WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
A SAUDI JOINT STOCK COMPANY

RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (1/3)

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Wafrah For Industry and Development Company (the "Company") as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the financial statements of the Company, which comprise of the following:

- The statement of financial position as at December 31, 2023;
- The statements of profit or loss and other comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended, and;
- The notes to the financial statements, comprising material accounting policies / other explanatory information.

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 from the Company in accordance with the 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.

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 year. 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.

Key Audit Matters	How our audit addressed the key audit matter
Revenue Recognition	
During the year ended December 31, 2023, the Company recognized total net revenue of SR 161,631,425 (December 31,2022: SR 130,516,485). Revenue is recognised in accordance with International Financial Reporting 15 – Revenue from Contracts with Customers ("IFRS 15") which requires taking into account rebates given to customers on Company's sales. The recognition of customer rebates on the performance criteria under each commercial contracts. This area is key to our audits as the estimates of recognized the rebates involve judgement and have an impact on reported revenue and accordingly, revenue recognition has been considered a key audit matter. The accounting policy for revenue is outlined in note (3) and breakdown of revenue is presented in note (24).	We have performed the following procedures: - Evaluate the appropriateness of the company's revenue recognition policy Based on International Financial Reporting Standard No. (15) "Revenues of contracts with customers"; - Evaluate Key contractual, returns and rebates arrangements by considering relevant documentation and agreements with customers; - Recalculated rebates for sample of customers according to their agreements. - Evaluate the design and implementation of the internal control systems related to Management procedures over revenue recognition; - Examine a sample of sales transactions taking place during the year and inspected the supporting documents to ensure they were recognized at correct amounts; - Inspected sample of sales transactions recorded before and after the year-end to assess whether revenue was recorded in the correct accounting period; - We performed analytical procedures; - We assessed the adequacy of disclosures used in the financial statements related to revenue item.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
A SAUDI JOINT STOCK COMPANY

RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued) (2/3)

OTHER MATTERS

- The financial statements of the Company for the year ended December 31, 2023 were audited by another auditor, who expressed a unmodified opinion dated Ramadan 6, 1444 H corresponding March 28, 2023.

- As part of our audit of the 2023 financial statements, we also audited the adjustments described in Note (36) that were applied to amend the 2022 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.
  We were not engaged to audit, review, or apply any procedures to the 2022 financial statements of the company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements taken as a whole.

OTHER INFORMATION

Other information consists of the information included in the Company's 2023 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.

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 and other standards and pronouncements issued by SOCPA and Regulations for Companies and the 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the 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 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 the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
A SAUDI JOINT STOCK COMPANY

RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued) **(3/3)**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent 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 control 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 to 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 year 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

Article no. 20 Paragraph No. 5 of the companies' laws requires that the auditor includes in his report what might come to his attention with respect to non-compliance of the terms of the article of association of the company. During the course of our current audit of the financial statements. We have noted that the company have non-compliance of the company's By-laws in accordance with the requirements of Article No. 43 of the company's By-laws, have no material impact on the financial statements which is not transferred 10% of the Profit for the year to the statutory reserve for the years ended December 31, 2023 and December 31, 2022.

For Al-Bassam & Co.

البسام وشركاؤه
محاسبون قانونيون
C.R.1010385804
License 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ibrahim A. Al Bassam
Certified Public Accountant
License No. 337
Riyadh: Ramadan 23, 1445H
Corresponding to: April 2, 2024

Wafrah For Industry And Development Company
(A Saudi Joint Stock Company)
Statement Of Financial Position
As At 31 December 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 December 2023	31 December 2022 (Restated Note 36)	1 January 2022 (Restated Note 36)
ASSETS				
Non-current assets				
Property, plant and equipment	5	**76,577,497**	80,113,704	86,477,251
Right of use assets	6	**4,234,703**	4,170,828	3,408,341
Intangible assets	7	**374,856**	548,038	721,220
Investments at fair value through profit or loss	8	**15,018,528**	-	-
Investments at fair value through other comprehensive income	9	**401,237**	438,672	724,441
Capital work in process	10	**75,467,151**	-	-
Total non-current assets		**172,073,972**	85,271,242	91,331,253
Current assets				
Trade receivable	11	**53,070,189**	53,859,273	18,910,797
Inventory	12	**23,952,007**	20,704,936	15,250,921
Prepayments and other debit balances	13	**16,683,433**	20,842,273	6,030,355
Due from related parties	14	**1,798,256**	1,391,306	1,391,306
Financial assets at amortized cost- Deposit	15	-	121,406,167	-
Cash and cash equivalents	16	**54,407,382**	5,914,288	9,330,328
Total current assets		**149,911,267**	224,118,243	50,913,707
Total assets		**321,985,239**	309,389,485	142,244,960
EQUITY AND LIABILITIES				
Equity				
Share capital	17	**231,511,050**	231,511,050	77,170,350
Fair value reserve of investments through other comprehensive income	9	**(854,462)**	(817,027)	(531,258)
Remeasurement reserve of defined benefit plan		**(612,489)**	699,805	(33,914)
Retained earnings / (accumulated losses)		**2,424,805**	(18,538,794)	(27,423,018)
Total equity		**232,468,904**	212,855,034	49,182,160
LIABILITY				
Non-current liabilities				
Loan guarantee provision - Related party	8/e	**2,540,348**	2,540,938	4,050,345
Long-term loan	18	-	-	6,000,000
Long-term lease liabilities	6	**3,673,536**	3,565,001	2,927,561
Employees' defined benefits liabilities	19	**7,964,501**	5,772,867	7,036,000
Total non-current liabilities		**14,178,385**	11,878,806	20,013,906
Current liabilities				
Loan guarantee provision - Related Party	8/e	**4,177,540**	4,177,540	3,150,245
Trade payable		**19,225,824**	23,461,342	33,539,153
Short-term lease liabilities	6	**492,639**	485,088	477,232
Accrued expenses and other payables	20	**13,161,593**	8,900,501	9,153,176
Refund liabilities	21	**4,562,656**	4,972,912	1,320,678
Shareholders' accrued dues	22	**25,836,527**	25,913,228	1,193,417
Current portion of long-term loan	18	**2,000,000**	12,000,000	19,500,000
Zakat provision	23-b	**5,881,171**	4,745,034	4,714,993
Total current liabilities		**75,337,950**	84,655,645	73,048,894
Total liabilities		**89,516,335**	96,534,451	93,062,800
Total equity and liabilities		**321,985,239**	309,389,485	142,244,960
Capital commitments and contingent liabilities	30			

Financial Manager	CEO	Authorized Board of directors Member
Ahmed Abdullah Aldaham	Mohamed Abdulaziz Alfadly	Mohamed Yaakoob Almokhdb

The accompanying notes 1 to 39 form an integral part of these financial statements.

Wafrah For Industry And Development Company
(A Saudi Joint Stock Company)
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2023	2022 (Restated Note 36)
Sales, net	24	**161,631,425**	130,516,485
Cost of sales	25	**(111,043,586)**	(86,553,631)
Gross profit		**50,587,839**	43,962,854
General and administrative expenses	26	**(18,748,289)**	(13,350,373)
Selling and marketing expenses	27	**(24,285,911)**	(16,052,672)
Operating profit		**7,553,639**	14,559,809
Gain from investments in financial instruments at fair value through profit or loss	8	**15,018,528**	-
Provision for expected credit losses	11	**(555,277)**	(760,338)
Provision for slow-moving inventory	12	**(1,767,624)**	-
Impairment in prepayments and other debit balances	13	**(2,726,964)**	-
Other income / (other expenses), net	28	**7,894,365**	1,995,567
Finance cost	29	**(669,584)**	(888,227)
Reversal of impairment of property, plants and equipment	5	-	444,577
Reversal of loan guarantee provision - related party	8-e	-	482,112
Net profit for the year before zakat		**24,747,083**	15,833,500
Zakat	23	**(3,152,225)**	(2,016,088)
Zakat differences	23	**(631,259)**	(289)
Net profit for the year		**20,963,599**	13,817,123
<u>Items that will not be reclassified to profit or loss:</u>			
Net change in fair value of investments	9	**(37,435)**	(285,769)
Actuarial gain of remeasurement of defined employees' benefit	19	**(1,312,294)**	733,719
Total other comprehensive income for the year		**(1,349,729)**	447,950
Total comprehensive income for the year		**19,613,870**	14,265,073
Earning per share			
Basic and diluted earnings per share from net income for the year	31	**0.91**	1.00

Financial Manager	CEO	Authorized Board of directors Member
Ahmed Abdullah Aldaham	**Mohamed Abdulaziz Alfadly**	**Mohamed Yaakoob Almokhdb**

The accompanying notes 1 to 39 form an integral part of these financial statements

Wafrah For Industry And Development Company
(A Saudi Joint Stock Company)
Statement of Changes in Equity
For the year ended 31 December 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Fair value reserve of investments through other comprehensive income	Remeasurement reserve of defined benefit plan	(Accumlated losses) / Retained earnings	Total
Balance at 1 January 2022 – before adjustment		77,170,350	(531,258)	(33,914)	(23,745,401)	52,859,777
Adjustment (Note 36)		-	-	-	(3,677,617)	(3,677,617)
Balance at 1 January 2022 – after adjustment		77,170,350	(531,258)	(33,914)	(27,423,018)	49,182,160
Capital increase via rights shares issue	17	154,340,700	-	-	-	154,340,700
Rights shares issue cost		-	-	-	(4,932,899)	(4,932,899)
Net profit for the year before adjustment		-	-	-	18,992,158	18,992,158
Adjustment (Note 36)		-	-	-	(5,175,035)	(5,175,035)
Net profit for the year after adjustment		-	-	-	13,817,123	13,817,123
Other comprehensive income	9,19	-	(285,769)	733,719	-	447,950
Total comprehensive income for the year		-	(285,769)	733,719	13,817,123	14,265,073
Balance at 31 December 2022 (note 36)- after adjustment		**231,511,050**	**(817,027)**	**699,805**	**(18,538,794)**	**212,855,034**
Net profit for the year		-	-	-	**20,963,599**	**20,963,599**
Other comprehensive income	9,19	-	**(37,435)**	**(1,312,294)**	-	**(1,349,729)**
Total comprehensive income for the year		-	**(37,435)**	**(1,312,294)**	**20,963,599**	**19,613,870**
Balance at 31 December 2023		**231,511,050**	**(854,462)**	**(612,489)**	**2,424,805**	**232,468,904**

Financial Manager	CEO	Authorized Board of directors Member
Ahmed Abdullah Aldaham	**Mohamed Abdulaziz Alfadly**	**Mohamed Yaakoob Almokhdb**

The accompanying notes 1 to 39 form an integral part of these financial statements

