

AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND SIX-MONTH PERIODS
ENDED JUNE 30, 2023

AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

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Independent Auditor's Review Report**To the Shareholders****Al Gassim Investment Holding Company**

(A Saudi Joint Stock Company)

Al Qassim, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Gassim Investment Holding Company (the "Company") as at June 30, 2023, and the related interim condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended and the interim condensed statements of changes in equity and cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard (IAS 34) "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in the audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Emphasis of Matter

We draw attention to Note No. 12, which indicates the existence of a lawsuit filed by the company against the Branch of the Ministry of Environment, Water and Agriculture (the "Ministry's Branch") in Al Qassim region, relating to the request of cancelling the negative decision on refraining the Ministry's Branch to submit a request to High Commissioner about the Company's ownership of the entire area which has been renovated from the land handed over to the Company. Approval has been issued by the High Commissioner for the Company to own only 74 million square meters out of the total land area of 116 million square meters. Noting that in case the Company is presumed to lose the lawsuit, it will materially affect the Company due to the correlation of the disputed land with the lease revenue contracts that have been entered into by the Company with the other party, which represents the main source of the Company's revenue. The expected losses can only be determined upon the final settlement of that lawsuit. Our conclusion is not modified in respect of this matter.

Baker Tilly MKM & Co.
Certified Public Accountants**Bader Hatim Yousif Al Tamimi**
(License No. 489)Riyadh, on Muharram 26, 1445 H
Corresponding to August 13, 2023 G

AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023
(SAUDI RIYALS)

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited) Restated - Note 11	January 01, 2022 (Audited) Restated - Note 11
ASSETS				
Non-current assets				
Property, plant, and equipment	4	54,474,659	55,781,214	58,248,475
Investment Properties		180,214,272	180,229,979	194,025,507
Installment sales contracts' debtors - non-current portion		11,016,582	11,761,133	12,193,143
Investment in finance lease contracts - non-current portion		118,182,392	126,372,455	145,124,559
Total non-current assets		363,887,905	374,144,781	409,591,684
Current Assets				
Inventories		36,357	118,616	193,830
Trade receivables		2,539,180	1,210,668	617,246
Installment sales contracts' debtors – current portion		443,655	415,521	395,734
Investment in finance lease contracts – current portion		4,880,204	4,570,726	4,353,074
Prepaid expenses and other debit balances		1,276,980	558,391	2,749,275
Financial assets at fair value through profit or loss		15,144,754	15,144,754	15,034,407
Short term deposits		-	25,000,000	-
Cash and cash equivalents	5	45,613,653	11,627,353	19,108,209
Total current assets		69,934,783	58,646,029	42,451,775
Total assets		433,822,688	432,790,810	452,043,459
EQUITY AND LIABILITIES				
Equity				
Share capital	6	300,000,000	300,000,000	300,000,000
Statutory reserve		1,168,140	1,168,140	443,410
Retained earnings / (Accumulated losses)		3,394,923	1,996,418	(4,547,877)
Total Equity		304,563,063	303,164,558	295,895,533
Liabilities				
Non-current liabilities				
Employees' defined benefits obligation		698,820	623,316	1,195,926
Deferred revenue		58,000,000	58,000,000	58,000,000
Total non-current liabilities		58,698,820	58,623,316	59,195,926
Current liabilities				
Stock sale surplus and unpaid profits		51,184,901	51,208,694	51,281,136
Investment properties' purchase payable		-	-	33,438,374
Underwriting creditors		1,365,535	1,365,535	1,365,535
Trade payables		757,186	759,983	887,503
Accrued expenses and other credit balances		4,089,798	3,130,196	2,221,571
Zakat payable	7	13,163,385	14,538,528	7,757,881
Total current liabilities		70,560,805	71,002,936	96,952,000
Total liabilities		129,259,625	129,626,252	156,147,926
Total equity and liabilities		433,822,688	432,790,810	452,043,459

