

Al Gassim Investment Holding Company
(A Saudi Joint Stock Company)

Interim Condensed Financial Statements (Unaudited)
For the Three and Six Month period ended 30 June 2022
With Independent Auditor's Review Report

Al Gassim Investment Holding Company
(A Saudi Joint Stock Company)

Interim Condensed Financial statements (Unaudited)

For the Six month period ended 30 June 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE INTERIM CONDENSED FINANCIAL STATEMENTS

To the Shareholders of
Al Gassim Investment Holding Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the interim condensed statement of financial position of **Al Gassim Investment Holding Company ("The Company")** -A Saudi Joint Stock Company- as at 30 June 2022, and the related interim condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity interim condensed statement of cash flows For the three-month and six-month period then ended, and a summary of significant accounting policies 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" that is 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 International Standard on Review Engagements 2410 "Review of Interim Financial information Performed by 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 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 an 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 is 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 clarification No. (16) in the interim condensed financial statements, which indicated the existence of a lawsuit filed by the company No. (228) for the year 1442 AH before the First Circuit of the Administrative Court in Buraidah against the branch of the Ministry of Environment, Water and Agriculture ("the Ministry") in the Qassim region, which relates to A request to cancel the negative decision represented in the Ministry's branch refraining from submitting to the Supreme Court by requesting the company's ownership of the entire area that it revived from the land handed to it. An approval was issued by the High Commissioner for the company to own an area of only 74 million square meters out of the total land area of 116 million square meters. Noting the in case of the company losing the lawsuit, it will materially affect the company due to the association of the disputed land with the rental income contracts made by the company with third parties, which represents the main source of income for it. The expected losses can only be determined at the final settlement of that lawsuit. On March 30, 2021 AD corresponding to 08/17/1442 AH, a decree was issued not to accept Case No. (228) for the year 1442 AH, and the company objected to the decree in front of the Administrative Court of Appeal. Judgment issued on March 30, 2021 AD corresponding to 08/17/1442 AH, related to Case No. (228) for the year 1442 AH, which ruled that the case was not accepted, and the Ministry of Environment, Water and Agriculture's negative decision of its refusal to refer the company's grievance for not owning the entire area of land that it revived assigned to it to the committee stipulated in Article 10 of the system for the distribution of heath lands. The judgment was received on 03/03/1443 AH. An application was submitted to register the case in front of the committee, and the committee's response has not been received to date.

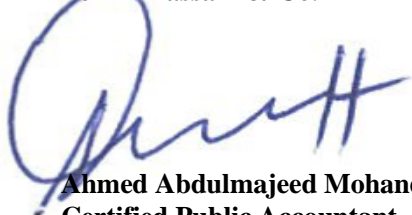
INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

To the Shareholders of
Al Gassim Investment Holding Company
(A Saudi Joint Stock Company)

Emphasis of matter (continued)

On May 18, 2021 AD, the Company received a letter from the Ministry of Environment, Water and Agriculture, dated 24 Ramadan 1442 AH, regarding the Sheri land, in which the Ministry hopes to pay the same rent for the encroached area, which the Company revived from the date of laying hands on until the date of 24 Ramadan 1442 AH 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 demands to cancel the negative decision represented in the ministry's refusing from submitting to the Supreme Court by requesting the Company's ownership of the entire area that the Company has revived from the land it received . Therefore, the Ministry is not entitled to demand the rent before deciding whether the company owns the land or not. The company objected to the decision on July 14, 2021. Our conclusion has not been modified with respect to this matter.

For Al Bassam & Co.



Ahmed Abdulmajeed Mohandis
Certified Public Accountant
License No. (477)



Al Qassim, Kingdom of Saudi Arabia
26, Muharam 1444 H
24 August 2022

Al Gassim Investment Holding Company
(A Saudi Joint Stock Company)
Interim Condensed Statement of Financial Position
As at 30 June 2022
(All amounts are in Saudi Riyal unless otherwise stated)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<u>ASSETS</u>			
Non current assets			
Property, plant and equipment	5	27,510,255	28,191,891
Investment properties	6	223,513,505	224,082,091
Installment sales contracts' debtors – Non current portion	7	10,981,828	11,689,588
Investment in finance lease contracts – Non current portion	8	120,800,091	139,585,454
Total non current assets		382,805,679	403,549,024
Current assets			
Inventories		182,925	193,830
Trade receivables		2,619,744	617,246
Installment sales contracts' debtors – current portion	7	405,627	395,734
Investment in finance lease contracts – current portion	8	4,461,900	4,353,074
Prepayments and other debit balances		574,668	2,576,197
Investments at fair value through profit or loss		15,034,407	15,034,407
Cash and cash equivalents		39,963,498	19,281,287
Total current assets		63,242,769	42,451,775
TOTAL ASSETS		446,048,448	446,000,799
<u>EQUITY AND LIABILITIES</u>			
<u>EQUITY</u>			
Share capital	9	300,000,000	300,000,000
Statutory reserve	10	443,410	443,410
Other reserve		134,808	134,808
Accumulated losses		(11,507,992)	(10,725,345)
TOTAL EQUITY		289,070,226	289,852,873
<u>LIABILITIES</u>			
Non current liabilities			
Employees' end of service benefits		979,171	1,195,926
Deferred revenue	11	58,000,000	58,000,000
Total non current liabilities		58,979,171	59,195,926
Current liabilities			
Stock sale surplus and unpaid profits	12	51,226,455	51,281,136
Investment properties' purchase payable	13	33,438,374	33,438,374
Underwriting creditors		1,365,535	1,365,535
Trade payable		882,183	887,503
Accrued expenses and other credit balances		4,408,053	2,221,571
Zakat provision	14	6,678,451	7,757,881
Total current liabilities		97,999,051	96,952,000
TOTAL LIABILITIES		156,978,222	156,147,926
TOTAL EQUITY AND LIABILITIES		446,048,448	446,000,799

