,380,711	4,990,711
Long term investments	7	3,951,250	3,951,250
Intangible assets, net		372,045	493,023
<b>Total non-current assets</b>		<b>498,044,202</b>	<b>157,711,084</b>
<b>Current assets</b>			
Short term investments	8	56,562,979	-
Prepayments and other receivables		15,082,039	16,176,428
Inventories, net		2,791,899	509,263
Trade receivables, net		4,153,544	1,317,006
Cash and cash equivalents	9	104,957,815	95,393,009
<b>Total current assets</b>		<b>183,548,276</b>	<b>113,395,706</b>
<b>TOTAL ASSETS</b>		<b>681,592,478</b>	<b>271,106,790</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	10	315,000,000	105,000,000
Accumulated (losses) / retained earnings		(7,239,256)	2,955,809
Equity attributable to the owners of the parent		307,760,744	107,955,809
Non-controlling interest		6,576,438	7,343,581
<b>Total equity</b>		<b>314,337,182</b>	<b>115,299,390</b>
<b>Non-current liabilities</b>			
Long term loans - non-current portion	11	155,594,073	-
Employees' end-of service benefits		2,466,039	2,300,809
<b>Total non-current liabilities</b>		<b>158,060,112</b>	<b>2,300,809</b>
<b>Current liabilities</b>			
Trade accounts payable		2,290,127	1,298,833
Accrued expenses and other payables		23,363,955	13,667,513
Dividends and due to shareholders	10	55,232,788	12,979,359
Due to related parties	15	11,576,375	3,528,354
Long term loans - current portion		16,120,000	15,105,254
Provision for Zakat		100,611,939	106,927,278
<b>Total current liabilities</b>		<b>209,195,184</b>	<b>153,506,591</b>
<b>Total liabilities</b>		<b>367,255,296</b>	<b>155,807,400</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>681,592,478</b>	<b>271,106,790</b>

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

Anaam International Holding Group Company (A Saudi Joint Stock Company)  
Interim Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income  
For the three-month and six-month periods ended 30 June 2022

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
		(Restated)		(Restated)
	SR	SR	SR	SR
<i>Note</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Revenue	3,970,239	1,906,293	7,188,615	3,902,110
Cost of revenue	(3,774,397)	(1,306,256)	(6,714,347)	(2,574,756)
<b>Gross profit</b>	<b>195,842</b>	<b>600,037</b>	<b>474,268</b>	<b>1,327,354</b>
Selling and marketing expenses	(389,944)	(86,957)	(785,841)	(174,161)
General and administrative expenses	(1,764,314)	(3,030,988)	(8,031,883)	(6,423,943)
<b>Loss from operations</b>	<b>(1,958,416)</b>	<b>(2,517,908)</b>	<b>(8,343,456)</b>	<b>(5,270,750)</b>
Unrealized (loss) / gain on fair value investments through profit and loss	(8,268,443)	-	705,905	-
Financial charges	(10,530)	-	(177,318)	-
Unrealized gain on fair value of investment properties	7,289,500	2,546,100	7,800,000	2,796,100
Dividends	36,937	-	425,635	-
Other income	1,127,294	14,100	1,169,526	15,300
<b>(Loss) / profit before zakat</b>	<b>(1,783,658)</b>	<b>42,292</b>	<b>1,580,292</b>	<b>(2,459,350)</b>
Zakat	-	-	-	-
<b>(Loss) / profit after zakat from continuing operations</b>	<b>(1,783,658)</b>	<b>42,292</b>	<b>1,580,292</b>	<b>(2,459,350)</b>
Profit on discontinuing operations - net of zakat	-	606,092	-	639,839
<b>(Loss) / profit for the period</b>	<b>(1,783,658)</b>	<b>648,384</b>	<b>1,580,292</b>	<b>(1,819,511)</b>
<b>Other comprehensive income:</b>				
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Re-measurement on employee benefits' liabilities	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<b>(1,783,658)</b>	<b>648,384</b>	<b>1,580,292</b>	<b>(1,819,511)</b>
<b>(Loss) / profit for the period:</b>				
<i>Attributable to:</i>				
Owners of the parent	(1,145,942)	648,384	2,887,435	(1,819,511)
Non-controlling interest	(637,716)	-	(1,307,143)	-
	<b>(1,783,658)</b>	<b>648,384</b>	<b>1,580,292</b>	<b>(1,819,511)</b>
<b>Total comprehensive (loss) / income for the period attributable to:</b>				
Parent Company	(1,145,942)	648,384	2,887,435	(1,819,511)
Non-controlling interest	(637,716)	-	(1,307,143)	-
	<b>(1,783,658)</b>	<b>648,384</b>	<b>1,580,292</b>	<b>(1,819,511)</b>
<b>(Loss) / earnings per share</b>				
Basic and diluted (loss) / earning per share attributable to owners of the parent	12 (0.12)	0.04	0.20	(0.12)

