WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
Saudi Joint Stock Company
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Wafrah for Industry and Development Company
Saudi Joint Stock Company
Index of Financial Statements for the Year Ended 31 December 2022

Al Kharashi & Co.
Certified Accountants and Auditors
7425 Sahab Tower Alttakhassusi Street
Riyadh, KSA
P.O Box 8306, Riyadh 11482
Tel: +966 920028229
Fax: +966 11 477 4924
www.mazars.sa

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Wafrah for Industry and Development Company
(A Saudi Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia

Opinion:
We have audited the financial statements of Wafrah for Industry and Development Company - A Saudi Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion:
We conducted our audit in accordance with International Standards on Auditing (ISAs) endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Conduct and Ethics adopted in the Kingdom of Saudi Arabia. Also fulfilled the requirements of the conduct of other ethics in accordance with those rules. 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. For each key audit matter, a description of how our audit addressed the matter is set out below:

Al Kharashi & Co.
Certified Accountants and Auditors
7425 Sahab Tower Alttakhassusi Street
Riyadh, KSA
P.O Box 8306, Riyadh 11482
Tel: +966 920028229
Fax: +966 11 477 4924
www.mazars.sa

Key audit matters	How the matter was addressed in our audit
Revenue recognition: During the year ended 31 December 2022, Company's revenue amounted to SAR 135 million (2021: SAR 64.9 million). The Company continues to be under pressure to meet goals and expectations which may lead to misstatements in revenue recognition. Revenue recognition is a key audit matter because there is a risk that management may override internal controls and the existence of an inherent risk that revenues are recognized at more than their actual value to increase profitability, as the Company focuses on revenues as a key indicator of its performance. Refer to Note 3-14 of the financial statements for the accounting policy related to revenue recognition and Note 23 for the related disclosures.	We have performed the following procedures regarding revenue recognition: - Evaluated the appropriateness of the accounting policies related to the revenue recognition of the Company by taking into consideration the requirements of IFRS 15 "Revenue from Contracts with Clients". - Obtain an understanding of internal control procedures related to revenue recognition and their operational effectiveness, including control procedures for combating fraud of the Company. - Performed analytical procedures for revenues, by comparing sales for the current year with the previous year, and identifying the causes of fundamental fluctuations, which require additional examination in light of our understanding of the company's operating conditions, considering market conditions as well. - Tested sales transactions, on a sample basis, and performed cut-off tests of revenue to ensure that the revenue has been recognized in the correct period. - Assessed the adequacy of the disclosures that the management has included in the accompanying financial statements.
Trade receivables: As on 31 December 2022, the carrying value of trade receivables amounted to SAR 64 million (2021: SAR 28.3 million), and the provision for expected credit losses of trade receivables amounted to SAR 10.2 million (2020: SAR 9.5 million). At each reporting date, the Company's management applies a simplified expected credit loss ("ECL") model to determine the allowance for impairment of trade receivables. The ECL model involves the use of various assumptions, macro-economics factors and study of historical trends relating to the Company's experience of trade receivables' collection. We considered this a key audit matter due to the judgements and estimates involved in the application of the expected credit loss model. Refer to Note 3-6 of the financial statements for the accounting policy relating to trade receivables and Note 10 for the related disclosures.	We have performed the following procedures regarding expected credit losses valuation of trade receivables: - Compared the ECL model developed by management to that required by IFRS 9 and reviewed the reasonableness of the methodology in comparison to accepted best practice. We also account the arithmetical accuracy of the model. - Tested key assumptions such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing to historical data. We also considered the incorporation of forward-looking factors to reflect the impact of future events on expected credit losses. - Selected a sample of trade receivables and sent confirmation requests to ensure the accuracy of balances at year-end. And related to customers from whom no confirmations were received, we conducted an alternative audit procedures that included verifying the supporting documents and subsequent collections occurred after year-end for the selected sample. - We compared the Company's ECL provision policy and the ECL practice in accordance with the requirements set out in IFRS 9. - Understand and evaluate the design and effectiveness of the internal controls that the Company applies to the trade receivables cycle. - Assessing the adequacy of the Company's disclosures included in the accompanying financial statements.

