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المحاسبون المتحدون للإستشارات المهنية

Allied Accountants Professional Services

AL-SHARQIYAH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
AND INDEPENDENT AUDITOR'S REPORT

Allied Accountants Professional Services

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المحاسبون المتحدون للاستشارات المهنية

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Independent Auditor's Report

To the Shareholders of Al-Sharqiyah Development Company
(A Saudi Joint Stock Company)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Al-Sharqiyah Development Company - a Saudi Joint Stock Company ("the Company")**, which comprise the statement of financial position as at December 31, 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 Financial Statements section of our report. We are independent of the Company in accordance with professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the 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 opinion.

Emphasis of Matter

We draw attention to Note 19 to the accompanying financial statements, which states that the Company has received certain land parcels as grants from the government of the Kingdom of Saudi Arabia after meeting all the required conditions of the grant. The Ministry of Environment, Water and Agriculture has issued a ministerial resolution on 6 February 2019 confirming the Company's compliance with the terms and conditions of the grant and the Company's ownership of the land parcels. However, such resolution is subject to final approval by the royal decree after which the Company will legally own these land and such royal decree has not been issued until the date of this report. Our opinion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the accompanying financial statements, which indicates that Company has not conducted any commercial operation during 2021 and has incurred a net loss of Saudi Riyals 0.3 million for the year ended 31 December 2021. Also, the current liabilities exceeds the current assets by Saudi Riyals 41.6 million as of that date. These conditions along-with other conditions, as explained in Note 1, cast significant uncertainty on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Auditor's Report

To the Shareholders of Al-Sharqiyah Development Company (continued)

Key Audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern

See Note 1 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Company has incurred a comprehensive loss of Saudi Riyals 337,788 for the year ended 31 December 2021, Also, the Company's current liabilities exceeded its current assets by Saudi Riyals 41,648,627 as of that date. The Board of directors and management of the Company is actively working on the raise new capital to address its negative working capital situation and the resolving the matters leading to the suspension of its commercial registration. Accordingly, the financial statements have been prepared on a going concern .basis We identified the going concern as a key audit matter, as the management assessment is considered important for the going concern assumption and it is largely based on expectations made by management, that can be influenced by subjective elements; such as outcome of the future events and forecasted results.	We performed the following procedures, among others: - Obtained an understanding of the management process of addressing negative working capital; - Reviewed the overall reasonableness of inputs and assumptions in the cash flow forecast against historical performance, and the Company's business plan; - Assessed the key assumptions used by management in preparing its cash flow forecast; including those pertaining to revenue growth, forecasted costs and expenses and the expected timing of major payments; - Inspected documentation relating to banks credit facilities and management assessment of compliance with loans covenant; and - Assessed the adequacy of the Company's disclosures in respect to the preparation of the financial statements on a going concern basis.

Other Matters
The financial statements of the Company for the year ended 31 December 2020 were audited by another auditor which has expressed an unmodified opinion on those financial statements dated 17 Shaban 1442H (corresponding to 30 March 2021).

Other Information
Other information consists of the information included in the Company's 2021 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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.

Auditor's Report

To the Shareholders of Al-Sharqiyah Development Company (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia, other standards and pronouncements issued by SOCPA, the applicable requirements of the regulations for companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance, Board of Directors, are responsible for overseeing The Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also do the following:

- Identify and assess the risks of material misstatement of the 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of the Company's 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 the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements. Or, we must modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our report auditor. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditor's Report

To the Shareholders of Al-Sharqiyah Development Company (continued)

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

We communicate 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 controls that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter 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.

Report on Other Legal and Regulatory Requirements

Paragraph 135 of the Companies Law requires that the auditor includes in his report what might come to his attention with respect to non-compliance of the terms of the Company Law or the terms of the Bylaws of the Company. During our current audit of the financial statements, we have noted that the Company's commercial registration has been suspended as a result of many lawsuit cases filed against the Company. Also, see the "Material uncertainty related to going concern" section of our report. Subsequent to end of financial year, the Company has settled the reasons for suspension of its commercial registration, which led to reactivation.

Allied Accountants Professional Services Company

Mohammed bin Farhan bin Nader
License 435

Al Khobar, Saudi Arabia
26 Shaaban 1443 (corresponding to 29 March 2022)

AL-SHARQIYAH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
AND INDEPENDENT AUDITOR'S REPORT

AL-SHARQIYAH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As at 31 DECEMBER 2021
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	As at 31 December 2021	As at 31 December 2020
Assets			
Non-Current Assets			
Property, plant and equipment	6	**183,057,808**	183,697,793
Investment in equity instruments	7	**1,425,600**	1,425,600
Total Non-Current Assets		**184,483,408**	185,123,393
Current assets			
Trade receivables, prepayments and other receivables	9	**84,103**	86,599
Cash and cash equivalents	10	**272,618**	124,711
Total Current Assets	1	**356,721**	211,310
Total Assets		**184,840,129**	185,334,703
Equity and liabilities			
Equity			
Share capital	11	**75,000,000**	75,000,000
Statutory reserve	12	**3,276,667**	3,276,667
Retained earnings		**64,390,090**	64,727,878
Total Equity		**142,666,757**	143,004,545
Liabilities			
Non-Current Liabilities			
Employee Benefits Obligations	13	**168,024**	47,097
Total Non-Current Liabilities		**168,024**	47,097
Current Liabilities			
Trade and other payables	14	**11,832,979**	10,528,471
Due to related parties	15	**2,818,118**	456,669
Short term loan	16	**10,000,000**	10,000,000
Accrued dividends	17	**1,359,072**	1,359,072
Provision for zakat	18	**15,995,179**	19,938,849
Total Current Liabilities	1	**42,005,348**	42,283,061
Total Liabilities		**42,173,372**	42,330,158
Total Equity and Liabilities		**184,840,129**	185,334,703

These financial statements were approved by the Board of directors on 30 March 2022 and were signed on its behalf by

Chief Financial Officer Yousef. Zaidan — Chief Executive Officer — Chairman

The accompanying notes from 1 to 27 form an integral part of these financial statements.

AL-SHARQIYAH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	For The year ended 31 December 2021	2020
Revenue	1	-	-
Cost of revenue		-	-
Gross Profit		-	-
General and administrative expenses	20	(4,781,131)	(2,594,016)
Operating Loss		(4,781,131)	(2,594,016)
Other income	21	950,241	533,372
Finance cost		(350,141)	(143,216)
Loss Before Zakat		(4,181,031)	(2,203,860)
Zakat	18	3,943,670	(18,261)
Loss for the year		(237,361)	(2,222,121)
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss:			
Loss on measurement of employees' benefits plan		(100,427)	(17,243)
Total comprehensive loss for the year		(337,788)	(2,239,364)
Loss per share attributable to the shareholders			
Basic and diluted	22	(0.04)	(0.30)

These financial statements were approved by the Board of directors on 30 March 2022 and were signed on its behalf by

Chief Financial Officer — Yousef K. Zaidan | Chief Executive Officer | Chairman

الشركة الشرقية للتنمية
شركة مساهمة عامة
C.R. 2050016477 س.ت
Ash-Sharqiyah Development Co. Public Listed Co.

The accompanying notes from 1 to 27 form an integral part of these financial statements.

AL-SHARQIYAH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Total
Balance as at 1 January 2020	75,000,000	3,276,667	66,967,242	145,243,909
Loss for the year	-	-	(2,222,121)	(2,222,121)
Other comprehensive income	-	-	(17,243)	(17,243)
Balance at 31 December 2020	75,000,000	3,276,667	64,727,878	143,004,545
Loss for the year	-	-	**(237,361)**	**(237,361)**
Other comprehensive income	-	-	**(100,427)**	**(100,427)**
Balance at 31 December 2021	**75,000,000**	**3,276,667**	**64,390,090**	**142,666,757**

These financial statements were approved by the Board of directors on 30 March 2022 and were signed on its behalf by

Chief Financial Officer Chief Executive Officer Chairman

Yousef. K. Zaidan

C.R. 2050016477 س.ت
Publicly Listed Co.
Asharqiyah Development Co.
الشركة الشرقية للتنمية
شركة مساهمة عامة

The accompanying notes from 1 to 27 form an integral part of these financial statements.