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

Anaam International Holding Group Company (A Saudi Joint Stock Company)  
Interim Condensed Consolidated Statement Of Changes In Shareholders' Equity  
For the six-month period ended 30 June 2022

	Note	Attributable to the owners of the parent			Non-controlling interest	Total Equity
		Share Capital	Accumulated losses	Total		
Balance as at 1 January 2021		105,000,000	(16,054,747)	88,945,253	-	88,945,253
Effect of change in accounting policy (*)	17	-	14,530,484	14,530,484	-	14,530,484
Balance as at 01 January 2021 (Restated)		105,000,000	(1,524,263)	103,475,737	-	103,475,737
Loss for the period (Restated)		-	(1,819,511)	(1,819,511)	-	(1,819,511)
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive loss for the period		-	(1,819,511)	(1,819,511)	-	(1,819,511)
Balance as at 30 June 2021 (Restated)		105,000,000	(3,343,774)	101,656,226	-	101,656,226
Balance as at 1 January 2022		105,000,000	(10,117,086)	94,882,914	7,343,581	102,226,495
Effect of change in accounting policy (*)	17	-	19,812,184	19,812,184	-	19,812,184
Effect of error - impairment loss on goodwill	6/17	-	(6,739,289)	(6,739,289)	-	(6,739,289)
Balance as at 1 January 2022 (Restated)		105,000,000	2,955,809	107,955,809	7,343,581	115,299,390
Increase in capital		210,000,000	-	210,000,000	-	210,000,000
Capital increase expenses		-	(13,082,500)	(13,082,500)	-	(13,082,500)
Non-controlling interests on acquisition of subsidiary		-	-	-	540,000	540,000
Profit / (loss) for the period		-	2,887,435	2,887,435	(1,307,143)	1,580,292
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income / (loss) for the period		-	2,887,435	2,887,435	(1,307,143)	1,580,292
Balance as at 30 June 2022		315,000,000	(7,239,256)	307,760,744	6,576,438	314,337,182

(\*) Refer to note 17 for the impact of change in accounting policy from cost model to fair value model of the investment properties.

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

Anaam International Holding Group Company (A Saudi Joint Stock Company)  
Interim Condensed Consolidated Statement Of Cash Flows  
For the six-month period ended 30 June 2022

