

**ANAAM INTERNATIONAL HOLDING
GROUP COMPANY
(SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE AND NINE MONTHS PERIODS
ENDED SEPTEMBER 30, 2011
WITH
AUDITORS' REVIEW REPORT**

Anaam International Holding Group Company

(Saudi Joint Stock Company)

Interim Condensed Consolidated Financial Statements (Un-audited)

For the three and nine- months periods ended September 30, 2011

Contents

	<u>Page</u>
• Review report on the interim condensed consolidated financial statements	-
• Interim consolidated balance sheet (un audited)	1
• Interim consolidated statement of income (un audited)	2
• Interim consolidated statement of cash flows (un audited)	3
• Interim consolidated statements of changes in shareholders' equity (un audited)	4
• Notes to the interim condensed consolidated financial statements (un-audited)	5-11

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"Review Report on the Interim Condensed Consolidated Financial Statements"

The Shareholders

Anaam International Holding Group Company
Jeddah, Saudi Arabia

We have reviewed the accompanying interim consolidated balance sheet of Anaam International Holding Group Company (the Company) and its subsidiaries as at September 30, 2011, and the interim consolidated statement of income for the three and nine- months periods then ended, and the interim consolidated statements of cash flows and changes in shareholders' equity for the nine months period then ended, and the accompanying condensed notes 1 through 13 which form an integral part of these interim condensed consolidated financial statements that prepared by Company's management. The preparation of these interim condensed consolidated financial statements is the responsibility of Company's management and submitted to us together with information and explanations which we required. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our limited review in accordance with the Saudi Organization for Certified Public Accountants (SOCPA) standard applicable to interim financial reporting. A review is limited primarily to inquiries of Company's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.



Abdelgadir Bannaga, PhD/FCCA
License No. 22

October 16, 2011



Anaam International Holding Group Company

(Saudi Joint Stock Company)

Interim Consolidated Balance Sheet (Un-Audited)

As at September 30, 2011

	Note	2011 SR	2010 SR
<u>ASSETS</u>			
<u>Current assets</u>			
Cash and cash equivalents		6,950,381	3,049,892
Margins on letters of guarantee		375,950	675,950
Notes receivable	4	25,500,000	25,500,000
Trade receivables		51,041,949	37,718,762
Other receivables		5,601,612	12,569,878
Inventories		33,265,037	24,920,957
Prepaid expenses		1,876,471	1,534,243
Total current assets		<u>124,611,400</u>	<u>105,969,682</u>
<u>Non-current assets</u>			
Deferred expenses		3,138,730	895,849
Property and equipment	6	<u>129,326,152</u>	<u>127,519,079</u>
Total non- current assets		<u>132,464,882</u>	<u>128,414,928</u>
Total assets		<u>257,076,282</u>	<u>234,384,610</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>Current liabilities</u>			
Trade payables		14,338,935	9,929,005
Other payables		11,748,606	3,627,774
Distributions and dues to shareholders		8,961,185	8,996,764
Due to related parties		955,129	955,129
Current portion of Saudi Arabian Agricultural Bank loan	7	2,943,821	2,943,821
Zakat	8	<u>59,364,004</u>	<u>57,174,297</u>
Total current liabilities		<u>98,311,680</u>	<u>83,626,790</u>
<u>Non-current liabilities</u>			
None-current portion of Saudi Arabian Agricultural Bank loan	7	12,742,590	15,922,131
Employees' termination benefits		3,932,619	3,912,471
Provision for claims		<u>11,291,488</u>	<u>12,000,000</u>
Total non- current liabilities		<u>27,966,697</u>	<u>31,834,602</u>
Total liabilities		<u>126,278,377</u>	<u>115,461,392</u>
<u>Shareholders' equity</u>			
Capital	9	109,000,000	109,000,000
Statutory reserve		2,272,430	1,145,255
Retained earnings		<u>19,525,475</u>	<u>8,777,963</u>
Total shareholders' equity		<u>130,797,905</u>	<u>118,923,218</u>
Total liabilities and shareholders' equity		<u>257,076,282</u>	<u>234,384,610</u>

The accompanying notes 1 through 13 form an integral part of these interim condensed consolidated financial statements

Anaam International Holding Group Company

(Saudi Joint Stock Company)

Interim Condensed Consolidated Statement of Income (Un-Audited)