AL-SHARQIYAH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts expressed in Saudi Riyals unless otherwise stated)

	For The year ended 31 December	
	2021	2020
Cash flows from operating activities		
Loss before zakat	**(4,181,031)**	(2,203,860)
Adjustments of non-cash items:		
Depreciation of property, plant, and equipment	**642,979**	662,540
Gains on the disposal of property, plant and equipment	-	(203,868)
Impairment loss on trade receivable	-	4,000
Zakat of previous years	-	175,132
Employee benefit obligations	**20,500**	12,000
Changes in operating assets and liabilities:		
Trade receivables, prepayments and other receivables	**2,496**	931,729
Trade and other payables	**1,304,508**	55,918
Net cash used in operating activities	**(2,210,548)**	(566,409)
Cash flow from investing activities		
Payment of purchasing of property and equipment	**(2,994)**	(5,547)
Proceeds from disposal of property, plant and equipment	-	203,870
Net cash (used in) generated from investing activities	**(2,994)**	198,323
Cash flow from financing activities		
Related parties	**2,361,449**	408,769
Net cash generated from financing activities	**2,361,449**	408,769
Net change in cash and cash equivalents	**147,907**	40,683
Cash and cash equivalents at the beginning of the year	**124,711**	84,028
Cash and cash equivalents at the end of the year	**272,618**	124,711
Non-cash transactions		
Actuarial loss from re-measurement of employees' benefits plan	**(100,427)**	(17,243)

These financial statements were approved by the Board of directors on 30 March 2022 and were signed on its behalf by

Yousef M. Zaidan

Chief Financial Officer | Chief Executive Officer | Chairman

The accompanying notes from 1 to 26 form an integral part of these financial statements.

C.R. 2050016477

Publicly Listed Co.

(All amounts expressed in Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION

Al-Sharqiya Development Company (the "Company") was registered under Ministerial Resolution No. 406 on Dhul-Qi'dah 21, 1406 as a Saudi Joint Stock Company under Commercial Registration ("CR") number 2050016477, issued in Dammam on 19 Muharram 1407 (corresponding to 21 September 1986). The share capital of the Company was set at 75 million, Comprising 7.5 million shares of equal value I.e Saudi Riyals 10 Each.

The Company's main activities are:
- Growing vegetables in greenhouses and growing various outdoor vegetables;
- Hydroponics for vegetable production;
- Mixed farming (mixed production between crops and animals without specialized production in crops and animals);
- Irrigation projects (operation of irrigation systems for agricultural projects), and installing greenhouses; and
- Support activities for animal production,

The accompanying financial statements include the accounts and result of the Company's with the following details:

Name	CR No.	Activity	Type	CR Status
Al Sharqiyah Development Company	2050016477	Mentioned above	Main	Suspended
Branch of Al Sharqiyah Development Company – Riyadh	1010480322	Management and leasing of owned or leased real estate	Branch	Active

Going concern

The financial statements have been prepared on the basis of the going concern principle, which assumes that the Company will be able to manage liquidity to ensure as much as possible that it has sufficient liquidity to meet its obligations when due. The Company has incurred a loss of SR 337,788 for the year ended 31 December 2021 (2020: SR 2,239,364). As at 31 December 2021, the Company's current liabilities exceeded its current assets by SR 41,648,627 (2020: SR 42,071,751). The Company has not conducted any commerical operations during the year. These circumstances indicate the existence of material uncertainty about the Company's ability to continue as a going concern.

The management believes that the Company will be able to generate sufficient cash flows to meet its obligations for at least 12 months from the date of the accompanying financial statements based on:

a. As per the Ministry of Environment, Water and Agriculture " the Ministry " decision no. 321450/1441/1062 dated 6 Jumada I 1441 Ah (1 January 2020), which expressed the ownership of Al-Sharqiyah Development Company an area of (72,178,700 square meters) of the total land area of the land granted to the Company. Accordingly, the management believes that the Company will obtain the title deeds of this area during the year 2022, which will enable the Company to obtain loans at their discretion in exchange for mortgaging the land deed and through dividing the land to obtain various loans by mortgaging parts of it, in addition to entering into projects with the Ministry through the Agriculture Bank loan according to the requirements of the Ministry.

b. During the year 2021, the company obtained an extension of the period of initial permits from the Ministry for a period of one year, for the following:
   - Hydroponic vegetable production.
   - Hydroponics for vegetable production and fish farming (Aquaponic).
   - Providing marketing services on behalf of others.
   - Breeding and producing mothers of broiler chickens and operating their hatcheries.
   - Breeding poultry.
   - Egg production.
   - Production of poultry meat, rabbits and fresh birds.

c. The Board of Directors recommended an increase in capital by offering shares of priority rights to the shareholders amounted to SR 225,000,000, so that total capital after increase becomes SR 300,000,000 and a financial advisor has been appointed to manage the underwriting in the priority rights shares. On 2 September 2021 Al-Sharqiyah Development Company submitted request for the increase of the Company's capital by Offering Right Issues Application File to CMA to obtain the approval.

1. GENERAL INFORMATION (Continued)

Considering above, management has reasonable expectations of the existence of various funding sources to manage the liquidity risk in the near future. If the Company is unable for any reason to continue operating and achieve what is mentioned above, this may have an impact on the Company's ability to realize the assets and to settle the liabilities and continue as going concern.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared on a historical cost using going concern basis using the accrual basis of accounting, except for cash flow information. The re-measurement of certain financial assets and financial liabilities at fair value and the recognition of employees' end-of-service benefits at the present value of the defined benefit obligation have been adjusted, as explained in the relevant policy notes. The basis of measurement is fully described in the accounting policies below.

The Capital Market Authority has allowed the listed Companies to use the fair market value or the revaluation module to measure the investment property starting from January 1, 2022. It's also required the companies to continue the use of cost module for property, plant and equipment and intangible assets.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Riyals (SAR), unless otherwise stated, which is the functional and presentation currency of the Company.
The Company's fiscal year starts from the beginning of January of each calendar year and ends at the end of December of the same year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the recognized amounts of revenues, cost, assets and liabilities, and disclosures of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates may result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities in the future period.
These estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying amounts of assets and liabilities that cannot be determined from other sources. Estimates and assumptions are reviewed periodically, and adjustments to accounting estimates are recognized in the period in which the estimates are revised or recognized in the adjustment period, and future periods if the modification changes the current and future periods.

Judgments

Information about significant judgments made by the Company when applying accounting policies that have a material impact on the amounts recorded in the financial statements is included in the following notes:
- Note - Revenue recognition
- Note - 'determining whether an arrangement involves a lease'

3. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

Assumptions and Uncertain Estimates

Information about uncertainties about assumptions and estimates as at December 31, that have a material risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year is included in the following notes:

- Measurement of employee benefits: Major actuarial assumptions;

The cost of defined end-of-service benefits and the present value of the related liabilities are determined using actuarial valuations. The actuarial valuation involves making various assumptions that may differ from actual developments in the future. It also includes determining the discount rate, future salary increases, leavening before the natural retirement age, death rates, and others. Because of the valuation's difficulty and underlying assumptions, and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at the balance sheet date. The criterion most subject to change is the discount rate.

- Useful life of property, and equipment

Management determines the useful lives and the residual value on disposal of property, plant, and equipment. Such estimates are made taking into consideration the factors of expected usage of the assets, expected physical wear and tear, program of repair and maintenance and technological obsolescence due to changes. The management reviews the useful lives, residual value and depreciation method annually, where future depreciation is adjusted when management believes that there have been changes in the useful lives, residual value and depreciation method from those estimates used in previous years.