		For the six-month period ended 30 June (Unaudited)	
	Note	2022	2021 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before zakat		1,580,292	(2,459,350)
<b>Adjustments for non-cash items:</b>			
Depreciation of property, plant, and equipment	4	1,915,113	2,080,133
Amortization of intangible assets		178,238	174,659
Unrealised gain on fair value of investment properties		(7,800,000)	(2,796,100)
Profit on sale of property, plant, and equipment		(1,111,254)	-
Profit on discontinuing operations - net of zakat		-	639,839
Unrealized gain from fair value through profit or loss		(705,905)	-
Finance cost		177,318	-
Provision for employees' end of service benefits		360,983	268,174
		<u>(5,405,215)</u>	<u>(2,092,645)</u>
<b>Changes in operating assets and liabilities</b>			
Inventories		(1,005,903)	10,891
Trade receivables		(1,697,976)	328,060
Prepayments and other receivables		1,557,823	(1,101,289)
Accrued expenses and other payables		9,578,204	(2,814,840)
Due to related parties		3,468,902	-
Trade accounts payables		757,654	(387,633)
<b>Cash generated from / (used) in operations</b>		<u>7,253,489</u>	<u>(6,057,456)</u>
End of services indemnities paid		(331,486)	-
Finance cost paid		(177,318)	-
Zakat		(6,291,330)	-
<b>Net cash generated from / (used in) operating activities</b>		<u>453,355</u>	<u>(6,057,456)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant, and equipment	4	(301,692)	(1,046,247)
Purchase of intangible assets		(57,260)	-
Net movement in non-current assets classified as held for sale		-	2,308,813
Acquisition of subsidiary, net of cash acquired	6	(5,435,736)	-
Short term deposits		-	(50,000,000)
Purchase of investment property	5	(325,000,000)	-
Purchase of investment in FVPL	8	(55,857,074)	-
Proceeds from sale of property, plant and equipment		2,139,423	-
<b>Net cash used in investing activities</b>		<u>(384,512,339)</u>	<u>(48,737,434)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends and due to shareholders		42,253,429	(10,964)
Issuance of shares net of underwriting commission		196,917,500	-
Proceeds from long term loans		154,452,861	-
<b>Net cash generated from / (used in) financing activities</b>		<u>393,623,790</u>	<u>(10,964)</u>
<b>Increase / (decrease) in cash and cash equivalents</b>		<u>9,564,806</u>	<u>(54,805,854)</u>
Cash and cash equivalents at beginning of the period		95,393,009	80,456,360
<b>Cash and cash equivalents at end of the period</b>		<u>104,957,815</u>	<u>25,650,506</u>

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

## 1. CORPORATE INFORMATION

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basic of preparation

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

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

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

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



## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **2.2 Significant changes in accounting policy**

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

Refer to note 17 for the impact of change in accounting policy from cost model to fair value model.

### **2.3 Going concern**

As at 30 June 2022, the Group has accumulated losses amounting to SR 7.2 million and current liabilities exceeded current assets by SR 25.6 million. These events or conditions may cast significant doubt on the Group's ability to continue as going concern. However, during the current period, the Group raised an amount of SR 210 million by way of rights issue to finance the operations of the Group (Refer note 10). Accordingly, the interim condensed consolidated financial statements have been prepared on a going concern basis which assumes that the Group will continue in operational existence for at least 12 months from the date of issuance of these interim condensed consolidated financial statements.

### **2.4 Significant accounting judgments, estimates and assumptions**

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

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

### **2.5 Significant accounting policies**

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.6 New standards, interpretations and amendments adopted by the Group

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

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

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

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

#### *Impact of accounting standards to be applied in future periods*

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

## 3. SIGNIFICANT MATTERS DURING THE PERIOD

### *Purchase price allocation exercise*

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

### *Acquisition of the Subsidiary Company*

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

### *Acquisition of the Investment property*

During the current period, the Group acquired additional investment property located at Jeddah City amounting to SR 325 million. Refer note 5 for details.

#### 4. PROPERTY, PLANT, AND EQUIPMENT - NET

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

	<i><u>For the six-month period ended 30 June</u></i>	
	<i><u>2022</u></i>	<i><u>2021</u></i>
	<i><u>SR</u></i>	<i><u>SR</u></i>
	<i><u>Unaudited</u></i>	<i><u>Unaudited</u></i>
Depreciation	1,915,113	2,080,133
Additions to property, plant and equipment	301,692	1,046,247

(\*) Property, plant and equipment of the Group as of 30 June 2022 included assets with net book value amounting to SR 32 million mortgaged against loan obtained from the Saudi Industrial Development Fund. Refer to note 11(i).

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

#### 5. INVESTMENT PROPERTIES

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<b>Fair Value</b>			
Balance as at 01 January 2021	52,299,316	-	52,299,316
Fair value gain	14,530,484	-	14,530,484
<b>Balance as at 01 January 2021 - restated</b>	<b>66,829,800</b>	<b>-</b>	<b>66,829,800</b>
Additions	2,100,000	14,400,000	16,500,000
Fair value gain	5,107,155	174,545	5,281,700
<b>Balance as at 31 December 2021 - restated</b>	<b>74,036,955</b>	<b>14,574,545</b>	<b>88,611,500</b>
Additions	91,327,483	233,672,517	325,000,000
Fair value gain	1,838,606	5,961,394	7,800,000
<b>Balance as at 30 June 2022</b>	<b>167,203,044</b>	<b>254,208,456</b>	<b>421,411,500</b>

Since the date of inception, the Group had adopted the cost model to measure the investment properties. During the current period, the management has decided to change its accounting policy for measurement of the investment properties to fair value model. Refer to note 17 for the impact of change in accounting policy from cost model to fair value model.