Wafrah For Industry And Development Company
(A Saudi Joint Stock Company)
Statement of Cash Flows
For the year ended 31 December 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2023	2022 (Restated Note 36)
Cash flows from operating activities:			
Net profit before zakat		**24,747,083**	15,833,500
Adjustments to:			
Depreciation of property, plants, and equipment	5	**7,600,129**	7,826,904
Impairment / (Reversal) of property, plants, and equipment	5	**-**	(444,577)
Adjustment on loan guarantee provision - related party	8e	**(590)**	(482,112)
Amortization of intangible assets	7	**173,182**	173,182
Provision for employees' defined benefit liabilities	19	**1,384,872**	667,655
Interest on employees' defined benefit liabilities	19	**238,012**	257,495
Reversal of provision for employees' defined benefit liabilities	19	**-**	(860,536)
Provision for expected credit losses	11	**983,996**	760,338
Reverse for expected credit losses	11	**(428,719)**	-
Refund liabilities, net	21	**(410,256)**	3,652,234
Depreciation of right of use assets	6	**641,250**	398,157
Provision of slow moving items	12	**1,767,624**	-
Impairment charge of prepayments and other debit balances	13	**2,726,964**	-
Finance cost on lease	6	**251,571**	244,732
Unrealized gain on investments at fair value through other comprehensive income	8	**(15,018,528)**	-
		24,656,590	28,026,972
Changes in:			
Trade receivable		**233,807**	(35,708,814)
Inventory		**(5,014,695)**	(5,454,015)
Prepayments and other debit balances		**1,431,876**	(14,811,918)
Due from related parties		**(406,950)**	-
Trade payable		**(4,235,518)**	(10,077,811)
Accrued expenses and other payables		**4,261,092**	(252,675)
Cash generated from / (used in) operating activities		**20,926,202**	(38,278,261)
Zakat paid	23-b	**(2,647,347)**	(1,986,336)
Employees' defined benefits paid	19	**(743,544)**	(594,028)
Net cash flows generated from / (used in) operating activities		**17,535,311**	(40,858,625)
Cash flows from investing activities:			
Purchase of property, plant, and equipment	5	**(4,063,922)**	(1,018,780)
Financial assets at amortized cost - Deposit	15	**121,406,167**	(121,406,167)
Purchase of capital work in process	10	**(75,467,151)**	-
Net cash generated from / (used in) investing activities		**41,875,094**	(122,424,947)
Cash Flows from Financing Activities:			
Lease Liabilities paid	6	**(840,610)**	(760,080)
Government loan paid	18	**(10,000,000)**	(13,500,000)
Due to Shareholders prefferd rights	22	**(76,701)**	24,719,811
Capital increase	17	**-**	154,340,700
Rights shares issue cost	17	**-**	(4,932,899)
Net cash (used in) /generated from financing activities		**(10,917,311)**	159,867,532
Increase in cash and cash equivalent during the year		**48,493,094**	(3,416,040)
Cash and cash equivalents at beginning of the year		**5,914,288**	9,330,328
		54,407,382	5,914,288
Non-cash transactions			
Net change in investments at fair value	9	**(37,435)**	(285,769)
Additions to right-of-use assets, against lease liabilities	6	**705,125**	1,160,644
Actuarial loss / (gain) of remeasurement of defined employees' benefit	19	**1,312,294**	(733,719)

Financial Manager	CEO	Authorized Board of directors Member
Ahmed Abdullah Aldaham	Mohamed Abdulaziz Alfadly	Mohamed Yaakoob Almokhdb

The accompanying notes 1 to 59 form an integral part of these financial statements

(All amounts in Saudi Riyals unless otherwise stated)

1. ACTIVITIES

Wafrah For Industry and Development Company is a Saudi Joint Stock Company registered according to the commercial registration No. 1010076996 issued in Riyadh dated 24/10/1410H (corresponding to 18/05/1990).
The paid-up capital of the Company is SAR 200 million comprising of 20 million shares at a par value of SAR 10 per share, during the year 2020, the Company's capital was reduced by amortizing the accumulated losses to SAR 77,170,350 from 7,717,035 shares of SAR 10 each.

During the year 2022 the Company's capital was increased via rights shares issue amounted to SR 231,511,050 with number of shares 23,151,105 shares, each of SAR 10.

The principal activities of the Company are the production of chilled and frozen meats, the manufacture of food products manufactured from potatoes, including (potato chips), the manufacture of cereal breakfast foods in the form of chips, and includes (corn flakes, chips ... etc.) and the manufacture of pasta of all kinds.

The accompanying financial statements included the company's accounts and the following branch accounts:

Branch	CR Number	Activity
Wafrah for Industry and Development CO. – Jeddah	4030108227	Marketing of the company's products
Wafrah for Industry and Development CO. – Dammam	2050028895	Wholesale of food and beverag
Wafrah for Industry and Development CO. – Khamis Mushait	5855339110	Marketing of the company's products
Wafrah factory for pasta and noodles	1010320947	Macaroni industry of all kinds
Branch of Wafrah for Industry and Development	1011016029	Feed production
Wafrah food factory	1010320946	Foods industry from the grain
Wafrah factory for grain products	1010320952	Foods industry from the grain
Wafrah food factory	1010320955	Chilled and frozen meat production
Wafrah factory for freezing vegetables	1010320956	Pickles and industry
Branch of Wafrah for Industry and Development	1011016028	Dates drying and packing and Manufacture of their products

2. BASIS OF PREPARATION

2-1. Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and professional Accountant ("SOCPA"). (Hereinafter referred to as the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia)

The new Companies Law issued by Royal Decree M/132 dated 12/1/1443H (corresponding to June 30, 2022) (hereinafter referred to as "the Law").
It came effective on 6/26/1444H (corresponding to January 19, 2023). For some article of the Law and in accordance with the By Laws, full compliance in application is expected no later than two years from 6/26/1444 AH (corresponding to January 19, 2023). The company is in the process of amending to align with the article of the new Companies Law.

2-2. Measurement basis

These financial statements have been prepared according to the historical cost principle, with the exception of the following important items included in the statement of financial position

- Investment in equity instruments at fair value through other comprehensive income that are measured at fair value

2. BASIS OF PREPARATION (continued)

2-2. Measurement basis (continued)

- Investments in equity instruments at fair value through profit or loss that are measured at fair value
- Recognizing end-of-service benefits liabilities for employees at the present value of future obligations using the projected unit credit method.

2-3. Presentation and Functional currency

These financial statements are presented in Saudi Riyal ("SR"), which is the Company's functional and presentation currency and all values are rounded to the nearest SR, except when otherwise indicated.

2-4 New standards, amendments to standards and interpretations

2-4-1 New and amended IFRS standards issued and effective in the year 2023

The following amendments to standards relevant to the Company are effective for the annual periods beginning on or after January 1, 2023 (unless otherwise stated). The Company adopted these standards and / or amendments, however, there is no significant impact of these on the financial statements:

Amendments to standards	Description	Effective from accounting period beginning on or aft	Summary of amendment
IFRS 9 (Amendments to IFRS 4)	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	January 1, 2023	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
IFRS 17	Insurance Contracts and its amendments	January 1, 2023	This is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements.
IAS 8	Amendment to the definition of accounting estimate	January 1, 2023	These amendments regarding the definition of accounting estimates help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences
IAS 12	International tax reform (pillar two model rules)	January 1, 2023	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

2. BASIS OF PREPARATION (continued)

2-4 New standards, amendments to standards and interpretations

2-4-2 New and amended IFRS Standards issued but not yet effective

The Company has not applied the following new and revised IFRS Standards and amendments to IFRS that have been issued but are not yet effective:

Amendments to standards	Description	Effective from accounting period beginning on or afte	Summary of amendment
IAS 1	Classification of liabilities as current or non-current	January 1, 2024	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
IFRS 16	Leases on sale and leaseback	January 1, 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
IAS 21	Lack of Exchangeability	January 1, 2024	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

3. Significant accounting policies / policy information

The Company has applied the following accounting policies consistently to all periods presented in these financial statements, unless otherwise stated. In addition, the company adopted the disclosure of accounting policies (amendments to International Accounting Standard 1) as of January 1, 2023. The amendments require the disclosure of accounting policies ("that are significant") instead of accounting policies that are ("significant") and although the amendments It did not result in any changes in the accounting policy itself, but it does affect the accounting policy information that is disclosed in some cases. Below is a summary of the accounting policies applied by the company:

Classification of assets and liabilities as current and non-current

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when:

(a) it expects to realise the asset, or intends to sell or consume it, in the entity's normal operating cycle;
(b) it holds the asset primarily for the purpose of trading;
(c) it expects to realise the asset within twelve months after the reporting date; or
(d) the asset is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when:

(a) it expects to settle the liability in the entity's normal operating cycle;
(b) it holds the liability primarily for the purpose of trading;
(c) the liability is due to be settled within twelve months after the reporting date;
(d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date.

The Company classifies all other liabilities as non-current.

Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will take place either:

- In the principal market for the asset or liability, or
- In the most advantageous market for the asset or liability in the absence of a principal market.

The principal or most advantageous market must be accessible by the Company. The fair value of an asset or liability is measured using the assumptions that market participants use when pricing the asset or liability, assuming that market participants act in their best economic interests .

The fair value measurement of a non-financial asset considers the ability of market participants to provide economic benefits by using the asset for the best benefit, or by selling it to another market participant for the best benefit.

The Company uses valuation techniques that are appropriate to circumstances and conditions and have sufficient data to measure fair value, maximize the use of relevant observable inputs, and minimize the use of unobservable inputs substantially.

All assets and liabilities whose fair values are measured or disclosed at their fair values in the financial statements are categorized within the fair value hierarchy set out below based on the lowest level inputs that is significant to the fair value measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.

Level 2: valuation techniques in which the lowest level of significant inputs is used for the fair value measurement and can be observable either directly (i.e., prices) or indirectly (i.e., derived from prices).

Level 3: valuation techniques in which the lowest level inputs are used for the fair value measurement. (Unobservable inputs).

For assets and liabilities recognized in the financial statements at fair value on an ongoing basis, the Company determines whether transfers have taken place between levels of the hierarchy above by reassessing categorization (based on the lowest level inputs that are significant to the fair value measurement as a whole) at the end of each reporting period. The Company sets out policies and procedures for both recurring fair value measurement and non-recurring fair value measurement.

3. Significant accounting policies / policy information (continued)

Fair value measurement (continued)

At each reporting date, The Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Company also compares the change in the fair value of each asset or liability with other external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, except for land and capital work-in-progress which are stated at cost and are not depreciated. Capital work-in-progress represents costs directly attributable to new projects in progress and are capitalized as property, plant and equipment when the project is completed. However, depreciation of these assets under construction begins when the asset is ready for use.

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the company and the amount can be measured reliably.

Finance costs on borrowings to finance the construction of a asset, if any, are capitalized over the period of time required to complete and prepare the qualifying asset for use.

When the major components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. All other repair and maintenance costs are recognized in the statement of profit or loss and other comprehsive income as incurred.

As follows the estimated deprecation rates of assets that will be depreciated:

Description	**Percentage**
Machinery and equipment	From 2.5% to 5%
Building	From 3% to 15% or lease period whichever is lower
Tools	From 5% to 15%
Artesian Wells	5%
Furniture and fixture	From 2.5% to 15%
Air conditions	15%
Vehicles	25%
Fitting and equipment	10%

If there is an indication that there has been a significant change in the useful life or residual value of an item, future depreciation is revised to reflect the new estimates.

An item of property, plant and equipment and any significant part that is recognized initially is derecognised when it has been disposed of or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehsive income.

Items such as spare parts, auxiliary equipment and servicing equipment, if any, are recognized in accordance with this IFRS when they meet the definition of property, plant and equipment. Otherwise, these items are classified as inventory.

Capital works in process

Assets under construction or development are capitalized in capital works in process, then the cost of assets under construction or development is transferred to the appropriate category of property and equipment or intangible assets (depending on the nature of the project), upon bringing the asset to the site and/or the condition necessary to be able to operate in the manner intended by Management. The expenditures of capital works in process includes the acquisition price, the cost of construction / development and any other costs directly attributable to capital works originated or acquired under management's consideration. The expenditures associated with testing capital works in process items (before they are ready to use) are capitalized net of proceeds from the sale of any production during the test period. Capital works in process are not depreciated or amortized.

3- Significant accounting policies / policy information (continued)

Intangible assets

Intangible assets other than goodwill are measured at cost less accumulated amortization and accumulated impairment losses, if any.
Intangible assets are amortized on a straight-line basis over an economic life of 7 years.
Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and the expenditure can be measured reliably.
The residual values of intangible assets, their useful lives and impairment indicators are reviewed at the end of each financial year and adjusted prospectively, when necessary.

Lease

a) The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.
Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3- Significant accounting policies / policy information (continued)

Lease -continued

a) The Company as lessee

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and calculates any identified impairment loss as described in the property, plant and equipment policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition giving rise to those payments occurs and are included in “other expenses” in the statement of profit or loss and other comprehensive income.