Financial Manager

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes form an integral part of these interim condensed financial statements

AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2023
(SAUDI RIYALS)**

	Note	For the three-month period ended		For the six-month period ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
			Restated - note 11		Restated - note 11
Revenues		2,601,498	2,663,331	5,202,996	5,326,662
Cost of revenues		(369,934)	(427,717)	(734,557)	(868,794)
Gross profit		2,231,564	2,235,614	4,468,439	4,457,868
General and administrative expenses		(1,233,249)	(1,589,110)	(2,758,501)	(3,274,948)
Provision for expected credit losses		(555,143)	(789,474)	(1,344,616)	(2,046,034)
Operating profit / (loss)		443,172	(142,970)	365,322	(863,114)
Dividends from financial assets at fair value		412,500	37,500	412,500	337,500
Other income		334,163	42,533	1,120,683	44,033
Profit / (loss) for the period before Zakat		1,189,835	(62,937)	1,898,505	(481,581)
Zakat	7	(300,000)	(300,000)	(500,000)	(400,000)
Profit / (loss) for the period		889,835	(362,937)	1,398,505	(881,581)
Other comprehensive income:					
Re-measurement of employees' defined benefits obligation		-	-	-	-
Comprehensive income / (loss) for the period		889,835	(362,937)	1,398,505	(881,581)
Basic and diluted earnings/(loss) per share	8	0.030	(0.012)	0.047	(0.029)

Financial Manager



Chief Executive Officer



Chairman of Board of Directors



The accompanying notes form an integral part of these interim condensed financial statements

AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(SAUDI RIYALS)

	Note	Share Capital	Statutory reserve	Retained Earnings / (Accumulated Losses)	Total equity
As of January 1, 2023 (Audited – Restated)	11	300,000,000	1,168,140	1,996,418	303,164,558
Profit for the period		-	-	1,398,505	1,398,505
Other comprehensive income		-	-	-	-
Comprehensive income for the period		-	-	1,398,505	1,398,505
As of June 30, 2023 (Unaudited)		300,000,000	1,168,140	3,394,923	304,563,063
As of January 1, 2022 (Audited)		300,000,000	443,410	(10,590,537)	289,852,873
Prior years' adjustments	11	-	-	6,042,660	6,042,660
As of January 1, 2022 (Audited – Restated)	11	300,000,000	443,410	(4,547,877)	295,895,533
Loss for the period (Restated)		-	-	(881,581)	(881,581)
Other comprehensive income		-	-	-	-
Comprehensive loss for the period (Restated)	11	-	-	(881,581)	(881,581)
As of June 30, 2022 (Unaudited)		300,000,000	443,410	(5,429,458)	295,013,952

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Financial Manager



Chief Executive Officer



Chairman of Board of Directors



The accompanying notes form an integral part of these interim condensed financial statements

AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(SAUDI RIYALS)

