

**FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND SIX-MONTHS
PERIODS ENDED 30 JUNE 2023**

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(A SAUDI JOINT STOCK COMPANY)
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Shareholders of
Fitaihi Holding Group Company
(A Saudi Joint Stock Company)
Jeddah, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated financial position of Fitaihi Holding Group Company - A Saudi Joint Stock Company ("the Company") and its subsidiaries (together "the Group") as of June 30, 2023, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, for the three-months and six-months periods, then ended and the interim condensed consolidated statements of changes in equity and cash flows for the six-months period then ended and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"), that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

Except what is mentioned in the basis of qualified conclusion below, 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 financial information 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.

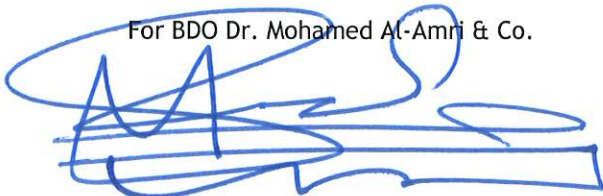
Basis for qualified conclusion

As explained in Note No. (5) to the interim condensed consolidated financial statements, the investment balance in the associate company amounted to SAR 177 million, which is accounted for using the equity method in the consolidated statement of financial position as of June 30, 2023. The Group also included its share of the investee company's business results an amount of SAR 2,5 million for the six-month period ending on June 30, 2023. In addition to that, as shown in Note No. (17), the Group made amendments to the results of its share of the associate company for the year ending on December 31, 2022, with an amount of SAR 10,2 million according to the internal financial statements of the associate company (unaudited - amended), we were not able to obtain sufficient and appropriate evidence to verify the validity of the amount of the investment balance for the associate company and the results of the six-month period ending on June 30, 2023, in addition to the amendments of the year ended on 31 December 2022, which were recognized according to the Group's estimates and the unaudited financial statements of the associate company, due to the non-completion of the audit and review of the financial statement. Accordingly, we were unable to determine whether any amendments were necessary to these amounts and their impact on the financial statements as a whole for the current period and the comparative year.

Qualified Conclusion

Except for the impact of adjustments to the interim condensed consolidated financial statements detailed above in the "Basis for Qualified Conclusion," based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

For BDO Dr. Mohamed Al-Amri & Co.



Maher Al-Khatieb
Certified Public Accountant
Registration No. 514



04/02/1445 (H)
20/08/2023 (G)

FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
(EXPRESSED IN SAUDI RIYALS)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited - Adjusted, Note 17)
ASSETS			
Non-current assets			
Property and equipment (Net)		40,256,346	40,730,410
Right of use assets		3,995,196	4,655,946
Investment in associates	(5)	177,264,138	174,818,827
Investments in equity instruments at fair value through other comprehensive income	(6)	150,329,231	131,664,575
Total non-current assets		371,844,911	351,869,758
Current assets			
Inventory	(7)	94,741,739	97,568,699
Trade and other receivables	(8)	4,229,359	5,934,127
Cash and cash equivalents		14,452,060	19,598,658
Total current assets		113,423,158	123,101,484
Total assets		485,268,069	474,971,242
EQUITY AND LIABILITIES			
Equity			
Share capital	(9)	275,000,000	275,000,000
Statutory reserve		68,156,170	68,156,170
Retained earnings		101,057,773	105,578,203
Revaluation reserve of investments in equity instruments at fair value through other comprehensive income		13,915,457	(4,019,386)
Revaluation reserve of investments in equity instruments at fair value through other comprehensive income in associate		38,313	38,313
Fair value change reserve to cover associate company's cash flow risks		5,337,869	5,337,869
Total equity		463,505,582	450,091,169
Non-current liabilities			
Lease liabilities		2,568,387	3,169,725
Employee defined benefit liabilities		1,755,242	1,585,593
Total non-current liabilities		4,323,629	4,755,318
Current liabilities			
Current portion of lease obligations		1,585,005	1,585,005
Trade and other payables	(10)	12,054,503	13,094,806
Zakat	(11)	3,799,350	5,444,944
Total current liabilities		17,438,858	20,124,755
Total liabilities		21,762,487	24,880,073
Total equity and liabilities		485,268,069	474,971,242