As a practical expediency, IFRS 16 allows a lessee not to separate non-lease components, and instead to account for any lease and associated non-lease components as a single arrangement. The company did not use this practical method. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component based on the relative stand-alone price of the lease component and the total stand-alone price of the non-lease components.

b) The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company’s net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Company regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognizing an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortized cost (i.e. after a deduction of the loss allowance).

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

3- Significant accounting policies / policy information (continued)

Impairment of non-financial assets

At each reporting date, the non-financial assets are reviewed to determine whether there is an indication that those assets have incurred an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of similar assets), is estimated and compared to its carrying amount. If the estimated recoverable amount is less the carrying amount is reduced to its estimated recoverable amount, and the impairment loss is recognized immediately in the statement of profit or loss and other comprehsive income.

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is greater than its fair value less costs of disposal and value in use.
The recoverable amount is sensitive to the discount rate used for the (discounted cash flow) model as well as expected future cash flows and the growth rate used for extrapolation purposes.

Similarly at each reporting date, inventory is assessed for any impairment by comparing the carrying amount of each inventory asset (or group of similar assets) to its selling price less costs to complete and sell. If there is a decrease on one of the inventory asset (or group of similar asset), its carrying amount is reduced to the selling price less the costs necessary to complete and sell, and the impairment loss is recognized immediately in the statement of profit or loss and other comprehsive income.

When the impairment loss entry is subsequently reversed, the carrying amount of the assets (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and selling, in the case of inventory), provided that the carrying amount does not increase in excess of the carrying amount that would have been determined had no impairment loss been recognized for those assets for the previous year. The reversal of the impairment loss is recognized immediately in the statement of profit or loss and other comprehensive income.

Inventory

Inventory includes finished goods, work in process, raw materials, and spare parts,

Work in process

Work in process inventories are the material that have been partially completed through production process. The cost of work in process includes the cost of raw materials, labor and appropriate general production overheads. The cost is determined using the weighted average method.

Spare parts

Spare parts inventory are the items that have been used to replace damaged equipments and tools. Spare parts costs include the purchase cost on weighted average basis

Raw materials

Raw material inventories are the materials that will be used in the production process to produce the finished goods. Raw material costs are the purchase cost of the materials measured using the weighted average method.

Finished Goods

Finished goods are the goods that have been completed from the production process but not yet sold to the customers. The finished goods are stated at cost or net realizable value whichever is lower. The cost is determined using the weighted average method.

The net realizable value consists of the estimated selling price during the normal course of business after deducting additional production costs for completion and selling and marketing expenses.
The company reviews the carrying value of the inventory regularly, and when needed, the stock is reduced to the net realizable value or provision for obsolete items is created if there is any change in the pattern of use and / or the physical shape of the related stock.

Cash and cash equivalents

Cash and cash equivalents include cash in banks and bank deposits that mature after three months or less, if any. It also includes bank overdrafts that are an integral part of the company's cash management and are likely to fluctuate from overdraft to positive balances.

3- Significant accounting policies / policy information (continued)

Equity reserves
The share capital represents the nominal value of the shares that have been issued. Retained earnings include all current and prior period retained earnings. All transactions with the shareholders of the company are recorded separately within equity.

Cash dividends and non-cash dividends to shareholders
Cash or non-cash dividends to shareholders are recognized as liabilities upon approval of the distribution, and according to the Regulations for Companies in Kingdom of Saudi Arabia, dividends are approved when confirmed by the shareholders. Dividends are deducted immediately from equity and recognized as a liability.

Borrowings
Borrowings are initially recognized at fair value (as proceeds received), net of transaction costs, if any. long-term borrowings are subsequently measured at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of profit or loss over the borrowing term using the effective interest method. Fees paid on the facility are recognized as the borrowing costs to the extent that it is probable that the facility will be withdrawn partially or in full. In such case, the fees are deferred until the facility is withdrawn, capitalized in prepayments for liquidity services to the extent that there is no evidence the facility may be withdrawn partially or in full, and are amortized over the underlying facility term.

Borrowings are derecognized of the statement of financial position when the obligation is charged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognized or transferred to a third party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss within other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the obligation for at least 12 months after the financial reporting year.

Borrowing costs
General and specific borrowings directly attributable to the acquisition, construction or production of qualifying assets are capitalized during the time period required to complete and prepare the asset for its intended use or sale, as applicable. Qualifying assets are assets that necessarily take a substantial time period to become ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings until spent on qualifying assets is deducted from the borrowing costs qualifying for capitalization.

Other borrowing costs are expensed for the year as incurred in the statement of profit or loss.

Employee benefits

Short-term obligations
Liabilities for wages and salaries, including non-cash benefits, accumulated leave and travel tickets expected to be paid in full within 12 months after the end of the period in which the employees provide the related services, are recognized based on the services provided by the employees until the end of the reporting period of financial statements, and measured by amounts expected to be paid when the liabilities are settled. The liability is presented as current employee benefits obligation under accrued expenses in the statement of financial position.

Long-term employee benefits and other related obligations
The liability or asset is recognized in the statement of financial position in respect of defined benefits. The employee end-of-service benefits obligation is the present value of the defined benefits obligation in the reporting year, and the defined benefits obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefits obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

3- Significant accounting policies / policy information (continued)

Long-term employee benefits and other related obligations - Continued

Defined benefit costs are categorized as follows:

Service Cost
Service costs include current service costs and past service costs which are recognized immediately in the consolidated statement of profit or loss.

Changes in the present value of the defined benefits obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as employee end-of-service benefit expense.

Interest Cost
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefits obligation. This cost is included in finance costs in the statement of profit or loss.

Re-Measurement Gains or Losses
Re-measurement gains or losses arising from adjustments and changes in actuarial assumptions are recognized in the year in which they occur, immediately in the statement of comprehensive income.

Zakat
The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority in Kingdom of Saudi Arabia ("the Authority") and the zakat liability is recognized and charged to the statement of profit or loss for the current period. Additional zakat liabilities, if any, relating to the final assessments for prior years by the Authority are recognized in the period in which the final assessments are issued.

The Company is only qualified to pay zakat. And since the reversal of temporary differences, if any, is not expected to have any material impact on zakat amount in the foreseeable future, no deferred tax liability or asset has been recognized in these financial statements.

Value added tax
The expenses and assets are recognized net of VAT amount, except for:
- When the VAT incurred on the purchase of assets or services is not recoverable from the tax authorities, in this case VAT is recognized as part of the cost of purchasing the assets or expensed, if applicable, and/or
- When receivables and payables are stated including VAT amount

Net VAT recoverable from / or payable to the tax authorities is recorded as part of prepaid expenses and other current assets or accrued expenses and other current liabilities in the statement of financial position.

Financial instruments

(1) Classification and measurement of financial assets and liabilities

On initial recognition, financial assets are classified as financial assets measured at amortized cost, or at fair value through comprehensive income ("FVOCI") - debt investments, or at fair value through comprehensive income ("FVOCI") - equity investments, or at fair value through profit or loss ("FVTPL").
A financial asset is measured at amortized cost if it meets both of the following criteria and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3.Significant accounting policies / policy information (continued)
Financial instruments (continued)

- **Classification and measurement of financial assets and liabilities (continued)**

Debt instruments are measured at FVOCI if they meet both of the following criteria and are not designated at FVTPL:

- It is held within a business model whose objective is to collect contractual cash flows and sell financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in investment fair value within comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not designated as measured at amortized cost or at FVOCI as described above are measured at FVTPL. This includes all derivative assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements of measurement at amortized cost or FVOCI or as financial assets at FVTPL, if so, it eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets (unless they are accounts receivable without a significant financial component initially measured at the transaction price) are initially measured at fair value plus, for the item not measured at FVTPL, transaction costs that are directly attributable to their acquisition.

The following accounting policies are applied to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss is recognized in the statement of profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Net other gains and losses are recognized in comprehensive income. On derecognition, gains and losses accumulated in comprehensive income are reclassified to the statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment. Other gains and losses are recognized in the statement of other comprehensive income and are never reclassified to the statement of profit or loss.

Disposal
Financial assets

A financial asset (or part of a group of similar financial assets) is mainly derecognized (i.e., derecognized of the Company's statement of financial position) in the following cases:

- The rights to receive cash flows from the asset have been expired.
- The Company has transferred its rights to receive cash flows from the asset or assumed an obligation to pay cash flows received in full without delay to a third party under a “pass-through” arrangement; and (a) substantially transferred all the risks and rewards of the asset; or (b) transferred control over the asset and the Company has neither transferred nor retained substantially the risks and rewards of the financial asset.

3.Significant accounting policies / policy information (continued)

Financial instruments (continued)

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability is recognized at fair value based on the modified terms.

On derecognition of a financial liability, the difference between the carrying amount derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statement of profit or loss.

Impairment of financial assets

The Financial assets measured at amortized cost comprise of accounts receivable, prepaid expenses, other current assets, due from related parties and cash and cash equivalents.

Loss allowances are measured based on lifetime ECL: these are credit losses that arise from all possible default events over the expected life of the financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit rating, including forward-looking information.

ECL Measurement

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between contractual cash flows due to the Company and cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

Impairment Presentation

Loss allowances on the financial assets measured at amortized cost are deducted from the carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor has no assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the writeoff. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of outstanding amounts.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a current legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Revenue recognition

Revenue is recognized at an amount that reflects the consideration that the entity expects to receive in exchange for transferring goods or services to customer. This is based on the principle that revenue is generated when a good is controlled or service is transferred to a customer. Revenue is measured at the fair value of the received or receivable, subject to contractually specified payment terms and excluding taxes or fees.

Revenue arrangements are evaluated based on specific criteria to determine whether the company is acting as principle or agent. The specific recognition criteria described below must be met before revenue is recognized. In the absence of specific criteria, the above policy will be applied, and the revenue is recorded as earned and accrual.

3.Significant accounting policies / policy information (continued)

Revenue recognition (continued)

The Company recognizes revenue under IFRS 15 using the following five-steps model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for fulfilling each performance obligation.
Step 5: Revenue recognition	The Company recognizes revenue (or as) it fulfils a performance obligation by transferring a promised good or service to the customer under a contract.

<u>Identify the contract with the customer</u>

The Company performs a careful assessment of the terms and conditions of the contracts with its customers because the revenues are recognized only when the performance obligations of the contracts with the customers are fulfilled. Changes in the contract scope or price (or both) are considered a modification of the contract and the Company determines whether this change will be considered a new contract or as part of the current contract.

<u>Identify the performance obligations</u>

Once the Company identifies the contract with the customer, it evaluates the contractual terms and normal business practices to identify all contracted services and determine whether any of those contracted services (or a bundle of contracted services) will be treated as separate performance obligations.

<u>Determine the transaction price</u>

The Company determines the transaction price as the amount of consideration it expects to be entitled in exchange for. This includes an estimate of any variable consideration and the impact of a significant financing component (i.e., the time value of money) and the fair value of any non-cash consideration and the impact of any consideration paid or payable to a customer (if any). The variable consideration is limited to the amount for which there is a high probability of no significant reversal in the amount of accrued revenue recognized when the uncertainty associated with the variable consideration is subsequently resolved.

Consideration is determined based on the transaction price agreed with the customers and there are no other promises in the contract with customers that are identified as separate performance obligations that must be allocated a portion of the transaction price. When determining the transaction price for the services, the Company took into account the impact of variable consideration, the existence of significant financing components, noncash consideration and consideration payable to the customer (if any) and concluded that such consideration amounts are not included in the transaction price.

Contract modifications, such as change orders, are considered as part of the current contract, with cumulative adjustments to revenue. For substantial contract modifications, a separate contract may be recognized, based on the management’s assessment of the following factors:

3.Significant accounting policies / policy information (continued)
Revenue recognition (continued)

- The contract scope increases due to the addition of promised goods or services and can be distinguished themselves; and
- The contract price increases by the compensation that reflects the entity's standalone selling prices for the additional promised goods or services and any appropriate adjustments to that price to reflect the conditions of the contract.

