TABUK AGRICULTURAL DEVELOPMENT COMPANY "TADCO"
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

TABUK AGRICULTURAL DEVELOPMENT COMPANY "TADCO"
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2021

INDEX

BDO الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TABUK AGRICULTURE DEVELOPMENT COMPANY "TADCO" (A SAUDI JOINT STOCK COMPANY)

Qualified Opinion

We have audited the consolidated financial statements of Tabuk Agricultural Development Company "TADCO" a Saudi Joint Stock Company ("the Company" or "the Parent Company") and its Subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements from (1) to (35), including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Qualified Opinion

As explained in Note 8 to the consolidated financial statements, related to investment in Associate Company, we didn't obtain the financial statements of Eastern Asia Company for Agriculture Investment, As a result of these matters, we were unable to determine whether any adjustments might have been found necessary to include in the consolidated statement of financial position as at 31 December 2021 and the consolidated financial statements for the year ended on 31 December 2021, including consolidated statement of profit or loss and other comprehensive income, and consolidated statement of changes in equity and consolidated statement of cash flows.

We conducted our audit in accordance with International Standards on Auditing (IASs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in "the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Partners: Dr. Mohamed Al-Amri (60), Jamal M. Al-Amri (331), Gihad M. Al-Amri (362), Maher T. Al-Khatib (514), Ahmed F. Al-Jumah (621)
● Riyadh: Tel. 011-278 0608, Fax: 011-278 2883 ● Dammam: Tel. 013-834 4311, Fax: 013-833 8553
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Emphasis of matter

As explained in Note 2 to the consolidated financial statements, the consolidated financial statements of the Group includes the financial statements of Masader Agricultural Feed Mill Ltd. Company, "Subsidiary Company", in which the statutory procedures to transfer ownership of assets and all operation activities to the Company, in accordance with the signed agreement between the establishment owner (one of the shareholders) and the Company, have not been completed and our opinion is not modified in respect of this matter, which total assets of Masader Agricultural Feed Mill Ltd. Company included in these consolidated financial statements amount to SAR 50.1 million, and total liabilities amount to SAR 9.1 million, net equity amount to SAR 40.9 million, revenues amount to SAR 7.8 million, and the total expenses amount to SAR 12.5 million.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters include the following:

Inventory Valuation	
Key audit matter	**How the matter was addressed**
Inventory is stated at the lower of cost or net realizable value, The Group when necessary, record a slow-moving provision. The Group assess the level of obsolescence for inventory items by taking into account their nature, ages, validity and sales forecasts using past trends and other qualitative factors. Management reviews the inventory valuation at each reporting date and it is reduced if it is expected that net realizable value is less than the cost. We have considered this as a key audit matter due to the significant judgments and assumptions used by management in determining the provision for slow moving inventory and impairment of inventory required based on the valuation of net realizable value.	We have performed the following audit procedures: - Tested the net realizable value of crops ready for sale by examining subsequent sales, including testing judgements applied by management regarding the valuation of the lower of expected cost or net realizable value - Evaluated the Group's accounting policies for slow moving and obsolete inventory by performing a retrospective test and assessing previous estimates with actual results - Assessed the completeness and sufficiency of disclosures relating to the inventories in the consolidated financial statements
Refer to Note 2 for the significant accounting policies and Note 9 for related disclosures.	

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Impairment in property, plant and equipment	
Key audit matter	**How the matter was addressed**
As of 31 December 2021, the Group had property, plant and equipment with a net book value of SAR 238.9 million (2020: SAR 265.8 million). The Group assesses, at each reporting date, whether there is an indication that the assets may be impaired. Management is required to determine the recoverable amount which is the higher of an asset's fair value less costs of disposal or its value in use. Therefore, the recoverable value of each asset or cash-generating unit to which the asset belongs must be determined and estimated. The recoverable values, if it is used based on management's view, through internal inputs and external market assessments, such as forecasted products prices as per the approved budget. It also requires management to estimate the growth rates after the period of approved budget to determine the appropriate discount rates. We have considered this as a key audit matter due to the significant judgments and assumptions used by management in determining the estimated used to assess the impairment indicators and the value in use.	We have performed the following audit procedures: - Evaluated management's determination of impairment indicators, including the conclusions reached. - Assess the reasonableness of management's assumptions and estimates used to assess impairment indicators and determine the recoverable amount. - Evaluating the adequacy of the impairment value prepared by the management by evaluating the model, assumptions, and estimates used. - Assessed the adequacy and appropriateness of the relevant disclosures in the accompanying financial statements.
Refer to Note 2 for the significant accounting policies and Note 5 for related disclosures.	

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the SOCPA and the provisions of Companies' regulation and the Group's article of association, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Auditor's Responsibilities for the Audit of the consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding to the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be thought to bear on our independence and, where applicable, related safeguards.

From the matters we communicated with those charged with governance, we determined those matters were of most significance in the audit of the consolidated financial statements for the current period, and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other statutory and regulatory requirements

The accumulated losses of the Group as on 31 December 2021 exceeded 20% of share capital, which requires the Group, in accordance with the instructions of the Capital Market Authority for listed companies on the Saudi Stock Exchange which accumulated losses exceeds 20% or more, with less than 35% of its capital, to announce the amount of accumulated losses, their percentage of capital, and the main reasons that led to these losses.

For Dr. Mohamed Al-Amri & Co.

Jamal M. Al-Amri
Certified Public Accountant
Registration No. 331

د. محمد العمري وشركاه - محاسبون قانونيون
شركة مهنية رقم ٣٢٣/١١/٦٦
س.ت ٤٠٣٠٢٧٥٣٣٠
Jeddah
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

03/09/1443(H)
04/04/2022 (G)

Partners: Dr. Mohamed Al-Amri (60), Jamal M. Al-Amri (331), Gihad M. Al-Amri (362), Maher T. Al-Khatib (514), Ahmed F. Al-Jumah (621)
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TABUK AGRICULTURAL DEVELOPMENT COMPANY "TADCO"
(A SAUDI JOINT STOCK COMPANY)
Consolidated Statement of Financial Position
For the year ended 31 December 2021
(Expressed in Saudi Riyals)

	Note	31 December, 2021	31 December, 2020
ASSETS			
Non-Current assets			
Property, plant and equipment	(5)	238,864,258	265,844,599
right-of-use assets		122,678	136,309
Intangible assets		5,344	9,619
Biological assets	(6)	19,693,600	13,901,351
Work in-progress	(7)	62,185,058	57,198,332
Investment	(8)	15,846,109	16,700,896
Total Non-current assets		**336,717,047**	**353,791,106**
Current assets			
Inventories	(9)	27,343,615	34,348,359
Biological assets	(6)	18,784,827	17,881,191
Prepayments and other debit balances	(10)	22,921,734	24,008,863
Murabaha investments – short term	(11)	-	5,000,000
Due from related parties	(25)	14,286,325	5,165,109
Assets classified as held for sale		556,500	1,658,937
Accounts receivable	(12)	7,880,195	19,547,166
Cash and cash equivalents	(13)	57,207,732	4,174,564
Total current assets		**148,980,928**	**111,784,189**
Total assets		**485,697,975**	**465,575,295**
EQUITY AND LIABILITIES			
Equity			
Share capital	(1)	391,767,000	241,767,000
Statutory reserve	(1)	-	68,019,821
Other reserves	(14)	1,858,734	1,858,734
The costs of issuing equity instruments		(6,795,400)	-
Accumulated changes in other comprehensive income		479,961	1,018,879
Accumulated losses		(89,617,480)	(86,545,066)
Equity attributable to the shareholders of the parent company		**297,692,815**	**226,119,368**
Non-controlling interests		39,509,928	13,149,944
Total Equity		**337,202,743**	**239,269,312**
Non-current Liabilities			
Long term borrowings – non current	(15)	-	12,527,119
Employee benefit obligations	(16)	12,949,307	11,178,598
Lease obligations – non current		122,050	133,846
Deferred revenue – government grants	(15)	-	643,634
Total Non-current Liabilities		**13,071,357**	**24,483,197**
Current Liabilities			
Dismantling provision	(5-1)	2,150,000	2,150,000
Provision for guarantee loan related to associate	(8)	18,033,952	20,194,852
Bank facilities	(26)	-	6,845,910
Long term loans – current	(15)	8,988,914	10,392,220
Lease obligations – current		11,796	11,796
Accounts payable	(17)	18,858,459	51,293,825
Due to related parties	(25)	27,185,010	41,212,165
Accruals and other credit balances	(18)	32,422,099	33,089,461
Dividends payable to shareholders		23,046,458	23,081,694
Zakat payable	(19)	4,727,187	13,550,863
Total current Liabilities		**135,423,875**	**201,822,786**
Total Liabilities		**148,495,232**	**226,305,983**
Total equity and liabilities		**485,697,975**	**465,575,295**

Chief Financial Officer	Chief Executive Officer	Delegated Board of Directors Member
Name: Mohamed Saad Bakry	Name: Fahad A Alsemaih	Name: Yousif Abdullah Abaulaziz Alrajhi
Signature:	Signature:	Signature:

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements

TABUK AGRICULTURAL DEVELOPMENT COMPANY "TADCO"
(A SAUDI JOINT STOCK COMPANY)
Consolidated Statement of profit or loss and other comprehensive income
For the year ended 31 December 2021
(Expressed in Saudi Riyals)

	Note	2021	2020
Net revenues	(29)	116,038,289	158,542,635
Lease revenue		3,375,000	1,125,000
Cost of revenue	(20)	(118,638,207)	(144,257,406)
Gross profit		**775,082**	**15,410,229**
Selling and distribution expenses	(21)	(21,840,315)	(27,280,366)
General and administrative expenses	(22)	(34,258,750)	(24,196,332)
Operating loss		(55,323,983)	**(36,066,469)**
Impairment in properties, plant & equipment of subsidiary company	(5)	(8,397,920)	-
Provision for loan guarantee in associates		-	(1,344,852)
Impairment of held for sale assets		(1,102,437)	-
Losses on disposal of assets	(5-1)	-	(24,879,003)
Dismantling provision	(5-1)	-	(2,150,000)
Claims provision		(2,380,061)	-
Reverse / (impairment) in associates and investments in equity instruments		-	16,700,896
Share of the results of associate company	(8)	(854,787)	-
Gains from murabaha investments – short term	(11)	-	102,171
Finance costs	(23)	(873,565)	(1,771,819)
Income from settlement of a related party balance		-	3,062,234
Other (expenses) / income, net	(27)	(4,439,993)	647,294
Net loss for the year before zakat		**(73,372,746)**	**(45,699,548)**
Zakat	(19)	(1,396,445)	(6,385,362)
Reverse Zakat provision		4,236,251	-
Net loss for the year		**(70,532,940)**	**(52,084,910)**
<u>Other Comprehensive Income Items</u>			
Items that will not be reclassified subsequently in profit or loss:			
Actuarial (loss) from re-measuring of employee benefits obligation	(16)	**(538,918)**	(1,511,994)
Total other comprehensive loss for the year		**(71,071,858)**	**(53,596,904)**
Basic loss per share from net loss for the year	(24)	**(2.07)**	**(1.86)**
Loss of the year attributable to:			
Shareholders of the parent company		(70,550,191)	(53,189,701)
Non-controlling interest		17,251	1,104,791
		(70,532,940)	**(52,084,910)**
Comprehensive loss attributable to:			
Shareholders of the parent company		(71,089,109)	(54,701,695)
Non-controlling interest		17,251	1,104,791
		(71,071,858)	**(53,596,904)**

Delegated Board of Directors Member	Chief Executive Officer	Chief Financial Officer
Name: Yousif Abdullah Abaulaziz Alrajhi	Name: Fahad A Alsemaih	Name: Mohamed Saad Bakry
Signature:	Signature:	Signature:

The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements

TABUK AGRICULTURAL DEVELOPMENT COMPANY "TADCO"
(A SAUDI JOINT STOCK COMPANY)
Consolidated Statement of Changes in Shareholders' Equity
For the year ended 31 December 2021
(Expressed in Saudi Riyals)

	Share Capital	Statutory Reserve	Other reserves	The costs of issuing equity instruments	Accumulative changes in other comprehensive income items	Accumulated losses	Equity attributable to the shareholders of the parent company	Non-controlling interest	Total equity
Balance as at 1 January 2020	450,000,000	68,019,821	1,858,734	-	2,530,873	(243,079,143)	279,330,285	10,674,045	290,004,330
Adjustments to the opening balances	-	-	-	-	-	633,317	633,317	422,211	1,055,528
Balance as at 1 January 2020 (Adjusted)	**450,000,000**	**68,019,821**	**1,858,734**	-	**2,530,873**	**(242,445,826)**	**279,963,602**	**11,096,256**	**291,059,858**
Net Loss for the year	-	-	-	-	-	**(53,189,701)**	**(53,189,701)**	**1,104,791**	**(52,084,910)**
Other comprehensive income items for the year	-	-	-	-	(1,511,994)	-	(1,511,994)	-	(1,511,994)
Total comprehensive loss for the year	-	-	-	-	**(1,511,994)**	**(53,189,701)**	**(54,701,695)**	**1,104,791**	**(53,596,904)**
Adjustments for investments in a subsidiary	-	-	-	-	-	857,461	857,461	-	857,461
Change in non-controlling interest	-	-	-	-	-	-	-	948,897	948,897
Capital Reduction (Note 1)	(208,233,000)	-	-	-	-	208,233,000	-	-	-
Balance at 31 December 2020	**241,767,000**	**68,019,821**	**1,858,734**	-	**1,018,879**	**(86,545,066)**	**226,119,368**	**13,149,944**	**239,269,312**
Balance as at 1 January 2021	**241,767,000**	**68,019,821**	**1,858,734**	-	**1,018,879**	**(86,545,066)**	**226,119,368**	**13,149,944**	**239,269,312**
Net loss for the year	-	-	-	-	-	**(70,550,191)**	**(70,550,191)**	**17,251**	**(70,532,940)**
Other comprehensive income items for the year	-	-	-	-	(538,918)	-	(538,918)	-	(538,918)
Total comprehensive loss for the year	-	-	-	-	**(538,918)**	**(70,550,191)**	**(71,089,109)**	**17,251**	**(71,071,858)**
Adjustments for investments in a subsidiary	-	-	-	-	-	(542,044)	(542,044)	1,387,473	845,429
Closing the statutory reserve in accumulated losses	-	68,019,821) (	-	-	-	68,019,821	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	-	24,955,260	24,955,260
The costs of issuing equity instruments	-	-	-	(6,795,400)	-	-	(6,795,400)	-	(6,795,400)
Capital increments (Note 1)	150,000,000	-	-	-	-	-	150,000,000	-	150,000,000
Balance at 31 December, 2021	**391,767,000**	-	**1,858,734**	**(6,795,400)**	**479,961**	**(89,617,480)**	**297,692,815**	**39,509,928**	**337,202,743**

Chief Financial Officer
Name: Mohamed Saad Bakry
Signature:

Chief Executive Officer
Name: Fahad A Alsemaih
Signature:

Delegated Board of Directors Member
Name: Yousif Abdullah Abaulaziz Alrajhi
Signature:

The accompanying notes from (1) to (35) form an integral Part of these consolidated financial statements

TABUK AGRICULTURAL DEVELOPMENT COMPANY "TADCO"
(A SAUDI JOINT STOCK COMPANY)
Consolidated Statement of Cash Flows
For the year ended 31 December 2021
(Expressed in Saudi Riyals)

	31 December 2021	31 December 2020
Cash flows from operating activities:		
Net Loss for the year before Zakat	(73,372,746)	(45,699,548)
Adjustments to reconcile loss to cash flows from operating activities:		
Depreciation of property, plant and equipment	27,118,907	29,117,547
Amortization of biological assets	-	334,826
Impairment in biological assets	2,787,357	-
Employees benefit obligations – Additions during year	2,120,063	1,824,771
Impairment of property, plant and equipment held for sale	1,102,437	-
Amortization of intangible assets	4,275	-
Depreciation of right-of-use assets	13,631	-
Expected credit losses of other receivables	80,206	(2,499,194)
Expected credit losses of trade receivables	3,623,272	-
Impairment / (Reversal) in associates and investments in equity instruments	854,787	(16,700,896)
Provision for dismantling	-	2,150,000
Provision of guarantee loan related to associate	(2,160,900)	1,344,852
Losses from assets disposal	-	24,879,003
Impairment in the value of stocks and crops	7,265,203	8,865,789
Impairment in properties, plant & equipment of subsidiary company	8,397,920	-
Claims provision	2,380,061	-
Finance costs	873,565	1,771,819
(Profits) from short-term murabaha investments	-	(102,171)
Changes in non-controlling equity	1,387,473	948,897
Adjustments for investments in subsidiary	(542,044)	857,461
Changes in operating assets and liabilities		
Inventories	(260,459)	12,096,810
Accounts receivable	8,043,699	969,686
Due from related parties	(9,121,216)	(5,165,109)
Prepayments and other debit balances	1,006,923	2,515,799
Biological Assets	(903,636)	5,388,640
Accounts payable	(32,435,366)	4,420,599
Due to related parties	(14,027,155)	8,118,144
Accruals and other credit balances	(3,047,424)	2,682,994
Employees defined benefit obligations Paid	(888,272)	(1,994,174)
Finance costs paid	(873,565)	(1,771,819)
Zakat paid	(5,983,869)	(1,891,460)
Obligations of lease contracts	(11,796)	(9,309)
Net cash (used in) / resulted from operating activities	**(76,568,669)**	**32,453,957**

The accompanying notes from (1) to (35) form an integral Part of these consolidated financial statements

TABUK AGRICULTURAL DEVELOPMENT COMPANY "TADCO"
(A SAUDI JOINT STOCK COMPANY)
Consolidated Statement of Cash Flows (Continued)
For the year ended 31 December, 2021
(Expressed in Saudi Riyals)

	31 December 2021	31 December 2020
Cash flows from investing activities:		
Murabaha investments – short term	5,000,000	3,724,035
Net change in property, plant and equipment held for sale	-	(271,659)
Net change in projects work in progress	(10,905,202)	(16,434,282)
Purchase of property, plant and equipment	(2,623,330)	(9,092,598)
Proceeds from the sale of property, plant and equipment	5,320	467,743
Net change in biological Assets	(8,579,606)	(12,671,901)
Right of use assets	-	13,631
Net change in intangible assets	-	4,275
Net cash used in investing activities	(17,102,818)	**(34,260,756)**
Cash flow from financing activities		
Net change in long term loans	(14,574,059)	3,653,304
Banking facilities	(6,845,910)	(793,098)
Change in non – controlling interest	24,955,260	-
Dividends paid	(35,236)	-
Previous years adjustments	-	1,055,528
Cost of issuing equity instruments	(6,795,400)	-
Capital increment	150,000,000	-
Net cash resulted from financing activities	146,704,655	**3,915,734**
Net change in Cash and cash equivalents during the year	53,033,168	2,108,935
Cash and cash equivalents beginning of the year	4,174,564	2,065,629
Cash and cash equivalents end of the year	**57,207,732**	**4,174,564**
Non - cash transactions		
Transfer of Projects work in progress to Property, plant and equipment	5,918,476	-
Capital reduction	-	208,233,000

Chief Financial Officer	Chief Executive Officer	Delegated Board of Directors Member
Name: Mohamed Saad Bakry	Name: Fahad A Alsemaih	Name: Yousif Abdullah Abaulaziz Alrajhi
Signature:	Signature:	Signature:

The accompanying notes (1) through (35) form an integral part of these consolidated financial statements.

1- ORGANIZATION AND ACTIVITIES FOR THE COMPANY AND ITS SUBSIDIARY:

Tabuk Agricultural Development Company "TADCO" ("the Company") is a Saudi joint stock Company established in accordance with commercial Registration No 3550005403 issued in Tabuk on 15 Shaaban 1404H (corresponding to 16 May 1984). The Group operates under Royal Decree No. (M / 11) dated 22 March 1983.

The company's capital is SAR 450 million, divided into 45 million shares, with a nominal value of SAR 10. On 18 March 2020, the capital was reduced to SAR 241,767,000, with a nominal value of SAR 10, to cover the Company's accumulated losses. On May 4, 2021, the capital was increased by 150 million SAR to become 391,767,000 SAR divided into 39,176,700 shares with a nominal value of 10 SAR per share. Which results in costs of issuing equity instruments amounted to 6.8 million Saudi riyals, which were deducted from equity.

On May 3, 2021, the company's board of directors approved the use of the statutory reserve of 68 million Saudi riyals to offset part of the accumulated losses according to the audited financial statements as of December 31, 2020, amounting to 86.5 million Saudi riyals.

The principal activities of the Group are mixed farming (Mixed production between crops and animals without specialized production (crops and livestock), livestock support activities, concentrated animal feed manufacturing, management and leasing of owned or leased properties (residential and non-residential).

The financial year of the group begins at the beginning of January of each Gregorian year and ends at the end of December of the same year.

The head office of the company is located in the Tabuk region, and the Board of Directors may establish branches, offices or agencies for it inside and outside the Kingdom of Saudi Arabia.

The accompanying financial statements include the accounts of the following branches:
Branch of Tabuk Agricultural Development Company registered in Riyadh operating under Commercial Registration No. 1010439522 issued on 19 Safar 1437 H corresponding to 1 December 2015. The branch activity is in agricultural and livestock production, manufacturing and marketing of their products, operating in the field of agricultural marketing by the import and export of agricultural, plant, livestock and fish products and their by-products.

Branch of Tabuk Agricultural Development Company registered in Dammam operating under Commercial Registration No. 2050107496 issued on 19 Safar 1437 H corresponding to 1 December 2015. The branch activity is in agricultural and livestock production, manufacturing and marketing of their products, operating in the field of agricultural marketing by the import and export of agricultural, plant, livestock and fish products and their by-products.

Branch of Tabuk Agricultural Development Company registered in Jeddah operating under Commercial Registration No. 4030286243 issued on 19 Safar 1437H, corresponding to 1 December 2015. The branch activity is in agricultural and livestock production, manufacturing and marketing of their products, operating in the field of agricultural marketing by the import and export of agricultural, plant, livestock and fish products and their by-products.

Factory of Tabuk Agricultural Development Company for Cork registered in Tabuk operating under Commercial Registration No. 3550033016 issued on 2 Rabi` Al Thani 1435 H corresponding to 2 February 2014. The branch activity is to produce packaging materials for agricultural products and their by-products.

North Factory for extracting and packing oils registered in Tabuk operating under Commercial Registration No. 3550033015 issued on 2 Rabi` Al Thani 1435 H corresponding to February 2, 2014. The branch activity is in the production and processing of olives, marketing of their products and by-products, and import and export of their products.

Branch of Tabuk Agricultural Development Company registered in Khamis Mushait operating under commercial registration No. 5855069210 issued on 19 Safar 1437 H corresponding to 1 December 2015.

1- ORGANIZATION AND ACTIVITIES FOR THE COMPANY AND ITS SUBSIDIARY (Continued):

The branch activity is in agricultural and livestock production, manufacturing and marketing of their products, operating in the field of agricultural marketing by the import and export of agricultural, plant, livestock and fish products and their by-products.