For the three and nine-months periods ended September 30, 2011

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2011	2010	2011	2010
	SR	SR	SR	SR
Revenue	60,816,599	40,237,662	172,465,628	85,110,097
Cost of revenue	(54,578,679)	(36,173,854)	(160,249,961)	(80,429,869)
Gross profit	6,237,920	4,063,808	12,215,667	4,680,228
Other income	2,996,805	1,995,345	8,326,291	7,629,126
Total operating income	9,234,725	6,059,153	20,541,958	12,309,354
General and administrative expenses	(3,738,728)	(2,665,276)	(11,385,247)	(9,073,914)
Selling and marketing expenses	(1,934,212)	(528,159)	(4,382,933)	(1,601,311)
Net operating income	3,561,785	2,865,718	4,773,778	1,634,129
Gain on sale of property and equipment	-	-	3,151,944	2,023,133
Gain on sale of investments	-	-	-	5,233,732
Other income (expenses)- net	1,495,000	(183,521)	1,500,000	(68,201)
Net income for the period before Zakat	5,056,785	2,682,197	9,425,722	8,822,793
Zakat	(450,000)	(500,000)	(1,500,000)	(1,500,000)
Net income	4,606,785	2,182,197	7,925,722	7,322,793
Earnings per share	0.42	0.20	0.73	0.67

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Anaam International Holding Group Company

(Saudi Joint Stock Company)

Interim Condensed Consolidated Statement of Cash Flows (Un-Audited)

For the nine-months period ended September 30, 2011

	<u>2011</u>	<u>2010</u>
	SR	SR
Cash flows from operating activities:		
Net income for the period	7,925,722	7,322,793
Adjustments to reconcile net income for the period to net cash (used in) provided by operating activities:		
Depreciation of property and equipment	4,200,563	3,682,921
Amortization of deferred expenses	806,082	846,799
Gain on sale of property and equipment	(3,151,944)	(2,023,133)
Gain on sale of investments	-	(5,233,732)
Zakat provision	1,500,000	1,500,000
Employee termination benefits	861,807	592,949
Change in operating assets and liabilities:		
Margins on letters of guarantee	-	365,000
Trade receivables	2,813,302	(5,497,407)
Other receivables	(3,921,170)	(10,253,117)
Inventories	(14,146,695)	(3,891,084)
Prepaid expenses	(659,708)	(484,563)
Trade payables	5,499,991	(5,446,956)
Other payables	5,764,949	(1,137,956)
Due to related parties	-	(2,204,232)
Provisions	(1,255,282)	(603,441)
Zakat paid(subsidiaries)	(106,008)	(171,820)
Net cash provided by (used in) operating activities	<u>6,131,609</u>	<u>(22,636,979)</u>
Cash flows from investing activities:		
Addition to property and equipment	(6,843,187)	(5,048,640)
Proceeds from sale of property and equipment	6,335,190	3,497,893
Additions to deferred expenses	(2,660,449)	-
Proceeds from sale of investments	-	6,750,000
Net cash (used in) provided by investing activities	<u>(3,168,446)</u>	<u>5,199,253</u>
Cash flows from financing activities:		
Distributions and dues to shareholders	(32,060)	(22,552)
Net cash (used in) financing activities	<u>(32,060)</u>	<u>(22,552)</u>
Net increase (decrease) in cash and cash equivalents	2,931,103	(17,460,278)
Cash and cash equivalents at beginning of the period	4,019,278	20,510,170
Cash and cash equivalents at end of the period	<u><u>6,950,381</u></u>	<u><u>3,049,892</u></u>

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Anaam International Holding Group Company

(Saudi Joint Stock Company)

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Un-Audited)

For the nine-months period ended September 30, 2011

	<u>2011</u> SR	<u>2010</u> SR
Capital:		
Balance at beginning of the period	<u>109,000,000</u>	<u>109,000,000</u>
Balance at the end of the period	<u>109,000,000</u>	<u>109,000,000</u>
Statutory reserve:		
Balance at beginning of the period	<u>2,272,430</u>	<u>1,145,255</u>
Balance at the end of the period	<u>2,272,430</u>	<u>1,145,255</u>
Retained earnings:		
Balance at beginning of the period	11,599,753	1,455,170
Net income for the period	<u>7,925,722</u>	<u>7,322,793</u>
Balance at end of the period	<u>19,525,475</u>	<u>8,777,963</u>
Total shareholders' equity	<u><u>130,797,905</u></u>	<u><u>118,923,218</u></u>

The accompanying notes 1 through 13 form an integral part of these interim condensed consolidated financial statements.