Financial Manager

Chief Executive
Officer

Chairman of Board of
Directors

The accompanying notes from (1) to (20) 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

For the three and six month periods ended 30 June 2022

(All amounts are in Saudi Riyal unless otherwise stated)

	Note	For the three month period ended		For the six month period ended	
		30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Revenues		2,712,798	2,819,332	5,425,596	5,634,220
Cost of revenues		(427,717)	(440,104)	(868,794)	(893,163)
Gross profit		2,285,081	2,379,228	4,556,802	4,741,057
Selling and distribution expenses		--	--	--	(30,167)
General and administrative expenses		(1,589,110)	(2,028,156)	(3,274,948)	(3,727,758)
Impairment of other debit balances		--	--	--	(300,000)
Provision for expected credit losses		(789,474)	(541,122)	(2,046,034)	(1,124,467)
Loss from operations		(93,503)	(190,050)	(764,180)	(441,335)
Gain from sale of property, plant and equipment		30,678	156,516	30,678	170,725
Dividends income from Investments at fair value through profit or loss		37,500	--	337,500	300,000
Other income Net		11,855	40,642	13,355	53,273
Net (Loss)/profit before Zakat		(13,470)	7,108	(382,647)	82,663
Zakat	14	(300,000)	(300,000)	(400,000)	(400,000)
Net (loss) from the period		(313,470)	(292,892)	(782,647)	(317,337)
Other Comprehensive Income:					
Actuarial loss		--	--	--	--
Total comprehensive loss for the period		(313,470)	(292,892)	(782,647)	(317,337)
(Loss) Per share					
From Loss for the period	15	(0.01)	(0.01)	(0.026)	(0.011)
From Comprehensive loss for the period	15	(0.01)	(0.01)	(0.026)	(0.011)

Financial Manager

Chief Executive
Officer

Chairman of Board of
Directors

The accompanying notes from (1) to (20) 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 Shareholders Equity

For the six month periods ended 30 June 2022

(All amounts are in Saudi Riyal unless otherwise stated)

	Share capital	Statutory reserve	Other reserve	Accumulated losses	Total
Balance as at 1 January 2021 Restated (Audited)	300,000,000	334,431	113,740	(11,706,159)	288,742,012
Net loss for the period	--	--	--	(317,337)	(317,337)
Balance as at 30 June 2021 (Unaudited)	300,000,000	334,431	113,740	(12,023,496)	288,424,675
Balance as at 1 January 2022 (Audited)	300,000,000	443,410	134,808	(10,725,345)	289,852,873
Net loss for the period	--	--	--	(782,647)	(782,647)
Balance as at 30 June 2022 (Unaudited)	300,000,000	443,410	134,808	(11,507,992)	289,070,226

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Financial Manager



Chief Executive
Officer



Chairman of Board of
Directors



The accompanying notes from (1) to (20) 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

For the six month period ended 30 June 2022

(All amounts are in Saudi Riyal unless otherwise stated)