	<u>June 30, 2023</u>	<u>June 30, 2022</u> (Restated)
Operating activities		
Profit / (loss) for the period before zakat	1,898,505	(481,581)
Adjustments for non-cash items:		
Depreciation of property, plant, and equipment	1,086,436	1,234,688
Depreciation of investments properties	15,707	15,707
Gain on sale of property, plant, and equipment	(493,186)	(30,678)
Dividends from financial assets at fair value	(412,500)	(337,500)
Provision for expected credit losses of trade receivables	1,344,616	2,046,034
Employees' defined benefits obligation incurred	75,504	117,359
Changes in working capital:		
Inventories	82,259	10,905
Trade receivables	(2,673,128)	(4,048,532)
Installment sales contracts' debtors	(283,583)	(293,889)
Investment in finance lease contracts	(2,961,523)	(2,916,989)
Prepaid expenses and other debit balances	(381,089)	2,137,107
Trade payables	(2,797)	(5,320)
Accrued expenses and other credit balances	959,602	2,186,482
Cash used in operations	(1,745,177)	(366,207)
Employees' defined benefits obligation paid	-	(334,114)
Zakat Paid	(1,875,143)	(1,479,430)
Net cash flows used in operating activities	(3,620,320)	(2,179,751)
Investing activities		
Short term deposit	25,000,000	-
Proceeds from investment in finance lease contracts	10,842,108	21,684,216
Proceeds from Installment sales contracts' debtors	1,000,000	1,000,000
Additions to property, plant, and equipment	(1,391)	(1,017)
Proceeds from sale of property, plant, and equipment	714,696	31,522
Dividends received	75,000	375,000
Net cash flows generated from investing activities	37,630,413	23,089,721
Financing activities		
Payment of stock sale surplus and unpaid profits	(23,793)	(54,681)
Net cash flows used in financing activities	(23,793)	(54,681)
Net change in cash and cash equivalents during the period	33,986,300	20,855,289
Cash and cash equivalents at the beginning of the period	11,627,353	19,108,209
Cash and cash equivalents at end of the period	45,613,653	39,963,498
Non-cash transactions		
Accrued dividends from financial assets at fair value booked in other debit balances	337,500	37,500

Financial Manager

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes form an integral part of these interim condensed financial statements

AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

1. COMPANY INFORMATION

Al Gassim Investment Holding Company is a Saudi joint stock Company registered in the city of Buraidah in the Kingdom of Saudi Arabia under the Commercial Registry No. 1131006443 issued on Muharram 10, 1406 H corresponding to September 25, 1985.

The registered address of the Company is building number 7756 King Fahd Road, Al-Fayiziyah District, Buraidah – Al Qassim, Kingdom of Saudi Arabia

The Company's main activities represented in managing the subsidiaries.

2. BASIS OF PREPARATION

Statement of compliance with international financial reporting standards ("IFRS")

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia, these interim condensed financial statements do not include all the information required to prepare a complete set of financial statements prepared in accordance with International Financial Reporting Standards. These interim condensed financial statements should be read along with the company's financial statements for the previous year ended on December 31, 2022.

The interim period is considered to be an integral part of the full fiscal year; however, the results of operations for the interim periods may not be a fair indication of the results for the full-year operations.

Overall considerations

The accounting policies and calculation methods applied in preparing the interim condensed financial statements are consistent with those followed in preparing the Company's annual financial statements for the year ended December 31, 2022, except for the application of the new standards that became effective on January 1, 2023. The Company did not early adopt any other standard, interpretation, or amendment issued but not yet effective. There are a number of amendments to standards that are effective from January 1, 2023, but they do not have effect on the Company's financial statements.

The condensed interim financial statements have been prepared on the historical cost basis excluding the assets measured at fair value. Furthermore, the interim condensed financial statements have been prepared using the accrual basis and going concern basis.

The condensed interim financial statements are presented in Saudi Riyals ("SR"), which is the company's functional currency, and all amounts are rounded to the nearest Saudi Riyal unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS:

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

The significant estimates made by management in applying the Company's accounting policies and the primary sources of estimation of reliability were the same as those that were applied in the financial statements for the year ended December 31, 2022.

AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

4. PROPERTY, PLANT, AND EQUIPMENT

	(Saudi Riyals)		
	Property, plant, and equipment	Project under construction	Total
As at the beginning of the period	55,501,084	280,130	55,781,214
Additions during the period	1,391	-	1,391
Disposals during the period	(221,510)	-	(221,510)
Depreciation charged during the period	(1,086,436)	-	(1,086,436)
As at the end of the period	54,194,529	280,130	54,474,659

* Property, plant, and equipment include a plot of land in Madinah Al-Munawarah with a value of SR 13,223,238 owned by the Company, previously registered under the name of Al-Rajhi Bank as a guarantee of facilities obtained by the Company during the previous years, the Company has settled all its obligations to Al-Rajhi Bank however the plot of land is still registered under the name of Al-Rajhi Bank, as the legal formalities to re-transfer ownership to the Company have not been completed to date.