Branch of Tabuk Agricultural Development Company registered in Khamis Mushait operating under commercial registration No. 5855069210 issued on 19 Safar 1437 H corresponding to 1 December 2015. The branch activity is in agricultural and livestock production, manufacturing and marketing of their products, operating in the field of agricultural marketing by the import and export of agricultural, plant, livestock and fish products and their by-products

Plantation of Tabuk Agricultural Development Company registered in Tabuk operating under Commercial Registration No. 3550033301 issued on 24 Rabi 'Al Thani 1435 H corresponding to 24 February 2014. The branch activity is to produce seedlings of forest, ornamental, aromatic and medicinal fruits, marketing their products and by-products, and import and export their products.

2- SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis except when otherwise stated.

The consolidated financial statements are presented in Saudi riyals (SAR), the Group's financial currency.

Going concern assessment
The accumulated losses of the group as on 31 December 2021 exceeded 20% of the capital, which requires the Group in accordance with the instructions of the Capital Market Authority for listed companies on the Saudi Stock Exchange, whose accumulated losses amounted to 20% or more, with less than 35% of its capital, to announce the amount of accumulated losses, their percentage of capital, and the main reasons that led to these losses.

Basis for consolidating financial statements

Basis for consolidation and equity accounting

A- Subsidiary Companies
The consolidated financial statements include the financial statements of the Group and the Companies controlled by the Group and its subsidiaries as at the reporting date. Control is achieved when the Group has:

- Power and control over the investee.
- Exposure, or rights, to variable returns from its transactions with the investee.
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls the investee if facts and circumstances indicate the existence of changes in one or more of the three elements of control.

When the Group has less than a majority of the voting rights of the investee, it has control over the investee company when the voting rights are sufficient to give it the practical ability to unilaterally direct the relevant activities of the investee. The Group considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

2- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis for consolidating financial statements (Continued)

Basis for consolidation and equity accounting (Continued)

A- Subsidiary Companies

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- Any other facts and circumstances that indicate that the company has or does not have the current ability to direct relevant activities at the time of decision-making, including voting patterns in previous shareholder meetings.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for in the consolidated statement of changes in equity.

Profits or losses and each component of other comprehensive income are attributed to the shareholders of the company and to the non-controlling interest. The total comprehensive income of the subsidiaries is distributed among the shareholders of the company and the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

If the company loses control over a subsidiary, it de-recognizes related assets (including goodwill), liabilities, non-controlling equity and other components of equity, while any resulting gain or loss is recognized in profits or losses. Any investment retained is recorded at fair value. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All assets, liabilities, equity, revenues, expenses and cash flows related to intercompany operations are completely eliminated on consolidation.

B- Associate companies

Associates are all entities over which the Group has significant influence but no control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method, after initially being recognized at cost.

Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. If the share in the investee is reduced to zero, a liability is recognized only to the extent that there is an obligation to fund the investee's operations or any payments have been made on behalf of the investee. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in the other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate and joint venture are eliminated to the extent of the interest in the associate or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group.

(Expressed in Saudi Riyals)

2- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis for consolidating financial statements (Continued)

Basis for consolidation and equity accounting (Continued)

B- Associate companies (Continued)

Equity method (Continued)

When necessary, adjustments are made to bring the accounting policies of the associate or joint venture in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the loss as ‘Share of profit of an associate and a joint venture’ in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control of the joint venture, the group measures and recognizes any retained investments at fair value. Any difference between the carrying value of the associate or joint venture upon loss of joint influence or control and the fair value of the remaining investments and the proceeds on disposal of these investments is recognized in the consolidated statement of profit or loss.

The accompanying consolidated financial statements include the financial statements of the Company and its following subsidiaries, which are set out below, and collectively referred to as "the Group":

Company Name	Commercial Registration No.	Legal Status	Country	Ownership proportions		Activity
				2020	2021	
Horizon Food Ltd Co	2051220421	Limited Liability Company	KSA	50%	50%	Production of chilled and frozen types of poultry, rabbits and birds, production of chilled and frozen meat, cutting, processing, packaging and packaging of meat and poultry, production of sausages and hamburgers from meat.
Masader Agricultural Feed Mill Ltd Co*	4030325647	Limited Liability Company	KSA	60%	60%	Agents for sale of live animals, wholesale of grains and seeds except barley, wholesale of animal feed.
Tabuk Agricultural Company for Marketing**	3550123534	A closed joint stock company one person	KSA	100%	100%	Agricultural Marketing.
Tabuk Agricultural Company for Nursery and Landscape**	3550123535	A closed joint stock company one person	KSA	100%	100%	Landscaping.

* The group assigned all its shares in the Fine Flour Mills Company "a Subsidiary Company" number of 750 shares to a related party with its rights and obligations in exchange for establishing a new company (Masader Agricultural Feed Mill Ltd Co) with a capital of SAR 1,250,000, provided that the Group will own 60% of the capital, with an amount of SAR 750,000. The commercial registration for the Subsidiary was issued on 24 February 2019, and the Group's management is working with the management of the Subsidiary to complete the procedures for transferring the ownership of the assets and transferring all

(Expressed in Saudi Riyals)

2- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis for consolidating financial statements (Continued)

Basis for consolidation and equity accounting (Continued)

B- Associate companies (Continued)

Equity method (Continued)

financial and operational processes to the Subsidiary in accordance with the agreement signed between the owner of the establishment (one of the Shareholders) and the Company, in which the total assets of the Masader Agricultural Feed Mill Ltd. Company in these consolidated financial statements amount to SAR 50.1 million, total liabilities amount to SAR9.1 million, net shareholder's equity amount to SAR 40.9 million, revenues amount to SAR7.8 million, and the total expenses amount to SAR 12.5 million. In order to preserve the rights of the shareholders of Tabuk Agricultural Development Company, the company filed a lawsuit to claim the recovery of the sum of 18M SAR, which was presented to the subsidiary company in exchange for the partner's assignment of the factory's assets, in the case that ownership could not be transferred to the subsidiary company.

**On June 30, 2021, the Board of Directors issued a decision to liquidate both the Tabuk Agricultural Company for Nursery and Landscape and the Tabuk Agricultural Marketing Company, and the necessary legal procedures have not yet been completed.

Property, plant equipment

Property and equipment except land and capital work under progress are recorded at cost less accumulated depreciation and accumulated impairment losses, Land and capital work-in-progress are stated at cost less impairment, if any.

Historical cost includes expenses directly related to the acquisition of the asset and Subsequent costs are included in the carrying amount of the asset or are recorded as a individual assets, where appropriate, and it is probable when the future economic benefits embodied related to the asset will flow to the Group, plant and its cost can be measured reliably.

Depreciation is recognized to write off the cost of the assets, net of their residual value, over their useful lives using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and any changes are accounted for on a prospective basis.

The Group applies the estimated useful life to property, plant and equipment as following:

Buildings and constructions	2.5%-10%
Machines and equipment	2.5%-17.5%
Wells and irrigation systems	3.33%-20%
Cars and trucks	14.5%-25%
Bearer plants and trees	2.27%-8.33%
Furniture & fixtures	17.5%

Property, plant and equipment used under finance leases are depreciated over the useful life of the asset or the lease period, whichever is shorter, if there is no reasonable assurance that the Group will acquire the property at the end of the lease period.

Stock material and spare parts with a useful life of more than one year are depreciated over their estimated useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of items of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value of the assets and it is recognized in the consolidated statement of profit or loss.

2- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis for consolidating financial statements (Continued)

Basis for consolidation and equity accounting (Continued)

B- Associate companies (Continued)

Bearer plants

IAS 16 Property, “Property, Plant and Equipment” defined bearer plants as:

- Used in the production or supply of agricultural products.
- Expected to yield more than once during the period.
- There is a remote possibility of selling them as agricultural products other than scrap sales.

Bearer plants are initially recognized at cost less accumulated depreciation and accumulated impairment losses. The cost incurred by the company includes the acquisition of the asset and includes the costs of raw materials, labor and all other direct costs associated with placing the asset in a condition that enables it to achieve the purpose for which it was purchased.

Any gain or loss arising from the disposal of the bearer plant (calculated on the basis of the difference between the net proceeds of the sale and the carrying amount of the plants) is recognized in other income in the consolidated statement of profit or loss in the period in which the asset is disposed of.

Capital work-in-progress
Capital work-in-progress are stated at cost net of impairment loss, if any, and are not depreciated. Depreciation of capital work-in-progress begins when the assets are ready for their intended use, which is then transferred to property, plant and equipment. Finance costs incurred on borrowings to finance the construction of qualifying assets are capitalized during the period necessary to complete and prepare the asset for its intended use

Biological assets
Biological assets are measured at fair value less costs to sell, when fair value measurements are not reliable, biological assets are measured at cost.

If the fair value cannot be measured reliably, the purchased of biological assets will appear at the cost of purchase and the vital assets that have been internally raised at the cost of breeding or growth until commercial production takes place (called the increase in the value of the vital assets) minus the accumulated depreciation and the accumulated impairment loss in the value, if any. The cost of young biological assets is determined by the cost of breeding or growing according to the age. biological assets are depreciated using the straight-line method.

Trees which are seed-bearing plants are shown and recorded as property, plant and equipment. However, the fruits that grow on those trees are recorded as biological assets up to the date of their harvest.

The management measures the assets - sheep at fair value, and the assets - biological crops are measured at cost minus the impairment losses in that the determination of the fair value cannot be measured reliably, as the management concluded the following:

Level 1 - There is no active market in Saudi Arabia and therefore a Level 1 assessment is not possible. Level 2 - No observable market data available, and given significant differences in location, environment, associated costs, ARPs, and distance to active markets, a Level 2 assessment is not possible. Level 3 - Discounted Cash Flow Methods (discounted cash flow) (income or market approach) - The absence of a suitable market for the company's products or any other intermediate product requires any discounted cash flow valuation method that could use total revenue as the basis for any evaluation and then cancel The costs and profit margin associated with farming and/or manufacturing, packaging, sales and distribution to determine the net indirect cash flows generated from each agricultural product. Management is of the opinion that any such derived fair value would be demonstrably unreliable as any imputed cash flows are derived from this valuation approach It may rely excessively on a large number of assumptions, many of which cannot be derived from, or comparable to, market assumptions or observable data.

2- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Group evaluates whether the contract is leasehold or contains lease, at the beginning of the contract. The Group recognizes the right to use the asset and the corresponding lease liability in respect of all lease agreements in which the lessee is, with the exception of short-term leases (defined by leases of 12 months or less) and leases for low-value assets. For these leases, the Group recognizes lease payments as an operating expense on a straight-line basis over the period of the lease unless there is another systematic basis for the timeline in which the economic benefits from the leased asset are exhausted.

The lease liability is measured initially at the present value of the lease payments not paid on the commencement date, discounted using the price implicit in the lease agreement. If this rate cannot be easily determined, the company uses the increased borrowing rate.

The lease payments included in the lease liability measurement the following:

- Fixed rent payments (including fixed payments), less any rental incentives.
- Variable rental payments that depend on an index or price, measured initially using the index or price on the start date,
- The amount expected to be paid by the lessee under residual value guarantees,
- Price of call options practices, if the lessee is reasonably certain that the options will be exercised, and
- Pay fines to terminate the lease, if the lease reflects the exercise of the option to terminate the lease.

The lease liability is presented separately in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments.

The group re-measures the lease liability (and adjusts for the right to use the related asset) if:

- The terms of the lease have changed or there has been a change in the assessment of an option to purchase the underlying asset, in which case the lease liability is remeasured by deducting the revised lease payments using a modified discount rate.
- The rental payments have changed due to changes in an index or price or a change in the expected payment according to the guaranteed residual value, in which case the lease liability is remeasured by deducting the adjusted lease payments using the initial discount rate (unless the lease payments change due to a change in the prevailing interest rate In this case, a modified discount rate is used)
- The lease contract is amended and the lease amendment is not accounted for as a separate lease contract, in which case the lease liability is remeasured by deducting the revised lease payments using a modified discount rate.