- Measurement of fair value of financial instruments

In the case that the fair value of financial assets recorded in the statement of financial position cannot be measured on the basis of prices listed in the active market, their value is determined using valuation methods, including the present value of the expected cash flows from those assets, or using other methods as stipulated in International Standard No. 13.

- Going concern basis

The Company's management has made an assessment of its ability to continue using the going concern basis and has come to the conclusion that it has sufficient resources to continue its operations in the future. In addition, the management is not aware of any material circumstances or events that may cast a doubt on the Company's ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

-Impairment of trade and other receivables

The Company's management applies the expected credit loss model to determine the impairment losses of trade receivables. The Company's management makes estimates when making these assumptions and determining impairment inputs based on the Company's past history and current market conditions, as well as future estimates at the end of each reporting period.

- Impairment inventory

The Company's management creates a provision for slow-moving and obsolete inventory items based on past experience, current condition, and future expectations with respect to usage. The Company's management's estimates of the provision for slow-moving inventory may change from period to another due to the assessment of the future use of inventory from period to another. Inventories are measured at cost or net realizable value, whichever is lower. Estimates of net realizable value are based on the most reliable evidence at the time the estimates were made.

4. NEW STANDARDS, RELEASES, INTERPRETATIONS AND CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The new and revised International Financial Reporting Standards that the Company has applied and do not have a material impact on the financial statements

The following are the new or amended standards applicable during the year that are applicable to the financial statements for the years beginning on or after January 1, 2021, when they were applied when preparing these financial statements. The application of these standards does not have a material impact on the data presented in the financial statements for the current year or the comparative year, but it may have an impact on the accounting treatments for future transactions or arrangements.

A. Amendments to IFRS 7 and IFRS 16 Interest Rate benchmark reform- Phase 2

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

B. Amendment to IFRS 16 "Leases" - Covid-19 related rent concessions

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the International Accounting Standards Board ("IASB") published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 May 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

The adoption of above amendments does not have any material impact on the Financial Statements during the year.

The following is a statement of the new standards and amendments to the standards applicable for the years beginning on or after January 1, 2022, with early application permitted, but the Company did not apply them when preparing these financial statements.

A. Amendments to International Accounting Standard No. 1, "Presentation of financial statements", on the classification of liabilities.

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

B. Amendments to IFRS 3 and IAS 16 and IAS 37

FRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for itsintended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

- IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

C. Amendments to IAS 1, Statement of Practice 2, and IAS 8

- The amendments aim to improve accounting policy disclosures and help users of financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Management believes that these new standards, amendments and interpretations will be applied when preparing the financial statements for the years when those new standards, amendments and interpretations become effective, and management believes that these standards do not have a material impact on the financial statements when applied.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these financial statements are set out below. These policies have been consistently applied to all the years presented, except for the changes in accounting policies mentioned in Note 4.

Financial Instruments
Financial instrument is a contract that give rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial assets or financial liabilities are recognized at fair value. The transaction price is the costs directly attributable to the acquisition or issue of financial assets or financial liabilities (excluding financial assets and financial liabilities that are subsequently measured at fair value through profit or loss), which are added to or reduced from the fair value of the financial assets or financial liabilities, as necessary. , upon initial recognition.

Financial assets
Classification and post-measurement

In accordance with IFRS 9, upon initial recognition, financial assets are classified as recorded with: amortized cost; Fair value through other comprehensive income - debt investments, fair value through other comprehensive income - equity investments; or fair value through profit or loss. Financial assets are not reclassified subsequent to initial recognition, except in the period after the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the financial reporting period after the change in business model.

A financial asset is measured at amortized cost if the following two conditions are met and is not designated at fair value through profit or loss:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; And
- Its contractual terms give rise to cash flows on specific dates that are payments that are limited to principal and interest on the principal amount outstanding. On initial recognition of equity investments not held for trading, the Company may irrevocably decide to present subsequent changes at fair value through other comprehensive income. This decision is made on an investment-by-investment basis. The Company does not have any financial assets designated at fair value through other comprehensive income.

All financial assets not classified at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Company may irrevocably designate a financial asset that meets the requirements to be measured at amortized cost or at fair value through other comprehensive income because its measurement at FVTPL eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business Model Evaluation
The Company makes an evaluation of the objective of the business model in which the asset is held at the portfolio level because this reflects the best way of conducting the business and providing information to management. The information considered includes:

- The policies and objectives established for the portfolio and the implementation of those policies in practice. In particular, the extent to which management's strategy focuses on achieving contractual commission income, maintaining a certain commission rate, matching the time period of financial assets with the time period of financial liabilities or expected cash outflows, or realizing cash flows through the sale of assets;
- How to evaluate and report on the performance of the portfolio;
- The risks that affect the performance of the business model (and the financial assets held within the business model), and how those risks are managed.
- How the business managers are compensated, for example whether compensation is based on the fair value of the assets under management or the contractual cash flows collected; And
- The frequency, volume and timing of sales of financial assets in previous periods, the reasons for those sales and their expectations regarding future sales activity. However, these sales cannot be taken into account alone, but as part of the overall assessment of how the Company will reach the goals set for managing the assets, and how to achieve the cash flow.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Financial Instruments (Continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not sales of purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or management purposes and whose performance is measured on a fair value basis, are measured at fair value through profit or loss. The evaluation of the business model is done according to scenarios that can reasonably occur without taking into account the so-called "worst case" or "stress case" scenarios.

If, after initial recognition, the cash flows are realized differently from the original Company's expectations, the Company does not change the classification of the remaining financial assets held within that business model, but takes into account this information when evaluating the business model for financial assets to be used or purchased in the future. . Financial assets that are held for trading and whose performance is measured on a fair value basis are measured at fair value through profit or loss because these financial assets are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets.

Assessing whether the contractual cash flows of an asset are payments solely on principal and interest
For the purpose of this assessment, a 'debt asset' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding over a given period of time, and other basic lending options and costs (such as liquidity risk and administrative costs) as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset includes a contractual terms that could change the timing or amount of contractual cash flows such that it would not meet this condition.

When making the assessment, the Company takes into account:

- Contingent events that change the amount and timing of cash flows;
- Terms that modify the contractual coupon rate, including variable rate features;
- Prepaid and rollover benefits; And
- Conditions that limit the Company's claim to cash flows from specific assets (such as irrevocable asset features).

An advance payment benefit is consistent only with the Standard of Payments of Principal and Interest only if the advance payment is substantially unpaid amounts of principal and interest on the principal amount outstanding, which may include an additional consideration acceptable for early termination. Additionally, for financial assets acquired at a discount or premium to the contractual nominal price, a feature that permits or requires prepayment is treated in an amount that is the contractual value of the contract plus the contractual interest accrued (but not paid) (which may also include consideration for additional acceptable early termination) as compliant with this Standard if the fair value of the prepayment characteristic is immaterial on initial recognition.

The Company has classified its financial assets in each of the following categories:

- Loans and accounts receivable؛
- Held to maturity date
- Investments available for sale؛ and
- At fair value through profit or loss, and within this category are as follows:
  - held for trading;
  - Classified at fair value through profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Financial Instruments (Continued)

Financial Assets - Subsequent Measurement and Profit and Loss:

Financial assets at fair value through profit or loss (FVTPL)	These assets are subsequently measured at fair value. Net profit or loss, including any interest or dividend income, is recognized in profit or loss.
Financial assets at amortized cost	Financial assets are subsequently measured at amortized cost, using the effective interest rate method. The amortized cost is reduced by the impairment loss on the asset. Interest income and gains and losses from foreign currencies exchange and impairment, if any, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Loans and accounts receivable	It is measured at amortized cost, using the effective interest rate method.
Equity investments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss and other comprehensive income unless the dividends clearly represent a recovery of part of the cost of the investment. Other profits and losses are recognized in other comprehensive income and are not reclassified to profit or loss.
Financial assets available for sale	Measured at fair value and any changes therein (other than impairment losses, interest income and foreign exchange differences on debt instruments) are recognized in other comprehensive income and the cumulative change is shown in the fair value reserve. On derecognition of these assets, the cumulative gain or loss in equity is reclassified to profit or loss.