5. CASH AND CASH EQUIVALENTS

	(Saudi Riyals)	
	June 30, 2023	December 31, 2022
Cash at banks	16,613,653	11,627,353
Time deposits *	29,000,000	-
	45,613,653	11,627,353

* The Company has obtained income from these time deposits during the period ended June 30, 2023, amounted to SR 605,366 (June 30, 2022: Nil).

6. SHARE CAPITAL

The Company's issued and paid share capital is SR 300 million divided into 30 million equal shares at SR 10 per share.

7. ZAKAT PAYABLE

Status of zakat certificates and assessments

The Company submitted its Zakat returns to the Zakat, Tax and Customs Authority ("ZATCA") till 2022. The Company has obtained a Zakat certificate for these years.

The Company has received a zakat assessment with an amount of SR 13.26 million for the years from 2014 to 2018. The Company has appealed to these zakat assessments and paid the zakat differences which were approved by the Company's management in addition to 10% of the appealed amounts. These appeals were approved by ZATCA and the value of the differences has been reduced for those years to SR 12 million. Accordingly, the Company has escalated this matter to the permanent committees, and the final decision was issued by the Settlement Committee for the year 2018 and the petition request was submitted for reviewing the issued decision.

The Company has received a zakat assessment with an amount of SR. 7.87 million for the years 2019 and 2020, the Company has submitted the appeals within the legal periods and paid 25% of the value of the appealed amounts. The appeals were partially approved. The value of the Zakat differences after the appeal amounted to SR 7.86 million. Accordingly, the Company has escalated this matter to the permanent committees, but the matter has not been settled to date.

AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

7. ZAKAT PAYABLE (Continued)

Status of zakat certificates and assessments (Continued)

Therefore, the total value of the appealed zakat differences for the years from 2014 to 2020 amounted to SR 19.86 million, and an amount of SR 3.22 million was paid. Hence, the net value of the differences due for those years amounted to SR 16.64 million. The Company's management has established provisions for these zakat assessments based on the opinion of the Zakat advisor with an amount of SR 12.66 million, till the Company receives final zakat assessments from ZATCA.

For the years 2021 and 2022, its still under review by ZATCA.

The movement of the Zakat payable during the period/year is as follows:

	(Saudi Riyals)	
	June 30, 2023	December 31, 2022
As at the beginning of the period/year	14,538,528	7,757,881
Charged during the period/year	500,000	1,835,802
Prior years' adjustments	-	6,424,275
Paid during the period/year	(1,875,143)	(1,479,430)
As at the end of the period/year	13,163,385	14,538,528

8. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Basic earnings / (loss) per share are calculated by dividing the net profit (loss) of the period attributable to shareholders by the weighted average number of outstanding ordinary shares during the period. There were no outstanding diluted shares at any time during the period, Therefore, the diluted earnings / (loss) per share equals the basic earnings / (loss) per share.

	For the three-month period ended		For the six-month period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net profit / (loss) attributable to shareholders (Saudi Riyals)	889,835	(362,937)	1,398,505	(881,581)
Weighted average number of outstanding shares during the period (Number of shares)	30,000,000	30,000,000	30,000,000	30,000,000
Basic and diluted earnings / (loss) per share	0.030	(0.012)	0.047	(0.029)

9. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Remunerations of senior management personnel are as follows:

	(Saudi Riyals)	
	June 30, 2023	June 30, 2022
Short-term employees' benefits	460,674	444,624
Allowances of Board of Directors and emanated committees	196,000	127,500
Employees' defined benefits obligation	24,951	23,613

AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below shows carrying amounts and fair values of financial assets and liabilities including their levels in the fair value hierarchy. They do not include fair value information for financial assets and liabilities that are not measured at fair value if the carrying amount reasonably approximates the fair value.