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

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

Details of investment properties are mentioned below:

## 5. INVESTMENT PROPERTIES (Continued)

	30 June 2022 SR	31 December 2021 SR
	(Unaudited)	(Restated, note 17) (Unaudited)
Land in Al-Sururiya Neighborhood - Jeddah (*)	16,500,000	16,500,000
Land in Al-Khumra District (Warehouse) - Jeddah City	4,489,500	4,489,500
Hayat Al Fursan Hotel	16,500,000	16,700,000
Land in Al-Khumra District - Jeddah city	45,440,000	45,440,000
Land in Al-Wadi Neighborhood - Jeddah city	3,800,000	3,800,000
Land in Jubail city	1,360,000	1,360,000
Land in Yanbu city	322,000	322,000
Land and Building in Prince Sultan Street - Jeddah city (**)	333,000,000	-
	<b>421,411,500</b>	<b>88,611,500</b>

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

(\*\*) The purchase of the investment property was financed from Alinma Bank. Refer to note 11(iv).

## 6. GOODWILL

	30 June 2022 SR	31 December 2021 SR
	(Unaudited)	(Restated, note 17) (Unaudited)
<b>Cost</b>		
Balance at 1 January	4,990,711	-
Additions (*) / (**)	5,390,000	11,730,000
Impairment loss (***)	-	(6,739,289)
Balance at 30 June / 31 December	<b>10,380,711</b>	<b>4,990,711</b>

(\*) On 26 April 2022, the Company acquired 55% shareholding of ARW Industry Company, incorporated in Jeddah, for a total consideration of SR 6.1 million. Based on the interim financial statements for the period ended 30 June 2022, the following is the summary for assets acquired, liabilities assumed and the resulting goodwill on the date of the acquisition.

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

(\*\*\*) During the current period, the Group has tested goodwill for impairment using the discounted cash flow model. As a result of above goodwill assessment test performed, the Group found evidence of goodwill as at 31 December 2021 and accordingly recorded the impairment loss retrospectively. Refer note 17.

## 6. GOODWILL (Continued)

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

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

## 6. GOODWILL (Continued)

Below are the details of the fair values of Saudi Wasit Factory for Entertainment and Beauty Systems:

		1 July 2022 SR
<b>Statement of financial position</b>		
<b>Assets</b>		
Property, plant and equipment		34,008,460
<b>Total Assets</b>	<b>(A)</b>	<b>34,008,460</b>
<b>Liabilities</b>		
Long-term loans		16,730,800
Due to related parties		277,660
<b>Total liabilities</b>	<b>(B)</b>	<b>17,008,460</b>
<b>Net assets</b>	<b>(A-B)</b>	<b>17,000,000</b>
Parent share of acquired net assets		(8,670,000)
Purchase consideration		20,400,000
<b>Goodwill</b>		<b>11,730,000</b>
<b>Non-controlling interest in net assets</b>		<b>8,330,000</b>
<b>Cash outflow on acquisition</b>		
Cash consideration		(20,400,000)
Net cash acquired with the subsidiary		-
<b>Net cash outflow</b>		<b>(20,400,000)</b>

## 7. LONG TERM INVESTMENTS

### *Fair value through profit or loss (FVTPL)*

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

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

## 8. SHORT TERM INVESTMENTS

### *Fair value through profit or loss (FVTPL)*

During the period, the Group acquired shares with quoted market price at an amount of SR 55,857,074. As of 30 June 2022, these shares have fair market value amounting to SR 56,562,979 with unrealized gain amounting to SR 705,905. The following are the fair market value for the investments:

	Number of shares	30 June 2022 SR (Unaudited)
Tourism Enterprise Company (*)	201,104	37,003,136
Raoom Trading Company (*)	52,607	7,838,443
Saudi Arabian Oil Company (*)	115,500	4,481,400
Riyad REIT Fund (**)	400,000	4,048,000
Al Rajhi REIT Fund (**)	350,000	3,192,000
<b>Total</b>	<b>1,119,211</b>	<b>56,562,979</b>

(\*) As at 30 June 2022, the above investment were classified under level 1 of the fair value hierarchy.