Al Kharashi & Co.
Certified Accountants and Auditors
7425 Sahab Tower Alttahhassusi Street
Riyadh- KSA,
P.O Box 8306, Riyadh 11482
Tel: +966 920028229
Fax: +966 11 477 4924
www.mazars.sa

Independent Auditors' Report (Continued)

Key Audit Matters (Continued)

Key audit matters	How the matter was addressed in our audit
Inventory: As on 31 December 2022, the carrying value of inventory amounted to SAR 20.7 million (2021: SAR 15.2 million). Inventory is important because of the nature of the Company's activity, which depends on the stock mainly in generating revenue and due to the nature of the stock of perishable food items or the expiry of its validity. Accordingly, the inventory is one of the key audit matters because of its impact on the results of the business. Refer to Note 3-7 of the financial statements for the accounting policy related to inventory and Note 11 for related disclosures.	We have performed the following procedures regarding valuation and accuracy of inventory: - Tested the design of the control procedures and their operating effectiveness in respect of the recognition of inventory. - Performed detailed analytical procedures for inventory. - Tested the correctness of inventory measurement at the lower of cost or net realizable value as well as reviewing the Company's policy to determine the cost using weighted average method. - Tested the movement of inventory in the subsequent period after year-end to ensure that it is not required to recognize more provision for slow moving or damaged inventory. - Attended the Company's annual stock count as at 31 December 2022 to verify the actual existence and good status of a sample of items that are selected randomly. - Assessed the adequacy of the Company's disclosures included in the accompanying financial statements.

Other information included in the Company's Annual Report for the year ended 31 December 2022

Management is responsible for the other information. The other information consists of the information included in the Annual Report of the board of directors, but does not include the financial statements and our report thereon, which are expected to be made available to us after the date of our report.

Our opinion on the financial statements does not cover the other information and we will not express any kind of assurance thereon.

With regard to our review of the financial statements, our responsibility is limited to reading the other information mentioned above, and when reading it, we take into account whether the other information does not materially correspond to the financial statements or information obtained during the audit process or otherwise appears to contain significant misstatements.

When we read the Annual Report, if we conclude that there is a material misstatement, we are required to communicate the matter to those charged with governance.

Al Kharashi & Co.
Certified Accountants and Auditors
7425 Sahab Tower-Alttakhassusi Street
Riyadh, KSA
P.O Box 8306, Riyadh 11482
Tel: +966 920028229
Fax: +966 11 477 4924
www.mazars.sa

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

Management is responsible for the preparation and fair presentation for 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 the applicable requirements of the 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 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 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.

mazars

Al Kharashi & Co.
Certified Accountants and Auditors
7425 Sahab Tower-Alttakhassusi Street
Riyadh, KSA
P.O Box 8306, Riyadh 11482
Tel: +966 920028229
Fax: +966 11 477 4924
www.mazars.sa

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

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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Al-Kharashi Co.

Abdullah S. Al Misned
License No. (456)

الخراشي وشركاه
محاسبون ومراجعون قانونيون
C.R.: 1010327044 :س.ت
Certified Accountants
& Auditors
AL-Kharashi Co.

Riyadh:
6 Ramadan 1444H
28 March 2023

ALKHARASHI & CO. CERTIFIED ACCOUNTANTS AND AUDITORS - PARTNERSHIP COMPANY - C.R: 1010327044
MEMBER OF MAZARS

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2022
(Saudi Riyals)