	(Saudi Riyals)				
	Carrying amount		Fair value		
	Fair value	Amortized cost	Level 1	Level 2	Level 3
<u>As of June 30, 2023</u>					
Financial assets at amortized cost					
Trade receivables	-	2,539,180	-	-	-
Cash and cash equivalents	-	45,613,653	-	-	-
Prepaid expenses and other debit balances	-	895,602	-	-	-
Installment sales contracts debtors	-	11,460,237	-	-	-
Investment in finance lease contracts	-	123,062,596	-	-	-
Financial assets at fair value					
Financial assets at FVTPL	15,144,754	-	15,144,754	-	-
Total financial assets	<u>15,144,754</u>	<u>183,571,268</u>	<u>15,144,754</u>	<u>-</u>	<u>-</u>
Financial liabilities at amortized cost					
Trade payables	-	757,186	-	-	-
Accrued expenses and other credit balances	-	1,947,382	-	-	-
Stock sale surplus and unpaid profits	-	51,184,901	-	-	-
Underwriting creditors	-	1,365,535	-	-	-
Total financial liabilities	<u>-</u>	<u>55,255,004</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>As at December 31, 2022</u>					
Financial assets at amortized cost					
Trade receivables	-	1,210,668	-	-	-
Cash and cash equivalents	-	11,627,353	-	-	-
Prepaid expenses and other debit balances	-	285,271	-	-	-
Short term deposit	-	25,000,000	-	-	-
Instalment sales contracts debtors	-	12,176,654	-	-	-
Investment in finance lease contracts	-	130,943,181	-	-	-
Financial assets at fair value					
Financial assets at FVTPL	15,144,754	-	15,144,754	-	-
Total financial assets	<u>15,144,754</u>	<u>181,243,127</u>	<u>15,144,754</u>	<u>-</u>	<u>-</u>
Financial liabilities at amortized cost					
Trade payables	-	759,983	-	-	-
Accrued expenses and other credit balances	-	2,487,781	-	-	-
Stock sale surplus and unpaid profits	-	51,208,694	-	-	-
Underwriting creditors	-	1,365,535	-	-	-
Total financial liabilities	<u>-</u>	<u>55,821,993</u>	<u>-</u>	<u>-</u>	<u>-</u>

The risk management policies of financial instruments during the period have had no changes from those followed by management during the year ended December 31, 2022.

AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

11. PRIOR YEARS' ADJUSTMENTS

11-1 The following are the adjustments made to the statement of financial position as of December 31, 2022:

			(Saudi Riyals)	
	Note	December 31, 2022 Before adjustment	Adjustments	December 31, 2022 After adjustment
ASSETS				
Non-current assets				
Property, plant, and equipment	B	27,056,608	28,724,606	55,781,214
Investment Properties	B	208,954,585	(28,724,606)	180,229,979
Installment sales contracts debtors - non-current portion	A	11,274,067	487,066	11,761,133
Investment in finance lease contracts- non-current portion	A	121,014,728	5,357,727	126,372,455
Total non-current assets		<u>368,299,988</u>	<u>5,844,793</u>	<u>374,144,781</u>
Equity				
Share capital		300,000,000	-	300,000,000
Statutory reserve		1,168,140	-	1,168,140
Re-measurement reserve of employees' defined benefit obligations	B	354,401	(354,401)	-
Retained earnings / (Accumulated losses)	A, B	(4,202,776)	6,199,194	1,996,418
Total Equity		<u>297,319,765</u>	<u>5,844,793</u>	<u>303,164,558</u>

11-2 The following are the adjustments made to the statement of profit or loss and other comprehensive income for the period ended June 30, 2022:

			(Saudi Riyals)	
	Note	June 30, 2022 Before adjustment	Adjustments	June 30, 2022 After adjustment
Revenues	A	5,425,596	(98,934)	5,326,662
Net loss		<u>(782,647)</u>	<u>(98,934)</u>	<u>(881,581)</u>

AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

11. PRIOR YEARS' ADJUSTMENTS (CONTINUED)

11-3 The following are the adjustments made to the statement of financial position as of January 1, 2022:

		(Saudi Riyals)	
	Note	January 1, 2022 Before adjustment	Adjustments January 1, 2022 After adjustment
ASSETS			
Non-current assets			
Property, plant, and equipment	B	28,191,891	30,056,584 58,248,475
Investment Properties	B	224,082,091	(30,056,584) 194,025,507
Installment sales contracts debtors - non-current portion	A	11,689,588	503,555 12,193,143
Investment in finance lease contracts- non-current portion	A	139,585,454	5,539,105 145,124,559
Total noncurrent assets		<u>403,549,024</u>	<u>6,042,660</u> <u>409,591,684</u>
Equity			
Share capital		300,000,000	- 300,000,000
Statutory reserve		443,410	- 443,410
Re-measurement reserve of employees' defined benefit obligations	B	134,808	(134,808) -
Accumulated losses	A, B	(10,725,345)	6,177,468 (4,547,877)
Total Equity		<u>289,852,873</u>	<u>6,042,660</u> <u>295,895,533</u>

The following are the significant adjustments made to the statement of financial position as of December 31, 2022, and January 1, 2022, and the statement of profit or loss and other comprehensive income for the period ended June 30, 2022:

- A- The company calculated the present value for the finance lease and Installment sales contracts at the total contract value without deducting the first installment from the lease amount, which has been paid at the commencement of the contract; Hence the accounting error has been corrected excluding that amount and recalculating the present value of the contract according to the date of installments' payment. The revenues' calculation of the finance lease contract has been corrected based on the finance lease contract recalculation and installment sale mentioned above.
- B- Certain comparative figures of the prior periods were reclassified to conform with the presentation figures for the current period.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

12. LEGAL POSITION

The outstanding key cases and claims filed (by/against) the Company are summarized as follows:

- Lawsuit No. (228) filed by the Company for the year 1442H, before the First Circuit at the Administrative Court in Buraida against the Branch of the Ministry of Environment, Water and Agriculture ('The Ministry') in the Al Qassem Regin, which relates to the cancellation of the negative resolution represented in refraining the Ministry's Branch to submit a request to the high commissioner about the Company's ownership to the entire land that has been renovated and handed over to the Company. An approval has been issued by the high commissioner stating the company's ownership of 74 million square meters only of the total land amounting to 116 million square meters. With reference to that upon the presumption of the Company's loss of the lawsuit, this will materially affect the company, that the disputed land is correlated with lease revenues contracts, which have been held by the Company with other parties, as this is considered as a main income source to the company and the expected losses will be identified only upon the final dismantling of that lawsuit. On March 31, 2021 (corresponding to 17/08/1442 H), a sentence has been issued stating to not accept the lawsuit No. (228) for year 1442H, the Company has objected to the ruling before the administrative appeal court, the lawsuit has been filed with a No.446/1442 in the Administrative Appeal Court in Al Qassem region, which has issued a sentence stating to cancel the issued ruling on March 31, 2021, corresponding to 17/08/1442 H, relating to the lawsuit No. (228) for year 1442H, which stated to not accept the lawsuit and to cancel the negative resolution of the Ministry of The Environment, Water And Agriculture, represented in refraining the ministry to referral the company's grievance of non-wholly land-owning that has been revived to the committee stipulated in article 10 of the Wasteland Distribution Law, the sentence has been received in 03/03/1443H and a request has been submitted to file the lawsuit before the committee but the response has not been received to date. On 02/07/1444 H, the High Administrative Court requested the defendant to complete the data and the documents within 30 days, lawsuit's date has been set with the Appeal Court on 14/09/1444 H. The objection submitted by the Ministry on the issued sentence from the Administrative Appeal Court in Al Qassem Region has been accepted to break the objected sentence and refer that to the Appeal Court in the Al Qassem Region to dismantle again. The upcoming session has been set for 20 Shawal 1444 H at the Appeal Court in the Al Qassem Region and the sentence has been issued by the Appeal Court in Al Qassem Region stating that the filed lawsuit is accepted in form and supports the sentence of the First Circuit in The Administrative Court in Buraida, dated in 17/08/1442 H, stating to not accept the filed lawsuit by the Company against the Branch of the Ministry of Environment, Water and Agriculture in Al Qassem Region, the appropriate measures will be taken in order to own the remaining area of the revived land upon receiving the sentence deed. The Company has raised a grievance the Committee of the disputed wastelands at the Ministry of Environment, Water and Agriculture on May 31, 2023, and is being considered by the respective Committee.
- On 18 May 2021, the Company received a letter from the Ministry of Environment, Water and Agriculture, dated 24 Ramadan 1442H, regarding the Sheri land, in which the Ministry hopes to pay the rent for the encroached area, which the Company revived from the date of seizure until the date of 24 Ramadan 1442H to the state treasury in favor of the Ministry, and since there is an existing disagreement against the Branch of the Ministry of Environment, Water and Agriculture, in which the Company requests to cancel the negative resolution represented in that the ministry refrains to submit the request to the high commissioner by requesting the Company's ownership of the entire area that the Company has revived from the land received. Therefore, the Ministry is not entitled to request the rent before deciding whether the company owns the land or not. The company objected to the decision on 14 July 2021.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