(\*\*) As at 30 June 2022, the above investment were classified under level 2 of the fair value hierarchy.

During the current period ended 30 June 2022, there were no movement between the levels.

## 9. CASH AND CASH EQUIVALENTS

	30 June 2022	31 December 2021
Cash on hand	152,873	54,783
Cash at banks	104,804,942	95,338,226
	<b>104,957,815</b>	<b>95,393,009</b>

## 10. SHARE CAPITAL

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

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

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

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

## 11. LONG TERM LOAN

	Note	30 June 2022 SR	31 December 2021 SR
Saudi Industrial Development Fund loan	i, ii	18,023,470	15,105,254
Facility arrangement with Alinma Bank	iv	153,225,234	-
Facility arrangement with Riyadh Bank	iii	465,369	-
<b>Total loans</b>		<b>171,714,073</b>	<b>15,105,254</b>
Less: Current portion of long term borrowings		(16,120,000)	(15,105,254)
<b>Total long term loans</b>		<b>155,594,073</b>	<b>-</b>

## 11. LONG TERM LOAN (Continued)

### Subsidiaries

#### Saudi Wasit Factory for Entertainments and Beauty System

- i. The Company has a long-term facility from the Saudi Industrial Development Fund (SIDF). The total outstanding balance of the loan as at 30 June 2022 amounted to SR 16.4 million (31 December 2021: SR 16.87 million). The loan has a low interest rate, accordingly, the difference between the fair value of loan and book value (being the discount present value of the loan using effective interest rate) is considered as a deferred income that is amortization over the period of the loan duration. These facilities are secured by the promissory notes, corporate guarantees from the subsidiary's shareholders and mortgaged by the assets of the Company (Refer to note 4). The semi-annual repayment of the loan begins on 18 March 2022 and ends until 03 February 2026. The loan agreements contain certain covenants which among others, require that the companies maintain specified financial ratios mainly the current ratio and the ratio of net tangible wealth.

As at 30 June 2022 and 31 December 2021, the Company has not complied with certain covenants as stipulated in the above loan agreement. Accordingly, the total loan amount is classified under current liabilities as at current and comparative periods ends. Refer note 17.

#### ARW Industry Company

- ii. During 2017, the Company obtained long term facility from the SIDF. The total outstanding balance of the loan as at 30 June 2022 amounted to SR 1.6 million (26 April 2022: SR 1.9 million). The loan is secured by the promissory notes and corporate guarantees from the subsidiary's shareholders. The loan is repayable on semi-annual basis over the period of 6 years.
- iii. During 2021, the Company entered into a three year financing agreement with Riyadh Bank for a credit limit of SR 1.1 million to finance its working capital requirements. The total outstanding balance of the facility as at 30 June 2022 amounted to SR 0.6 million (26 April 2022: SR 1.9 million).

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

### Parent Company

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

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

## 12. BASIC AND DILUTED SHARE LOSS OF NET LOSS FOR THE PERIOD

	For the three-month period ended		For the six-month period ended	
	30 June 2022	30 June 2021 (Restated)	30 June 2022	30 June 2021 (Restated)
(Loss) / profit for the period attributable to the owners of the parent company	(1,145,942)	648,384	2,887,435	(1,819,511)
Weighted average number of shares	9,529,098	14,755,739	14,750,093	14,755,739
Basic and diluted loss per share of for the period	(0.12)	0.04	0.20	(0.12)



### 13. CONTINGENCIES AND CAPITAL COMMITMENTS

#### 13.1 Contingencies

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

#### 13.2 Commitments

The commitments in respect of capital expenditure contracted for as at 30 June 2022 amounted to SR. 23.94 million (30 June 2021: Nil).