Financial liabilities

Classification, post-measurement, and profit and loss
Financial liabilities are classified as carried at amortized cost, or at fair value through profit or loss. Financial liabilities that are classified as held for trading are classified at fair value through profit or loss or if it is a hedging instrument, or should be accounted for on this basis from the date of initial recognition. Financial liabilities are measured at fair value through profit or loss and any net gains and losses, including interest expense, are recognized in profit or loss. Other financial liabilities (including loans, withdrawals, accounts payable and other payables) are subsequently measured at amortized cost using the effective interest rate method. Interest expense and loss of foreign exchange changes are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Effective interest method
The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for distributing interest income over the relevant period. For financial instruments other than financial assets that are purchased or of an impaired principal value, the effective interest rate is the rate that effectively discounts estimated future cash flow payments (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs and premiums). or other discounts) excluding the expected credit losses through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For financial assets that are purchased or of an impaired principal value, the adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Financial Instruments (Continued)

Derecognition
Financial assets
The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or the right to receive the contractual cash flows is transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Company does not transfer or retain substantially all the risks and rewards of ownership while not retaining control over the financial assets.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount assigned to the part of the asset that is derecognised) and the consideration received (including any new assets acquired less any new liabilities incurred) is recognized in profit or loss. Any interest in transferred financial assets created or retained by the Company is recognized as a separate asset or liability.

financial obligations
The Company derecognizes financial liabilities when the Company's obligations are discharged, canceled or have expired. The Company also stops recognizing financial liabilities when their terms are modified and when the cash flows of the modified liabilities differ significantly, in which case a new financial liability is recognized based on the modified terms at fair value.
Upon derecognition of a financial liability, the difference between the carrying amount and the consideration given, including non-monetary assets transferred or liabilities incurred, is recognized in profit or loss.

Offseting
The amounts of financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when the Company has a legal right to set off the amounts and intends either to settle it on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis of gains or losses arising from financial instruments at fair value through profit or loss and gains and losses from changes in foreign exchange rates.

Impairment of financial assets
IFRS 9 requires the Company to record an expected credit loss allowance for all loans and other debt assets and financial assets not held at fair value through profit or loss, in addition to loan commitments and financial guarantee contracts. The provision is based on the expected credit loss associated with the probability of default within the next twelve months unless there has been a significant increase in credit risk since its inception. If the financial assets meet the definition of credit-impaired financial assets purchased or originated, then the provision is based on the change in the expected credit loss over the life of the assets. Under IFRS 9, credit losses are recognized earlier than the previous accounting standard.
The Company applies the simplified method of IFRS 9 to measure expected credit losses that use a useful life expected loss allowance for trade and other receivables. To measure expected credit losses, trade and other receivables are grouped based on common credit risk characteristics and days past due.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating the expected credit loss, the Company considers relevant supporting information that is available without undue cost or effort. This includes obtaining quantitative and qualitative information, carrying out analysis based on the Company's past experience, and a good credit assessment, including forecast information.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without resorting to measures such as the use of collateral (if any); or
- That the financial asset is past due date.

Lifetime ECL represents the expected credit losses that will result from possible hypothetical events over the expected life of the financial instrument. The maximum credit period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

Measurement for expected credit loss:
Expected credit losses are a weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (that is, the difference between the cash flows due to the entity as per the contract and the cash flows the Company expects to receive). Expected credit losses are discounted at the financial asset's original effective profit rate.

Low-credit financial assets
The Company assesses at each financial statement date whether financial assets carried at amortized cost and debt securities at FVOCI, if any, are credit impaired. A financial asset is considered impaired when one or more events that have a negative impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is impaired includes the following observable events:

- due to significant financial difficulty of the borrower or issuer;
- breach of contract, such as default or late payment;
- Rescheduling of the financial asset by the Company on terms that are not otherwise indispensable to the Company;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The absence of an active market for that for a financial instrument due to financial difficulties.

Display the expected credit loss allowance in the statement of financial position
Loss allowances for financial assets measured at amortized cost are deducted from the total carrying amount of the assets.

Write-off
The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is an adequate assessment of its uncollectibility. For example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Written-off financial assets may continue to be subject to enforcement activities under the Company's recovery procedures, subject to legal advice where appropriate. Any recoveries are recognized in profit or loss.

Property, plant, and equipment
Property and equipment are stated at cost, after deducting accumulated depreciation and impairment loss, if any, as well as the estimated residual value on disposal, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the asset. Finance costs on loans that are directly used to finance the construction of the assets are capitalized over the period of time required to complete the assets and prepare them for their intended use.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the item of property and equipment. All other expenses are recognized in profit or loss as incurred. Capital gains and losses on disposal of property and equipment arising from the difference between the proceeds from the disposal value and the net book value of the disposed asset are recognized in profit or loss.

The management determines the useful lives of property, equipment and intangible assets for the purposes of calculating depreciation and amortization. This estimate is determined after considering the expected usage of the assets and replacement and renewal factors. Depreciation method and useful lives are reviewed periodically to ensure that depreciation method is appropriate with the expected economic benefits of property and equipment.

Depreciation is charged to profit or loss and calculated on a straight line basis over the estimated useful lives of each individual item of property and equipment less the estimated residual value on disposal as shown above. The estimated useful lives of major items of property and equipment for the current and comparative periods are as follows:

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Item	*Annual depreciation rate*
Buildings and constructions	2-15%
Machinery and equipment	10-25%
Motor vehicles	12.5-20%
Furniture and fixtures	20%

Impairment of Non-Financial Assets

Non-financial assets are tangible assets such as property and equipment.
The values of the Company's non-financial assets (other than inventories, assets held for sale and assets arising from construction contracts, if any) are studied at the date of the financial statements to determine whether there has been an event or change in circumstances that indicates an increase in the carrying amount of the asset over its recoverable amount. .

When such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is its value in use less costs to sell or its fair value, whichever is higher. The impairment of an asset is the difference between the carrying amount of the asset or the related cash-generating unit and the recoverable amount discounted using the effective rate of return.
The effective rate of return is the rate that exactly discounts estimated future cash payments and receipts through the expected life of the asset or liability to the total carrying amount of the financial asset or to the amortized cost of the financial liability. A cash-generating unit is the smallest identifiable group of assets that generate cash flows that are largely independent of cash flows from other assets or groups of assets.
Impairment losses for the cash-generating unit are recognized by first reducing the impairment assets or reducing them proportionately from the cash-generating unit's assets.

At the end of each reporting period, impairment losses on other non-financial assets previously charged from prior periods are measured if there are indications that the impairment reversal. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Impairment is achieved when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount/value, which is its fair value/value less costs to sell and its value in use, whichever is higher. The fair value less costs to sell account is calculated based on available data from binding sales transactions, on an arm's length basis, for similar assets or observable market prices less incremental costs to sell the asset. The value in use is calculated based on the discounted *cash flow* model. The cash flows are derived from the budget for the subsequent five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that would enhance the asset's performance of the cash-generating unit being tested for impairment. The recoverable amount is most sensitive to the discount rate used in the discounted cash flow method as well as the expected future cash inflows and the growth rate used for extrapolation purposes.
The significant judgments made by management in applying the Company's accounting policies and the main sources of estimation uncertainty were the same as those disclosed in the last financial statements, except for new significant judgments and key sources of estimation of uncertainties associated with the application of IFRS 13.

Trade receivable and other debit balances

Trade and other receivables are stated at the invoice amount minus the provisions made for amounts deemed uncollectible by management. Bad debts are written off when identified and approved by the Board of Directors.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash in current accounts with banks, and other short-term, highly liquid investments with original maturities of three months or less (if any) and available to the Company without any restrictions. The statement of cash flows has been prepared using the indirect method.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts payable
Liabilities are recognized for amounts to be paid in future for goods or services received, whether billed or not by suppliers.