	Note	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Cash Flows From Operating activities:			
Net (loss)/profit before zakat		(382,647)	82,663
Adjustments for Net (loss)/profit before zakat from operating activities			
Depreciation of investment properties	6	568,586	583,860
Depreciation of property, plant and equipment	5	681,809	693,057
(Gain) on sale of property, plant and equipment		(30,678)	(170,725)
Provision for expected credit losses		2,046,034	1,124,467
Impairment of other debit balances		--	300,000
Provision for Employees' End of service benefits		117,359	104,940
		<u>3,000,463</u>	<u>2,718,262</u>
Changes in Working Capital			
Inventories		10,905	(734)
Trade receivables		(4,048,532)	(2,488,301)
Installment sales contracts' debtors		697,867	(311,557)
Net investment in finance lease contracts'		(3,007,679)	(2,344,861)
Prepayments and other debit balances		2,001,529	(1,882,480)
Trade payables		(5,320)	--
Accrued expenses and other credit balances		2,186,482	(350,763)
Cash flow generated (used in) from operating activities		<u>835,715</u>	<u>(4,660,434)</u>
End of service paid		(334,114)	--
Zakat paid		(1,479,430)	(1,597,204)
Net cash flows generated / (used in) from operating activities		<u>(977,829)</u>	<u>(6,257,638)</u>
Cash flows from investing activities:			
Proceeds from the net investment in finance lease contract		21,684,216	--
Purchase of property, plant and equipment	5	(1,017)	(68,706)
Proceeds from sale of property, plant and equipment		31,522	170,732
Net cash flows generated from/(used in) investing activities		<u>21,714,721</u>	<u>102,026</u>
Cash flows from financing activities:			
Payment of stock surplus sale and unpaid profits		(54,681)	(58,762)
Net cash flows used in financing activities		<u>(54,681)</u>	<u>(58,762)</u>
Net change in cash and cash equivalents for the period		<u>20,682,211</u>	<u>(6,214,374)</u>
Cash and cash equivalent at the beginning of the period		19,281,287	28,880,817
Cash and cash equivalents at end of the period		<u>39,963,498</u>	<u>22,666,443</u>


Financial Manager

**Chief Executive
Officer**

**Chairman of Board of
Directors**

The accompanying notes from (1) to (20) 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 30 June 2022

(All amounts are in Saudi Riyal unless otherwise stated)

1. Legal Status and activity

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, corresponding to 25 September, 1985.

The Company is engaged in investing in the agricultural field, both plant and animal, and the manufacturing of agricultural products and the import of seeds.

Based on the approval of the extraordinary general assembly of the shareholders of the Company, which was held on 16 Jumada Al-Waal , 1438 corresponding to 13 February, 2017, the name of the Company has been changed from Al Qassim Agricultural Company to Al Gassim Investment Holding Company and it operates its activities in managing its subsidiaries or participating in the management of other companies in which it shares and providing the necessary support for it and owning the real estate and movables necessary to carry out its activity and owning industrial property rights such as patents, trademarks, industrial and franchising rights and other intangible rights and exploiting them and leasing them to its subsidiaries or others.

The accompanying interim condensed financial Statements include the accounts of the Company and its branches as follows:

CR number	branch name	City
1131010287	Saudi Dates Factory	Qassim

2. Basis of Preparation and Measurement

A. Basis of preparation

The interim condensed financial Statements for the six month period ended on 30 June 2022 were prepared in accordance with International Accounting Standard No. (34) "Interim Financial Reporting" adopted in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Certified Public Accountants.

The attached interim condensed financial Statements does not include all the Statements and disclosures required to prepare the annual financial statements, and they must be read in conjunction with the financial statements for the year ended 31 December 2021, in addition to the fact that the results of the initial period operations does not necessarily represent an indication of the results of the full year operations.

B. Basis of measurement

The interim condensed financial Statements have been prepared under the historical cost basis, unless otherwise stated as explained in the significant accounting policies.

C. Functional and presentation currency

The interim condensed financial Statements are presented in Saudi riyals, which is the Company's functional and presentation currency.

Al Gassim Investment Holding Company

(A Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (continued)

For the six month period ended 30 June 2022

(All amounts are in Saudi Riyal unless otherwise stated)

3. Standards, Interpretations and Amendments to Existing Standards

3/1 New Standards, Interpretations and Amendments

The accounting policies used in preparing this interim condensed financial Statements are consistent with those used and disclosed in the Company's annual financial statements for the year ended 31 December, 2021. There are new standards, amendments and interpretations that will be applied for the first time in 2022, but they does not have an impact on the interim condensed financial Statements of the Company.

There are many other amendments and interpretations that were issued but did not become effective until the date of issuance of the Company's interim condensed financial Statements . The Company's board of directors believes that this will not have a significant impact on the Company's interim condensed financial Statements . The Company's Board of Directors intends to adopt these amendments and interpretations, when applied.

3/1/1 New and revised standards and interpretations that are effective

The following new and revised International Financial Reporting Standards have been issued and become effective:

Amendments to standards	Description	Apply for years beginning on or after	Amendment summary
International Accounting Standard 37	Onerous contracts the cost of fulfilling the contract	1 January 2022	The amendments specify that the “cost of fulfilling” a contract includes “costs directly related to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, 9, 1 and IAS 41	Annual Improvements to the standards of IAS and IFRS Standards 2018-2020	1 January 2022	<p>IFRS 16: The amendment removes the illustration of reimbursement for improvements to leasehold properties</p> <p>IFRS 9: The amendment clarifies that when the “10 percent” test is applied to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment must be applied prospectively to adjustments and exchanges that occur on or after the date on which the entity first applies the amendment.</p> <p>IAS 41: The amendment removes the requirement of IAS 41 for entities to exclude tax cash flows when measuring fair value.</p> <p>IFRS 1: The amendment provides an additional exemption for a subsidiary that after its first application becomes after the parent company with respect to accounting for cumulative translation difference.</p>