Chief Financial Officer

Name: Yasser Yehia Abdelhamid

Signature:

Authorized Board Member

Name: Ibrahim Hassan Almadhoon

Signature:

Chairman of Board of directors

Name: Ahmed Hassan Fitaihi

Signature:

The accompanying notes (1) to (19) form an integral part of these interim condensed consolidated financial statement

FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE IN-
COME (UNAUDITED)
(EXPRESSED IN SAUDI RIYALS)

	For the three-month period from 1 April to 30 June		For the six-month period ended 30 June	
	2023	2022	2023	2022
<u>Note</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Net sales	10,441,826	12,815,746	28,700,683	36,106,120
Cost of sales	(5,854,026)	(6,374,140)	(15,727,086)	(24,684,254)
Gross Profit of sales	4,587,800	6,441,606	12,973,597	11,421,866
Dividends from equity instruments at fair value through other comprehensive income	5,277,508	14,384,678	6,371,512	15,287,025
Share of the results of associate company (5)	(1,499,801)	(4,104,993)	2,445,311	4,152,180
Gain from selling of investment at fair value through profit or loss	72,777	-	178,812	-
Gains from investments	3,850,484	10,279,685	8,995,635	19,439,205
Gross profit	8,438,284	16,721,291	21,969,232	30,861,071
Selling and distribution expenses	(3,392,310)	(2,839,642)	(7,074,488)	(6,005,545)
General and administrative expenses	(3,233,485)	(3,193,374)	(6,482,054)	(6,393,952)
Total expenses	(6,625,795)	(6,033,016)	(13,556,542)	(12,399,497)
Profit from operation	1,812,489	10,688,275	8,412,690	18,461,574
Other expenses / revenue (12)	(60,533)	(636)	(133,120)	178,587
Profit before Zakat	1,751,956	10,687,639	8,279,570	18,640,161
Zakat (11)	(900,000)	(1,500,000)	(1,800,000)	(1,800,000)
Net Profit / (loss) for the period	851,956	9,187,639	6,479,570	16,840,161
Other comprehensive income:				
Items that will not to be reclassified subsequently to profit or loss condensed consolidated				
Net income /(losses) from reevaluation of equity in- struments at fair value through other comprehensive income	10,728,714	(41,755,625)	17,934,843	(60,859,239)
Net other comprehensive income / (loss) for the pe- riod	11,580,670	(32,567,986)	24,414,413	(44,019,078)
Basic and diluted earnings per share from net profit (13)	0.03	0.33	0.24	0.61

Chief Financial Officer

Name: Yasser Yehia Abdethamid

Signature: 

Authorized Board Member

Name: Ibrahim Hassan Almadhoon

Signature: 

Chairman of Board of directors

Name: Ahmed Hassan Fitaihi

Signature: 

The accompanying notes (1) to (19) form an integral part of these interim condensed consolidated financial statements

**FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

	Share capital	Statutory reserve	Retained earnings	Revaluation reserve of investments in equity instruments at fair value through other comprehensive income	Revaluation reserve of investments in equity instruments at fair value through other comprehensive income for associate	Fair value change reserve to cover associate company's cash flow risks	Total equity
For the Six-month period ended 30 June 2023 (Unaudited)							
Balance as 1 January 2023 (audited)	275,000,000	68,156,170	115,771,618	(4,019,386)	38,313	5,337,869	460,284,584
Adjustments for previous years (Adjusted - Note 17)	-	-	(10,193,415)	-	-	-	(10,193,415)
Balance at 1 January 2023 (Unaudited)	275,000,000	68,156,170	105,578,203	(4,019,386)	38,313	5,337,869	450,091,169
Net profit for the period	-	-	6,479,570	-	-	-	6,479,570
Changes in other comprehensive income during the period	-	-	-	17,934,843	-	-	17,934,843
Total comprehensive income	-	-	6,479,570	17,934,843	-	-	24,414,413
Dividends paid	-	-	(11,000,000)	-	-	-	(11,000,000)
Balance at 30 June 2023 (Unaudited)	275,000,000	68,156,170	101,057,773	13,915,457	38,313	5,337,869	463,505,582
For the Six-month period ended 30 June 2022 (Unaudited)							
Balance as 1 January 2022 (audited)	275,000,000	68,156,170	129,449,158	34,926,642	-	-	507,531,970
Net profit for the period	-	-	16,840,161	-	-	-	16,840,161
Changes in other comprehensive income during the period	-	-	-	(60,859,239)	-	-	(60,859,239)
Total comprehensive income / (loss)	-	-	16,840,161	(60,859,239)	-	-	(44,019,078)
Balance at 30 June 2022 (Unaudited)	275,000,000	68,156,170	146,289,319	(25,932,597)	-	-	463,512,892