There were no substantial modifications to the contracts during the year ended 31 December 2023.

<u>Allocate the transaction price</u>
When identifying the performance obligations and the transaction price, the transaction price is allocated to the performance obligations, which is usually proportionate to their standalone selling prices (i.e., on a relative standalone future selling price basis). When determining the standalone selling prices, the Company must use observable information, if any. If the standalone selling prices are not directly observable, the Company uses estimates based on reasonably available information.

<u>Revenue recognition</u>
The Company recognizes revenue in accordance with the terms and conditions contained in the contracts concluded with the customers to the extent that the performance obligations related to the contracts with customers are fulfilled by the Company by transferring control of a contracted service to the customer, which can be transferred over time period or at some point in time. When fulfilling a performance obligation over a time period, the Company determines the progress under the contract based on the input or output method, which works to measure the best completed performance to date. The specified method is applied consistently to similar performance obligations and in similar circumstances. The Company believes that it fulfills its performance obligations in its contracts with customers at some point in time, and therefore it recognizes revenue when it fulfils its obligations under its contracts with customers.

Revenue from contracts with customers
The company engages in the trade of rebar and billet iron. Revenues from contracts concluded with customers are recognized when control of the goods or services is transferred to the customer in an amount that reflects the compensation that the company is expected to be entitled to in exchange for those goods or services. The company has generally been found to act as principal in all of its revenue arrangements because it controls the goods or services before transferring them to the customer.

Sale of goods
Revenue is income arising from the sale of goods in the ordinary course of the Company's activities, net of value added taxes, Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer. Revenue from sale of goods is recorded at the fair value of consideration received or receivable, net of returns and allowances and trade discounts.

Expenses
<u>Cost of revenue</u>
All expenses are recognized on an accrual basis. Operating costs are recognized on a historical cost basis. This includes cost of goods sold, direct and indirect manufacturing expenses.

<u>Selling and marketing expenses</u>
Selling and marketing expenses consist of the salaries and wages of sales workers, shipping and transportation costs, and the costs of advertising and brochures.

<u>General and administrative expenses</u>
General and administrative expenses comprise of the costs that are not necessarily part of the marketing expenses, cost of revenues, finance costs or zakat expenses.

3.Significant accounting policies / policy information (continued)

Earnings per share

Basic earnings / (losses) per share

Basic earnings per share is calculated by dividing:

- Profit / (loss) attributable to the shareholders of the Company, after deducting any equity service costs other than common stock by the weighted average number of common stock outstanding during the financial period.

Diluted earnings / (losses) per share

The figures used to determine the basic earnings / (losses) per share are adjusted for the diluted earnings per share, considering:

- The impact of interest after income tax and other finance costs associated with the dilution of potential common stock.
- The weighted average number of additional common stock that would have been outstanding assuming the conversion of all common stock is affected by the potential dilution.

Foreign currency transactions and balances

Foreign currency Transactions are translated into SAR using the exchange rate ruling on the date of the transactions. Foreign exchange gains and losses on these transactions adjustment and on the re-translation of monetary items denominated in foreign currency at the exchange rates ruling at year-end, are recognized in the consolidated statement of profit and loss and other comprehensive income.

Non-monetary items are not re-translated at year-end and are measured at historical cost (they are translated using the exchange rates ruling on the date of the transaction), except for non-monetary items measured at fair value, which are translated using the exchange rates ruling on the date when the fair value was determined.

Provisions

Provisions are recognized in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation amount. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate, which reflects current market assessments of time value of money and liability-specific risks. in discounting, the increase in the provision is recognized as finance cost in the consolidated statement of profit or loss.

Contingent liabilities

All possible liabilities arising from past events whose existence will be confirmed only by the occurrence or non-occurrence one or more uncertain future events that are not under the full control of the company, or all current obligations arising from past events but not established for the following reasons: (1) there is no possibility that an outflow of resources embedded in the economic benefits will be required to settle the obligation, or (2) the obligation amount cannot be measured sufficient reliability; they all must be evaluated at each statement of financial position and disclosed in the company financial statements as possible liabilities.

Contingent assets

Contingent assets typically arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. An example of this is a lawsuit filed by the entity through legal procedures, the outcome of which is uncertain.

3.Significant accounting policies / policy information (continued)

Segment reports

(a) Operational segment

An operating segment is a component of a company that relates its activities from which it derives revenues and incurs expenses, including revenues and expenses related to transactions with any other components of the company.

There are no operational sectors in the company, as the company's main activity is the manufacture of reinforcing steel and primary iron products in the form of blooks of substrates and waste after re-melting.

(b) Geographical segment

A geographical segment is associated with the provision of products or services in a specific economic environment that is subject to risks and rewards that differ from those of segments of business in other economic environments.

There are no geographical sectors for the company, as all revenues generated from the company's activities are made within the Kingdom of Saudi Arabia, and therefore there are no geographical sectors to be disclosed.

Climate-related matters

The Company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments, such as new climate-related legislation.

The items and considerations that are most directly impacted by climate-related matters are:

- Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Company considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.
- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Company’s products. Even though the Company has concluded that no single climate-related assumption is a key assumption for 2023. the Company considered expectations for increased demand for goods sold by the Company and cost increases due to stricter recycling requirements in the cash-flow forecasts in assessing value-in-use amounts.

4. Significant accounting estimates and assumption

In preparing these financial statements, management has used judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumption s are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which are the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. A revision of accounting estimates is recognized in the period in which the estimates are revised if the revision affects only that period, or in the revision period and future periods if the revision affects both current and future periods.

4-1 Significant judgments in applying the Company’s accounting policies

In applying the Company’s accounting policies, management has made the following judgments, which have a significant impact on the amounts recognized in the financial statements.

4. Significant accounting estimates and assumption (continued)

Going concern
The company achieved profits for the year ending on 31 December 2023, amounting to 20,963,599 Saudi riyals, which led to a decrease in accumulated losses to become retained earning of 2,424,805 Saudi riyals. As of 31 December 2023, management conducted an assessment of the company's ability to continue as an existing entity on December 31, 2023 and reached the conclusion that: The company has the necessary resources to continue operating in the foreseeable future for a period of no less than five years from the date of issuance of the financial statements ending on 31 December 2023, and therefore these financial statements were prepared on a going basis.

Depreciation of property, equipment
The Company's assets are depreciated on a straight-line basis their estimated economic useful lives.

Determining the lease term with extension and termination options, the company as a lessee.
When determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension or termination option. The assessment is reviewed in case of a material event, or a material change in the circumstances that affect this assessment. During the current financial year, there was no material financial impact of reviewing the lease terms to reflect the effect of exercising the extension or termination options.

4-2 Assumptions and estimation uncertainties
The estimates made by management in applying the Company's accounting policies that have a material impact on the amounts recognized in the financial statements are as follows:

Expected future free cash flows
The expected free cash flows are based on current expectations and specific objectives set for a five-year period. These are determined for CGUs in setting external objectives and expectations based on information and observations for the industry such as macroeconomic indicators and market circumstances. All assumptions used are challenged in setting objectives and expectations based on management's best estimates and expectations, which are subjective by nature. They include expectations for revenue growth and EBIT.

Actuarial valuation of employee end-of-service benefits
The present value of retirement obligations depends on several factors that are determined using actuarial valuations that use several assumptions. The assumptions used in determining the net cost (income) of retirement include the discount rate. Any change in these assumptions will have an impact on the carrying amount of retirement obligations.

The Company determines the appropriate discount rate at each year-end, which is the interest rate used to determine the present value of estimated future cash flows expected for settlement of end-of-service obligations. While determining the appropriate discount rate, the Company takes into account the interest rates on high-quality corporate bonds, provided that the bonds term is consistent with the estimated period for end-of-service benefits liabilities.

Useful lives of property and equipment and intangible assets
As described in Note (5) and Note (6), the Company estimates the useful lives of property and equipment at the end of each annual reporting period. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

4.**Significant accounting estimates and assumption (continued)**

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgment in estimating the expected cash outflows for severance payments and site closures or other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Zakat and Tax provision

The Company has assessed zakat and VAT status having regard to local zakat and tax legislation, decrees issued periodically and conventions. Interpretations of such legislation, decrees and conventions are not always clear and entail the completion of assessment by ZATCA.

Provision for obsolete, slow-moving and damaged inventory

Management estimates the net realizable value of inventories, taking into account the most reliable evidence at the time of using the estimates and making an allowance for obsolete inventory. These estimates take into account changes in demand for goods, technological changes, and price and quality fluctuations. Accordingly, the Company takes into account these factors to calculate the allowance for obsolete, and damaged inventory.

Spare parts are valued at cost or net realizable value, whichever is lower. The allowance for obsolete and obsolete inventory, if any, is estimated at each reporting date.

(All amounts in Saudi Riyals unless otherwise stated)

5. Property, plant and equipment

	Machinery and equipment	Buildings	Tools	Artesian Wells	Furniture and fixture	Air Conditiion	Vehicle	Fitting and equipment	Total
Cost									
Cost at 1 January 2022	**199,945,962**	**79,851,643**	**22,004,977**	**220,816**	**4,478,829**	**6,084,147**	**6,624,029**	**5,043,972**	**324,254,375**
Additions during the year	152,850	-	689,970	-	73,681	43,979	-	58,300	**1,018,780**
Balance at 31 December 2022	**200,098,812**	**79,851,643**	**22,694,947**	**220,816**	**4,552,510**	**6,128,126**	**6,624,029**	**5,102,272**	**325,273,155**
Additions during the year	660,583	85,200	623,478	-	569,240	459,631	1,109,000	556,790	**4,063,922**
Balance at 31 December 2023	**200,759,395**	**79,936,843**	**23,318,425**	**220,816**	**5,121,750**	**6,587,757**	**7,733,029**	**5,659,062**	**329,337,077**
Accumulated depreciation									
As at 1 January 2022 (restaed note 36)	153,536,709	45,839,735	17,258,593	128,495	4,137,355	5,884,478	6,623,481	4,368,278	237,777,124
Depreciation for the year	3,358,782	3,017,643	980,481	5,924	126,544	84,636	-	252,894	7,826,904
Impairment in assets value	(468,578)	-	12,445	-	8,345	3,211	-	-	(444,577)
Balance at 31 December 2022 (restated note 36)	**156,426,913**	**48,857,378**	**18,251,519**	**134,419**	**4,272,244**	**5,972,325**	**6,623,481**	**4,621,172**	**245,159,451**
Depreciation for the year	3,230,932	2,973,189	1,002,173	7,623	121,287	65,761	59,062	140,102	**7,600,129**
Balance at 31 December 2023	**159,657,845**	**51,830,567**	**19,253,692**	**142,042**	**4,393,531**	**6,038,086**	**6,682,543**	**4,761,274**	**252,759,580**
Net book value as at									
31 December 2023	**41,101,550**	**28,106,276**	**4,064,733**	**78,774**	**728,219**	**549,671**	**1,050,486**	**897,788**	**76,577,497**
31 December 2022 (restated note 36)	43,671,899	30,994,265	4,443,428	86,397	280,266	155,801	548	481,100	80,113,704

- Depreciation amounted to SAR 7,600,129 and SAR 7,826,904 the years ended December 31, 2023, and 2022 respectively.
- There is mortgaged property included within the item of property, plant and equipment's (used) with a value of 71 million Saudi Riyals, which was used as collateral in exchange for a loan from the Saudi Industrial Development Fund (Note 18).
- The company's buildings include buildings built on lands leased from the Saudi Authority for Industrial Cities, as well as lands leased from the Saudi Authority for Industrial Cities. Therefore, the buildings are depreciated from the date of the beginning of the lease until the end of the useful life or the end of the lease term, whichever comes first.