Al Gassim Investment Holding Company

(A Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (continued)

For the six month period ended 30 June 2022

(All amounts are in Saudi Riyal unless otherwise stated)

3. Standards, Interpretations and Amendments to Existing Standards (continued)

3/1 New Standards, Interpretations and Amendments (continued)

The following new and revised International Financial Reporting Standards have been issued and become effective

Amendments to standards	Description	Apply for years beginning on or after	Amendment summary
IFRS 3	Refernece to the conceptual framework	1 January 2022	The amendment as a whole has been updated to IFRS 3 to refer to the conceptual framework for the year 2018 instead of the 1989 framework.
IAS 1	Classification of liabilities as current or non-current	1 January 2023	The amendment clarifies what is meant by the right to defer settlement, and that the right to defer must be present at the end of the reporting period, and that this classification is not affected by the entity's likelihood of exercising its right to defer, and that only if the derivatives are included in a transferable obligation that is itself a rights instrument. Ownership and the terms of compliance will not affect its classification
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between the investor and the partner or joint venture	N/A	Amendments to IFRS 10 and IAS 28 deal with situations in which a sale or contribution to assets is between an investor and an associate or joint venture. Specifically, the amendments provide that profits or losses result from losing control of a subsidiary.

3/2 Annual Improvements to International Financial Reporting Standards (2015-2017 Cycle)

- IFRS 3 "Business Combination", when the Company obtains control over the business that represents a joint operation, the Company applies the requirements of the business grouping that have been realized in stages, including re-measuring its previously held share in the joint operation at fair value. The previously held interest to be remeasured includes any assets, liabilities and unrecognized goodwill related to the joint operation.
- IFRS 11 "Joint Arrangements", when a Company participates in a joint operation without having joint control over it, and the joint operation is a commercial activity that obtains joint control, the Company does not re measure its previously owned stake in the joint operation.
- IAS 23 "Borrowing costs", if specific loans remain unpaid after the asset is ready for its intended use or ready for sale, then these loans become part of the money that the Company generally borrows when calculating the capitalization rate on public loans.
- IAS 19 "Employee Benefits", when a retirement plan is modified, reduced or settled, the Company must use updated assumptions to determine the current service cost and net current benefit for the remainder of the financial period disclosed after changing the program.

4. Significant accounting estimates and assumptions

Preparing the interim condensed financial Statements requires management to use judgments and estimates that affect the application of accounting policies to the reported amounts of assets, liabilities, revenues, expenditures and the related disclosures. Uncertainty about assumptions and estimates may give rise to results that require a material adjustment to the carrying value of assets and liabilities affected in future periods. The estimates and underlying assumptions are reviewed on an ongoing basis, and adjustments to accounting estimates are recognized in the period in which the estimate is revised and in future periods affected by the changes.

The important accounting judgments made by management when applying the Company's accounting policies and the main sources of uncertainty about accounting estimates are the same as shown in the last annual financial statements.

Al Gassim Investment Holding Company

(A Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (continued)

For the six month period ended 30 June 2022

(All amounts are in Saudi Riyal unless otherwise stated)

5. Property, Plant and Equipment

	Land*	Construction works	Plant and equipment	Vehicles	Irrigation network	Furniture and fixtures	Agricultural machinery	Fruitful trees	Total 2022
<u>Cost:</u>									
Balance as at 1 January 2022(Audited)	18,887,172	18,441,982	18,656,242	509,500	2,016,997	2,744,825	157,350	2,880,000	64,294,068
Additions	--	--	--	--	--	1,017	--	--	1,017
Disposal	--	--	--	(64,000)	(160,000)	(17,200)	--	--	(241,200)
Balance as at 30 June 2022 (unaudited)	18,887,172	18,441,982	18,656,242	445,500	1,856,997	2,728,642	157,350	2,880,000	64,053,885
<u>Accumulated Depreciation</u>									
Balance as at 1 January 2022	--	12,105,208	17,220,197	509,496	1,783,807	2,339,942	157,347	1,986,180	36,102,177
Charge on the period	--	342,970	238,320	--	19,417	45,398	--	35,704	681,809
Disposal depreciation complex	--	--	--	(63,999)	(159,999)	(16,358)	--	--	(240,356)
Balance as at 30 June 2022(unaudited)	--	12,448,178	17,458,517	445,497	1,643,225	2,368,982	157,347	2,021,884	36,543,630
Net book value as at 30 June 2022(Unaudited)	18,887,172	5,993,804	1,197,725	3	213,772	359,660	3	858,116	27,510,255
As at 31 December 2021(Audited)	18,887,172	6,336,774	1,436,045	4	233,190	404,883	3	893,820	28,191,891

* Land includes a plot of land in Madinah Monawarah with a value of SR 13,223,238 owned by the Company registered in the name of Al-Rajhi Bank as a guarantee of facilities obtained by the Company during the previous years, and the Company has paid all its obligations to Al-Rajhi Bank however the land plot is still registered in the name of Al-Rajhi Bank as the legal formalities to re transfer ownership of the Company have not been completed.