Chief Financial Officer

Name: Yasser Yehia Abdelhamid
Signature: 

Authorized Board Member

Name: Ibrahim Hassan Almadhoon
Signature: 

Chairman of Board of directors

Name: Ahmed Hassan Fitathi
Signature: 

The accompanying notes (1) to (19) form an integral part of these interim condensed consolidated financial statements

FITAIHI HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(EXPRESSED IN SAUDI RIYALS)

	For the six-month period ended 30 June	
	2023 Unaudited	2022 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before zakat	8,279,570	18,640,161
Adjustments to reconcile profit before zakat to cash flows from operating activities:		
Depreciation of property and equipment	625,514	595,272
Amortization of right of use assets	660,750	641,040
Employees defined benefit obligations	235,263	248,157
Interest Expense for right of use assets	95,580	11,029
Dividend from investment in equity instruments at fair value through other comprehensive income	(6,371,512)	(15,287,025)
Gain from investment at fair value through profit or loss	(178,812)	-
Share of results of associate company	(2,445,311)	(4,152,180)
Changes in work in capital		
Trade and other receivables	(1,905,152)	(1,183,509)
Inventory	2,826,960	9,191,932
Trade and other payables	(1,040,303)	468,547
Zakat paid	(3,445,594)	(3,964,010)
Employees defined benefit obligations paid	(65,614)	(60,091)
Net cash (used in) / generated from operating activities	(2,728,661)	5,149,323
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase for property and equipment	(151,450)	(145,189)
Purchase for investments in equity instruments at fair value through other comprehensive income	(729,813)	(15,548,212)
Dividends received from investments in fair value equity instruments	6,371,512	15,287,025
Dividends received from investments in associate companies	3,609,920	-
Purchase of Investment at fair value through profit or loss	(15,000,000)	-
Proceeds from sale of investment at fair value through profit or loss	15,178,812	-
Net cash generated from / (used in) investing activities	9,278,981	(406,376)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(11,000,000)	-
Lease obligations	(696,918)	(732,580)
Net cash used in financing activities	(11,696,918)	(732,580)
Net change in cash and cash equivalents	(5,146,598)	4,010,367
Cash and cash equivalents at the beginning of the period	19,598,658	15,708,438
Cash and cash equivalents at the end of the period	14,452,060	19,718,805
Non - cash transactions		
Net (losses) / gain from reevaluation of equity instruments at fair value through other comprehensive income	17,934,843	(60,859,239)

Chief Financial Officer

Name: Yasser Yehia Abdelhamid

Signature:

Authorized Board Member

Name: Ibrahim Hassan Almadhoon

Signature:

Chairman of Board of directors

Name: Ahmed Hassan Fitaihi

Signature:

The accompanying notes (1) to (19) form an integral part of these interim condensed consolidated financial statements

**FITAIHI GROUP HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(EXPRESSED IN SAUDI RIYALS)**

1. ORGANIZATION AND ACTIVITIES:

Fitaihi Holding Group Company (“the Company” or “the Parent Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Ministerial Resolution No. 1058 dated 9 Raman 1418 H and commercial registration number 4030085128 issued in Jeddah on 5 February 1992 (corresponding to 2 Shaa-ban 1412 H).