The Group has not made any such adjustments during the periods presented.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives.

If ownership of the leased asset transfers to the Company at the end of the lease term, or if the cost reflects the exercise of the purchase option, depreciation is calculated using the estimated useful life of the asset. Depreciation starts on lease commencement date.

2- SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group as a lessor

Lease contracts to which the Group is lessor are classified as financing or operating leases. When the terms of the lease transfer all the risks and benefits of ownership to the lessee, the contract is classified as a finance lease contract, all other leases are classified as operating leases.

Rental income from operating leases is calculated on a straight-line basis over the life of the relevant lease contract. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are recognized on a straight-line basis over the term of the lease.

When the contract includes both leasing and non-leasing components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

Intangible assets

Intangible assets with finite useful lives are carried separately at cost less accumulated amortization and accumulated impairment losses. Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives. reviewed at the end of each reporting period, and any changes in estimates are accounted for on a prospective basis

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the consolidated statement of profit or loss.

Impairment of tangible and intangible assets

At each reporting date, the Group assess the carrying amount of tangible and non-tangible assets whether there is an indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). In the event that it is not possible to estimate the recoverable value of a specific asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the individual assets are allocated. When a reasonable and consistent basis of allocation can be identified, assets are allocated to cash generating units, or they are allocated to the smallest group of cash generating units for which a reasonable and consistent basis of allocation can be identified. The cash-generating unit to which the goodwill has been allocated is tested to determine the annual impairment in the value, whenever there is an indication of impairment of the unit by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit. Intangible assets with indefinite useful life are not amortized. Instead, the asset is tested for impairment annually, whenever there is an indication that the asset is impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to the recoverable value. Impairment losses are recognized directly in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset (or CGU) is increased to the estimated recoverable amount, so that the adjusted carrying amount does not exceed the value of the asset (or CGU) had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income. An impairment loss recognized in past periods is not reversed for goodwill in the subsequent period.

2- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory and spare parts

Inventory recognized at the lower cost or net realizable value. The net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

The cost of raw materials and spare parts is determined on a weighted average cost basis. The cost of goods on transit is determined by the value of the invoice, in addition to any other expenses incurred in obtaining the inventory until it reaches the warehouse on the reporting date. The cost of capital work-in-progress and finished goods are determined on a weighted average basis. Generally includes an allocation of labor and industrial costs. Spare parts represent items that may result in a fixed capital expenditure, which not identifiable recognized at cost and are determined on a weighted average basis.

Accounts receivable

Trade receivable are carried at original invoice amount less impairment losses in an amount equal to the estimated lifetime credit loss. an allowance against doubtful accounts receivable is established when there is evidence that When the due amounts are uncollectible, they are written off against the impairment losses. Any subsequent recoverable amounts previously written off are credited for impairment losses in the consolidated statement of profit or loss.

Cash and Cash Equivalents

For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents consist of at banks and in hand and short term deposits, net of bank overdrafts as they are considered an integral part of the Group's cash management, unless otherwise stated, with original maturity of three months or less, which are not subject to risk of changes in value.

Statutory reserve

In accordance with the Group's Articles of Association and the Saudi Companies Law, 10% of the annual net income is required to be transferred to a statutory reserve until this reserve equals 30% of the capital.

Dividend

A liability is recognized in exchange for cash or non-cash distributions to shareholders when the distribution is approved by the general assembly of shareholders for annual distribution. Distributions are approved after the Board of Directors' approval.

Zakat

The Group is submitted to zakat in accordance with regulations of the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia. Zakat and income tax are calculated on an accrual basis. Zakat is calculated on the basis of the zakat base or the adjusted net profit, whichever is higher. Any differences in the estimate are recorded when the final assessment is approved, at that time the provision is settled. The zakat provision is charged to the consolidated statement of profit or losses.

Employee benefit obligations

Employee benefit obligations are calculated using the projected unit credit method at the end of each financial year, with actuarial valuations performed at the end of each reporting period. The revaluation of defined benefit obligations consisting of actuarial gains and losses is recognized directly in other comprehensive income in the periods in which the revaluation has occurred, and the re-measurement recognized in other comprehensive income is included immediately in retained earnings and is not included in the profit or loss during subsequent periods. Changes in the present value of benefit liabilities, resulting from changes or reductions, are recognized directly in profit or loss as service costs from prior periods. Interest is calculated by using the discount rate at the beginning of the period on defined employee benefit obligations.

2- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefit obligations (Continued)

The defined benefit costs are classified as follows:
- The cost of the service (including costs of current services and costs of past services, plus profits and losses resulting from cuts and adjustments);
- Interest cost; And
- Re-measurement.

The Group presents the first two components of defined benefit costs in profit or loss for related items.

Short-term employee benefits
A commitment is recognised for the benefits related to wages, salaries, annual leave, travel tickets and sick leaves, which are expected to be fully settled during the twelve months period following the end of the period in which the service is provided. The liability is recorded at the undiscounted amount of the benefits expected to be paid for those services.

Trade payables
Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial period, which are unpaid and without guarantees. Trade payables are presented as current liabilities unless payment is not due within 12 months after the end of the financial period. They are initially recognized at their fair value and are subsequently measured at amortized cost using the effective interest method.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the current obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the current obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When the provisions are deducted, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities
Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Financial instruments
Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. For transaction costs directly related to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss), they are added to or deducted from the fair value of the financial assets or financial liabilities, if appropriate, upon initial recognition. Transaction costs directly attributable to the acquisition of a financial asset or financial liability are recognized at fair value through profit or loss in profit or loss when incurred.

Financial assets
The recognition and de-recognition of the purchase or sale of financial assets are based on the trading transaction date. Regular way purchases or sales of financial assets that require delivery of assets within the timeframe specified by regulations or market norms trade. All recognized financial assets are subsequently measured at amortized cost or fair value, depending on the classification of the financial assets.

2- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Financial assets (Continued)

Classification of financial assets

Debt instruments that fulfill the following conditions are subsequently measured at amortized cost:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset arise on specific dates for cash flows that represent ‘solely payments of principal and interest (SPPI)’ on the principal amount.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- The financial asset within a business model with the objective to both collect contractual cash flows and sell financial assets.
- The contractual terms of the financial asset arise on specific dates for cash flows that represent ‘solely payments of principal and interest (SPPI)’ on the principal amount

The Group does not have any debt instruments measured at fair value through other comprehensive income.

By default, all other financial assets are subsequently measured at fair value through profit or loss. The Group does not have any financial assets to be measured at fair value through profit or loss.

Despite of the above the Group may select/designate irrevocable recognition for the assets:

- The Group can elect to irrevocably present subsequent changes in the fair value of equity investments in other comprehensive income if certain criteria are met as required in IFRS;
- The Group designate any debt investment in an irrevocable manner that meets amortized cost or fair value through other comprehensive income If it is measured at FVTPL if this results in a significant omission or reduction in the failure to match the accounts.

Impairment of financial assets

IFRS 9 requires the Group to follow the expected credit loss model (“ECL”) in relation to impairment of a financial asset. Expected credit losses should be measured for financial assets that are measured at amortized cost or at FVOCI, with the exception of investments in equity instruments. In accordance with IFRS 9, impairment loss are measured on one of the following basis:

- ECL over 12 months, that result from default events that are possible within the next 12months (a **12-month ECL).**
- ECL over lifetime, that results from all default events over the expected life of the financial instrument (a lifetime ECL).

For lifetime ECL, the measurement is applied if the credit risk of the credit assets has increased significantly at the reporting date since their initial recognition. The ECL measurement is applied over a period of 12 months if this credit risk does not increase significantly.

The Group may consider that the credit risk on a financial instrument has not increased significantly since its initial recognition if it is determined that the financial instrument has low credit risk at the reporting date. However, the lifetime ECL measurement is applied to trade receivables and contract assets without a substantial financing component, in which the Group may elect to apply this policy also for trade receivables with a substantial financing component.

The Group elect to evaluate the impairment loss of trade receivables using the expected credit loss over 12-month.

2- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Impairment of financial assets (Continued)

The carrying value of the financial asset is reduced through the use of an impairment allowances and is recognized in the profit or loss. Interest revenue continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans are written off with the provision against the loans, when there is no reasonable expectation of recovering, and all collaterals have been realized or transferred to the Group. In the event that, in a subsequent year, the amount of the estimated impairment loss increases or decreases due to an event that occurred after the impairment was recorded, then the previously recognized impairment loss should be increased or decreased by adjusting the allowance account. If a write-off is subsequently reversed, it is recorded in the profit or loss in the period in which it is recovered.

Debt written off policy
The Group writes off the financial debt when there is an event indicating that the debtor is facing severe financial difficulties and there is no reasonable possibility of recovery, such as when the debtor is under liquidation or filed bankruptcy. Write-off financial assets may still be subject to enforcement activities under the Group's recovery procedures, subject to legal advice when appropriate. Any recoveries are recognised in profit or loss.

Derecognition of financial assets
The Group derecognize financial asset only when the contractual rights to cash flows from the asset expire or when it transfers the financial asset and all of the risks and rewards of ownership of the asset to another entity. If the Group does not transfer or retain substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and the associated liability for the consideration it may have to pay. If the company substantially retains all the risks and benefits of ownership of the transferred financial asset, the Group continues to recognize the financial asset and also acknowledges the secured borrowing of the consideration received.

When a financial asset measured at amortized cost is derecognized, the difference between the asset's carrying amount and the sum of the consideration received recognized in profit or loss.

Financial liabilities and equity
Debt and equity instruments are classified either as financial liabilities or as equity according to the substance of the contractual arrangements and the definitions of financial liabilities and the equity instrument.

Equity instruments
An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized on the consideration received, net of direct issue costs.

Financial liabilities
All financial liabilities are subsequently measured at amortized cost using the effective interest method or at fair value through profit or loss. The Group does not have any financial liabilities that are measured at fair value through profit or loss.

Financial liabilities that are not, (1) probable consideration for the acquirer in a business combination, (2) held for trading, or (3) classified at fair value through profit or loss, are measured at amortized cost using the effective interest method.

The effective interest method is a used in calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash flows (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) over the expected life of the financial liability, or if appropriate, shorter period, to the amortized cost of the financial liability.

2- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of the canceled financial liability and the consideration paid and payable is recognized in consolidated statement of profit or loss.

Loans

Loans are recorded at net realizable value net of transaction costs incurred, and interest is charged to loans using the effective interest method. Interest is charged to long-term loans during the year in which they are due. Interest on long-term loans to finance the qualifying asset is capitalized as part of the cost of the asset in accordance with IAS23.

Revenue

Revenue is recognized when the Group fulfills its obligations in contracts with customers in an amount that reflects the expected consideration transferred in exchange for goods or services. Specifically, IFRS 15 provides a five-step model for revenue recognition:

Step 1: Determine the contract or contracts with clients.
Step 2: Determine the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price on the performance obligations in the contract.
Step 5: revenue recognition when the Group fulfills performance obligation

- Revenue is recognized upon performance of contractual obligations, that is, when control of the goods or services with a specific performance obligation is transferred to the customer to be used for which he was purchased and without restrictions, or through the use of the services provided to customer under the contract.
- Revenue from the sale of any by-products resulting from agricultural or industrial waste recognized as other income in the consolidated statement of profit or loss statement.
- If the Group separate the selling price of the product at the delivery site at its location and the selling price of the same product at the customer's location, the resulting difference will be recognized as delivery income and the corresponding cost recognized in the cost of revenue.