	Note	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment, net	5	82,983,772	88,629,802
Right of use assets, net	6	2,917,795	2,384,268
Intangible assets, net	7	548,038	721,220
Investments at fair value through other comprehensive income	9	438,672	724,441
Total non-current assets		**86,888,277**	**92,459,731**
Current assets			
Accounts receivable, net	10	53,859,273	18,910,797
Inventory, net	11	20,704,936	15,250,921
Prepayments and other receivables, net	12	22,248,440	5,703,185
Due from related parties	13	1,391,306	1,391,306
Cash and cash equivalents	14	125,914,288	9,330,328
Total current assets		**224,118,243**	**50,586,537**
Total assets		**311,006,520**	**143,046,268**
TOTAL EQUITY AND LIABILITIES			
Equity			
Share Capital	15	231,511,050	77,170,350
Fair value reserve of investments through other comprehensive income	9	(817,027)	(531,258)
Remeasurement reserve of defined benefit plan		699,805	(33,914)
Accumulated losses		(9,686,142)	(23,745,401)
Total equity		**221,707,686**	**52,859,777**
LIABILITIES			
Non-current liabilities			
Loan guarantee provision - Related party	8-e	2,540,938	4,050,345
Long-term government loan	17	-	6,000,000
Long-term lease liabilities	6	2,611,110	2,128,422
Employees' defined benefits liabilities	18	5,772,867	7,036,000
Total non-current liabilities		**10,924,915**	**19,214,767**
Current liabilities			
Loan guarantee provision - Related Party	8-e	4,177,540	3,150,245
Accounts payable		23,461,342	33,539,153
Short-term lease liabilities	6	485,088	477,232
Accrued expenses and other payables	19	7,150,501	7,076,006
Sales provisions	20	441,186	1,320,678
Shareholders' accrued dues	21	25,913,228	1,193,417
Short-term government loan	17	12,000,000	19,500,000
Zakat provision	22	4,745,034	4,714,993
Total current liabilities		**78,373,919**	**70,971,724**
Total liabilities		**89,298,834**	**90,186,491**
Total equity and liabilities		**311,006,520**	**143,046,268**

Financial Manager **CEO** **Authorized Board of directors Member**

The accompanying notes form an integrated part of these financial statement.

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022
(Saudi Riyals)

	Note	For the year ended 31 December 2022	2021
Sales, net	23	135,048,211	64,967,601
Cost of sales		(86,093,609)	(53,474,887)
Gross profit		**48,954,602**	**11,492,714**
Administrative and general expenses	24	(13,350,373)	(10,370,117)
Selling and marketing expenses	25	(16,057,367)	(13,030,629)
Net profit \(loss) from the main operations		**19,546,862**	**(11,908,032)**
Provision for expected credit losses	10 - 1	(760,338)	(269,529)
Reversal / (impairment) of property, plants, and equipment		444,577	(468,578)
Reversal of unnecessary spare parts provision		-	761,698
Reversal of loan guarantee provision - related party	8-e	482,112	-
Finance charges	17-1	(386,000)	(420,000)
Finance cost	6	(421,689)	(168,898)
Losses from foreign currencies exchange		(57,503)	-
Other income	26	2,160,514	3,528,801
Net profit \ (loss) before Zakat		**21,008,535**	**(8,944,538)**
Zakat	22	(2,016,377)	(1,986,049)
Net profit \ (loss) for the year		**18,992,158**	**(10,930,587)**
Items that will not be reclassified to profit or loss:			
Net change in fair value of investments	9	(285,769)	50,615
Actuarial gain of remeasurement of defined employees' benefit	18	733,719	1,394,803
Total other comprehensive income		**447,950**	**1,445,418**
Total comprehensive income \(loss) for the year		**19,440,108**	**(9,485,169)**
Profit \(Loss) per share of main operating	27	**1.42**	**(0.86)**
Basic and diluted profit \(loss) per share	27	**1.38**	**(0.79)**

Financial Manager **CEO** **Authorized Board of directors Member**

The accompanying notes form an integrated part of these financial statement.