The main activities of the Company and its subsidiaries are as follows:

- a) The activities of the holding companies ((Management of subsidiaries of holding companies, investment of the funds of subsidiaries of holding companies, ownership of real estate and transfers necessary for holding companies, provision of loans, guarantees, and financing to subsidiaries of holding companies, ownership of industrial property rights of holding companies, lease of industrial property rights to holding companies).
- b) Wholesaling of gold and precious equipment, retail sale of precious metals and gemstones.
- c) Buying and selling precious metals and gemstones.
- d) Import, sale, and purchase of precious metals and gemstones.
- e) Welding and polishing workshops (jewelers).
- f) Electronic trade.
- g) Wholesale of carpets and rugs.
- h) Retail trade in sweets, chocolate
- i) Retail trade of blankets, sheets, linens, and bedspreads.
- j) Retail for home appliances and various handicrafts cutting tools, ceramics, and household utensils
- k) Retail trade of business and handicrafts, antiques, and gifts.
- l) Wholesale of bags.
- m) Wholesale of household utensils and table accessories.
- n) Wholesale of gifts and luxuries.
- o) Auctions are not in stores.
- p) Cleaning new buildings after construction, cleaning buildings with steam and sand heating, activities for general cleaning services for buildings, building maintenance services activities, cleaning and maintenance of swimming pools, care and maintenance of parks and gardens for public housing purposes, care and maintenance of building scenery, home gardens, roof gardens and private building facades and others, care and maintenance of highway parks.

The registered address of the Company is the building of the Fitaihi Holding Group Company, Madinah Ro, north of the Emirate of Makkah Al-Mukarramah Region, PO Box 2606, Jeddah 21461, Kingdom of Saudi Arabia, the main center of the Company is located in Jeddah.

2. BASIS OF PREPARATION

2.1 Statement of compliance

Interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard, “Interim Financial Reporting” “IAS 34” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. They should be reading in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022 (“The last annual consolidated financial statements”) In addition, results for the Interim period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2. BASIS OF PREPARATION (Continued)

2.2 Functional and presentation currency

The interim condensed consolidated financial statements are presented in Saudi Riyal (SAR), which is also the functional and presentational currency of the Group.

2.3 Basis of Measurement

The interim condensed consolidated financial statements have been prepared under historical cost basis, except for equity instruments which are measured through other comprehensive income and other investments that are measured through profit or loss, and defined benefit liabilities for employees which are measured using the expected credit unit method based on the present value.

2.4 Basis of consolidation

The Group's interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries "the Group" as of 30 June 2023.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to influence those returns by exercising its influence over the entity. In particular, the Group controls the entity if - and only if - the Group has:

- Control over the entity (example: existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its control over the investee to affect its returns

In general, there is an assumption that the majority of voting rights will lead to control. In order to reinforce this assumption and when the Group has a level below the majority of voting rights or similar rights in the investee company, the Group takes into account all relevant facts and circumstances when assessing whether the Group has influence over the investee, and these facts and conditions include the following:

- Contractual arrangements with others who are entitled to vote in the investee company.
- Rights arising from other contractual arrangements.
- Group voting rights and potential voting rights.

The Group reassesses whether it is still exercising control over the investee, or not, when facts and circumstances indicate that there is a change in one or more of the three elements of control. The consolidation of the subsidiary begins from the date on which the Group controls the subsidiary and continues until the removal of the controls. The assets, liabilities, income and expenses of the subsidiary acquired or sold during the period are included in the interim condensed consolidated financial statements (unaudited) from the date the Group acquires control until the date the Group loses control of the subsidiary.

Profit or loss and each component of other comprehensive income is distributed between the shareholders of the Group's parent company and the non-controlling interests, even if this distribution may lead to a deficit balance in the non-controlling interests. If necessary, adjustments are made to the financial statements of subsidiaries in the event that there are significant differences between the parent company and the subsidiary in order to reconcile its accounting policies with the financial policies of the Group. All assets, liabilities, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated in full when the financial statements are consolidated.