Depreciation allocation as follows:	**2023**	2022 (restated)
Cost of manufacturing (note 25)	**6,962,835**	7,287,646
Selling and marketing expenses (note 27)	**500,935**	377,772
General and administrative expenses (note 26)	**136,359**	161,486
	7,600,129	7,826,904

(All amounts in Saudi Riyals unless otherwise stated)

5. Property, plant and equipment (continued)

	Machinery and equipment	Buildings	Tools	Artesian Wells	Furniture and fixture	Air Conditiion	Vehicle	Fitting and equipment	Total
Cost									
Cost at 1 January 2021	199,901,362	79,851,643	20,984,961	220,816	4,326,653	6,052,572	10,051,879	5,036,872	326,426,758
Additions during the year	44,600	-	1,020,016	-	152,176	31,575	-	7,100	1,255,467
Disposals during the year	-	-	-	-	-	-	(3,427,850)	-	(3,427,850)
Balance at 31 December 2021	199,945,962	79,851,643	22,004,977	220,816	4,478,829	6,084,147	6,624,029	5,043,972	324,254,375
Additions during the year	152,850	-	689,970	-	73,681	43,979	-	58,300	1,018,780
Balance at 31 December 2022	200,098,812	79,851,643	22,694,947	220,816	4,552,510	6,128,126	6,624,029	5,102,272	325,273,155
Accumulated depreciation									
As at 1 January 2021 (restaed note 36)	149,548,874	43,813,304	16,181,765	128,495	3,812,118	5,793,713	9,793,848	3,966,976	233,039,093
Depreciation for the year	3,519,257	2,026,431	1,076,828	-	325,237	90,765	224,308	401,302	7,664,128
Disposals during the year	-	-	-	-	-	-	(3,394,675)	-	(3,394,675)
Impairment in assets value	468,578	-	-	-	-	-	-	-	468,578
Balance at 31 December 2021 (restated note 36)	153,536,709	45,839,735	17,258,593	128,495	4,137,355	5,884,478	6,623,481	4,368,278	237,777,124
Depreciation for the year	3,358,782	3,017,643	980,481	5,924	126,544	84,636	-	252,894	7,826,904
Impairment in assets value	(468,578)	-	12,445	-	8,345	3,211	-	-	(444,577)
Balance at 31 December 2022 (restated note 36)	156,426,913	48,857,378	18,251,519	134,419	4,272,244	5,972,325	6,623,481	4,621,172	245,159,451
Net book value as at									
31 December 2022(restated note 36)	43,671,899	30,994,265	4,443,428	86,397	280,266	155,801	548	481,100	80,113,704
31 December 2021 (restated note 36)	46,409,253	34,011,908	4,746,384	92,321	341,474	199,669	548	675,694	86,477,251

(All amounts in Saudi Riyals unless otherwise stated)

6. Right of use assets and lease liability, net

The table below shows the right to use assets balance in and the depreciation charged as follows:

	31 December 2023	31 December 2022 (Restated Note 36)	1 January 2022 (Restated Note 36)
Cost			
Balance at 1 January	**4,935,511**	3,774,867	3,739,722
Additions during the year	**705,125**	1,160,644	35,145
Balance at 31 December	**5,640,636**	4,935,511	3,774,867
Accumulated depreciation			
Balance at 1 January	**764,683**	366,526	167,033
Charge during the year	**641,250**	398,157	199,493
Balance at 31 December	**1,405,933**	764,683	366,526
Net book value			
Balance at 31 December	**4,234,703**	4,170,828	3,408,341

Depreciation allocation as follows:	2023	2022 (Restated)
Cost of manufacturing (note **25**)	**242,055**	203,647
Selling and marketing expenses (note **27**)	**399,195**	194,510
	641,250	398,157

Lease liabilities as at 31 December are as follows:

	31 December 2023	31 December 2022 (Restated Note 36)	1 January 2022 (Restated Note 36)
At the beginning of the year	**4,050,089**	3,404,793	3,480,616
Lease liability during the year	**705,125**	1,160,644	35,145
Finance cost (note **29**)	**251,571**	244,732	229,112
Payment during the year	**(840,610)**	(760,080)	(340,080)
At the end of the year	**4,166,175**	4,050,089	3,404,793

Classifying the current and non-current portion of lease liability as follows:

	31 December 2023	31 December 2022 (Restated Note 36)	1 January 2022 (Restated Note 36)
Non current	**3,673,536**	3,565,001	2,927,561
Current	**492,639**	485,088	477,232
	4,166,175	4,050,089	3,404,793

(All amounts in Saudi Riyals unless otherwise stated)

7. Intangible assets

	Accounting Software		
	31 December 2023	**31 December 2022**	**1 January 2022**
Cost			
Balance at 1 January	**1,212,748**	1,212,748	1,212,748
Additions during the year	**-**	-	-
Balance at 31 December	**1,212,748**	1,212,748	1,212,748
Accumulated depreciation			
Balance at 1 January	**664,710**	491,528	318,346
Charge during the year (note **26**)	**173,182**	173,182	173,182
Balance at 31 December	**837,892**	664,710	491,528
Net book value			
Balance at 31 December 2023	**374,856**		
Balance at 31 December 2022		548,038	
Balance at 1 January 2022			721,220

8. Investments at fair value through profit or loss

	%	31 December 2023	31 December 2022	1 January
East Asia Company for Development and Agricultural Investment (A)	14.285٪	**10,000,000**	10,000,000	10,000,000
Jannat for Agricultural Investment - under liquidation (B)	11.1٪	**7,050,000**	7,050,000	7,050,000
Rakhaa Agricultural Investment and development Company (C)	8,628٪	**15,018,528**	1,612,717	1,612,717
		32,068,528	18,662,717	18,662,717
Impairment of fair value from investments (D)		**(17,050,000)**	(18,662,717)	(18,662,717)
		15,018,528	-	-

The following is the movement on impairment of fair value from investments during the year:

	31 December 2023	**31 December 2022**	**1 January 2022**
Balance at 1 January	**18,662,717**	18,662,717	18,662,717
Reverse during the year	**(1,612,717)**	-	-
Balance at 31 December	**17,050,000**	18,662,717	18,662,717

A) Investment in East Asia Company for Development and Agricultural Investment (Closed Joint Stock Company) represent an investment of 14.285 % from the company's paid up capital amounting to SAR 70 million.

B) Investment in Jannat for Agricultural Investment (A Saudi Limited Liabilities Company) represent an investment of 11.1 % in the company's capital which amounts to SAR 63 million and the remaining balance of SAR 50,000 represents the company's shares in pre-operating expenses.

(All amounts in Saudi Riyals unless otherwise stated)

8. Investments at fair value through profit or loss (continued)

C) Investment in Rakhaa for Agricultural Investment (an Egyptian joint stock company) represents an investment of 8.628% of the paid-up capital of 80 million Egyptian pounds (equivalent to 18,692,753 Saudi riyals), as on March 6, 2019, the partners of Jannat Agricultural Investment Company decided (A company under liquidation) assignment of investment in Rakhaa for Agricultural Investment (an Egyptian joint stock company) by transferring the ownership of the shares and shares owned by the company in Rakhaa for Agricultural Investment (an Egyptian joint stock company) which is 62,184 shares to the partners of Jannat Agricultural Investment Company (a company under liquidation) Directly, each according to his share in the company. Accordingly, on December 31, 2019, the ownership of 6,902 shares (equivalent to SAR 1,612,717) was transferred from the shares of Rakhaa Agricultural Investment Company (an Egyptian joint stock company) from Jannat Agricultural Investment Company (a company under liquidation) in favour of Wafrah for Industrial and Development Company. Due to the inability to reach the fair value of Rakhaa Agricultural Investment Company (an Egyptian joint stock company) in the Egyptian Stock Exchange market, a total impairment of the investment value in the company has been proven, with a value of SAR 1,612,717, which constitutes 100% of the investment value.

D) During the year 2016 fair value losses has been recorded in Jannat for Agricultural Investment Company - under liquidation amounting to SAR 3,287,562, and during the year 2017 fair value losses has been recorded in Jannat for Agricultural Investment Company - under liquidation amounting to SAR 3,762,438 With a total fair value losses of the investment value of Jannat SAR 7,050,000 representing 100% of the value of the investment, and fair value losses has been recorded in East Asia Company for Development and Agricultural investment amounting to SAR 758,562. During the year 2018 fair value losses has been recorded in East Asia Company for Development and Agricultural investment amounting to SAR 6,499,675, During the year 2019 fair value losses has been recorded in East Asia Company for Development and Agricultural investment amounting to SAR 2,741,763 with a total fair value losses of the investment value of East Asia Company for Development representing 100% of the value of the investment, and fair value losses has been recorded in Rakhaa for Agricultural Investment amounting to SAR 1,612,717 which constitutes 100% of the value of the investment. During the year 2023, profits resulting from the investment at fair value in Rakhaa Agricultural Investment and development Company were recognized in the amount of SAR 15,018,528 as of December 31, 2023.

E) The company has guarantee obligations represented by the company's share amounting to SAR 6,717,888, representing 8.628% of the amount of the guarantee for loans granted to others (Rakhaa for Agricultural Investment an Egyptian joint stock company) by the Saudi Development Fund in the amount of SAR 93.5 million. A provision has been made for the full value to meet this obligation.

The following is the movement of the loan guarantee provision - Related partyduring the year:

	31 December 2023	31 December 2022	1 January 2022
Balance at 1 January	**6,718,478**	7,200,590	7,200,590
Adjustment / paid during the year	**(590)**	(482,112)	-
Balance at 31 December	**6,717,888**	6,718,478	7,200,590
Current portion	**4,177,540**	4,177,540	3,150,245
Non current portion	**2,540,348**	2,540,938	4,050,345

(All amounts in Saudi Riyals unless otherwise stated)

9. Investments at fair value through other comprehensive income

	31 December 2023	31 December 2022	1 January 2022
Cost			
Balance at 1 January	**1,255,699**	1,255,699	1,255,699
Balance at 31 December	**1,255,699**	1,255,699	1,255,699
Fair Value			
Balance at 1 January	**(817,027)**	(531,258)	(581,873)
Unrealized gain during the year	**(37,435)**	(285,769)	50,615
Balance at 31 December	**(854,462)**	(817,027)	(531,258)
Net book value at 31 December	**401,237**	438,672	724,441

This account represents the invested shares in National Petrochemical Company (Yansab) of 10,545 share by (0.001875%) as the share market value was 38.05 SR/Share as at 31 December 2023 (2022: 41.6 SR/Share).

10. Capital work in process

The value of capital work in progress as of 31 December 2023 represents an amount of 75,467,151 Saudi riyals (2022: nil), which is the purchase of new production lines, machinery and equipment.