Anaam International Holding Group Company

(Saudi Joint Stock Company)

Notes to the Interim Condensed Consolidated Financial Statements (Un-Audited)

For the three and nine- months periods ended September 30, 2011

1- ORGANIZATION AND ACTIVITIES

Anaam International Holding Group Company is a Listed Saudi Joint Stock Company (the Company) registered under Commercial Registration number 4030035073 issued from Jeddah - Kingdom of Saudi Arabia dated 7/9/1402H corresponding to 29/6/1982G.

The Company's objective is to engage in performing all operations of marine transport of livestock within and outside the Kingdom, possession of all means of marine and land transport necessary to the Company, trading of marine equipment necessary for the vessels of the Company, trading of livestock and fodder, related operations of meat production and transport, management and operation of slaughterhouses and meat processing, 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.

However, currently the Company's main activity represents wholesale and retail trade in animal feeds and frozen foodstuff and storage services.

The interim condensed consolidated financial statements include the accounts of the parent company and the following subsidiaries:

Description	Main activity	Country of incorporation	Ownership Interest (%)
Saudi Cold Store Company Limited	Trading of Frozen Food	Kingdom of Saudi Arabia	100 direct and indirect
Anaam International Investment Company Limited and subsidiaries	Real estates and services	Kingdom of Saudi Arabia	100 direct and indirect
Anaam International Investment Company Limited and subsidiaries	Real estates and services	Kingdom of Saudi Arabia	100 direct and indirect

The Company has following branches and divisions which do not have any activity and still registered under the name of Al Mawashi Al Mukairish United Company and not yet transferred to the amended Company's name (Anaam International Holding Group Company), except Anaam International Fodder Factory.

- Branches:
 1. Jeddah Branch
 2. Jizan Branch
 3. Qasseem Branch - under the name of Anaam International Fodder Factory

- Divisions:

<u>Division</u>	<u>City</u>	<u>Activity</u>
Busayta Agricultural Division	Al Jouf	Agriculture and Sheep farming
Marine Transport	Jeddah	Marine transport

Busayta Agricultural Division is only doing agricultural activity.

Anaam International Holding Group Company

(Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (Un-Audited)

For the three and nine-months periods ended September 30, 2011

2- BASIS OF PREPARATION

a. Statement of Compliance

The interim condensed consolidated financial statements have been prepared in accordance with the Saudi Organization for Certified Public Accountants (SOCPA) standard applicable to interim financial reporting.

b. Basis of measurement

The interim condensed consolidated financial statements have been prepared under the historical accrual basis (except investments available for sale which are recorded in fair value), using the accrual basis of accounting and the going concern concept.

c. Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals which is the functional currency.

d. Use of estimates and judgments

The preparation of the interim financial statements requires management to use judgments, estimates and assumptions which affect the presented amounts of assets and liabilities. It also requires from the management to exercise its judgment in the process of applying the Company's accounting policies.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Anaam International Holding Group Company

(Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (Un-Audited)

For the three and nine-months periods ended September 30, 2011

2- SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company for the preparation of these interim condensed consolidated financial statements are consistent with those used for the preparation of the annual consolidated financial statements. Significant accounting policies adopted by the Company are summarized as follow:

a. Basis of consolidation

The interim consolidated financial statements include the accounts of the parent company and its subsidiaries (the Group) set forth in note 1. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the interim condensed consolidated financial statements from the date that control commences until the date control ceases.

All intra-group balances and financial transactions resulting from transactions between the Company and the subsidiaries and those arising between the subsidiaries are eliminated in preparing these consolidated financial statements. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

b. Accounting convention

The accompanying interim condensed consolidated financial statements have been prepared on historical cost basis, using the accrual basis of accounting and the going concern concept.

c. Cash and cash equivalents

For the purpose of preparation of the interim consolidated statement of cash flow, cash and cash equivalents comprise of cash on hand and unrestricted cash at banks.

d. Accounts receivable

Accounts receivable are stated in the interim consolidated balance sheet at net realizable value less allowance for any uncollectable amounts. An estimate for doubtful debts is made based on the study of the accounts receivable balances and an assessment of the extent of collectability at end of the financial year.

e. Inventories

Inventories are stated at the lower of cost and market value. Cost is determined by using the following methods:

Ready fodder	- Direct costs and share of indirect costs.
Spare parts and stores	- First in first out.
Finished agricultural product	- Direct costs and share of indirect costs.
Agricultural product under harvest	- Direct costs and share of indirect costs.
Fodder raw material	- Weighted average.
Frozen foodstuff	- Weighted average.