Inventory
Inventories are measured at the lower of cost and net realizable value. The cost of inventory is determined on the basis of the weighted average price method and includes expenses incurred in acquiring the inventory as well as all other costs incurred in bringing the inventory to its present location.
Net realizable value is the estimated selling price in the the circumstances ordinary course of business, less the estimated costs of completion and selling expenses.

Loans
Loans are recognized at the amount received net of transaction costs incurred. Interest is amortized over the life of the loan using a straight line method which is not materially different from the application of the prevailing interest rate. Borrowing costs that are directly attributable to the construction of an asset until it reaches the stage at which substantially all the activities necessary to get it ready for its intended use are capitalized as part of the asset's cost. Otherwise, such costs are charged to the statement of profit or loss.

Restricted government grants
Government grants, including non-monetary grants at fair value, recognized when there is reasonable assurance that:
a) The entity will comply with the conditions attaching to them;
b) The grants will be received

Provisions
A provision is recognized if the Company has a current legal or constructive obligation, as a result of a past event, so that it can be estimated reliably, and it is likely that this will result in the use of the Company's economic resources to settle the obligation.
The amounts recognized as provisions are the best estimate of the consideration required to settle the current obligations at the end of the financial year, taking into account the risks and uncertainties surrounding those obligations. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is included as an asset if it is certain that the amount due will be received and the debt can be measured reliably,

Zakat provision
The estimated zakat is the estimated obligation on the Company, and a provision for it is recorded in the financial statements by charging it to profit or loss in accordance with the zakat standard issued by the Saudi Organization for Auditors and Accountants, where it is calculated for the year according to the accrual basis.
Zakat is calculated at the end of the year according to the actual ownership of Saudis and according to the adjusted net profit or zakat base, whichever is higher, in accordance with the regulations of the Zakat, Tax and Income Authority in the Kingdom of Saudi Arabia. Any differences in the estimate are recorded when the final assessment is approved.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Value added tax (VAT)

Assets and expenses are recognised net of amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable and the net amount of VAT recoverable from, or payable to, GAZT is included as part of other receivables or other payables.

Employees' benefits

End of service benefits are due to all employees working in accordance with the terms and conditions of the work system and workers at the end of their service contracts. The cost of specific end-of-service benefits and the present value of the related obligations are determined using actuarial valuations. The actuarial valuation involves making various assumptions that may differ from actual developments in the future. It also includes determining the discount rate, future salary increases, withdrawal before the natural retirement age, death rates, and others. Because of the valuation's difficulty and underlying assumptions, and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions.

All assumptions are reviewed at the balance sheet date. The criterion most subject to change is the discount rate. The discount rate is determined based on market returns at the end of the reporting period on high-quality corporate bonds for a period similar to that of the commitments. The discount rate is derived based on market returns. The average duration of the commitment's cash flows is about 7.1 years. 100% of the SLIC ratings (2001-2005) are used as the basis for calculating death rates. The death curve is considered base and adjusted based on the expected experience of death.

Measurement of fair value of financial instruments

A number of the Company's accounting policies and disclosures require the measurement of the fair value of both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date of the principal amount, or if it is not located in the most advantageous market to which the Company has access at that date. The fair value of the obligation reflects the risk of non-performance.

When an active market is available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is considered "active" if transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

When specific prices are not available in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and reduce the use of unobservable inputs. The valuation technique chosen includes all the factors that market participants will take into account when pricing a transaction.

If an asset or liability measured at fair value has a bid price and an ask price, the Company measures the assets and long positions at the bid price and liabilities and short positions at the ask price.

The best evidence for the fair value of a financial instrument on initial recognition is usually the transaction price - ie the fair value of the consideration paid or received. If the Company determines that the fair value at initial recognition is different from the transaction price and there is evidence that the fair value is not at a quoted price in an active market for the asset or liability is similar and is not also in accordance with the valuation technique, then any unobservable input is considered unrelated to the measurement, then The financial instrument is initially measured at fair value, after adjusting for deferment of the difference between fair value at initial recognition and the transaction price. Subsequently, this difference is recognized in profit or loss on an appropriate basis depending on the life of the instrument, but not later than when the valuation is fully supported by observable market data or when the transaction is closed.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When measuring the fair value of an asset or liability, the Company uses observable market data to the extent possible. Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:
Level 1: Quoted (unadjusted) prices in active markets for similar assets or liabilities;
Level 2: Inputs other than quoted prices that are included in Level 1 that are observable for 1 asset or liability, directly (such as prices) or indirectly (derived from prices);
Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the entire fair value measurement is categorized in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the financial reporting period during which the change has occurred.
When the fair value of the assets and liabilities in the statement of financial position cannot be measured based on a Quoted prices in active market, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets, but when this is not possible, a degree of judgment is required in determining fair values. Judgments include input considerations such as liquidity

risk, credit risk and volatility. Changes in assumptions about these factors could affect the disclosed fair value of financial instruments.

RELATED PARTY TRANSACTIONS

Related party

A related party is a person or entity that is related to the entity that is preparing its financial statements.

A- A person or a close member of that person's family is related to a reporting entity if that person:
1) has control or joint control of the reporting entity؛
2) has significant influence over the reporting entity؛ or or
3) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

B- An entity is related to a reporting Company if any of the following conditions applies:
1) The entity and the reporting Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
3) Both entities are joint ventures of the same third party.
4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
5) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
6) The entity is controlled or jointly controlled by a person identified in (a).
7) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
8) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.
At the inception of the lease, the Company determines whether the contract is a lease or includes a lease. A contract is a lease or includes a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Evaluate whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

On initiation or upon modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of the proportionate, independent prices of the lease component. However, for property leases, the Company has elected not to separate the non-lease components and to account for the lease and non-lease components as a single lease component

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company recognizes a right-of-use asset and a lease liability on the commencement date of the lease. The right-to-use asset is initially measured at cost, which includes the initial amount of the lease liability adjusted for any lease payments made on or before the lease commencement date, plus any direct costs incurred and an estimate of the costs of dismantling and removing the underlying assets or restoring the contract asset or the site on which it is located, less No rental incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date of the lease to the end of the lease term, unless the lease transfers ownership of the contract asset to the Company at the end of the lease contract or the cost of the right-of-use asset indicates that the Company will use the purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the contract asset, which is determined on the same basis as those assets and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for remeasurement of certain lease liabilities. The rental obligation is measured
Initially at the present value of the unpaid lease payments at the beginning of the lease, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate, if the implicit interest rate cannot be readily determined
Generally, the Company uses the incremental borrowing rate as the discount rate. The Company determines the incremental borrowing rate by obtaining interest rates from various external sources of financing and making certain adjustments to reflect the terms of the lease and the type of leased asset. The lease payments included in the measurement of the lease liability include the following:

- fixed payments, including fixed payments in substance;
- variable lease payments that are dependent on an index or a rate, initially measured using the index or rate as at the start date of the lease;
- Amounts expected to be paid under the residual value guarantee; And
- Use of the price under the purchase option that the Company is certain to use, lease payments in an optional renewal period if the Company is reasonably certain to use the extension option, and penalties for early termination of the lease unless the Company is certain it will not terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in an index or price, if there is a change in the Company's estimate of the amount expected to be paid under a residual value guarantee, if the Company changes its assessment of whether to use a purchase, extension or termination option or if There was an adjusted fixed rent payment.
When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or recognized in profit or loss if the carrying amount of the right-of-use asset is reduced to zero.

Leases and short-term leases of low-value assets
The Company has elected not to recognize right-of-use assets, lease liabilities, leases of low-value assets and short-term leases. The Company recognizes lease payments associated with these leases as an expense on a straight line basis over the term of the lease.

Contingent liabilities
Contingent liabilities are not recognized in the statement of financial position. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are recorded in the statement of financial position under accounts payable or other payable. A contingent asset is not recognized in the statement of financial position, but is disclosed when an outflow of economic benefits is probable.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and discount. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, can be measured reliably.
The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS15:

Step 1. Identify contract(s) with a customer:
Step 2. Identify performance obligations in the contract:

Step 3. Determine the transaction price:

Step 4. Allocate the transaction price to the performance obligations in the contract.
Step 5. Recognise revenue when the Company satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if of the following criteria is met:

a) The Company performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.
b) The Company performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer simultaneously receives and consumes the benefits provided by the Company performance as the Company performs.
For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.
When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Other revenue
Other income is recognized when due in the statement of profit or loss.