Proper accounting treatment has been done for any change in ownership interest in a subsidiary that does not result in a loss of control equity.

**FITAIHI GROUP HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(EXPRESSED IN SAUDI RIYALS)**

2. BASIS OF PREPARATION (Continued)

2.4 Basis of consolidation (Continued)

If the Group loses control of a subsidiary, it excludes the assets (including goodwill if any), liabilities and any other components of the subsidiary's equity, and any gain or loss resulting from loss of control is recorded in the interim condensed consolidated statement of profit or loss. Any share of the investment is recognized at fair value.

<u>Company name</u>	<u>Country of incorporation</u>	<u>Ownership percentage direct as of 30 June 2023</u>	<u>Ownership percentage direct as of 31 December 2022</u>	<u>Activity</u>
Fitaihi Retail Company (One person company)	Jeddah- KSA	100%	100%	Buying and selling precious metals and gemstones, Welding and polishing workshops (jewelers) and electronic trade. Wholesale and retail trade in perfumes, cosmetics, gifts (lighters, button, pens, watches), wholesale trade in Chinese crystal, antiques, household utensils required, leather products, towels, linens, and clothes also wholesale trade in all kinds of foodstuffs and establishment and management of business centers.
Saudi Tawteen for Maintenance & Operation	Jeddah- KSA	100%	100%	Cleaning new buildings after construction, cleaning buildings with steam and sand heating, activities for general cleaning services for buildings, building maintenance services activities, cleaning and maintenance of swimming pools, care and maintenance of parks and gardens for public housing purposes, care and maintenance of building scenery, home gardens, roof gardens and private building faces and others, care and maintenance of highway parks.

3. USE OF SIGNIFICANT JUDGMENT, ESTIMATES AND ASSUMPTIONS

In preparing these interim condensed consolidated financial statements, it requires to management use judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments used by management in applying the Group accounting policies and methods of calculation, and key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements for the year ending on 31 December 2022.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

There are no new standards issued by the International Accounting Standards Board (IASB), however, a number of amendments to the standards are effective as of 1 January 2023, which were explained in the annual consolidated financial statements of the group as of 31 December 2022 and there is no material impact on the interim condensed consolidated financial statements of the group for the six-months period ended 30 June 2023.

FITAIHI GROUP HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(EXPRESSED IN SAUDI RIYALS)

5. INVESTMENTS IN ASSOCIATE

Investments in associate consist of the following:

	Country of incorporation	Main Activity	Ownership %		30 June 2023 (Unaudited)	31 December 2022 (Audited)
			30 June 2023	30 June 2022		
International Medical Center Company	KSA	Management and operation of hospitals	19.25%	19.25%	177,264,138	174,818,827
					177,264,138	174,818,827

The share of results for the year consists the following:

	For the period From 1 April to 30 June		For the six-month period ended June 30	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Share of the results of the International Medical Center Company	(1,499,801)	(4,104,993)	2,445,311	4,152,180
	(1,499,801)	(4,104,993)	2,445,311	4,152,180

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cost		
Balance as at the beginning of the period/year	135,683,961	118,609,241
additions during the period/year	729,813	17,074,720
Balance as at the end of the period/year	136,413,774	135,683,961
Unrealized gains / (losses) on investments in equity instruments at fair value through other comprehensive income		
Balance as at the beginning of the period/year	(4,019,386)	34,926,642
Net movement during the period/year	17,934,843	(38,946,028)
Balance as at the end of the period/year	13,915,457	(4,019,386)
Net book value as at the end of the period/year	150,329,231	131,664,575

- All equity are listed in the stock market.