Discounts

Sometimes additional discounts are provided to customers according to competitive conditions and market conditions, therefore, revenue from sales is recognized on the basis of the price specified in the contract or agreed upon with the customer, after deducting the discounts specified for each customer. The accumulated experience is used to estimate and recognize discounts, using the expected value method, and revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur. The contractual obligation is recognized for expected discounts in the volume of amounts payable to customers in respect of sales made up to the end of the reporting period.

Finance component

The Group does not expect the existence of any contracts that exceed one year from the delivery of the products agreed to be sold to the customer and payment to be made by the customer. Therefore, the Group does not adjust any of the transaction prices with the time value of money.

Cost of revenue

Cost of revenue includes all direct costs of production, including direct labor, direct materials, other attributable overhead costs.

Expenses

Selling and distribution expenses mainly consist of costs incurred in distributing and selling the Group's products. All other expenses are classified as general and administrative expenses.

2- SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue (continued)

Borrowing costs

Borrowing costs directly related to the acquisition, construction or production of qualifying assets and which are assets that require a substantial period of time to be ready for their expected use or sale are added to the cost of those assets until they are substantially ready for use or sale.

Investment income earned on the temporary investment of specific loans until it is spent on qualifying assets is deducted from borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Transactions in foreign currencies

Transactions carried out by the Group in currencies other than the currency of the major economic environment in which the Group operates (its functional currency - Saudi Riyal) are recorded using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities are revalued using the exchange rates prevailing at the date of preparation of the consolidated financial statements. The resulting exchange gains and losses are recognized immediately in the consolidated statement of profit or loss. Non-monetary assets and liabilities are stated at historical cost using the prevailing rate at the date of those transactions. Non-monetary items at fair value are translated using the prevailing price at the date of valuation and evaluation profits and losses are recognized as a part of this fair value.

Earnings per share

Basic earnings per share and diluted earnings per share (if any) are presented for ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted by the number of ordinary shares repurchased or issued during the year. The diluted earnings per share are adjusted by adjusting the profit or loss attributable to ordinary equity holders of the Group and the weighted average number of shares outstanding during the year with the effect of all dilutive potential ordinary shares issued during the year.

(Expressed in Saudi Riyals)

3- APPLICATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3-1 Standards, interpretations, and amendments to existing standards

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are as follows:

a. New standards, interpretations and amendments not yet effective

IFRS	Summary	Effective date
Annual Improvements to IFRS: 2018-2020 Cycle	In May 2020, the IASB issued minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.	1 January 2022
Conceptual Framework for Financial Reporting (Amendments to IFRS 3)	New and amendments standards and interpretations issued but not yet effective as of the date of the Company's financial statements are disclosed below. The Company intends to adopt these new and amendments standards and interpretations, if any, when they become effective. In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments provide an exception to the requirements for the general recognition of liabilities and contingent liabilities acquired in a business combination within the scope of IAS 37, Provisions, Liabilities, Contingent Assets and General Service Concession Arrangements 12.	1 January 2022
IAS 16 (Amendment – Proceeds before Intended Use)	In May 2020, the IASB issued amendments to IAS 16, which prohibit a company from deducting amounts received from selling items produced while the company is preparing the asset for its intended use from the cost of property, plant and equipment. Instead, a company will recognize such sales proceeds and any related costs in profit or loss.	1 January 2022
IAS 37 (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)	In May 2020, the IASB issued amendments to IAS 37, which specify the costs a company includes when assessing whether a contract will be loss-making and is therefore recognized as an onerous contract. These amendments are expected to result in more contracts being accounted for as onerous contracts because they increase the scope of costs that are included in the onerous contract assessment.	1 January 2022

(Expressed in Saudi Riyals)

3- APPLY THE NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

3-1 Standards, interpretations, and amendments to existing standards (Continued)

a. New standards, interpretations and amendments not yet effective (Continued)

IFRS	Summary	Effective date
IFRS 4	Insurance Contracts-Amendments regarding the expiry date of the deferral approach	1 January 2023
IFRS 9	Amendments regarding the interaction of IFRS 4 and IFRS 9	1 January 2023
IFRS 17	IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous (non-IFRS) accounting approaches to continue to be followed. IFRS 17 will result in significant changes for many insurers, requiring adjustments to existing systems and processes.	1 January 2023
IAS 1 (Amendment – Classification of Liabilities as Current or Non-Current)	In January 2021, the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current. The amendments initially had an effective date of 1 January 2020, however, in July 2021 this was deferred until 1 January 2024. The amendments require a deferral of the settlement of the liability for at least twelve months after the reporting period to be available in the reporting period and/or the right to defer settlement for at least twelve months after the reporting period which is also subject to the entity's compliance with certain conditions. The amendment provided clarification on the meaning of “setting off” for the purpose of classifying the obligation.	1 January 2024

(Expressed in Saudi Riyals)

3- APPLY THE NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

3-1 Standards, interpretations, and amendments to existing standards (Continued)

B. New standards, interpretations and amendments effective in the current year

The following are the new standards, interpretations and amendments to standards that are effective in the current year which have not given rise to changes in the Company's accounting policies and have no impact on its financial statements:

IFRS	Summary	Effective date
Interest Rate Standard - Phase 2 Amendments to IFRS 9 and IAS 39	The major amendments provide relief from specific hedge accounting requirements. In addition, the criteria have been modified to require the change from IBOR to an alternative reference rate that is calculated by updating the effective interest rate.	1 January 2021
IFRS 16 (Amendment – COVID-19 Related Rent Concessions)	In May 2021 the IASB issued amendments to IFRS 16, that extended the lease concessions related to COVID-19 beyond June 30, 2021. This amendment is effective from the annual reporting period beginning on or after April 1, 2021. Early application is permitted, including in financial statements not authorized for issue on March 31, 2021.	1 April 2021

4- CRITICAL JUDGEMENTS, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts related to revenues, expenses, assets and liabilities, and to disclose potential liabilities on the date of preparing the financial statements. However, the uncertainty involved in these assumptions and estimates may result in significant adjustments to the carrying amounts of assets or liabilities that may be affected in future periods.

Estimates and Assumptions

The following are the main assumptions related to future and other sources that cause estimation uncertainty at the date of preparing the consolidated financial statements and which are associated with a material risk that may cause significant adjustments to the carrying amounts of assets and liabilities in the following financial periods. The Group based its estimates and assumptions on the information available when preparing the consolidated financial statements. However, existing circumstances and assumptions about future developments may change according to changes in the market or circumstances arising outside the control of the Group. These changes are reflected in the assumptions when they occur.

a) Allowance for Expected Credit Losses

The expected credit loss allowance is determined by reference to a set of factors to ensure that receivable balances are not overvalued as a result of the probability that they will not be collected, based on aging from the initial date of recognition to measure expected credit losses.

Accounts receivable have been grouped based on common credit risk characteristics and the aging per days. The expected loss rates are derived from the company's historical

information and adjusted to reflect the expected future outcome, which includes any future information on macroeconomic factors such as inflation and GDP growth rate.

4- CRITICAL JUDGEMENTS, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

Estimates and Assumptions (continued)

b) Provision for Slow Moving Inventory

The company determines the provision for slow-moving inventory based on historical experience, the expected turnover of the inventory, inventory aging and inventory current condition, and current and future expectations of sales. The assumptions underlying when determining the provision for inventory obsolescence include future sales trends, projected inventory requirements, and the inventory components needed to support future sales and offers. The Company's estimates of the provision for inventory obsolescence may differ substantially from period to period as a result of changes in product offers related to inventory.

c) Useful lives and residual values of property and equipment and intangible assets

The useful lives and residual values of property and equipment and intangible assets are estimated for the purposes of calculating depreciation and amortization respectively. These estimates are based on the expected use of the useful lives. Residual value is determined based on experience and observable data where available.

The useful life and residual values of the assets are reviewed annually by the management to ensure its suitability. The useful life is based on historical experience with similar assets as well as anticipation of future events that may affect the life of the asse.

d) Impairment of Non-Financial Assets

Non-financial assets are reviewed to ascertain whether there are any losses as a result of decline in their value whenever events or changes in circumstances indicate that the carrying value may not be recoverable, and the impairment loss is recognized by finding the difference between the book value of the asset and its recoverable amount. The recoverable amount is the asset's fair value less costs to sell and its residual value in use, whichever is higher. For the purpose of assessing impairment, assets are grouped to the lowest level for which there are independent identifiable cash flows (cash-generating unit). Non-financial assets other than goodwill and impairments are reviewed for possible reversal of impairment at each statement of financial position date. When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount shall not exceed the carrying amount that would have been determined, which, had it been determined, would not have been recognized. Any impairment loss in the value of the asset or cash-generating unit in previous years, and the reversal of the impairment loss is recognized as direct income in the statement of profit or loss and the impairment loss is not reversed in goodwill.

e) Employee Defined Benefits Obligations

The cost of employees' end-of-service benefits is determined under the defined unfunded remuneration program that is measured using actuarial valuation. The actuarial valuation includes many assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, employee behavior, and employee turnover. Due to the complexity of the evaluation and its long-term nature, the specific unfunded bonus obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed once or more per year when necessary.

(Expressed in Saudi Riyals)

5- PROPERTY, PLANT AND EQUIPMENT

	Lands	Buildings*	Machinery and equipment**	Wells and irrigation equipment	Cars and Trucks	Bearer Plants	Furniture and fixture	Total
Cost								
1 January 2021	43,220,600	326,907,965	156,777,461	191,893,643	24,274,142	62,283,755	12,797,185	818,154,751
Additions	-	4,263,522	414,365	133,681	1,697,026	1,861,175	172,038	8,541,807
Disposal	-	-	-	-	-	-	(7,988)	(7,988)
31 December, 2021	43,220,600	331,171,487	157,191,826	192,027,324	25,971,168	64,144,930	12,961,235	826,688,570
Accumulated depreciation								
1 January 2021	-	199,763,342	114,763,563	171,163,727	21,037,564	34,976,934	10,605,022	552,310,152
Depreciation for the year	-	9,303,283	8,037,023	4,786,312	1,097,052	3,603,133	292,105	27,118,908
Disposal	-		-	-	-	-	(2,668)	(2,668)
Impairment***	-	4,575,220	3,822,700	-	-	-	-	8,397,920
31 December, 2021	**-**	**213,641,845**	**126,623,286**	**175,950,039**	**22,134,616**	**38,580,067**	**10,894,459**	**587,824,312**
Net book value								
31 December, 2021	**43,220,600**	**117,529,642**	**30,568,540**	**16,077,285**	**3,836,552**	**25,564,863**	**2,066,776**	**238,864,258**
31 December, 2020	**43,220,600**	**127,144,623**	**42,013,898**	**20,729,916**	**3,236,578**	**27,306,821**	**2,192,163**	**265,844,599**

*Buildings and constructions include cold storages with a net book value of SAR 40 million, and are mortgaged in favor of the Agricultural Development Fund as a guarantee for the loan granted to the Group.

** Machinery and equipment include the assets of the Masader Agricultural Feed Mill Ltd Co. (Subsidiary Company), whose net book value as at 31 December 2021 amount to SAR 31million and is mortgaged in favor of the Saudi Industrial Development Fund as a guarantee for the loan granted to the Group.

*** Tabuk Agricultural Company has prepared an impairment study of its assets and investments in subsidiaries - through one of the offices approved by the Saudi Organization for Charted and Professional Accountants in the Kingdom of Saudi Arabia - and the study resulted in an impairment in the assets of one of the subsidiaries (Agricultural Feed Resources Company) by an amount of 8,397,920 SAR.