Expenses
Selling and marketing expenses include any expenses resulting from the Company's efforts in marketing, selling and distribution activities. All other expenses, other than direct costs, are classified as general and administrative expenses. Allocations of common expenses between cost of sales, selling and marketing expenses, and general and administrative expenses, if required, are made on a regular basis.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividend

Dividends are recorded in the financial statements in the period approved by the Board of Directors. Final dividends are recorded in the financial statements in the year in which they are approved by the sharholders.

Foreign currencies translation

Foreign currency transactions are translated into Saudi Riyals at the rate of exchange prevailing at the time of the transaction. As for monetary assets and liabilities that are denominated in foreign currencies, they are converted to their equivalent in Saudi riyals at the exchange rates prevailing on that date. Foreign exchange differences are recognized in profit or loss for the current period.

(All amounts expressed in Saudi Riyals unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT, NET

	Agricultural land	Buildings and constructions	Machinery and equipment	Motor vehicles	Furniture and fixtures	Total
Cost:						
At 1 January 2021	171,307,811	41,164,106	1,946,417	168,578	121,147	214,708,059
Additions	-	-	-	-	2,994	2,994
At 31 December 2021	**171,307,811**	**41,164,106**	**1,946,417**	**168,578**	**124,141**	**214,711,053**
Accumulated depreciation:						
At 1 January 2021	-	28,789,458	1,940,408	168,577	111,823	31,010,266
Additions	-	634,284	3,212	-	5,483	642,979
At 31 December 2021	-	**29,423,742**	**1,943,620**	**168,577**	**117,306**	**31,653,245**
Net book value:						
At 31 December 2021	**171,307,811**	**11,740,364**	**2,797**	**1**	**6,835**	**183,057,808**

Agricultural land is a government grant provided by Saudi government in the form of a conditional grant. On 8 Jumada II, 1441 AH (corresponding to - February 2, 2020), the approval of the Ministry of Environment, Water, and Agriculture was issued for the Company to own these lands. (See Note 19).

(All amounts expressed in Saudi Riyals unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

	Agricultural land	Buildings and constructions	Machinery and equipment	Motor vehicles	Furniture and fixtures	Total
Cost:						
At 1 January 2020	171,307,811	42,028,722	2,211,417	168,578	115,600	215,832,128
Additions	-	-	-	-	5,547	5,547
Disposals	-	(864,616)	(265,000)	-	-	(1,129,616)
At 31 December 2020	**171,307,811**	**41,164,106**	**1,946,417**	**168,578**	**121,147**	**214,708,059**
Accumulated depreciation:						
At 1 January 2020	-	29,018,051	2,202,186	168,577	88,526	31,477,340
Additions	-	636,022	3,221	-	23,297	662,540
Disposals		(864,615)	(264,999)	-	-	(1,129,614)
At 31 December 2020	-	**28,789,458**	**1,940,408**	**168,577**	**111,823**	**31,010,266**
Net book value:						
At 31 December 2020	**171,307,811**	**12,374,648**	**6,009**	**1**	**9,324**	**183,697,793**

(All amounts expressed in Saudi Riyals unless otherwise stated)

7. INVESTMENTS IN EQUITY INSTRUMENTS

The following is a summary of investments in equity instruments as at December 31:

			Ownership		Balance as at	
Company name	**Principal activity**	**location**	**2021**	2020	**2021**	2020
National Seed Production Company	Production and trade of seeds and plant tissues and their development	Saudi Arabia	**%2.80**	%2.80	**825,600**	825,600
United Dairy Farms Company	Production and processing of fresh milk and its products	Saudi Arabia	**%8.28**	%8.28	**600,000**	600,000
					1,425,600	1,425,600

- During the year ended 31 December 2021, the Company has received a dividend of SAR 300,000 from its investment in the United Dairy Farms Company.

8. INVENTORY

	2021	2020
Fertilizers and pesticides	**116,121**	116,121
Oils	**43,061**	43,061
Provision for slow moving inventory	**(159,182)**	(159,182)
Balance at 31 December	**-**	-

8.1 Movement in provision for slow moving inventory:

	2021	2020
Balance at 1 January	**(159,182)**	(159,182)
Charged during the year	**-**	-
Write off during the year	**-**	-
Balance at 31 December	**(159,182)**	(159,182)

8.1.1 Provision for slow moving inventories is based on nature of inventories, ageing profile, their expiry and sales expectation based on historic trends and other qualitative factors.

9. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	2021	2020
Trade receivables	**1,357,021**	1,357,021
Less: provision for impairment of trade receivables (note 9-2)	**(1,357,021)**	(1,357,021)
Net trade receivable	**-**	-
Staff receivables	**786,624**	786,624
Provision for impairment in staff receivables	**(786,623)**	(786,623)
Value added tax	**52,718**	-
Prepaid expenses	**31,384**	86,598
Balance at 31 December	**84,103**	86,599

9.1 Ageing of Trade Receivables:

	2021	2020
Up to 2 months	**-**	-
2-3 months	**-**	-
3-6 months	**-**	-
9 months - one year	**-**	-
More than one year	**1,357,021**	1,357,021
Balance at December 31	**1,357,021**	1,357,021

(All amounts expressed in Saudi Riyals unless otherwise stated)

9.2 Movement in provision for impairment of trade receivables is as follows:

	2021	2020
Balance on January 1	1,357,021	1,357,021
Charged during the year	-	-
Used during the year	-	-
Balance at December 31	1,357,021	1,357,021

10. CASH AND CASH EQUIVALENT

	2021	2020
Cash at bank	272,618	124,711
Balance at 31 December	272,618	124,711

- During the year ended 31 December 2021, all the company's bank accounts were suspended due to the lawsuits filed against the Company. Subsequent to the reporting date, the suspension of these accounts were released.

11. SHARE CAPITAL

The Company's share capital amounted to SAR 75,000,000 (2020: SAR 75,000,000), consisting of 7,500,000 (2020: 7,500,000) fully paid and issued shares of SAR 10 each.

12. STATUTORY RESERVE

In accordance with the regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of the profit for the year to a statutory reserve until it equals to 30% of its share capital. The reserve is not available for distribution to the shareholders of the Company.

13. EMPLOYEE BENEFITS OBLIGATIONS

The scheme provides for employee's terminal benefits for all employees who complete qualifying period of service and are entitled to amounts are mentioned under labor law for each completed year/period of such service.

Annual provision is based on actuarial valuation. The valuation was carried out as of December 31, 2021 by an independent actuary, using the projected unit credit method.

The movement in employees' end-of-service benefit obligations during the year is as follows:

	2021	2020
Balance at 1 January	47,097	17,854
Charged during the year to profit or loss		
Current service cost	20,500	12,000
Charged to the statement of other comprehensive income		
Re-measurement of employee benefits	100,427	17,243
Paid during the year	-	-
Balance at 31 December	168,024	47,097

(All amounts expressed in Saudi Riyals unless otherwise stated)

13. EMPLOYEE BENEFITS OBLIGATIONS (CONTINUED)

Principal actuarial assumptions

The following are the basic actuarial assumptions at the date of the financial statements:

Financial Assumptions	2021	2020
Rate of increase in salary of the employees (short term and long term)	2.15%	3,05%
Discount rate	2.15%	3,05%
Mortality	WHO 19-75%	WHO 16-75%
Retirement age	60 years	60 years

All movements in the end of service benefits liability are recognized in statement of profit or loss except for the actuarial loss which is recognized in other comprehensive income.