Al Gassim Investment Holding Company

(A Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (continued)

For the six month period ended 30 June 2022

(All amounts are in Saudi Riyal unless otherwise stated)

5. Property, Plant and Equipment (Continued)

Depreciation has been charged to the interim condensed statement of profit or loss as follows:

	30 June 2022 (Unaudited)
Cost of revenues	141,249
General and administrative expenses	540,560
	<u>681,809</u>

6. Investment properties

As at 31 December 2021, "Al Ofuq Land Project" amounted to SR 133,892,708 according to the evaluation process carried out by the real estate evaluator, "Mansour Saleh Al Saleem Real Estate Appraisal Office", an independent evaluator approved by the Saudi Authority for Accredited Valuers. Under license No. 1210000477. Impairment losses in the value of investment properties until the year ended 31 December 2021, amounted to SR 44,821,558.

The net book value of the real estate investment, "the land located in shree position" as of December 31, 2021G, amounted to 75,807,383 Saudi riyals. The company has made an evaluation to study whether there is a impairment in the fair value and the fair value according to the evaluation process carried out by the real estate appraiser "Mansour Saleh Al-Salim Real Estate Evaluation Office" is an independent evaluator approved by the Saudi Authority for Accredited Valuers with license number 1210000477, an amount of 90,480,000 Saudi riyals. Therefore, there is no Impairment in the value of the investment as of December 31, 2021.

As at 31 December 2021, "Al Mulida Land" amounted to SR 14,382,000. The investment was evaluated at cost according to the evaluation process carried out by the real estate appraiser, "Mansour Saleh Al Saleem Real Estate Appraisal Office", an independent evaluator accredited by the Saudi Authority for Accredited Valuers Under License No. 1210000477. Impairment losses in the value of investment property for the year ended 31 December 2021 amounted to SR 899,266.

The report of investment properties on June 30, 2022 AD is as follows:

	Shri Project	Al Ofuq	Al mulida project	Total
Cost				
Balance as at 1 January, 2022 (Audited)	80,652,939	178,714,266	25,267,795	284,635,000
Balance at 30 June 2022 (Unaudited)	80,652,939	178,714,266	25,267,795	284,635,000
Accumulated depreciation and impairment In value				
Balance as at 1 January, 2022 (Audited)	4,845,556	--	9,986,529	14,832,085
Charged on the period	280,834	--	287,752	568,586
Impairment losses in the value of investment properties as at 1 January, 2022 (Audited)	--	44,821,558	899,266	45,720,824
Balance as at 30 June 2022 (Unaudited)	5,126,390	44,821,558	11,173,547	61,121,495
Net book value				
at 30 June 2022 (Unaudited)	75,526,549	133,892,708	14,094,248	223,513,505
at 31 December 2021 (Audited)	75,807,383	133,892,708	14,382,000	224,082,091

Al Gassim Investment Holding Company

(A Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (continued)

For the six month period ended 30 June 2022

(All amounts are in Saudi Riyal unless otherwise stated)

7. Installment sales contracts' debtors

The leasing contract of the Company's project in the Shri area with the Al watania Poultry Company included the sale of some property, machinery and equipment in the amount of 25 million Saudi riyals to be paid in annual installments (25 installments starting from 1 March, 2016) with the annual rent value of one million Saudi riyals. The balance of installment sales contract debtors amounted SR 11,387,455 as on 30 June, 2022 (31 December 2021, SR 12,085,322), and they are as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Current portion	405,627	395,734
Non – Current portion	10,981,828	11,689,588
	11,387,455	12,085,322

8. Net investment in finance leasing contracts

The Company signed a lease agreement. with the Al- watania Poultry Company, by leasing its two projects in the Shri area (the agricultural project and the poultry project) for a period of 25 years, starting from 1 March, 2016.

The Company's management decided to split the lease contract between an operating lease of land and palm trees and a finance lease contract for buildings and equipment.

The balance of the net investment in the finance lease contracts amounted to a total amount of SR 125,261,991 as at 30 June, 2022 (31 December , 2021: SR 143,938,528), and it is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<u>Investment in finance lease contracts' –Non current portion</u>	120,800,091	139,585,454
<u>Investment in finance lease contracts' – current portion</u>		
Investment in finance lease contracts' – current portion	4,461,900	4,353,074
Provision of Investment in finance lease contracts' – current portion	--	(2,164,489)
Reclass of Provision for investment in finance lease to debtors	--	2,164,489
Net investment in finance lease contracts' – current portion	4,461,900	4,353,074
	125,261,991	143,938,528

9. Share Capital

The Company's issued and paid capital is SR 300 million divided into 30 million shares issued and paid with a par value of SR 10 per share.

10. Statutory Reserve

In accordance with its By laws and the Regulations for Companies in Kingdom of Saudi Arabia, the Company is required to transfer 10 % of its net profit for the year to a statutory reserve until such reserve equals 30% of its share capital. This Statutory Reserve is not available for distribution to shareholders.