7. INVENTORY

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Jewelry and gold	85,660,832	87,370,883
Gold and jewelry materials	7,397,159	8,309,694
Accessories and other	1,640,804	1,839,095
Boxes and packaging tools	42,944	49,027
	94,741,739	97,568,699

**FITAIHI GROUP HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(EXPRESSED IN SAUDI RIYALS)**

8. TRADE RECIVABLES AND OTHER RECEIVABLES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Dividend	-	3,609,920
Trade receivables	15,089	15,089
Prepaid expenses	1,826,985	805,479
Advance payments to suppliers	692,320	155,517
Receivable from the sale of a subsidiary	935,477	935,477
Other receivable	775,935	429,092
	4,245,806	5,950,574
Less: provision for impairment	(16,447)	(16,447)
	4,229,359	5,934,127

9. CAPITAL

As of 30 June 2023 and 31 December 2022, the capital consists of 27.5 million shares, the value of each share is 10 Saudi Riyal, paid in full.

10. TRADE PAYABLES AND OTHER PAYABLES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trade payables	6,859,653	7,566,609
Accrued expenses	1,899,216	1,635,959
Advance payments from customers	1,701,496	1,911,826
VAT	74,387	379,541
Other payables	1,519,751	1,600,871
	12,054,503	13,094,806

11. ZAKAT PAYABLE

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance as at the beginning of the period/year	5,444,944	5,973,547
Charged during the period/year	1,800,000	3,435,407
Paid during the period/year	(3,445,594)	(3,964,010)
Balance as at the end of the period/year	3,799,350	5,444,944

The Zakat status

During the period the company finished zakat situation for the year 2017 and paid ZATCA assessment differences, otherwise there has been no significant change in the zakat or tax position of the group compared to the year ending on 31 December 2022.

**FITAIHI GROUP HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(EXPRESSED IN SAUDI RIYALS)**

12. OTHER (EXPENSES) / INCOME

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Debit financing interest - lease contracts	(95,580)	(11,029)
Other income	29,048	273,959
Other expenses	(66,588)	(84,343)
	(133,120)	178,587

13. EARNING PER SHARE

Basic and diluted earnings per share are calculated from the net income for the period by dividing the net profit for the period attributable to the shareholders of the parent company by the weighted average number of ordinary shares. Diluted earnings per share equals basic earnings per share.

The following table reflects the net income data for the period and the number of shares used in calculating basic and diluted earnings per share:

	For the three - month period from 1 April to 30 June		For the six - month period ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Profit for the period attributable to shareholders	851,956	9,187,639	6,479,570	16,840,161
Weighted average number of ordinary shares outstanding	27,500,000	27,500,000	27,500,000	27,500,000
Basic and diluted earnings per share from net profit for the period	0.03	0.33	0.24	0.61

14. TRANSACTIONS WITH RELATED PARTIES

The related parties represent major shareholders, directors, and key management of the Group, and entities controlled, jointly controlled, or significantly influenced by such parties.

14.1 Related party transactions

The following are the main transaction to related parties without preferential terms during the three-month ending on 30 June 2023 and 30 June 2022 and related party balances as on 30 June 2023 and 31 December 2022:

Company	Nature of the relationship	Nature of the transaction	30 June 2023 (unaudited)	30 June 2022 (unaudited)	30 June 2023 (unaudited)	31 December 2022 (audited)
IMC	Associate company	Sales of goods	-	2,720,395	-	-

14.2 Allowances and remuneration of members of the Board of Directors and senior executives

The compensation of senior executive management and the Board of Directors during the period is as follows:

	For the period ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Salary and other benefits	1,423,799	1,249,196
End of service benefits	46,375	46,375
Bonuses and allowance for attending board meetings	600,000	624,667
	2,070,174	1,920,238

15. OBJECTIVES AND POLICES OF RISK MANAGEMENT

Risks are part of the Group's activities and are managed through a continuous mechanism which consists of identifying risks, then evaluating and following them up in accordance with other approved restrictions and controls. The process of managing risk is essential to the group's ability to generate profits. The group is exposed to market risk, currency risk, credit risk and liquidity risk

Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Foreign Currency risk

The risks related to currency fluctuations associated with financial instruments are concentrated in currency fluctuations of the Group's foreign investments, as the main Group's investments in the stock market are concentrated on the Egyptian Stock Exchange, and therefore their fair value is affected by the exchange rate of Egyptian pound from one period to another. According to the economic and political conditions in the Egypt, the Group considers that most of its investments are for long-term strategic purposes.