(Expressed in Saudi Riyals)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Lands	Buildings*	Machinery and equipment**	Wells and irrigation equipment	Cars and Trucks	Bearer Plants	Furniture and fixture	Total
Cost								
1 January, 2020	64,620,600	329,042,886	157,513,645	238,395,498	25,064,446	72,980,962	12,561,000	900,179,037
Additions	-	1,510,276	316,154	636,904	820,193	5,548,158	260,913	9,092,598
Disposal	-	(59,316)	(1,052,338)	(12,297,749)	(1,610,497)	(10,790,110)	(24,728)	(25,834,738)
Disposal of assets on immovable lands (5-1)	(21,400,000)	(3,585,881)	-	(34,841,010)	-	(5,455,255)	-	(65,282,146)
31 December 2020	**43,220,600**	**326,907,965**	**156,777,461**	**191,893,643**	**24,274,142**	**62,283,755**	**12,797,185**	**818,154,751**
1 January 2020	-	194,198,027	105,861,056	209,772,344	21,496,792	47,444,132	10,190,392	588,962,743
Depreciation for the year	-	8,936,377	9,545,599	5,541,647	1,129,559	3,540,296	424,069	29,117,547
Disposal	-	(59,970)	(643,092)	(12,275,596)	(1,588,787)	(10,790,111)	(9,439)	(25,366,995)
Disposal of assets on immovable lands (5-1)	-	(3,311,092)	-	(31,874,668)	-	(5,217,383)	-	(40,403,143)
31 December 2020	**-**	**199,763,342**	**114,763,563**	**171,163,727**	**21,037,564**	**34,976,934**	**10,605,022**	**552,310,152**
Net book value								
31 December 2020	**43,220,600**	**127,144,623**	**42,013,898**	**20,729,916**	**3,236,578**	**27,306,821**	**2,192,163**	**265,844,599**
31 December 2019	**64,620,600**	**134,844,859**	**51,652,589**	**28,623,154**	**3,567,654**	**25,536,830**	**2,370,608**	**311,216,294**

* Buildings and construction include cold storage assets, with a net book value of about SAR 43M, which are mortgaged to the Agricultural Development Fund as a guarantee of the loan granted to the group.

** The machinery and equipment include the assets of the Masader Agricultural Feed Mill Ltd Co. (Subsidiary Company), whose net book value as of December 31, 2020 amounted to 33.8 million Saudi riyals and is mortgaged to the Saudi Industrial Development Fund as a guarantee for the loan granted to the company.

(Expressed in Saudi Riyals)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

5-1 Losses on disposal of assets

	31 December 2021	31 December 2020
Losses of Non reclamation land	-	21,400,000
Impairment of property, plant and equipment's	-	3,479,003
Total	**-**	**24,879,003**
Dismantle provision	-	2,150,000

Under the Prime Minister's Decision No. 141 in the year 1985 (1405H), the Group was granted 35,000 hectares of land on condition that it be reclaimed and used in agricultural activity, which is the main activity of the Group. On 30 Jumada Al-Awwal 1440H (corresponding to 5 February 2019), the Council of Ministers authorized joint-stock companies to own the agricultural lands granted to them based on the agricultural area of the land, after complying with legal procedures. On 10 May 2020, the Ministry of Agriculture, Environment and Water decided to grant Tabuk Agricultural Development Company a plot of land, with total agricultural area, as per the decision, of 214.7 million square meters, equivalent to 21.4 thousand hectares out of 35 thousand hectares, which is the total value of the government grant. Accordingly, the Group excluded the value of the non-agricultural area of the land, in addition to the property, and equipment that will not be utilized, in which their Net book value amounted to SAR 24.9 million, and provision for dismantling of SAR 2.1 million Saudi riyals as on 31 December 2020

6- BIOLOGICAL ASSETS

Biological assets classified as at 31 December, 2021	**Herd of sheep**	**Crops**	**Total**
Biological assets – Non-current	19,693,600	-	19,693,600
Biological assets –Current	823,300	17,961,527	18,784,827
	20,516,900	**17,961,527**	**38,478,427**
Biological assets classified as at 31 December, 2020	**Herd of sheep**	**Crops**	**Total**
Biological assets – Non-current	13,901,351	-	13,901,351
Biological assets – Current	-	17,881,191	17,881,191
	13,901,351	**17,881,191**	**31,782,542**

(Expressed in Saudi Riyals)

7- WORK-IN-PROGRESS

	31 December 2021	31 December 2020
Capital projects*	33,824,505	20,699,457
Civil construction	257,751	5,373,615
Immature horticultural projects	25,996,848	23,306,608
Other	2,105,954	7,818,652
Total	**62,185,058**	**57,198,332**

* The other projects represent the value of capital projects for Horizon Food Ltd Co (a Subsidiary Company) in order to establish the Group's factory.

The movement of work in process during the year was as follow:

	31 December 2021	31 December 2020
Beginning balance	57,198,332	40,764,050
Additions during the year	15,203,625	24,077,926
Transferred to Property, Plant and Equipment	(3,817,770)	(5,820,630)
Transferred to expenses	(6,399,129)	(1,823,014)
Total	**62,185,058**	**57,198,332**

8- INVESTMENT

	2021	2020
Investment in Associates (8-1)	15,433,309	16,288,096
Investment in equity instrument (8-2)	412,800	412,800
Total	**15,846,109**	**16,700,896**

8-1 Investment in Associate

	2021	2020
Eastern Asia Company for Agricultural Investment (8-1-1)	15,433,309	16,288,096
Gulf Technical Company for Sustainable Energy (8-1-2)	-	-
Rakha for Agricultural Investment and Development (8-1-3)	-	-
Total	**15,433,309**	**16,288,096**

8-1-1 Investment in Eastern Asia Company for Agricultural Investment (a Saudi closed joint stock company)

The Group's investment in the capital of Eastern Asia Company for Agricultural Investment (a Saudi closed joint stock company) is 28.57% (2020: 28.57%). The group uses the equity method to prove the value of the investment. The Eastern Asia Company for Agricultural Investment was incorporated on 7 May 2013, and it is a closed Saudi joint stock Company registered in the Kingdom of Saudi Arabia with a capital of SAR 70,000,000. The Company was established for the purpose of agricultural investment and the establishment of agricultural projects for the production of crops, grains, rice, barley, fruits, olives, fodder, all agricultural products and field crops, establishment, management and maintenance of factories for food industries and the establishment of livestock and poultry production projects, and the establishment and management of factories for dairy products, meat and feed.

(Expressed in Saudi Riyals)

8- INVESTMENT (continued)

8-1 Investment in Associate (continued)

8-1-1 Investment in Eastern Asia Company for Agricultural Investment (a Saudi closed joint stock company) (continued)

The movement in the investment in Eastern Asia Company for Agricultural Investment is as follows:

	2021	2020
Beginning balance	16,288,096	-
Share in the results of the associate's business	(854,787)	-
Reversal in impairment of the investment	-	16,288,096
Total	**15,433,309**	**16,288,096**

The statement of financial position of East Asia Agricultural Investment Company as of December 31 was as follows:

	2021	2020
Non-current assets	2,701,570	3,361,984
Current assets	51,994,675	52,724,075
Non-current liabilities	(58,549)	(42,526)
Current liabilities	(621,114)	(672,395)
Associate's net assets	54,016,582	55,371,138
Share in the Associate's net assets 28.57%*	**15,433,309**	**16,288,096**

* The share in the net assets for the year ending on December 31, 2020, was calculated on the basis of the last audited financial statements of the investee company, which were issued for the fiscal year ending on December 31, 2019.

The results of East Asia Agricultural Investment Company's business was as follows:

	2021	2020
Revenue	841,477	2,612,404
Cost of Revenue	(717,812)	(2,198,996)
Expenses	(1,296,271)	(1,870,166)
Net loss (before zakat)	**(1,172,606)**	**(1,456,758)**
Zakat	(175,014)	(168,374)
Net (loss)	**(1,347,620)**	**(1,625,132)**
Other comprehensive income will not re-classified		
Re-measurement of employees defined benefits	-	-
Net comprehensive income	**(1,347,620)**	**(1,625,132)**

8-1-2 Investment in Gulf Technical Company for Sustainable Energy (Under liquidation)

As of December 31, 2021, the group owns a 50% share (2020: 50%) in the Gulf Technical Company for Sustainable Energy (under liquidation) with a value of SAR 250 thousand, and impairment losses have been formed by the total investment value, and the necessary legal measures are being taken to liquidate that company.

(Expressed in Saudi Riyals)

8- INVESTMENT (continued)

8-1 Investment in Associate (continued)

8-1-3 Investment in Rakha for Agricultural Investment and Development (an Egyptian joint stock company)

The Group as of December 31, 2021 has an investment of 18.85% (2020: 18.85%) in Jannat Agricultural Investment Company, a limited liability company (under liquidation) and due to the company incurring accumulated losses that exceeded the value of that investment, the group recognized losses with the total value of the investment which amounting to SAR 17,500,000. The group also has guarantee obligations represented in guaranteeing loans to third parties, as Tabuk Agricultural Development Company is one of the partners of the Jannat Agricultural Investment Company - a Saudi limited liability company that contributes 67% to Rakhaa for Agricultural Investment and Development (an Egyptian joint stock company) The group has guaranteed the equivalent of its investment share at 18.85% of a loan belonging to Rakhaa Agricultural Investment Company for the benefit of the Saudi Fund for Development in the amount of SAR 100 Million. On October 24, 2016. The Saudi Fund for Development notified Jannat Agricultural Investment Company that, as of that date, the loan due from Rakha has been implicitly transferred to the guarantors of the loan with a guarantee of fine and payment and the guarantor partners are required to promptly pay the obligations of the partners. Facing that obligation amounting to 18 million Saudi riyals. As part of the liquidation procedures of the Jannat Agricultural Investment Company, the ownership of 17,288 shares of the Rakha Agricultural Investment and Development Company was transferred to the ownership of the group, which represents 21.61% of the company's shares. The equity deficit of the Rakha Agricultural Investment and Development Company amounted to EGP 259.7 Million as on December 31, 2021 (2020: EGP 285.4 Million).

8-2 Investments in equity instrument

Investments in equity instruments represent the Group's investments in equity of unlisted companies that are evaluated based on available information that could lead to changes in assumptions and policies and have an impact on determining the fair value of these investments. Investment in equity instruments are as follows:

	2021	2020
The National Company for Seed Production and Trade	412,800	412,800
Potato Cooperative Society	-	-
Wheat Cooperative Society	-	-
Total	**412,800**	**412,800**

9- INVENTORY

	31 December 2021	31 December 2020
Feed	593,496	7,508,275
Pills	-	958,914
Seeds	299,132	434,662
Foodstuffs	-	1,584,641
Fruits	6,642,508	7,692,721
Fertilizers and chemicals	1,882,423	1,617,164
Meat	8,498,002	4,725,336
Spare parts and other consumables	13,524,194	13,922,786
Total	**31,439,755**	**38,444,499**
Slow moving provision	(4,096,140)	(4,096,140)
Total	**27,343,615**	**34,348,359**

(Expressed in Saudi Riyals)

10- PREPAYMENTS AND OTHER DEBIT BALANCES

	31 December 2021	31 December 2020
Prepayments expenses	4,456,666	3,062,696
Advances to suppliers	5,086,616	2,880,881
Third parties guarantee	119,645	872,815
Accrued revenues	81,200	16,392
Employees loans	3,790,318	3,709,640
Ministry of finance government subsidy	8,806,500	12,404,814
Other	870,509	1,271,139
Deduct: Expected credit loss provision	(289,720)	(209,514)
	22,921,734	**24,008,863**

11- MURAHABA INVESTMENTS - SHORT TERM

Short-term murabaha is represented in Islamic murabaha funds at local banks, which amount to SAR Zero as at 31 December 2021 (2020: SAR 5M) and the Group generated profits of SAR Zero for the year 2021 (2020: SAR 102,171).