11. Deferred revenue

On 23 Shawwal 1441 corresponding to 15 June 2020, the company received a letter issued by the Ministry of Environment, Water and Agriculture No. 1441/1057/547885 dated 22 Shawwal 1441 corresponding to 14 June 2020 indicating the issuance of the Royal Decree No. 56822 on 18/10/1441 to approve the ownership of a AlGassim Invesment Holding Company of specified area (74,043,400 square meters) seventy four million and forty three thousand and four hundred square meters of the land delivered to it, based on Royal Order No. 1305 on 24/6/1409, which the Company has previously established as a restricted government grant (deferred revenue) in the amount of only SR 58,000,000 fifty eight million Saudi riyals with an area (116,000,000 square meters) registered in the books, and the revenues of government grants have not been recognized by the Company on a conservative basis until the legal procedures for transferring ownership are completed in the name of the Company.

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12. Stock sales surplus and unpaid profits

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Stock sale surplus (12 / a)	45,126,321	45,177,395
Unpaid dividends (12 / b)	6,100,134	6,103,741
Balance at the end of the period / year	51,226,455	51,281,136

12 / a Stock sales surplus

The balance of the surplus sale of shares amounted to SR 45,126,321 and it represents the surplus of the sale of shares belonging to shareholders who did not commit themselves to pay the capital installments at the specified time, The Company, after taking the procedures and approvals in this regard, sold the shares whose owners did not pay the required installments and the sale was made at a price higher than the value of the required installments, and therefore the difference between the sale value and the value of the installments required for the benefit of these shareholders was recorded. The Company disburses the amounts to whoever provides documents supporting his eligibility in compensation

Details of the movement on this account are as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period/ year	45,177,395	45,255,836
Paid during the period/ year	(51,074)	(78,441)
Balance at the end of the period / year	45,126,321	45,177,395

12 / b Dividends not paid

Shares profits not paid amounted to SR 6,100,134 which are balances from 1991 and earlier, and are as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	6,103,741	6,115,724
(Deduct) Paid during the period/ year	(3,607)	(11,983)
Balance at the end of the period/ year	6,100,134	6,103,741

13. Investment properties' purchase payable

The balance as at 30 June 2022 amounted to SR 33,438,374 (31 December 2021: SR 33,438,374), which is the remainder of the purchase value of Al Ofuq land.

14. Zakat provision

14/1 Zakat position

The Company submitted its zakat returns to the Zakat, Tax and customs authority ("the Authority") until the year ended on 31 December 2021 and the company obtained a certificate from the Zakat, Tax and customs authority ("the Authority"), valid until 1 Jamad al awal 144H Corresponding to 30 April 2023 AD.

The last final zakat assessment obtained by the company is for the year 2006 AD. This includes the balance based on the value of the last installment of the zakat differences installments for the years from 2002 AD to 2006 AD, amounting to 1,281,437 Saudi riyals.

The company received letters of amendment from the Zakat, Tax and Customs Authority for the declarations for the years from 2014 to 2018 AD, according to which the company claims zakat differences of 13.26 million Saudi riyals. 10% of the value of the objected amounts, and these objections were partially accepted, and the value of the differences for those periods after the objection amounted to 11.998 million Saudi riyals. Accordingly, the company has escalated to the permanent committees, but the matter has not been resolved to date.

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14. Zakat provision (Continued)

14/1 Zakat position (Continued)

The company also received letters of amendment from the Zakat, Tax and Customs Authority for the declarations for the years 2019 AD and 2020 AD demanding the company to pay zakat differences of 7.871 million Saudi riyals. The company, through its zakat advisor, submitted the objection list within the statutory period and paid 25% of the value of the objected amounts. The objections were partially accepted. The value of the zakat differences after the objection amounted to 7.866 million Saudi riyals. Accordingly, the company has escalated to the permanent committees, but the matter has not been resolved to date.

Accordingly, the total value of the disputed zakat differences for the years from 2014 to 2020 amounted to (19.864) million riyals, of which an amount of 3.222 million Saudi riyals was paid, bringing the net value of the differences due for those years amounting to 16.642 million Saudi riyals.

The value of the provisions formed to meet these zakat differences based on the opinion of the zakat advisor, including the balance of the provision carried forward from previous years, amounted to 8.219 million Saudi riyals, of which an amount of 3.222 million Saudi riyals was used. The net value of the provision formed to meet the net value of these differences as on June 30, 2022 will be 4.997 million riyals.

14/2 Zakat movement

Movements' summary for the period are as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period/year	7,757,881	3,813,549
Formed during the period/year	400,000	1,483,891
Formed to meet zakat differences	--	6,025,782
Paid during the year to meet the zakat differences	--	(1,968,138)
Paid during the period/year	(1,479,430)	(1,597,203)
	<u>6,678,451</u>	<u>7,757,881</u>

15. Basic and diluted earning per share

The loss per share is calculated by dividing the net loss by the weighted average number of shares outstanding during the period.