The sensitivity of the defined benefit obligation to changes in the weighted average principal assumption is:

	2021	2020
Discount rate: Increase by 0.5%	163,036	43,881
Discount rate: Decrease by 0.5%	173,428	50,637
Long term salary: Increase by 0.5%	173,683	50,700
Long term salary: Decrease by 0.5%	173,683	43,795

Expected maturity analysis

Distribution of timing of benefit payments (time in years)	1 year	2 year	3 years	4 years	5 years	6-10 year
At 31 December 2020	872	1,083	1,749	2,421	2,778	76,387
At 31 December 2021	3,040	155,493	2,626	3,076	3,554	74,321

14. TRADE AND OTHER PAYABLES

	2021	2020
Trade payables	4,770,089	3,933,954
Allowances and remunerations for members of the Board of Directors and other committees	2,165,084	1,751,584
Accrued employee related costs	79,218	1,225,008
Provision of legal cases	1,105,537	1,071,719
Payable to consultation offices	1,045,766	1,045,765
Accrued interest	224,913	-
Advance from tenants	142,315	136,376
Accrued rent	173,077	122,409
Accrued professional fees	404,900	326,500
Provision for vacation and tickets	297,978	52,147
Accrued GOSI expenses	185,452	156,033
Other	1,238,650	706,976
Balance at 31 December 2021	11,832,979	10,528,471

(All amounts expressed in Saudi Riyals unless otherwise stated)

15. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with related parties are represented in the transactions with associate companies, non-executive board members and senior management, where senior management officers are considered persons exercising authority and responsibility in directly or indirectly planning, managing and monitoring the Company's activities, including managers.

Name	Relationship
Mr. Mohammed Al-Hujailan	CEO and Managing Director
Mr. Sami Al-A Kuthairi	Shareholder

15.1 The Company had the following important transactions with related parties during the year ended 31 December:

	2021	2020
Payments on behalf of the Company	-	456,669

15.2 Compensation of Key Management Personnel:

Key management personnel comprise all members of the senior management team who have the authority and responsibility to plan, direct and control activities either directly or indirectly.

	2021	2020
Allowances and remunerations for members of the Board of Directors and other committees	**406,000**	409,084
CEO salaries and benefits (Note 15-2-1)	**2,333,328**	-

15.2.1 On June 2, 2021, the Board of Directors decided to end the assignment of the designated CEO and his appointment as the CEO of the Company from the date of January 1, 2021. In accordance with the services contract signed with him, all his financial benefits were retroactively calculated from the date of his assignment as designated CEO of the Company on January 1, 2019.

15,3 Due to related parties as at 31 December 2021 as follows:

	2021	2020
Mr. Mohammed Al-Hujailan (Note 15.2.1)	**2,558,400**	196,951
Mr. Sami Al-Kuthairi	**259,718**	259,718
	2,818,118	456,669

16. SHORT TERM LOAN

	2021	2020
Islamic Banking Facilities (Murabaha)	**10,000,000**	10,000,000
	10,000,000	10,000,000

16.1 During the year 2018, the Company obtained a credit facility from a local bank in the form of a short-term loan to finance the Company's working capital requirements with a total value of SR 10,000,000 for a period of one year, subject to renewal. These facilities are subject to the prevailing interest rates among Saudi banks (SAIBOR) plus a profit margin of 3% annually. These facilities are guaranteed by the member of the Board of Directors through a continuous guarantee of solidarity, which is irrevocable, in addition to a personal promissory note in favor of the bank. The financing expenses for the year ended December 31, 2021 amounted to SR 350,141 (December 31, 2020: SR 141,716), and during the year 2021, the loan was rescheduled to the second quarter of 2022.

17. DIVIDENDS PAYABLE

The amounts of dividends payable to shareholders with a balance of SR 1,359,072 as at 31 December 2021 (31 December 2020: SR 1,359,072) represents dividends payable to shareholders who did not approach banks to receive these dividends pertaining to previous years.

(All amounts expressed in Saudi Riyals unless otherwise stated)

18. ZAKAT

A- Status of Zakat assessments

The Company received from the Zakat, Tax and Customs Authority " the Authority" the final assessment for the period from 31/7/1991 to 31/7/1994, in which the Authority requested the Company to pay an amount of SAR 3,726,232, the Company recorded this amount within the estimated zakat provision and the Company submitted an appeal to the assessment.

On 9 January 2017, the Company received a letter from the authority for the years from 1991 to 2014 to pay a zakat amount of SAR 19.2 million. The Company has made an additional provision of SAR 10,000,000 to cover these additional amounts, and the Company submitted its appeal against the assessment.

On 28 July 2018, the Company received a decision from the Initial Zakat and Tax Objection Committee against the appeal of the Company filed on the Zakat assessment for the years from 1995 to 2014, which supports the Company's appeal to five zakat items, while other nine items were rejected. An appeal was submitted by the zakat advisor. During 2018 the Company has settled the payable Zakat for 2015, which amounted to SAR 192,991.

On 22 February 2020, the Company was informed that there are payable amount to the authority amounted to SAR 19,745,456.The Company has made an additional provision amounting to SAR 963,792, which was recorded in the financial statements for the year 2019. The Company was also informed that the authority will apply mandatory collection procedures against the Company in case of non-compliance of paying all zakat dues within a maximum period of (20) days from the date of the claim. The Company also received other amendments to the zakat assessments for 2015 and 2017 with a total amount of SAR 175,132.
During 2021, the authority issued a final assessment reducing the zakat due from SAR 19,938,849 to SAR 15,995,179. Which led the Company to reduce the zakat provision by SAR 3,943,670.

The Company management is currently negotiating with the authority to set up a mechanism for settling the payment of zakat payable.

The Company submitted its zakat returns to the authority for the previous years up to 2020.

B- The provision for zakat was calculated based on the following:

	2021	2020
Equity according to the Zakat, Tax and Customs Authority	**143,004,545**	145,243,909
Provisions beginning balance and other adjustments	**40,016,866**	42,289,644
Book value of long-term assets	**(183,057,805)**	(183,697,793)
Investments	**(1,425,600)**	(1,425,600)
Adjusted loss for the year	**(4,460,531)**	(1,761,412)
Zakat base	**(5,922,525)**	648,748
Total zakat liability for the year	**-**	18,261

Zakat is due at the rate of 2.5% of the adjusted net profit attributable to shareholders and 2.584474% of the zakat base after deducting the adjusted net profit.

C- Adjusted net loss for the year

The adjusted net loss adjustment for the year is as follows:

	2021	2020
Net loss for the year	**(4,181,031)**	(2,203,860)
Other allowances	**-**	430,448
Dividends for investments in companies	**(300,000)**	-
Additions of provision for employees' end of service benefits	**20,500**	12,000
	(4,460,531)	(1,761,412)

(All amounts expressed in Saudi Riyals unless otherwise stated)

18. ZAKAT (CONTINUED)

D- The movement in the provision for zakat for the year ended December 31 is as follows:

	2021	2020
Balance at the beginning of the year	19,938,849	19,745,456
Charge during the year – current	-	18,261
Charge during the year – prior	(3,943,670)	175,132
Balance at the end of the year	15,995,179	19,938,849

19. GOVERNMENT GRANTS

Property, plant and equipment include land in the form of government grant allocated to the Company by the Saudi government. pursuant to a decision issued by the Ministry of Environment, Water and Agriculture, which includes the ownership of Al Sharqiyah Development Company land space of (72,178,700 square meters), where the book value of the land as of 31 December 2021 is SR 171,307,811 (31 December 2020: SR 171,307,811).

On 8 Jumada II 1441H (2 February 2020), the Company received a decision issued by the Ministry of Environment, Water, and Agriculture that states:

The Minister of Environment, Water and Agriculture decision is based on Royal Decree No. 4/1016/M dated 03/06/1406 H and on Council of Ministers resolution No. 288 dated 30/05/1440, which stipulates that the Company's ownership (according to the applicable legal procedures) of the land equals the area that has been revived.