12- ACCOUNTS RECEIVABLES

	31 December 2021	31 December 2020
Trade receivable	17,363,919	25,407,618
Less: expected credit loss provision	(9,483,724)	(5,860,452)
	7,880,195	**19,547,166**

The movement in the expected credit loss provision is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	5,860,452	5,860,452
Addition during the year	3,623,272	-
Used during the year	-	-
Balance at the end of the year	**9,483,724**	**5,860,452**

13- CASH AND CASH EQUIVALENT

	31 December 2021	31 December 2020
Cash on hand	-	107,065
Cash in banks	57,207,732	4,067,499
	57,207,732	**4,174,564**

(Expressed in Saudi Riyals)

14- OTHER RESERVES

	31 December 2021	31 December 2020
Agreeable reserve	1,823,003	1,823,003
Emergency reserve	35,731	35,731
	1,858,734	**1,858,734**

15- LOANS

	31 December 2021	31 December 2020
Government Loans		
Current	8,988,914	10,392,220
Non-current	-	12,527,119
Deferred revenues - government loan (Note 15-1)	-	643,634
Total	**8,988,914**	**23,562,973**
Commercial loans		
Current	-	-
Non-current	-	-
Total	-	-
Current	8,988,914	10,392,220
Non-current	-	12,527,119
Total	**8,988,914**	**22,919,339**

15-1 Deferred revenue - government grants

Deferred revenue (government loan) was recognized with the difference between the current value of the loan and its nominal value granted by the Agricultural Development Fund, and nominal interest is calculated on the loan balance against revenues of the same value that are amortized with the payment of loan installments, and the balance is shown as deferred revenue in the consolidated balance sheet

16- EMPLOYEE BENEFIT OBLIGATIONS

Movements in the present value of employee benefit obligations are as follows:

	31 December 2021	31 December 2020
Opening Balance	11,178,598	9,836,007
Included in the Consolidated statement of profit and losses		
Current service cost and interest cost	2,120,063	1,824,771
Included in other comprehensive income statement		
Loss actuarial	538,918	1,511,994
Movement in cash		
End of service paid	(888,272)	(1,994,174)
Closing Balance	**12,949,307**	**11,178,598**

The following are the main actuarial assumptions used in calculating the present value of employee benefit obligations:

	2021	2020
Discount rate	1.96%	2.11%
Salary increase rate	1.96%	2.11%
retirement age	60 years	60 ears

(Expressed in Saudi Riyals)

16- EMPLOYEE BENEFIT OBLIGATIONS (continued)

Change in assumptions		Impact on defined benefit obligation	31 December 2021
Discount rate	1%	Increase in assumptions	11,524,087
	1%	Decrease in assumptions	12,710,301
Salary increase rate	1%	Increase in assumptions	12,767,196
	1%	Decrease in assumptions	11,461,128
Employee turnover	10%	Increase in assumptions	12,015,180
	10%	Decrease in assumptions	12,158,784
Mortality rate	Year	Increase in assumptions	12,083,319
	Year	Decrease in assumptions	12,085,406

The assumption of a statistical study for employees:

Membership data	2021	2020
Number of Employees	564	729
The average age of staff (years)	45.25	39.17
Average number of experience (years)	14.81	6.49

17- ACCOUNTS PAYABLES

Trade payables include balances for agricultural equipment and spare parts suppliers, in addition to other payables due in the short term.

	31 December 2021	31 December 2020
Suppliers	18,858,459	51,293,825
	18,858,459	**51,293,825**

18- ACCRUALS AND OTHER CREDIT BALANCES

	31 December 2021	31 December 2020
Advances from customers	3,833,827	6,798,622
Accrued expenses	14,979,903	11,784,053
Shareholders credit balance	8,526,173	8,622,011
Board Members Remuneration	3,361,722	3,894,833
VAT	1,263,501	1,185,220
Other creditors	456,973	804,722
Total	**32,422,099**	**33,089,461**

(Expressed in Saudi Riyals)

19- ZAKAT PAYABLE

a) The main elements of Zakat are as follows:

	31 December 2021	31 December 2020
Non-current assets	336,717,047	353,791,106
Non-current liabilities	13,071,357	24,483,197
Shareholders' Equity of at the beginning of the year	239,269,312	291,059,858
Net loss before Zakat	(73,372,746)	(45,699,548)

Some of these amounts have been adjusted to reach the zakat fund for the year.

b) Movement for provision

	31 December 2021	31 December 2020
Balance at beginning of the year	13,550,863	9,056,961
Additions during the year	1,396,445	6,385,362
Adjustments during the year	(4,236,251)	-
Payments during the year	(5,983,870)	(1,891,460)
	4,727,187	**13,550,863**

c) Zakat status

c-1 Zakat status for the Parent Company

- The Company submitted its zakat return for year 2020.
- Final assessments were issued for the year 2004, and the company paid its due.
- Final assessment for the years from 2005 to 2009 and the company objected to the assessment before the Appeal Committee and a decision was issued, the objection committee approved the objection submitted by the company. And as a result, there is no due amount regarding this assessment.
- Final assessment for the years from 2010 to 2012 has been issued, The Company objected to the assessment before the Appeal Committee and a decision was issued the objection committee approved the objection submitted by the company, as the Zakat due amounted to SAR 707,000. The company paid he due amount during 2022
- Final assessments were issued for the period from 2014 to 2018 which included zakat differences amounted of SAR 2.6 million, and an escalation has been made to the General Secretariat of the Tax Committees.
- Final assessments were issued for the year 2017, and the company paid its due.
- Final assessment for the years 2019 and 2020 included zakat difference amounted to SAR 1 M, and the group objected the assessment to Zakat, Tax and Customs Authority (ZATCA), and no final decision has been issued.

c-2 Zakat status for the subsidiary companies.

c/ 2/1 Horizon Food Ltd Co.

The Company submitted all the zakat declarations for all previous years up to 31 December 2020 and paid the obligations accordingly and obtained a certificate.

c/2/2 Masader Agricultural Feed Mill Ltd company

The company is in the process to submit their Zakat return

c/ 2/3 Tabuk Agricultural Company for Marketing.

The company submitted its zakat declaration till 31 December 2020.

c/ 2/4 Tabuk Agricultural Company for Nursery and Land Scape

The company submitted its zakat declaration till 31 December 2020.

(Expressed in Saudi Riyals)

20- COST OF REVENUE

	31 December 2021	31 December 2020
Cost of consumables	60,092,599	84,915,540
Salaries and wages	17,236,376	16,938,136
Depreciation	22,429,985	21,048,544
Impairment of inventory – Crops*	7,265,203	8,865,789
Impairment of biological assets	2,723,357	-
Other	8,890,687	12,489,397
	118,638,207	144,257,406

* It is represented in the difference in evaluating the stock of crops at the point of harvest as the difference between the actual cost and the market value of the crops at the point of harvest after deducting marketing and storage expenses and any other expected expenses until the date of sale.

21- SELLING AND DISTRIBUTION EXPENSES

	31 December 2021	31 December 2020
Salaries, wages and other benefits	12,540,534	12,262,265
Shipping expenses	1,025,968	4,091,888
Packaging expenses	3,164,162	4,524,211
Depreciation	2,286,582	3,373,971
Sales Commission	250,841	178,507
Fuel and energy	523,237	1,198,664
Consumed materials	282,967	276,904
Maintenance, repair and spare parts	84,131	114,003
Insurance expenses	54,009	115,984
Exhibitions and advertising	208,794	172,621
Telephone, postage	92,362	90,977
Rentals	254,921	118,008
Travel and transportation	302,600	201,545
Other	769,207	560,818
	21,840,315	**27,280,366**

(Expressed in Saudi Riyals)

22- GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2021	31 December 2020
Salaries, wages and other benefits	16,978,233	13,319,903
Remuneration of board and committee members	3,376,320	3,532,473
Depreciation	2,402,341	1,749,496
Maintenance, repair and spare parts	45,600	26,050
Expected credit losses Provision	3,623,272	-
Public relations and exhibitions	278,360	128,828
Donations	415,000	265,000
Licenses	114,405	217,405
Fuel and energy	595,391	407,311
Consumed materials	83,879	65,382
Telephone, postage	416,607	381,241
Professional fees	1,713,794	1,148,646
Bank expenses	73,520	186,876
Rentals	272,888	328,590
Insurance	161,548	151,390
Other	3,707,592	2,287,741
	34,258,750	**24,196,332**

23- FINANCING COSTS

The financing costs for loans for the year ended 31 December 2021 amounted to SAR 873,565 (2020: SAR 1,771,819).

24- BASIC AND DILUTED SHARE LOSS

	2021	2020
Net loss for the year	(70,532,940)	(53,189,701)
Weighted average number of shares	34,121,905	28,557,558
Basic and diluted loss per share of net loss	(2.07)	(1.86)

(Expressed in Saudi Riyals)

25- DUE FROM/TO RELATED PARTIES

Related party transaction

a) Transactions with related parties mainly represent financing services that are carried out on mutually agreed terms and approved by the management, which are as follows:

Name	Relation
Horizon Food Ltd Co	Subsidiary
Ahmed Hussein Al-Omari EST	Other related party
Ahmed bin Mohammed Al-Arfaj	Non-controlling equity individuals
Gulf Investment for Food	Non-controlling equity
Ahmed Hussein Al-Omari	Non-controlling equity individuals
Rakha for Agricultural Investment and Development	Associate

b) Transactions with related parties in the financial statements as of 31 December are summarized below:

Due from related party

Related party	Nature of transaction	Opening Balance	Transaction during the year		Closing balance
		1 January, 2021	Debit	Credit	31 December, 2021
Rakha for Agricultural Investment and Development *	Payment on behalf of associate company	3,062,234	2,160,900	-	**5,223,134**
Ahmed Hussein Al-Omari EST	Withdrawals	2,102,875	6,960,316	-	**9,063,191**
		5,165,109	**9,121,216**	**-**	**14,286,325**

* It represents the group's share of settlements resulting from transactions between Jannat Agricultural Investments Company (Under liquidation) which is the group invested in. During the year the ownership of 17,288 shares in Rakha for Agricultural Investment and Development was transferred to the group's ownership, note.8

Due to related party

Related party	Nature of transaction	Opening Balance	Transaction during the year		Closing balance
		1 January, 2021	Debit	Credit	31 December, 2021
Ahmed bin Mohammed Al-Arfaj	To increase capital*	13,488,984	13,488,984	-	-
Ahmed Hussein Al-Omari	Finance	27,723,181	538,171	-	27,185,010
		41,212,165	**14,027,155**	-	**27,185,010**

* Represented as the related party's share of the capital increase of Food Horizons Co. Ltd. (a subsidiary company).

26- BANK FACILITIES

The Group has bank facilities, the credit limit of which is nil for letter of credits, murabaha financing and tawarruq, of which as of 31 December 2021 the group used nothing (2020: SAR 6.8 million).

(Expressed in Saudi Riyals)

27- OTHER (EXPENSES) / INCOME

	2021	2020
Revenue from the sale of waste	796,739	1,032,309
Proceeds from settlements of transactions with sister companies	2,160,900	412,800
Other revenue	958,671	619,626
VAT Claims fines	(6,676,462)	-
Other expenses	(1,679,841)	(1,417,441)
	(4,439,993)	**647,294**

28- FINANCIAL INSTRUMENT AND RISK MANAGEMENT

The Group's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value, cash flow, interest rate risk and prices risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the fluctuations of financial markets and the Group's management attempts to mitigate the potential adverse effects on the Group's financial performance.