The share from the losses for the period was calculated as follows:

A) Loss per share for the period

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Loss for the period	(782,647)	(317,337)
Weighted average number of shares available	30,000,000	30,000,000
Loss per share in Saudi riyals	<u>(0,026)</u>	<u>(0,011)</u>

B) Loss per shares from Comprehensive Income

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Total comprehensive loss for the period	(782,647)	(317,337)
Weighted average number of shares available	30,000,000	30,000,000
Loss per share in Saudi riyals	<u>(0,026)</u>	<u>(0,011)</u>

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16. Legal position

The cases and claims filed (from/against) the company are summarized as follows:

- A lawsuit filed by the company No. (228) for the year 1442 AH before the First Circuit of the Administrative Court in Buraidah against the branch of the Ministry of Environment, Water and Agriculture (the "Ministry") in the Qassim region, which relates to the request to cancel the negative decision represented by the Ministry's branch refraining from submitting to the Supreme Court a request for ownership of the company For the entire area that it revived from the land surrendered to it. An approval was issued by the High Commissioner for the company to own an area of only 74 million square meters out of the total land area of 116 million square meters. Noting that when the company is assuming the loss of the lawsuit, it will fundamentally affect the company due to the association of the disputed land with the rental income contracts concluded by the company with third parties, which represents the main source of income for it. The expected losses can only be determined at the final settlement of that lawsuit. On March 30, 2021 AD corresponding to 08/17/1442 AH, a ruling was issued not to accept Case No. (228) for the year 1442 AH, and the company objected to the ruling before the Administrative Court of Appeal. Judgment issued on March 30, 2021 AD corresponding to 08/17/1442 AH, related to Case No. (228) for the year 1442 AH, which ruled that the case was not accepted, and the Ministry of Environment, Water and Agriculture's negative decision of its refusal to refer the company's grievance for not owning the entire area of land that it revived Assigned to it to the committee stipulated in Article 10 of the system for the distribution of fallow lands. The judgment was received on 03/03/1443 AH. An application was submitted to register the case in front of the committee, and the committee's response has not been received to date.

On May 18, 2021 AD, the Company received a letter from the Ministry of Environment, Water and Agriculture, dated 24 Ramadan 1442 AH, regarding the Sheri land, in which the Ministry hopes to pay the same rent for the encroached area, which the Company revived from the date of laying hands on until the date of 24 Ramadan 1442 AH 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 demands to cancel the negative decision represented in the ministry's refusing from submitting to the Supreme Court by requesting the Company's ownership of the entire area that the Company has revived from the land it received . Therefore, the Ministry is not entitled to demand the rent before deciding whether the company owns the land or not. The company objected to the decision on July 14, 2021.

- The company's lawsuit against Al-Bandariah Group, which is a financial lawsuit and the required amount is (27,828,162 Saudi riyals) twenty-seven million eight hundred twenty-eight two hundred sixty-two Saudi riyals against Al-Bandariah Group. On 14/5/1439 AH 01/31/2018 AD. Judgment acquired peremptory in favor of the company. The judgment deed was presented as an executive deed before the Execution Court. The defendant submitted a petition for reconsideration of the judgment on 05/14/1440 AH and the petition was rejected, but the plaintiff appealed the rejection judgment on 18/2/1442 AH, which was also rejected, but the defendant submitted another petition on 8/11/11 / 1442 AH, and a session was set for it on 5/4/1443 AH corresponding to November 11, 2021 AD, and a decision was issued by the Court of Appeal to suspend the execution of the judgment until a decision is made on whether the petition is accepted or not, and the case is still pending. A date was set for hearing the case on 11/15/1443 AH, and after several sessions, on 28/2/1443 AH, the First Appeals Chamber issued its ruling suspending the implementation of the judgment of the Second Commercial Chamber of the Commercial Court in Riyadh issued on 14/5/1439 AH. The judge obligated the defendants Solidarity with them to pay the Qassim Agricultural Company an amount of 27,828,162 Saudi riyals, and the case is still pending, and the department has set a date for the next session on 11/2/1444 AH

- The company's lawsuit against the Al Wasat Refrigerator Trading Establishment, which is a financial lawsuit before the Commercial Court in Riyadh, and the required amount is 118,003 Saudi riyals. A judgment was issued in favor of the company to oblige the defendant to pay the full amount, and the two parties agreed to schedule the payment of the amount, and the implementation of the agreement between the two parties is underway.

The company's lawsuit against a customer, where the company demands 103,348 Saudi riyals worth of wheat sold to the defendant, and the lawsuit was registered, but a note was received from the Juducual Audit Center that the defendant's address was incorrect and we are looking for the defendant's address to complete the requirements and re-registration.