Based on the minutes of the Central Committee of land Distribution No. 2142 dated 26/08/1440 H, which recommended to the Company ownership of the land equal the area that has been revived from its allocated area under allocation resolution No. 49078 and the date of 22/07/1406 H, whereas, the Royal Decree has approved the ownership by virtue of the Royal Decree No. (24682) dated 15/04/1441 H, it decides:

First: The right of Al-Sharqiyah Development Company to the ownership of the land located 17 km from the Triangle of Fadhili/Abu Hadria, which covers an area of 72,178,700 square meters (seventy-two million, one hundred and seventy-eight thousand and seven hundred thousand square meters) scheme No. 1209 and date 02/08/1440H. And its coordinates are illustrated by:

North/ 50 m wide road - 7618.28 m long
South/ 50 m wide road - 7594.48 m long
East/ 50 m wide road - 9528.67 m long
West/50 m wide road - 9448.49 m long

Number	Easterners	Northern
1	312672,58	2971108,23
70	320236,16	2970197,44
77	319041,32	2960743,98
120	311511,30	2961731,37

Second: This land is exploited in accordance with the regulations and policies governing agriculture.
Third: This decision is not effective until approved by a royal decree.

(All amounts expressed in Saudi Riyals unless otherwise stated)

20. GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
Allowances and remunerations for members of the Board of Directors and other committees	406,000	409,084
Employee salaries and benefits	3,027,174	398,474
Depreciation	642,979	662,540
Fees and subscriptions	276,188	227,261
Professional fees and advice	199,875	129,975
Rent	115,999	118,506
Maintenance and fuel	26,876	34,307
Legal expenses	-	276,316
Zakat assessments related to previous years	-	175,132
Provision for impairment of accounts receivable	-	4,000
Other	86,040	158,421
Total	4,781,131	2,594,016

21. OTHER INCOME

	2021	2020
Gain on the sale of property, plant and equipment	-	203,868
Income from rental of cowsheds	140,000	140,000
Revenues from leasing communication towers	110,000	110,000
Dividends	300,000	-
Scrap disposal gains	351,826	-
Other	48,415	79,504
	950,241	533,372

22. LOSS PER SHARE

Loss per share is calculated based on the loss attributable to the Company's shareholders divided by the weighted average number of shares issued. Diluted losses per share are the same losses per share because the Company does not have dilutive instruments issued.

	2021	2020
Period loss attributable to the Company's shareholders	(337,788)	(2,239,364)
Weighted average number of shares	7,500,000	7,500,000
Loss per share	(0.04)	(0.30)

23. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks such as market risk (including currency risk, fair value risk, cash flow interest rate and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to limit potential negative effects on the Company's financial performance.

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

It is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices. Market risk consists of three types of risk which are interest rate risk, currency risk and other price risk.

Fair value and interest rate cash flow risks

The fair value and cash flow interest rate risks are the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company's interest rate risk arises from loans that are at floating interest rates and are subject to regular re-pricing. Management monitors changes in interest rates.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The principal transactions of the Company are in Saudi Riyals and US Dollars. The Company's management monitors these fluctuations and manages their impact on the financial statements accordingly.

Interest rate risks

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rates prevailing in the market. The Company is subject to interest rate obligations, including term loans.
The following table shows the sensitivity to a reasonably possible change in interest rates on variable rate loans with all other variables held constant on the Company's profits as at 31 December 2021.

	Increase (decrease) interest rate	Balance as at December 31	Effect on statement of profit or loss
		SAR	SAR
Short term loan	%0.5 ±	10,000,000	500,000

Credit risk

Credit risk is the risk that one party will not be able to meet its obligations and will result in the other party incurring a financial loss. The Company does not have significant concentrations of credit risk. To reduce exposure to credit risk, the Company has established formal credit procedures under which credit limits are applied to its customers. The management also monitors exposure to credit risk towards customers, and establishes a provision against those balances whose recovery is doubtful. To mitigate risk, the Company has a system in place to set credit limits for its customers based on a comprehensive assessment based on information about the customer and past payment records. The customer's outstanding receivables are monitored on a regular basis. Some customers are also secured, where possible, by internal letters of credit, cash security deposits, bank guarantees and insurance guarantees.

Liquidity risks

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. These conditions indicate that the Company may face problems in meeting its obligations as they become due and to continue as a going concern, and these are dependent upon the Company's ability to arrange adequate funds in a timely manner. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are made available to meet any future commitments.

(All amounts expressed in Saudi Riyals unless otherwise stated)

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

Following table represents the maturity profiles of the financial assets and financial liabilities.

As at 31 December 2021

	0-12 months	1-3 years	3-5 years	More than 5 years	Total
Financial assets	**SAR**	**SAR**	**SAR**	**SAR**	**SAR**
Cash and cash equivalents	272,618	---	---	---	272,618
Investment in equity instruments	1,425,600	---	---	---	1,425,600
Trade receivables	1,357,021	---	---	---	1,357,021
Advances and other debit balances	786,624	---	---	---	786,624
Total financial assets	3,841,863	---	---	---	3,841,863
Financial liabilities					
Short term loan	10,000,000	---	---	---	10,000,000
Trade and other payables	11,832,979	---	---	---	11,832,979
Due to related parties	2,818,118	---	---	---	2,818,118
Total - financial liabilities	24,651,097	---	---	---	24,651,097

As at 31 December 2020

	0-12 months	1-3 years	3-5 years	More than 5 years	Total
Financial assets	**SAR**	**SAR**	**SAR**	**SAR**	**SAR**
Cash and cash equivalents	124,711	---	---	---	124,711
Investment in equity instruments	1,425,600				1,425,600
Trade receivables	1,357,021	---	---	---	1,357,021
Advances and other debit balances	845,756	---	---	---	845,756
Total financial assets	3,753,088	---	---	---	3,753,088
Financial liabilities					
Short term loan	10,000,000	---	---	---	10,000,000
Trade and other payables	10,528,471	---	---	---	10,528,471
Due to related parties	456,669	---	---	---	456,669
Total - financial liabilities	20,985,140	---	---	---	20,985,140

24. SHARE CAPITAL MANAGEMENT

The Company manages its capital to ensure its ability to continue as a going concern while maximizing the return to stakeholders. The Company's capital structure consists of shareholders' equity, which includes capital and retained earnings.

(All amounts expressed in Saudi Riyals unless otherwise stated)

25. COMPARATIVE FIGURES

The previous year's figures have been reclassified and/or reclassified, as necessary, for the purpose of better presentation to match the presentation of comparative figures in the financial statements with the current presentation. The reclassifications made in the financial statements were as follows:

Statement of financial position As at 31 December 2020	Balance before reclassification	Reclassification	Balance after reclassification
Current liabilities			
Trade payables and other liabilities	3,933,954	6,594,517	**10,528,471**
Accrued expenses and other liabilities	6,594,517	(6,594,517)	-

Statement of profit or loss and other comprehensive income For the year ended 31 December 2020	Balance before reclassification	Reclassification	Balance after reclassification
Cost of revenue	525,171	(525,171)	-
General and administrative expenses	2,068,845	525,171	**2,594,016**

26. SIGNIFICANT MATTERS

The novel Coronavirus (COVID-19) pandemic has spread across various geographies globally, disrupting business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

The Government of the Kingdom of Saudi Arabia (the "Government") has been able to successfully control the outbreak of the disease so far, mainly due to the effective measures taken by the government, which led to the lifting of curfews and the shutdown and implemented initial measures towards to return the business and economic activities taking into account the reduced impact of the pandemic. The Company has evaluated the potential effects of the epidemic outbreak. The pandemic had no effect on the company's performance, where the company was able to fulfill its obligations to its customers. The Company has taken into account the impact of the pandemic on its estimates and judgments made during the year.

The main commercial register of the Company has been suspended as a result of the lawsuits case filed against it. As a result, the Company's bank accounts were suspended, and the CEO's bank account was used to complete its daily operations. Subsequent to end of financial year, the Company has settled the reasons for suspension of its commercial registration, which led to reactivation.

27. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the board of directors on 26 Shaaban 1443 (corresponding to 29 March 2022)