Credit risk

Credit risk is the risk that one party in a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Group works to limit credit risk. Management believes that credit risk is limited given that the Group's sales are monetary.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with financial liabilities, as they fall due. Liquidity needs are monitored on a monthly basis and the management works to ensure that sufficient funds are available to meet any liabilities as they arise.

The Group's current financial liabilities, amounting to SAR 17,4 million as on 30 June 2023 (December 31, 2022: SAR 20 million), consist of lease commitments - the current portion - trade and other credit balances and accrued zakat. Virtually all of these financial liabilities are expected to be settled within 12 months from the date of the condensed consolidated statement of financial position and the Group expects to have sufficient funds to do so.

The Group's non-current financial liabilities amounting to SR 4,3 million as of 30 June 2023 (31 December 2022: SR 4,8 million) consist of net employee defined benefit obligations. Employees' defined benefit obligations are paid in accordance with the actual timing of the employees' term of service.

Stock price Risk

The Group is exposed to market price risks on its investments in shares traded and arising from the uncertainty in the future value of shares traded. Reports on investment in shares traded are regularly reported to Top management.

Capital risk management

For the purpose of managing the group's capital risk, equity consists of capital, statutory reserve attributable to the shareholders of the parent company, retained earnings and equity instruments valuation reserve at fair value through other comprehensive income. The main objective of capital management is to maximize shareholder equity.

The Group manages and adjust its capital structure in light of changes in economic conditions and financial commitment requirements. In order to maintain or just the capital structure, the group may adjust dividends to shareholders or share reduction or issue new shares.

The Group does not have a capital structure with specific objectives or rates to be achieved in connection with managing capital risk. The overall strategy of the group remains the same, unchanged from the previous year. The group's capital structure consists of equity (consisting of equity capital and statutory reserve attributable to shareholders of the parent company, retained earnings and equity instruments valuation reserve at fair value through other comprehensive income).

15. OBJECTIVES AND POLICES OF RISK MANAGEMENT (Continued)

Fair value

The fair value is the price that would be received to sell an asset or paid to transfer any of the liabilities in a transaction under normal circumstances between market participants at the measurement date. As such, differences can arise between the carrying values and the fair value estimates. The definition of fair value is based on market-based measurement and assumptions used by market participants.

Fair values are classified into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

- **Level 1** - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date.
- **Level 2** - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3** - inputs for the asset or liability that are not based on observable market data.

There were no transfers between Level 1, Level 2 and Level 3 during the period ending 30 June 2023.

All financial assets and financial liabilities of the Group are recorded at amortized cost, except for:

investments in equity instruments at fair value through other comprehensive income, as they are listed in an active market and are evaluated according to level one (share price on the reporting date).

16. IMPORTANT EVENTS DURING THE SUBSEQUENT PERIOD

On Muharram 01, 1444 AH, corresponding to August 08, 2023 AD, the Extraordinary General Assembly approved the recommendation of the Board of Directors of the Group to divide the nominal value of the share from 10 Saudi riyals per share to 1 Saudi riyal per share, while keeping the company's capital unchanged, and thus the number of shares of the company after the split will become (275,000,000) shares instead of (27,500,000) shares.

17. PRIOR YEARS ADJUSTMENTS

The management of the associate company provided us with the amended financial statements prepared by the management for the fiscal year 2022. During the period, the group made adjustments for previous years, representing its share of that amendment as follows:

The interim condensed consolidated statement of financial position as at 30 June 2023 (unaudited):

	<u>Balance as at 31 Dec 2022</u>		
	<u>previously stated</u>	<u>Adjustments</u>	<u>After adjustments</u>
Assets			
Non-current assets			
Investment in associate company	185,012,242	(10,193,415)	174,818,827
Owner's equity			
Retained earnings	115,771,618	(10,193,415)	105,578,203

18. RECLASSIFICATION

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

19. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

These interim condensed consolidated financial statements (Unaudited) were approved by the Board of Directors on 10/08/2023.