### 14. SEGMENTS INFORMATION

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

30 June 2022	Food stuff trading	Agricultural activities	Real estate and leasing	Manufacturing toys	Medical supplies	Reconciliation	Total
Sales	1,934,830	-	1,419,657	3,193,481	640,647	-	7,188,615
Non-current assets	5,954,650	1,950,000	499,730,977	33,496,496	5,413,587	(48,501,508)	498,044,202
Operating (loss) / income	(416,690)	-	(5,357,310)	(2,290,039)	(279,417)	-	(8,343,456)
Net income / (loss) for the period	694,560	-	3,576,437	(2,408,399)	(282,306)	-	1,580,292
30 June 2021	Food stuff trading	Agricultural activities	Real estate and leasing	Manufacturing toys	Medical supplies		Total
Sales	3,520,146	-	381,964	-	-	-	3,902,110
Non-current assets	7,624,942	47,279,341	66,950,174	-	-	-	121,854,457
Operating income / (loss)	238,148	(1,698,430)	(3,810,468)	-	-	-	(5,270,750)
Net income / (loss) for the period	239,598	(1,058,591)	(1,000,518)	-	-	-	(1,819,511)

### 15. TRANSACTIONS WITH RELATED PARTIES AND BALANCES

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

Balances due to the related parties:

	Nature of the transactions	Nature of the relationship	30 June 2022	31 December 2021
Mr. Anas Al-Harbi	Loan given to ARW Industry Company for working capital	Non-controlling interest	8,048,021	-
Mr. Mohammed Ibrahim Haidari	Loan given to Saudi Wasit for working capital		2,572,451	2,572,451
Mr. Tariq Mohammed Ibrahim Haidari	Loan given to Saudi Wasit for working capital		955,903	955,903
			<u>11,576,375</u>	<u>3,528,354</u>

Transactions with related parties include remuneration of the Board of Directors, salaries, allowances and incentives for key management personnel for the period ended 30 June 2022, amounting to SR 1,941,204 (30 June 2021: SR 880,250).

## 16. SUBSEQUENT EVENTS

- The Group has entered into agreement to purchase the private office building located in Jeddah city for a total value of SR 23 million. An amount of SR 2.5 million was paid as advance during the current period and the remaining amount of SR 20.5 million was paid subsequent to the current period upon the transfer of its ownership in the name of the Company on 24 August 2022.
- The Group has initiated the liquidation procedures with the approval of Board of Director of Anaam International Financial Company (a limited liability company 100% owned by the Group) and Anaam International Agricultural Company (a limited liability company 100% owned by the Group). No financial impact is expected as a result of the above liquidations of these companies.

## 17. IMPACT OF CHANGE IN ACCOUNTING POLICY, ERROR AND RECLASSIFICATION

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

	31 December 2021 (Previously stated)	Impact of change in accounting policy	Impact of impairment loss due to error	Re-classification	31 December 2021 (Restated)
<b>IMPACT ON STATEMENT OF FINANCIAL POSITION:</b>					
<b>Impact on current liabilities</b>					
Long term loans - current portion	1,604,628	-	-	13,500,626	15,105,254
<b>Impact on non-current liabilities</b>					
Long term loans	13,500,626	-	-	(13,500,626)	-
<b>Impact on accumulated losses:</b>					
Accumulated losses	(10,117,086)	19,812,184	(6,739,289)	-	2,955,809
<b>Impact on non-current assets:</b>					
Investment properties	68,799,316	19,812,184	-	-	88,611,500
Impairment loss on goodwill	11,730,000	-	(6,739,289)	-	4,990,711
	1 January 2021 (Previously stated)	Impact of change in accounting policy	Impact of impairment loss due to error	Re-classification	1 January 2021 (Restated)
<b>IMPACT ON STATEMENT OF FINANCIAL POSITION:</b>					
<b>Impact on accumulated losses:</b>					
Accumulated losses	(16,054,747)	14,530,484	-	-	(1,524,263)
<b>Impact on non-current assets:</b>					
Investment properties	52,299,316	14,530,484	-	-	66,829,800

## 18. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements for the Group for the three-month and six-month periods ended 30 June 2022, were approved by the Board of Directors on 25 September 2022 (29 Safar 1444).