Anaam International Holding Group Company

(Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (Un-Audited)

For the three and nine-months periods ended September 30, 2011

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Deferred charges

Deferred charges are amortized under straight – line method over the period expected to benefit from it from three to five years.

g. Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value, and are depreciated on a straight line basis over the estimated useful lives of individual item of property and equipment. Depreciation is calculated based on the following percentages:

Buildings	3.33% - 4%
Vehicles and trucks	10% - 20%
Furniture	10% - 20%
Machineries, equipment and tools	10% - 25%
Leasehold improvements	10%
Pens	5%
Agricultural equipment	7.5%
Water wells	3.33%
Irrigation equipment	7.5%
Other	10%

h. Zakat provision

Zakat provision is measured and recognized in the statement of income for each financial period in accordance with the regulations of the Department of Zakat and Income Tax (DZIT). The provision for the financial period is calculated on an estimated basis and charged to the statement of income. Any differences between the estimates made during the interim periods and the provision based on the detailed calculations of the Zakat based at year-end are accounted at the year end.

i. Revenue recognition

Revenue on sale of goods is recognized upon delivery of goods to the customer and are recorded net of discounts.

Storage revenue is measured based on the specified and agreed price with the third parties during the storage period on accrual basis.

j. Selling and marketing & general and administrative expenses

Selling and marketing & general and administrative expenses are stated as period expenses in accordance with accrual basis, and are charged to the accounting period in which they occurred. Expenses that benefit more than accounting period are distributed on time basis and by use of their historical cost.

k. Provision for employees' termination benefits

Provision for employees' termination benefits, calculated in accordance with Saudi labor regulations are accrued and charged to statement of income currently.

Anaam International Holding Group Company

(Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (Un-Audited)

For the three and nine-months periods ended September 30, 2011

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Foreign currency transactions

Transactions denominated in foreign currencies are translated to the functional currencies at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currencies at the foreign exchange rate ruling at the end of fiscal year. Exchange differences arising on translation are recognized in the statement of income currently.

m. Impairment of assets

Company's assets (except inventories) are reviewed at balance sheet date to determine whether there was any indication of impairment in those values. In the case of existence of such indication, the recoverable value from the asset will be estimated. An impairment of asset is recognized when the carrying amount exceeds the estimated amount, and is stated in the statement of income in the same year.

n. Leases

Leases are classified as capital leases if the lease involves substantial transfer of benefits and risks of ownership associated with the asset subject to lease to the lessee. Other leases are classified as operating leases. Rents under operating leases are charged to expenses on straight-line basis over the lease term.

4- NOTES RECEIVABLE

The disputes between the Company and Al-Ghamdi group of companies were settled under the terms of a final settlement on Jumadi Al awal 29, 1427 corresponding to September 25, 2006. This settlement was final and comprehensive and includes the settlement of judgment no. 46/d/t/c for the year 1422 and all executive, judicial and administrative procedures between the parties. According to this agreement, Ahmad Ali Ahmad Al-Ghamdi and Mohamad Ali Ahmad Al-Ghamdi committed to pay an amount of SR 30,000,000 to the Company, out of which an amount of SR 500,000 was paid immediately, and the remaining balance of SR 29,500,000 is to be paid by promissory notes (free of protest) within scheduled dates by SR 500,000 for each note ending on May 25, 2011. Eight promissory notes of SR 4,000,000 was settled, and then they stopped making payments. The company has taken legal procedures on their rights to collect the remaining balance amounted to SR 25,500,000 (Note 12).

Anaam International Holding Group Company

(Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (Un-Audited)

For the three and nine-months periods ended September 30, 2011

5- INVESTMENT

The company has investments in various companies (as listed below) which do not have any activities. The amount of these investments is reduced to zero balances.