11. Trade recievable

	31 December 2023	31 December 2022	1 January 2022
Trade receivable	**63,855,113**	64,088,920	28,380,106
Provision for expected credit losses	**(10,784,924)**	(10,229,647)	(9,469,309)
	53,070,189	53,859,273	18,910,797

Movements on the provision for expected credit losses during the year were as follows:

	31 December 2023	31 December 2022	1 January 2022
Balance at 1 January	**10,229,647**	9,469,309	9,411,600
Charge during the year	**983,996**	760,338	269,529
Reversal during the year	**(428,719)**	-	(211,820)
Balance at 31 December	**10,784,924**	10,229,647	9,469,309

12. Inventory

	31 December 2023	31 December 2022	1 January 2022
Raw material	**16,499,369**	12,529,613	6,405,665
Spare parts	**4,899,043**	3,356,972	3,453,256
Finished goods	**4,291,068**	4,681,427	5,358,062
Work in process	**59,315**	166,088	63,102
Total	**25,748,795**	20,734,100	15,280,085
Provision for slow moving items	**(1,796,788)**	(29,164)	(29,164)
Net	**23,952,007**	20,704,936	15,250,921

Movements on the provision for slow moving items during the year were as follows:

	31 December 2023	31 December 2022	1 January 2022
Balance at 1 January	**29,164**	29,164	3,087,154
Charge during the year	**1,767,624**	-	
Damaged during the year	**-**	-	(3,057,990)
Balance at 31 December	**1,796,788**	29,164	29,164

(All amounts in Saudi Riyals unless otherwise stated)

13. Prepayments and other debit balances

	31 December 2023	31 December 2022	1 January 2022
Advance to suppliers	**18,164,117**	19,353,986	4,767,544
Employee receivables	**1,635,475**	1,501,453	1,419,986
Prepaid expenses	**436,491**	766,207	295,028
Accrued revenue	**55,361**	55,361	55,361
Vat receivable	**-**	-	327,170
Refundable deposit	**30,000**	76,313	76,313
Impairment of prepayments and other debit balances	**(3,638,011)**	(911,047)	(911,047)
	16,683,433	20,842,273	6,030,355

Movements on the impairment of prepayments and other debit balances during the year were as follows:

	31 December 2023	31 December 2022	1 January 2022
Balance at 1 January	**911,047**	911,047	1,029,207
Charge during the year	**2,726,964**	-	-
Reverse during the year	**-**	-	(118,160)
Balance at 31 December	**3,638,011**	911,047	911,047

14. Transactions with related parties

The related parties are represented in the dealings with the affiliate company, non-executive members, managing director and senior management employees of the company, where the employees of the top management are the persons who exercise authority and responsibility in planning, managing, and monitoring the company's activities, directly or indirectly, including the managers.

During the normal course of its operations, the Company had the following significant transactions with related parties during the year ended 31 December 2023 and no transaction during the year 31 December 2022, The prices and terms of these transactions are in accordance with the terms of dealing with related parties.

Due from related parties

	Type of the transaction	31 December 2023	31 December 2022	1 January 2022
Rakhaa Agricultural Investment and development Company	Affiliate	**1,798,256**	1,280,576	1,280,576
Premium Meat Establishment	Related party to a board	**-**	110,730	110,730
		1,798,256	1,391,306	1,391,306

* On 11 March 2021 the board member resigned.

Nature of the transactions with the related parties:

	Nature of the transaction	31 December 2023	31 December 2022	1 January 2022
Rakhaa Agricultural Investment and development Company	Repayment	**517,680**	-	-
	Finance	-	-	555,000
Premium Meat Establishment	Sales	-	-	756,839
	Purchases	-	-	646,109

(All amounts in Saudi Riyals unless otherwise stated)

14.Transactions with related parties (continued)

The following details of remuneration and compensation paid to non-executive board members and senior management personnel:

Non-executive board members and senior management personnel	31 December 2023	31 December 2022	1 January 2022
Salaries and compensation	**3,485,030**	2,624,100	2,205,313
Allowances	**1,133,512**	839,413	670,088
Annual and periodic incentives	**394,0250**	2,240,086	47,975
	8,558,792	5,703,599	2,923,376

15. Financial assets at amortized costs- time deposit

	31 December 2023	31 December 2022	1 January 2022
Murabaha Deposit	**-**	120,000,000	-
Accrued commission on Murabaha deposits	**-**	1,406,167	-
	-	121,406,167	-

The profit rate on Murabaha deposits listed above is 3.85%, and the original maturity of Murabaha deposits is within a period of less than 12 months and more than three months.

The following table represents the movement in financial assets at amortized cost - time deposits during the year as follows:

	31 December 2023	31 December 2022	1 January 2022
Balance at the beginning of the	**121,406,167**	-	-
Murabaha added during the year	**107,000,000**	120,000,000	-
Proceed during the year	**(183,406,167)**	-	-
Accrued commission on Murabaha deposits	**457,501**	1,406,167	-
Balance at the end of the year	**45,457,501**	121,406,167	-

	31 December 2023	31 December 2022	1 January 2022
Short-term Murabaha with an original maturity not exceeding three months (Note 16)	**45,457,501**	-	-
Short-term Murabaha with an original maturity of more than three months	**-**	121,406,167	-

16. Cash and cash equivalents

	31 December 2023	31 December 2022	1 January 2022
Murabaha deposits are due within 90 days from the date of purchase	**45,457,501**	-	-
Cash at banks	**8,897,237**	5,867,428	9,326,320
Cash on hand	**52,644**	46,860	4,008
	54,407,382	5,914,288	9,330,328

17. Share capital

- On 22 May 2021, the Company's Board of Directors issued a recommendation to increase the Company's Capital offering preferred shares amounting to SAR 154,340,700 and the Company appointed an underwriting managerto manage the increase.
- On 4 April 2022 the CMA has approved the capital increase request via right shares issue of SR 154,340,700.

(All amounts in Saudi Riyals unless otherwise stated)

17. Share Capital (continued)

- On 14 June 2022 (Corresponding to 15 Dhu al-Qi'dah 1443 H), the extraordinary General Assembly has approved the Board of Directors recommendation to increase the capital 200% via rights shares issue based on 2 rights per each owned share, and thus the number of shares after increase will be 23,151,105 shares amounting to SR 231,511,050 after issue 15,434,070 shares of SR 10 per share with total of SR 154,340,700. The rights shares issue cost amounted to SR 4,932,899 added to the accumulated losses as on 30 September 2022. The capital increase is to expand the company's operations, upgrading production lines and properly utilize the brands to cover the kingdom territories.
- On 17 July 2022, the subscription was fully completed with total new shares of 12,009,112 shares pertains to old shareholders (77.81%) and 3,424,958 shares pertains to new shareholders (22.19%).
- On 9 August 2022, the company's share capital was amended, and new CR was issued with new capital of SR 231,511,050.
- On 10 August 2022, the capital increases proceeds were received and deposited in the Company's bank account by the lead manager.
- The company's authorized, issued and fully paid capital as of 31 December 2023 and 2022 amounts to 231,511,050 Saudi riyals, divided into 23,151,105 shares, the value of which is 10 Saudi riyals (31 December 2021, the amount of 77,170,350 Saudi riyals, divided into 7,717,035 shares, the value of which is 10 Saudi riyals).

18. Long term loans

The company obtained a long-term loan from the Saudi Industrial Development Fund on 09/05/2012 to finance the establishment and expansion of frozen vegetables and potatoes production plant, the total of the approved facility loan SR 34,000,000. The loan is repayable in a period of six-years and the semi-annual installments start from August 1, 2015. During 2016, the loan was rescheduled, with the first installment due after the rescheduling on 2/1/2019. This amount was paid in SAR 1,000,000 during 2015, SAR 1,500,000 in 2016, and 3,500,000 Saudi riyals during 2018, bringing the total value of the loan as of December 31, 2020, the amount of SR 28,000,000. During 2019, the loan was rescheduled, with the first installment due after the rescheduling on 1/12/2020 and has not been repaid. During the year 2021 this amount was paid in SR 2,500,000 and SR 13,500,000 during 2022. So, the total value of the loan as of 31 December 2022 was the amount of 12,000,000 Saudi riyals. The loan is secured by mortgaging the entire food plant to fully produce the meat and the food plant to completely freeze the vegetables in favor of the fund as collateral for the loan. The loan agreement contains pledges that include, among other things, to reduce future capital expenditures to maintain certain financial ratios. There were no breaches of these covenants during the year.

The following is a summary of the movement of the long-term loan during the year:

	31 December 2023	**31 December 2022**	**1 January 2022**
Balance at 1 January	**12,000,000**	25,500,000	28,000,000
Paid during the year	**(10,000,000)**	(13,500,000)	(2,500,000)
Balance at 31 December	**2,000,000**	12,000,000	25,500,000
Current portion	**2,000,000**	12,000,000	19,500,000
Non current portion	**-**	-	6,000,000

Financing expenses as a result of the government loan for the year ending 31 December 2023 amounted to 180,001 Saudi riyals (2022: 386,000 Saudi riyals, 2021: 420,000 Saudi riyals).

(All amounts in Saudi Riyals unless otherwise stated)

19. Employees' defined benefits liabilities

General description

The company has 20.Employees' defined benefits liabilities, including end-of-service benefits and payments due to them upon leaving service, in accordance with the Saudi Labor Law.

The movement on the provision for employee defined benefit liabilities during the year is as follows:

	31 December 2023	31 December 2022	1 January 2022
Balance at 1 January	**5,772,867**	7,036,000	8,758,013
Current service cost	**1,384,872**	544,219	629,243
Interest cost (Note **29**)	**238,012**	257,495	224,813
New Employees	**-**	123,436	17,846
Paid during the year	**(743,544)**	(594,028)	(1,199,112)
Reverse of provision	**-**	(860,536)	-
Actuarial losses / (gain)	**1,312,294**	(733,719)	(1,394,803)
	7,964,501	5,772,867	7,036,000

Key actuarial assumptions

	31 December 2023	31 December 2022	1 January 2022
Salary increase rate (% annually)	**5%**	5%	5%
Discount rate (% annually)	**4.4%**	4.5%	3%

The sensitivity of the defined benefit obligation to changes in the weighted average of the key assumptions is:

	Change in assumption	31 December 2023	31 December 2022
Discount rate	1+%	**7,542,519**	5,293,640
	1-%	**8,528,115**	6,341,068
Long-term salaries	1+%	**8,562,211**	6,325,876
	1-%	**7,503,127**	5,296,652

20. Accrued expense and other credit balances

	31 December 2023	31 December 2022 (Restated Note 36)	1 January 2022 (Restated Note 36)
Accrued expenses	**8,519,725**	3,883,939	5,402,399
VAT payable (recievable)	**645,721**	1,312,639	-
Oversubscribed payable	**3,258,720**	3,258,720	3,258,720
Advances from customers	**737,427**	445,203	492,057
	13,161,593	8,900,501	9,153,176

21. Refund liabilities

	31 December 2023	31 December 2022 (Restated Note 36)	1 January 2022 (Restated Note 36)
<u>Discount permitted</u>			
Balance at 1 January	**4,585,451**	739,349	784,627
Additions during the year	**4,121,202**	7,207,671	6,563,587
Paid / adjustment during the year	**(4,143,997)**	(3,361,569)	(6,608,865)
Balance at 31 December	**4,562,656**	4,585,451	739,349
<u>Sales returns</u>			
Balance at 1 January	**387,461**	581,329	900,079
Additions during the year	**-**	3,429,792	1,634,433
Paid / adjustment during the year	**(387,461)**	(3,623,660)	(1,953,183)
Balance at 31 December	**-**	387,461	581,329
	4,562,656	4,972,912	1,320,678

(All amounts in Saudi Riyals unless otherwise stated)

22. Shareholders' accrued dues

The balance shown in the financial statements represents the unpaid balance of the dividend distribution approved by the company's Ordinary General Assembly for previous years, and the shareholders did not come until December 31, 2023, to receive them, by the amount of 1,189,457 Saudi riyals (2022: 1,192,317 Saudi riyals). The accrued dues resulting from the issuance of capital increase through rights issue shares amounted to 24,647,070 saudi riyals (2022: 24,720,911 Saudi riyals).

23. Zakat provision

A- Status of Assessment

The Company has filed zakat returns with the Zakat, Tax and Customs Authority "ZATCA" for all years up to 31 December 2022 and obtained the temporary Zakat Certificate for the year ended 31 December 2022. The company obtained a final Zakat certificate valid up to 30 April 2023.

During the year 2018, the Authority issued initial assessments for the years from 2008 until 2011, and based on these assessments, the company objected to them and the amended zakat assessment was received, which resulted in zakat differences amounting to 4,021,425 Saudi riyals, and the zakat differences were recognized within the estimated zakat allocation for the year 2018.