Financial Risk Management Framework

The risk management policy is implemented by top management under policies approved by the Board of Directors. Top management identifies, evaluates and hedges for financial risks in close collaboration with the Group's operating units. The most important types of risk are credit risk, currency risk or fair value and cash flow interest rates.

Board of Directors has overall responsibility for establishing and overseeing the Group's risk management framework. Executive management team is responsible for developing and monitoring the Group's risk management policies, where the team conducts regular meetings. Any changes or matters relating to policy compliance shall be reported to the Board through the management.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and activities of the Group. The Group aims through training, management standards, and procedures to develop a responsible and constructive control environment so that all employees are aware of their roles and obligations.

Board of Directors oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The financial instruments included in the statement of financial position include accounts receivable, prepayments, other debit balances, accounts payable, accruals and other payables balances. The methods of evidence used are disclosed in the policy statement for each item.

The offsetting between the financial assets and liabilities were comprised and the net amounts included in the consolidated financial statements when there is a legally enforceable right to offset those amounts and when the Group has an intention to settle them on a net basis or to sell the assets to settle the liability simultaneously.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risk includes three types of risk: interest rate risk, currency risk and other price risk.

(Expressed in Saudi Riyals)

28- FINANCIAL INSTRUMENT AND RISK MANAGEMENT (Continued)

Interest rate risk

Interest rate risk is the risk that the value of financial instruments or the associated cash flows will fluctuate due to changes in interest rates.

The following are the loans obtained by the Group and carry a variable interest rate according to the prevailing market rates of interest

	Book value as at 31 December 2021	Book value as at 31 December 2020
Financial instruments with variable interest rate		
Loans and bank facilities	8,988,914	30,408,883

The table below reflects the potential impact of a change in 100 basis points on interest rates at the balance sheet date on profit or loss, with all other variables held constant.

	Profit / (loss) in 2021		Profit / (loss) in 2020	
	Decrease in base points related to interest rates 100 basis points	Increase in base points related to interest rates 100 basis points	Decrease in base points related to interest rates 100 basis points	Increase in base points related to interest rates 100 basis points
Loans	**89,889**	**(89,889)**	304,089	(304,089)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group did not undertake significant transactions in currencies other than Saudi Riyals and US Dollar during the year. While Saudi Riyal is pegged against US Dollar, however, the management monitors the currency risk and believes that it is not materially exposed to currency risk in case of transactions in other foreign currencies.

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group has established procedures to manage exposure to credit risk, including assessing the creditworthiness of customers and credit approvals, allocating credit limits, monitoring the aging of receivables and following them up on a permanent basis.

Trade receivables are interest free and often have a credit period in line with industry standards. Usually guarantees are not required, as are letter of credits, but they can be used under certain circumstances in some markets, especially in less developed markets. The Group has no concentration of credit risk as the customer base is distributed on both the economic and geographic levels.

The Group reviews the recoverable amounts for each commercial debt on an individual basis at the end of the reporting period to ensure that there is adequate provision for the non-recoverable amounts. In addition, impairment analysis is also performed at each reporting date based on facts and circumstances existing at that date to determine expected credit losses due to the time value of money and credit risk.

(Expressed in Saudi Riyals)

28- FINANCIAL INSTRUMENT AND RISK MANAGEMENT (Continued)

Credit risk (continued)
For the purposes of this analysis, receivables are classified into portfolios based on homogeneous receivables. Each portfolio is then evaluated for impairment using the expected credit loss model in accordance with the provisions under IFRS 9. The calculation is based on a provision matrix in which actual historical data are adjusted appropriately for future projections and prospects.

Collateralized receivables are excluded for the purposes of this analysis as there is no credit risk involved. Loss rates are based on actual experience of credit losses over the past years. Loss rates are then appropriately adjusted to reflect differences between current and historical economic conditions and the Group's view of economic conditions over the expected life of receivables.

The following is the maximum exposure to credit risk that can affect the Group at the reporting date:

	31 December 2021	31 December 2020
Cash and cash equivalent	57,207,732	4,174,564
Accounts receivable, net	7,880,195	19,547,166
Due from related parties	14,286,325	5,165,109
Murabaha investments – short term	-	5,000,000
	79,374,252	**33,886,839**

The aging of Accounts receivable as at the reporting date are as follows:

	2021	2020
Less than 3 months	3,644,531	12,081,281
More than 3 month and less than 6 months	1,772,567	3,772,419
More than 6 months and less than a year	2,006,473	4,013,129
More than a year	9,940,348	5,540,789
Total receivables before subtracting provision	**17,363,919**	**25,407,618**
Less:		
Expected credit loss provision	(9,483,724)	(5,860,452)
Accounts receivable, net	**7,880,195**	**19,547,166**

Other financial assets
Other financial assets consist of bank deposits, investments in unquoted shares, receivables from invested companies under equity method or joint ventures. The risks arising from these financial assets are limited and there are no guarantees held for these parties due to the fact that the counterparties are companies invested in by equity method. The recognized banks and financial institutions have a high credit rating set by international credit rating agencies.

Capital management
The Group manages its capital to ensure its continuity and maximize return to stakeholders by improving the balance between debt and equity. When managing capital, the Group’s objective is as follows:

1) Safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to others stakeholders
2) Providing an adequate return for the shareholders.

(Expressed in Saudi Riyals)

28- FINANCIAL INSTRUMENT AND RISK MANAGEMENT (Continued)

	31 December 2021	31 December 2020
Financial Assets		
At amortized cost		
Prepayments and other debit balances, net	22,921,734	24,008,863
Murabaha investments – short term	-	5,000,000
Due from related parties	14,286,325	5,165,109
Accounts receivable, net	7,880,195	19,547,166
Cash and cash equivalents	57,207,732	4,174,564
At fair Value		
Financial investments at fair value through profit or losses	-	-
Financial liabilities		
At amortized cost		
Long term loans	8,988,914	23,562,973
Accounts payable	18,858,459	51,293,825
Accruals and other credit balances	32,422,099	33,089,461
Dividends payable to shareholders	23,046,458	23,081,694

Fair value of financial instrument

For the purposes of financial reporting, the Group used the fair value hierarchy categorized at levels 1, 2 and 3 based on the inputs used in the valuation techniques as follows.

- **Level 1:** Quoted prices (unadjusted) in an active market for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

  The valuation of each publicly traded investment is based on the marketing closing price at that date minus the discount if the guarantee is restricted.

29- SEGMENT REPORTING

The information provided to the decision-maker in charge of operations with the aim of allocating resources and assessing the performance of sectors on the types of goods or services provided. The Group's management decided to organize the Group according to the differences in the internal financial reporting structure. The operating sectors of the Company are as follows:

Operational sector	Activities
Feeds	Manufacturing Feed
Vegetables	Planting Vegetables
fruit	Planting seasonal fruits
Grains	Grain trading
Other products	Production of olive oil, honey
Meat	Selling frozen meat

(Expressed in Saudi Riyals)

29- SEGMENT REPORTING (Continued)

31 December 2021 Consolidated	Feeds	Vegetables	Fruits	Grain	Other products	meat	Total
Revenue	19,214,919	-	15,607,535	22,492,905	4,970,510	53,752,420	116,038,289
Depreciation and amortization	7,577,759	-	6,472,201	9,327,455	2,061,193	1,698,205	27,136,813
Net comprehensive (loss) before Zakat	(21,316,521)	-	(22,799,031)	(32,856,979)	(7,260,776)	10,860,561	(73,372,746)
Total assets	**121,909,325**	**-**	**98,454,428**	**141,888,268**	**31,354,648**	**92,091,306**	**485,697,975**
Total liabilities	**36,965,062**	**-**	**38,112,801**	**54,926,523**	**12,137,732**	**6,353,114**	**148,495,232**
31 December 2020 Consolidated							
Revenue	80,696,268	3,371,509	17,676,806	25,437,127	4,119,249	27,241,676	158,542,635
Depreciation and amortization	11,589,477	1,075,329	5,637,946	8,113,069	1,469,047	1,567,505	29,452,373
Net comprehensive (loss) before Zakat	(18,153,669)	(2,059,962)	(10,800,370)	(15,541,856)	(2,516,824)	3,373,133	(45,699,548)
Total assets	**179,359,961**	**14,857,951**	**77,900,169**	**112,099,238**	**18,153,171**	**63,204,805**	**465,575,295**
Total liabilities	**74,962,054**	**7,624,435**	**39,974,879**	**57,524,307**	**9,315,390**	**36,904,918**	**226,305,983**

(Expressed in Saudi Riyals)

30- SUBSIDIARIES

The information related to the subsidiaries can be summarized as follows:

	Food Horizons Co. Ltd.		**Agricultural Feed Sources Company**	
	2021	2020	**2021**	2020
Non-current assets	58,421,918	17,712,719	31,135,646	33,967,510
Current assets	33,669,389	45,492,086	18,925,113	24,080,487
Non- current liabilities	(538,854)	(332,011)	(265,874)	(3,391,826)
Current liabilities	(5,814,260)	(36,572,907)	(8,885,811)	(9,028,412)
Net assets	**85,738,193**	**26,299,887**	**40,909,074**	**45,627,759**
Revenue	53,752,420	27,241,676	7,825,092	53,168,624
Cost of revenue	(36,689,641)	(19,396,466)	(9,781,631)	(50,479,663)
Expenses	(6,534,994)	(4,559,289)	(2,762,146)	(4,034,384)
Other comprehensive income	-	-	-	-
Total other comprehensive income/(loss)	**10,527,785**	**3,285,921**	**(4,718,685)**	**(1,345,423)**

31- CONTINGENT LIABILITES

	As at 31 December	
	2021	**2020**
Letters of guarantee issued to third parties - uncovered	-	760,107
	-	**760,107**

32- Impact of COVID-19

In responding to the spread of COVID-19 virus and the resulting disruption to social and economic activities over the past two years, the management continues to proactively assess its impact on its operations and in particular the current increase in cases due to the emergence of a new variable - omicron. The preventive measures taken by the group in April 2020 are still ongoing, including the establishment of continuous crisis management teams and operations to ensure the health and safety of the company's employees, customers, consumers and society as a whole, as well as ensuring the continuity of supplying its products in the markets. The main focus remains on employee health by implementing programs to help raise awareness, identify, support and monitor employee health. Staff have been fully vaccinated with two doses of vaccines and management is working on a plan to encourage access to the booster doses.

The company's management believes that any reopening procedures will not materially affect the basic demand from retail and wholesale customers for the company's products and its expectations. The impact of these actions will be limited to changes in the structure of the nature of customers.

Based on these factors, management believes that the COVID-19 pandemic did not have a material impact on the company's reported results for the year ended December 31, 2021, including significant accounting judgments and estimates.

The company continues to closely monitor the boom in the new variable, although the management at this time is not aware of any expected factors that may change the impact of the epidemic on the company's operations during 2022 or thereafter.

33- CLIMATE CHANGE

The Group is subject to short-term and long-term climate change related risks. These risks are inherent part of operating an agriculture field. The Group continually works to reduce the environmental footprint of the business, in part, due to the inherent risks.

Rising fuel costs and the greenhouse gas emissions associated with fuel and electricity consumption have an impact not only on the environment but also on Company's net profit. Climate change also creates risks for agricultural production through droughts, pests, diseases, etc. that pose challenges for sustaining and increasing production levels.

The group has developed a sustainability strategy, outlining how it will improve its energy performance through efficient energy consumption and generation from sustainable sources. The strategy focuses on solar power generation, water and energy efficiency, sustainable arable farming practices by monitoring well water consumption.

34- COMPARATIVE FIGURES

Certain comparative figures for the prior year have been reclassified to conform to the current year's presentation.

35- APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 28/03/2022.