	Country of incorporation	Ownership interest (%)	Investment amount	
			2011 SR	2010 SR
Subsidiaries:				
Anaam International Agricultural Company	Saudi Arabia	100%	1,000,000	1,000,000
Affiliates:				
Al-Mawashi Al Mukairish - Gulf	UAE	20%	2,875,503	2,875,503
Total			3,875,503	3,875,503
Provision of impairment in investments			(3,875,503)	(3,875,503)
Net investments			-	-

6- PROPERTY AND EQUIPMENT- (NET)

The land includes the following:

- i. Within the land of Busayta Agricultural Project in Al Jouf amounting to SR 31,335,126, an equivalent of 31% of total land square meter (amounting to SR 9,713,889) registered in the names of third parties, with assigning the title in favor of the Company. Out of those 12 projects (equivalent to 22% of total land square meter) are with the Notary Public in Tabarjal City for transfer of title deeds. The preparation and transfer of the remaining project's land (represents 9% of total land square meter) is currently under process. All project's land are owned by the company through assignment, power of attorney, declarations and commitments from the persons who were the partners of the company before the merger in 1995 (in their capacity as agents of all owners) to appear at the Notary Public for transfer of the title deeds. These procedures for transfer are in progress.
- ii. A land amounted to SR 27,315,092 registered with the names of third parties. The Company is following the necessary procedures to transfer the title deed of the land. Such procedures are not yet finalized. Full provision of SR 27,171,115 is made to cover any probabilities of impairment in value and inability of transfer the title deed of the land.

7- SAUDI ARABIAN AGRICULTURAL BANK LOAN

The company obtained long term loan for livestock rising from Saudi Arabian Agricultural Bank in the names of persons outside the company. The loan was transferred to the company after the merger against letters of guarantees provided by the company for the original beneficiaries of the loan against their waive in favor to the company. The Bank has rescheduled the loan payments starting from 25/6/1430 corresponding to 19/6/2009. The total loan balance is to be paid over a period up to 25/6/1439 corresponding to 13/3/2018. The loan has been granted according to bank guarantees provided by the Chairman on behalf of the company.

Anaam International Holding Group Company

(Saudi Joint Stock Company)

Notes To The Interim Condensed Financial Statements (Un-Audited)

For the three and nine-months periods ended September 30, 2011

8- ZAKAT

Parent company:

The Company obtained the final Zakat return for the year 1994. During the third quarter of 2011, the Company submitted its Zakat returns to the Department of Zakat and Income Tax (DZIT) for the years from 1995 to 2010, which were under review by the DZIT.

Subsidiaries:

- Saudi Cold Store Company Limited:

The Company submitted its financial statements and Zakat returns for the year ended December 31, 2003. The financial statements and Zakat returns for the years 2004 through 2010 are not submitted to DZIT. However, accrual has been for the required estimated Zakat Liability.

- Anaam International Financial and Anaam International Investment Companies:

These companies and their subsidiaries have submitted their financial statements and Zakat returns for the first financial period ended December 31, 2007 and also for the years ended December 31, 2008, 2009 and 2010. Obtaining the final certificates from DZIT is underway.

9- CAPITAL

The capital of the company is SR 109,000,000, consists of 10,900,000 fully paid of SR 10 each.

10- STATUTORY RESERVE

In accordance with Saudi Arabian Companies Law and the Company's Articles of Association, 10% of the annual net income is required to be transferred to a statutory reserve until this reserve equals 50% of the capital. This reserve is not available for distribution to the shareholders.

11- EARNINGS PER SHARE

Earnings per share for the period have been calculated by dividing the net income for such period over the total number of shares (10,900,000) at end of the period.

12- PENDING CLAIMS

The company has filed claim against Ahmad and Mohammed Ali Al Ghamdi for non-payment of due notes before Commission for Negotiable Instruments in the Ministry of Commerce and Industry in Jeddah. The commission has passed an immediate enforceable judgment in favor of the company for payment of unpaid amount. Execution orders were passed for the arrest, prevention from travel and attachment of the defendants' property to an amount equivalent to the amount of the execution. The court ordered Saudi Arabian Monetary Agency to circulate notes to all banks operates in Kingdom of Saudi Arabia to attach the defendants' balances and accounts in these banks. Management is taking efforts for the recovery of the outstanding amount. However, the ultimate recoverability of the outstanding amount cannot be determined at this time.

13- COMPARATIVE FIGURES

Certain figures of the comparative interim condensed consolidated financial statements have been reclassified to conform with the current period presentation.