During the year 2020, the Zakat, Tax and Customs Authority issued initial assessments for the years from 2014 to 2018, and based on these assessments, the company objected to them, and the modified zakat assessment was received, which resulted in zakat differences of SAR 3,582,039, and the company objected to the amended zakat assessment and a modified zakat assessment was received at a value of SAR 2,728,946, and the company objected to it and submitted a case to the General Secretariat of the Tax Committees, the "Primary Committee for Settlement of Tax Violations and Disputes," and the decision was issued by the committee. The company filed an appeal for the years from 2014 to 2018, and during the year 2023, the first Appeals Chamber decision was issued for income tax violations and disputes, rejecting the company's appeal and upholding the Adjudication Department's decision. This decision is considered final in accordance with the provisions of Articles Forty-Seven and Forty-Eight of the work rules of the Committee for Settlement of Tax Violations and Disputes. The zakat differences were recorded within the estimated zakat provision for the year 2021.

During the year 2021, a zakat assessment was issued by the Zakat, Tax and Customs Authority for the years from 2019 to 2020, which resulted in zakat differences amounting to 483,478 Saudi riyals, and the differences were paid during the same year.

B- Zakat provision movement

	31 December 2023	**31 December 2022**	**1 January 2022**
Balance at 1 January	**4,745,034**	4,714,993	6,392,274
Charge during the year	**3,152,225**	2,016,088	1,502,571
Zakat differences	**631,259**	289	483,478
Zakat paid during the year	**(2,647,347)**	(1,986,336)	(3,663,330)
Balance at 31 December	**5,881,171**	4,745,034	4,714,993

(All amounts in Saudi Riyals unless otherwise stated)

24. Sales, net

	2023	2022
Sales of vegetables factory	**112,707,345**	82,940,069
Sales of pastry factory	**50,096,784**	44,796,141
Sales of food and meet factory	**10,485,631**	8,884,814
Sales of Breakfast cereals factory	**6,413,000**	4,532,924
Total	**179,702,760**	141,153,948
Less: discount permitted	**(4,121,202)**	(7,207,671)
Less: returns	**(13,950,133)**	(3,429,792)
	161,631,425	130,516,485

	2023	2022
At a point in time	**161,631,425**	130,516,485
Over Time	**-**	-
Total	**161,631,425**	130,516,485

25. Cost of sales

	2023	2022
Cost of goods sold	**73,674,220**	60,481,797
Salaries, wages and equivalents	**12,138,114**	6,965,445
Electricity, water and fuel	**7,316,467**	4,538,944
Depreciation (note 5)	**6,962,835**	7,287,646
Quality and cleanliness expenses	**2,533,248**	1,395,830
Repair and maintenance	**1,437,056**	920,738
Medical insurance	**1,225,253**	792,135
Fees and subscriptions	**1,102,606**	658,827
End of service	**495,607**	537,113
Shipping	**486,461**	312,720
Rent	**383,411**	15,583
Depreciation on right of use assets (note 6)	**242,055**	203,647
Insurance	**190,023**	300,385
Travel and transport	**164,578**	172,843
Professional fees	**109,625**	-
Other	**2,582,027**	1,969,978
	111,043,586	86,553,631

26. General and administrative expenses

	2023	2022
Salaries, wages and equivalents	**10,678,343**	6,424,510
Remuneration and allowance for the attendance of the Board of Directors	**2,274,250**	2,006,120
Professional fees	**2,200,130**	1,206,369
Fees and subscription	**1,227,149**	901,013
Rent	**281,410**	315,843
Remuniration	**220,879**	221,753
Stationery	**207,357**	124,106
Amortization of intangible assets (note 7)	**173,182**	173,182
Depreciation (note 5)	**136,359**	161,486
Hospitality and cleanliness	**-**	154,691
Insurance	**-**	241,715
Repair and maintenance	**-**	95,035
Other	**1,349,230**	1,324,550
	18,748,289	13,350,373

(All amounts in Saudi Riyals unless otherwise stated)

27. Selling and marketing expenses

	2023	2022
Salaries, wages, and equivalents	**5,678,830**	4,490,063
Shipping	**4,542,230**	2,234,373
Temporary labor	**2,808,589**	1,965,293
Rent	**2,345,613**	1,587,557
Comissions	**1,555,610**	840,625
Sales promotion	**1,213,517**	75,560
Consumables	**1,186,491**	1,501,389
Fees and subscription	**918,354**	475,007
Electricity, water and fuel	**786,027**	604,595
Insurance	**705,005**	474,545
Depreciation (note 5)	**500,935**	377,772
Repair and maintenance	**483,490**	402,782
Depreciation on right of use assets (note 6)	**399,195**	194,510
Telephone and postage	**338,464**	104,947
Advertisement	**147,459**	331,352
Stationery	**132,703**	57,853
Damages	**115,044**	85,241
Other	**428,355**	249,208
	24,285,911	16,052,672

28. Other revenue / (expense), net

	2023	2022
Return on Murabaha deposits	**4,455,356**	1,406,167
Rental income	**1,363,414**	468,000
Scrap sales	**801,483**	286,347
Other	**1,274,112**	(164,947)
	7,894,365	1,995,567

29. Finance cost

	2023	2022
Lease liability (note 6)	**251,571**	244,732
Employees benefit (note **19**)	**238,012**	257,495
Bank facilities – Long term loans (note **18**)	**180,001**	386,000
	669,584	888,227

30. Capital commitment and contingent liabilities

A) Capital Commitment

There is no capital commitment for the company on 31 December 2023.

B) Contingent liabilities

Capital commitments as of 31 December 2023 amounted to 9 million Saudi riyals, represented by the purchase of new production lines, machinery and equipment.

(All amounts in Saudi Riyals unless otherwise stated)

31. Basic and diluted earnings per share

Earnings per share from the main operations is calculated by dividing the net income from main operations for the year by the weighted average number of shares during the year. Earnings per share from the net income for the year is calculated by dividing the net income for the year by the weighted average number of shares during the year.

Diluted earning per share for the year ended 31 December 2023 and ending 31 December 2022 was calculated by dividing the net income from main operations and net income for the year by the weighted average number of shares outstanding during the year adjusted for the potential reduction in ordinary shares. As there is no contingent liability for equity instruments, the diluted earning per share is not different from basic earning per share.

The weighted average number of shares for the two years ended 31 December 2023, and 31 December 2022, was reached by to comply with the requirements of IAS 33.

	31 December 2023	31 December 2022 (restated note 36)
Net profit attributed to ordinary share holders	**20,963,599**	13,817,123
Estimated average of number of issued ordinary shares	**23,151,105**	13,804,918
Basic and diluted earnings per share	**0,91**	1.00

32. Financial instruments

Fair value measurement

Fair value represents the amount may be collected from the asset sale or a boost to convert commitment between knowledgeable parties on the same terms and dealing with others and depends on the fair value measurement of the following conditions:

1- In the principal market for the asset or liability, or
2- The most advantageous market for the asset or liability in the absence of a principal market the company should be able to handle through the most advantageous market.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of a financial asset at fair value measures.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.
Management believes that its estimates and judgments are reasonable and adequate.
The fair values of financial assets and liabilities are not significantly different from their carrying values in the financial statements as of 31 December 2023.

(All amounts in Saudi Riyals unless otherwise stated)

32. Financial instruments (continued)

Fair value levels

Details of financial instruments at fair value are as below:

31 December 2023	**Amount**	**Level 1**	**Level 2**	**Level 3**
Investments at fair value through other comprehensive income	**401,237**	**401,237**	**-**	**-**
Investments at fair value through profit and loss	**15,018,528**	**-**	**-**	**15,018,528**
31 December 2022				
Investments at fair value through other comprehensive income	438,672	438,672	-	-
1 January 2022				
Investments at fair value through other comprehensive income	724,441	724,441	-	-

Transfers between Levels 1 & 2

There have been no transfers between Level 1 and Level 2 during the reporting periods.

33. Financial risk management

The company has exposure to the following risks from its use of financial instruments.
- Credit risk.
- Liquidity risk.
- Market risk.
- Capital management.

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies, and processes for measuring and managing risk, and the company's management of capital.

Risk management framework

The management has overall responsibility for the establishment and oversight of company's risk management framework.

The company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee monitors the management's performance in monitoring compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks facing the Company.

Financial instruments included in the statement of financial position include mainly cash and cash equivalents, receivables, other assets, investments, creditors, accrued liabilities, loans and other non-current liabilities.

Credit risk

Credit risk represents the risk that the Company will incur a financial loss as a result of a failure of the customer or counterparty to meet a financial instrument with its contractual obligations. These risks arise mainly from its bank balances, trade, and other receivables.

The Company's exposure to credit risk is mainly affected by the specificity of each customer. The demographic nature of the Company's customers, including the default risk of the activity and the country in which the customer operates, has a lower impact on credit risk.

(All amounts in Saudi Riyals unless otherwise stated)

33. Financial risk management (continued)

Credit risk (continued)

The following is the credit rating of the banks that the company deals with and their balance as at 31 December 2023:

Credit rating	31 December 2023	31 December 2022
BBB+	**6,807,246**	3,101,412
A-	**1,742,284**	2,121,174
AA-	**347,707**	644,842
	8,897,237	5,867,428

Trade Recievables

31 December 2023	Total Trade Recievable	Expected credit loss	Expected credit loss rate
Not Due	**25,268,823**	-	-
0-120 days	**14,949,405**	668,005	**6%**
121-180 days	**3,274,667**	920,580	**9%**
181- 270 days	**2,526,681**	867,141	**8%**
271 – 365 days	**3,239,178**	1,512,697	**14%**
More than 365 days	**14,596,359**	6,816,501	**63%**
	63,855,113	10,784,924	

31 December 2022	Total Trade Recievable	Expected credit loss	Expected credit loss rate
Not Due	**26,224,784**	-	-
0-120 days	**20,209,533**	134,956	1%
121-180 days	**702,303**	200,741	29%
181- 270 days	**2,984,768**	1,050,600	35%
271 – 365 days	**2,003,658**	1,351,473	67%
More than 365 days	**11,963,874**	7,491,877	63%
	64,088,920	10,229,647	

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial liabilities as they fall due to its financial liabilities that are settled through the provision of cash or other financial assets. The Company's liquidity management is to ensure, to the extent possible, that the Company always maintains sufficient liquidity to meet its obligations when it becomes payable under normal and stressful circumstances without incurring unacceptable losses or risks that may affect the Company's reputation.

The Company ensures that it has sufficient cash to cover expected operating expenses including coverage of financial liabilities but without any potential impact on difficult and unpredictable conditions such as natural disasters. In addition, the Company maintains a credit source from its banks to meet any sudden cash needs.

(All amounts in Saudi Riyals unless otherwise stated)

33.Financial risk management (continued)

The contractual maturities of non-derivative financial liabilities are as follows:

31 December 2023	**Less than a year**	**Greater than a year**	**There is no specific due date**	**Total**
Long-term loan	**2,000,000**	**-**	**-**	**2,000,000**
Trade payable	**19,225,824**	**-**	**-**	**19,225,824**
Loan guarantee provision - Related Party	**2,540,348**	**4,177,540**	**-**	**6,717,888**
Lease Liability	**492,639**	**3,673,536**	**-**	**4,166,175**
Oversubscribed	**-**	**-**	**3,258,720**	**3,258,720**
Priority rights creditors	**-**	**-**	**24,647,070**	**24,647,070**
Accrued Dividends	**-**	**-**	**1,189,457**	**1,189,457**
Accrued expenses and other payables	**9,902,873**	**-**	**-**	**9,902,873**
Zakat provision	**5,881,171**	**-**	**-**	**5,881,171**
Refund liabilities	**4,562,656**	**-**	**-**	**4,562,656**
Employees' defined benefits liabilities	**-**	**-**	**7,964,501**	**7,964,501**
	44,605,511	**7,851,076**	**37,059,748**	**89,516,335**

31 December 2022	Less than a year	Greater than a year	There is no specific due date	Total
Long-term loan	12,000,000	-	-	12,000,000
Trade payable	23,461,342	-	-	23,461,342
Loan guarantee provision - Related Party	2,540,938	4,177,540	-	6,718,478
Lease Liability	485,088	3,565,001	-	4,050,089
Oversubscribed	-	-	3,258,720	3,258,720
Priority rights creditors	-	-	24,720,911	24,720,911
Accrued Dividends	-	-	1,192,317	1,192,317
Accrued expenses and other payables	5,641,781	-	-	5,641,781
Zakat provision	4,745,034	-	-	4,745,034
Refund liabilities	4,972,912	-	-	4,972,912
Employees' defined benefits liabilities	-	-	5,772,867	5,772,867
	53,847,095	7,742,541	34,944,815	96,534,451

1 January 2022	Less than a year	Greater than a year	There is no specific due date	Total
Long-term loan	19,500,000	6,000,000	-	25,500,000
Trade payable	-	-	33,539,153	33,539,153
Loan guarantee provision - Related Party	3,150,245	4,050,345	-	7,200,590
Lease Liability	477,232	2,927,561	-	3,404,793
Oversubscribed	-	-	3,258,720	3,258,720
Accrued Dividends	-	-	1,193,417	1,193,417
Accrued expenses and other payables	5,894,456	-	-	5,894,456
Zakat provision	4,714,993	-	-	4,714,993
Refund liabilities	1,320,678	-	-	1,320,678
Employees' defined benefits liabilities	-	-	7,036,000	7,036,000
	35,057,604	12,977,906	45,027,290	93,062,800

33.Financial risk management (continued)

Market risk

Market risk is the risk arising from changes in market prices such as foreign exchange rates, murabaha rates and equity prices that affect the Company's profits or the value of the Company's financial instruments.