- A lawsuit against one of the suppliers in the amount of 60,000 Saudi riyals, as a result of the company's contract with him to supply agricultural equipment, and it was estimated that a preliminary ruling was issued that the lawsuit was not accepted because it had not previously been resorted to conciliation and mediation before filing the lawsuit, on 9/23/1443 AH

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16. Legal position (Continued)

- A lawsuit against a customer, a financial lawsuit for the value of food sales before the Commercial Court in Riyadh, and the required amount is 166,220 Saudi riyals. A preliminary ruling was issued that the lawsuit was not accepted because no conciliation or mediation was previously resorted to before the lawsuit was filed, on 6/11/1443 AH.
- A lawsuit from the company against a customer, a financial lawsuit, the value of dates sales amounted to 421,503 Saudi riyals, in which a judgment was issued in favor of the company for the full amount, but there was a difference in the defendant's guarantor's record, which led to a reconsideration of the judgment issued, and a date for the lawsuit was set on 30/2/1444AH.
- The company's lawsuit against a customer, whereby the company demands an amount of 15,409 Saudi riyals with the Sixth Judicial Department of the General Court in Riyadh, and a date has been set for it on 26/8/1443 AH. A judgment of lack of jurisdiction was issued.
- A request for execution of a position by the company against one of the clients due to the client's delay in paying the amount of 640,000 Saudi riyals on the date of September 16, 2021 AD, with an order deed as a guarantee of payment.
- A legal financial lawsuit against one Foundation as a result of the company selling to the defendant by public auction vehicles and equipment, in which the defendant company demands compensation for traffic violations that have not yet been determined, in addition to its rights claims in obligating it to transfer the ownership of the vehicles sold according to the sales contract, and a judgment was issued in return The case for lack of jurisdiction, and accordingly, the company has appealed this ruling to the Court of Appeal, and a session has been set for it on 1/11/1443 AH to consider the case in front of the Court of Appeal so far.
- A lawsuit filed by the plaintiff by the Arab Wabel Investment Company against the defendant, Al-Qassim Investment Holding Company, with a value of 34,151,766 Saudi riyals representing the remainder of the unpaid value from the share of Al-Qassim Holding Company in the Al Ofouq Land and the plaintiff requests that the defendant be obligated to pay the rest of the dues, and he also requested that she be obligated to pay attorney's fees, an amount of 3,000,000 Saudi riyals. A session was set for her on 23/1/1444 AH.
- The company's lawsuit against one of the customers, which is a financial lawsuit, the value of food sales before the Commercial Court in Riyadh, and the required amount is 96,835 Saudi riyals, and the judgment was issued for the non-acceptance of the lawsuit as such, on 10/10/1443 AH
- The company's lawsuit against one of the suppliers, in which the company demands an amount of 68,405 Saudi riyals, which is a financial lawsuit with a residual value from a transport contracting contract, and a date for the lawsuit has been set on 19/2/1444 AH
- A lawsuit against the company in front of the General Court in his post, where the plaintiff requests to oblige the company to recover an amount of (370,000) Saudi riyals, which is the value of recruitment insurance under a labor mediation contract, and the department has set a date for the next session on 24/2/1444 AH

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17. Segment reporting

Operating sector

The Company's products are manufactured in the Kingdom of Saudi Arabia, and no sector has achieved any of the quantitative limits referred to in the International Financial Reporting Standard "Operating Sectors No. 8", and accordingly, the operational segment Statements has not been disclosed in the accompanying Interim Condensed financial statements.

Geographical sector

Local sales represent 100% of the Company's sales as of 30 June 2022 (2021: 100% local sales). All of the Company's assets and liabilities are located in the Kingdom of Saudi Arabia

18. Impact of the Covid 19 Pandemic

The outbreak of the new Corona virus ("Covid 19") since the beginning of 2020, and its spread in China and then worldwide, has caused disruption to business and economic activity globally, including the Kingdom of Saudi Arabia, and the World Health Organization declared the virus to be classified as a pandemic, which necessitated the establishment of management. The Company shall review its significant judgments when applying the Company's accounting policies, methods of calculation, and the main sources of estimates applied to the interim condensed financial Statements for the period ended on 30 June, 2022. Although it is difficult now to predict the full extent and duration of the resulting impact on commercial and economic businesses, the Company's management has fully evaluated the impact on the operations and aspects of the Company's business operations, and it has been found, as at the date of issuance of these financial statements, that substantial changes are not required to the judgments and estimates. Main. However, in light of the current lack of clarity, any future change in assumptions and estimates may result in a material adjustment to the carrying values of the assets or liabilities affected in future periods. Given the rapidly evolving situation and the associated uncertainty, management will continue to evaluate the resulting impact in accordance with future developments.

19. Comparative figures

Certain comparative figures have been reclassified to conform to the current period presentation.

20. Approval of the financial statements

The accompanying Interim Condensed Financial Statement For the six Months Period ended 30 June 2022 were approved by the Company's Board of Directors On Muharum 26, 1444 AH, corresponding to August 24, 2022 AD.