12. LEGAL POSITION (CONTINUED)

- The Company's lawsuit against Al-Bandariya Group, is financial, and the due amount is (SR 27,828,162) Twenty-seven million eight hundred twenty-eight thousand one hundred and sixty-two Saudi Riyals from Al-Bandariya Group, the lawsuit is valid before the Commercial Court in Riyadh, and a sentence has been issued in favor of the company obliging the defendant to pay the aforementioned amount on 14/5/1439H, corresponding to 31/1/2018. The sentence is final in favor of the company. The judgment deed was submitted as an executive bond before the Execution Court. The defendant submitted a request for reconsideration in the judgment on 14/05/1440 H, and the petition was rejected, but the plaintiff appealed the rejection judgment on 18/02/1442 H, and it was also rejected, except that the defendant submitted another request, on 11/08 / 1442 H, and a session date was set on 5/4/1443 H, corresponding to November 11, 2021. A decision was issued by the Court of Appeal to suspend the implementation of the sentence until a decision is made on accepting the petition or not. An appointment was set for considering the case on 15/11/1443 H. After several sessions and on 28/2/1443 H, the First Appeal circuit has issued its sentence to suspend the implementation of the ruling of the Second Commercial Circuit in the Commercial Court in Riyadh issued on 14/05/1439 H, and the judge obliged the defendants, together, to pay for the Qassim Agricultural Company an amount of SR. 27,828,162, and after holding several sessions of pleading and deliberation until the date of the session of 7/4/1444 H, the First Appeal circuit issued the operative part of its ruling to cancel the decision of the Fifteenth Circuit in the Execution Court, which was included in its sentence issued on 1/2/ 1443 H mentioned above and supported the judgment issued by the Second Commercial circuit, dated on 19/01/1442 H. stating to reject the petition submitted by the defendant for the reasons explained, and the sentence was received on 15/04/1444 H, The ruling is in favour of the company, and there was execution to implement Article 46 of the Enforcement Law against the defendant, Al-Bandariya Group.

13. SEGMENT INFORMATION

The Company has one business sector mainly represented in leasing investment properties. The Company's activity is in one geographical sector based in the Kingdom of Saudi Arabia.

14. SUBSEQUENT EVENTS

At Management's opinion, no significant events till the reporting date may require amendment or disclosure in these interim condensed financial statements.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Company's Board of Directors on Muharram 26, 1445 H (Corresponding to August 13, 2023 G).