The objective of market risk management is to control the extent to which the Company is exposed to market risk within acceptable limits in addition to maximizing returns.

Currency risk

It is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates, Management monitors fluctuations in foreign currency exchange rates, and believes that the Company is not exposed to significant currency risk since the Company did not undertake significant transactions in currencies other than Saudi Riyal and US Dollars, The Saudi Riyal is pegged to the US Dollar, accordingly, balances and transactions in US Dollars are not considered to represent significant currency risk.

Capital Management

The Company's capital management policy is to maintain a strong capital base to maintain shareholders, creditors and market confidence as well as the continued development of the company's future activities.

The capital consists of ordinary shares, outstanding shares outstanding, retained earnings and non-controlling interests.

The management monitors the return on equity, which is determined by dividing net operating profit on shareholders' equity.

The Company aim to maintain the balance between the highest return possible in case of borrowing as high as possible and the preference and safety of a strong capital centre.

The Company did not have any change in capital management during the year and the Company is not subject to any external capital requirements.

34. Adjusted net dept to equity ratio

	31 December 2023	**31 December 2022**	**1 January 2022**
Borrowing at the end of the year	**75,337,950**	84,655,645	73,048,894
Less: Cash and cash equivalent	**(54,407,382)**	(5,914,288)	(9,330,328)
Net dept	**21,677,800**	78,741,357	63,718,566
Adjusted capital	**232,468,904**	212,855,034	49,182,160
	9 %	37%	130%

35. Segment Reporting

The company's main operation consists of sectors that include the sector of manufacturing and selling pastries of various types, as well as the sector of selling vegetables, as well as the sector of manufacturing breakfast cereals, in addition to the sector of manufacturing and selling meat products. Below are statements of financial information for each business segment.

(All amounts in Saudi Riyals unless otherwise stated)

35.Segment Reporting (continued)

For the year ending in 31 December 2023:

Profit and loss items	**Pastery sector**	**Vegetable sector**	**Breakfast cereals sector**	**Meat sector**	**Total**
Sales,net	**46,272,615**	**99,911,764**	**5,804,448**	**9,642,598**	**161,631,425**
Cost of Sales	**(25,287,303)**	**(68,749,496)**	**(5,419,791)**	**(11,586,996)**	**(111,043,586)**
Gross profit	**20,985,312**	**31,162,268**	**384,657**	**(1,944,398)**	**50,587,839**
General and administrative expenses	**(5,367,195)**	**(11,588,841)**	**(673,262)**	**(1,118,991)**	**(18,748,289)**
Selling and marketing expenses	**(6,952,685)**	**(15,012,227)**	**(872,146)**	**(1,448,853)**	**(24,285,911)**
Operating profit	**8,665,432**	**4,561,200**	**(1,160,751)**	**(4,512,242)**	**7,553,639**
Provision for expected credit losses	**(158,967)**	**(343,242)**	**(19,941)**	**(33,127)**	**(555,277)**
Impairment in prepayments and other debit balances	**(780,688)**	**(1,685,661)**	**(97,930)**	**(162,685)**	**(2,726,964)**
Provision for slow-moving inventory	**(506,203)**	**(1,092,993)**	**(63,498)**	**(104,930)**	**(1,767,624)**
Finance cost	**(191,691)**	**(413,900)**	**(24,046)**	**(39,947)**	**(669,584)**
Fair value gain	**4,299,576**	**9,283,638**	**539,340**	**895,974**	**15,018,528**
Other Income	**2,260,036**	**4,879,867**	**283,500**	**470,962**	**7,894,365**
Profit for the year before Zakat	**13,587,495**	**15,188,909**	**(543,326)**	**(3,485,995)**	**24,747,083**
Zakat	**(1,083,154)**	**(2,338,744)**	**(135,871)**	**(225,715)**	**(3,783,484)**
Profit for the year	**12,504,341**	**12,850,165**	**(679,197)**	**(3,711,710)**	**20,963,599**

For the year ending in 31 December 2022:

Profit and loss items	**Pastery sector**	**Vegetable sector**	**Breakfast cereals sector**	**Meat sector**	**Total**
Sales,net	40,741,079	77,676,263	4,053,236	8,045,907	130,516,485
Cost of Sales	(20,451,853)	(52,620,478)	(4,587,909)	(8,893,391)	(86,553,631)
Gross profit	20,289,226	25,055,785	(534,673)	(847,484)	43,962,854
General and administrative expenses	(4,167,356)	(7,945,411)	(414,601)	(823,005)	(13,350,373)
Selling and marketing expenses	(5,010,886)	(9,553,671)	(498,521)	(989,594)	(16,052,672)
Operating profit	11,110,984	7,556,703	(1,447,795)	(2,660,083)	14,559,809
Provision for expected credit losses	(237,342)	(452,512)	(23,613)	(46,871)	(760,338)
Impairment of property, plants and equipment	138,776	264,588	13,806	27,407	444,577
Reversal of loan guarantee provision - related party	150,493	286,927	14,972	29,720	482,112
Finance cost	(277,263)	(528,624)	(27,584)	(54,756)	(888,227)
Other Income	622,922	1,187,652	61,973	123,020	1,995,567
Profit for the year before Zakat	11,508,570	8,314,734	(1,408,241)	(2,581,563)	15,833,500
Zakat	(629,418)	(1,200,037)	(62,619)	(124,303)	(2,016,377)
Profit for the year	10,879,152	7,114,697	(1,470,860)	(2,705,866)	13,817,123

*Due to the nature of the company’s activities and its management structure, it is not practically possible to allocate items of assets and liabilities to the different operating sectors.

(All amounts in Saudi Riyals unless otherwise stated)

36. Previous years adjustments

The company adjusted some of the amounts and balances included in the financial statements for the previous year, as the transactions related to these balances were not properly accounted for, and therefore the amendment was made in accordance with the requirements of International Accounting Standard No. (8) Accounting Policies, Changes in Accounting Estimates and Errors. Details of these amendments are summarized below.

Statement of Financial Position	Adjustment	Balance as of 31 December 2022 before Adjustment	Adjustment	Balance as of 31 December 2022 after Adjustment
Property, plant and equipment	1	82,983,772	(2,870,068)	80,113,704
Right of use assets	2	2,917,795	1,253,033	4,170,828
Long-term lease liabilities	2	(2,611,110)	(953,891)	(3,565,001)
Accrued expenses and other payables	3	(7,150,501)	(1,750,000)	(8,900,501)
Refund liabilities	4	(441,186)	(4,531,726)	(4,972,912)
Accumlated losses	1,2,3,4	(9,686,142)	(8,852,652)	(18,538,794)
Statement of Profit or Loss and Other Comprehensive Income				
Sales	4	135,048,211	(4,531,726)	130,516,485
Cost of Sales	1	(86,093,609)	(460,022)	(86,553,631)
Finance cost	2	(807,689)	(80,538)	(888,227)
Other income	2	2,103,011	(107,444)	1,995,567
Earning per share		1.42	(0,42)	1

Statement of Financial Position	Adjustment	Balance as of 1 January 2022 before Adjustment	Adjustment	Reclass	Balance as of 1 January 2022 after Adjustment
Property, plant and equipment	1	88,629,802	(2,152,551)	-	86,477,251
Right of use assets	2	2,384,268	1,024,073	-	3,408,341
Long-term lease liabilities	2	(2,128,422)	(799,139)	-	(2,927,561)
Accrued expenses and other payables	3	(7,076,006)	(1,750,000)	(327,170)	(9,153,176)
Prepayments and other debit balances		5,703,185	-	327,170	6,030,355
Accumlated losses	1,2,3	(23,745,401)	(3,677,617)	-	(27,423,018)

Adjustment (1):
The effect of amending the depreciation calculation for buildings built on leased lands in accordance with the requirements of International Financial Reporting Standard 16 - Lease Contracts. This amendment is retroactive to comply with the requirements of International Standard No. (8) Accounting Policies, Changes in Accounting Estimates and Errors

Adjustment (2):
The impact of the correct calculation of lease contracts in accordance with the requirements of International Financial Reporting Standard 16 - Lease Contracts, and this modification is retroactive to comply with the requirements of International Standard No. (8) Accounting Policies, Changes in Accounting Estimates and Errors.

Adjustment (3):
The effect of recognizing Board of Directors' remuneration relates to previous years for which entitlement has not been established, and this amendment is done retroactively to comply with the requirements of International Standard No. (8) Accounting Policies, Changes in Accounting Estimates and Errors.

(All amounts in Saudi Riyals unless otherwise stated)

36. Previous years adjustments (continued)

Adjustment (4):

The effect of recognizing refund obligations to customers that were not recognized for previous years, and this amendment is retroactive to comply with the requirements of International Standard No. (8) Accounting Policies, Changes in Accounting Estimates and Errors.

37. Subsequent Event

The management believes that there are no significant subsequent events since the end of the year that may affect the financial position of the company.

38. Comparative figures

During the current year, the Company has reclassified certain balances as shown below, which management considers to be a more accurate presentation and reflects the relevant nature.

A) Statement of financial position balances that have been reclassified

	Balance as of 31 December 2022 before reclass	Reclass	Balance as of 31 December 2022 after reclass
Assets			
Cash and cash equivalents	125,914,288	(120,000,000)	5,914,288
Financial assets at amortized cost-Deposit	-	121,406,167	121,406,167
Prepayments and other debit balances	22,248,440	(1,406,167)	20,842,273

B) Amounts of statement of profit or loss that have been reclassified

	Balance as of 31 December 2022 before reclass	Reclass	Balance as of 31 December 2022 after reclass
Currency differences losses	(57,503)	57,503	-
Other income	2,160,514	(57,503)	2,103,011

C) Amounts of statement of cash flow that have been reclassified

	Balance as of 31 December 2022 before reclass	Reclass	Balance as of 31 December 2022 after reclass
Net profit before zakat	21,008,535	(5,175,035)	15,833,500
Net cash flows generated from / (used in) operating activities	(42,579,038)	1,720,413	(40,858,625)
Net cash flows generated from / (used in) investing activities	(1,955,158)	(120,469,789)	(122,424,947)
Net cash (used in) /generated from financing activities	161,118,156	(1,250,624)	159,867,532
Cash and cash equivalents at end of the year	125,914,288	(120,000,000)	5,914,288

39. Approval of the financial statements

The financial statements for the year ended on 31 December 2023 were approved by the Company's Board of Directors on 17 Ramadan 1445H corresponding to 27 March 2024.