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(Saudi Riyals)

	Share Capital	Fair value reserve of investments through other comprehensive income	Remeasurement reserve of defined benefit plan	Accumulated losses	Total
Balance at 1 January 2021	77,170,350	(581,873)	(1,428,717)	(12,814,814)	62,344,946
Loss for the year	-	-	-	(10,930,587)	(10,930,587)
Other comprehensive income for the year	-	50,615	1,394,803	-	1,445,418
Balance at 31 December 2021	77,170,350	(531,258)	(33,914)	(23,745,401)	52,859,777
Balance at 1 January 2022	77,170,350	(531,258)	(33,914)	(23,745,401)	52,859,777
Capital increase via rights shares issue	154,340,700	-	-	-	154,340,700
Rights shares issue cost	-	-	-	(4,932,899)	(4,932,899)
Profit for the year	-	-	-	18,992,158	18,992,158
Other comprehensive (loss) \ income	-	(285,769)	733,719	-	447,950
Balance at 31 December 2022	(231,511,050)	(817,027)	699,805	(9,686,142)	221,707,686

Financial Manager **CEO** **Authorized Board of directors Member**

The accompanying notes form an integrated part of these financial statement.

WAFRAH FOR INDUSTRY AND DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Saudi Riyals)

	2022	2021
Cash flows from operating activities:		
Net profit \ (loss) before zakat	**21,008,535**	**(8,944,538)**
Adjustments to:		
Depreciation during the year	7,512,238	8,024,815
(Reversal) / impairment of property, plants, and equipment	(444,577)	468,578
Reversal of loan guarantee provision - related party	(482,112)	-
Amortization during the year	173,182	173,182
Provision for employees' defined benefit liabilities	925,150	871,902
Reversal of un-necessary provision for employees' defined benefit liabilities	(860,536)	-
Provision for expected credit losses	760,338	269,529
Refund liabilities	(879,492)	(364,028)
Reversal of un-necessary spare parts provision	-	(761,698)
Gain on disposal of real estate investments	-	(47,176)
Gain on disposal property, plant, and equipment	-	(847,655)
	27,712,726	**(1,157,089)**
Changes in:		
Accounts receivable	(35,708,814)	1,450,469
Inventory	(5,454,015)	6,759,568
Prepayments and other receivables	(16,545,255)	316,792
Accounts payable	(10,077,811)	(1,186,904)
Accrued expenses and payables	74,495	(1,110,353)
Net cash flows \ (used in) generated from operation activities	**(39,998,674)**	**5,072,483**
Zakat paid	(1,986,336)	(3,663,330)
Employees' defined benefits paid	(594,028)	(1,199,112)
Net cash flows (used in) \ generated from operating activities	**(42,579,038)**	**210,041**
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(1,018,780)	(1,255,467)
Proceeds from sale of investment property	-	10,500,000
Proceeds from sale of property, plant, and equipment	-	880,830
Right to use assets	(936,378)	-
Net cash (used in) \ generated from investing activities	**(1,955,158)**	**10,125,363**
Cash Flows from Financing Activities:		
Due from related party	-	(665,730)
Lease liabilities	490,544	(229,821)
Governmental Loan paid	(13,500,000)	(2,500,000)
Dividends paid	(1,100)	(1,405)
Due to Shareholders Priority rights	24,720,911	-
Net proceeds from the capital increase	149,407,801	-
Net cash (used in) \ generated from financing activities	**161,118,156**	**(3,396,956)**
Increase in cash and cash equivalent during the year	**116,583,960**	**6,938,448**
Cash and cash equivalents at beginning of the year	9,330,328	2,391,880
Cash and cash equivalents at end of the year	**125,914,288**	**9,330,328**
Non-cash transactions		
Net change in investments at fair value	(285,769)	50,615

Financial Manager | **CEO** | **Authorized Board of directors Member**

The accompanying notes form an integrated part of these financial statement.

1. ACTIVITES

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 represents Company's financial statement and the those of its branch's which are as follows:

Branch Name	Commercial registration No.	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 beverages
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

(a) Applicable accounting standards:
These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA")

(b) basis of prepare financial statements:
The financial statements have been prepared on the historical cost basis except for certain financial assets that are measured at fair value through OCI and certain financial assets at fair value measured through OCI at fair value and financial assets and liabilities accounted at amortized cost.

(c) Functional and presentation currency:
The financial statements are presented in Saudi Riyal, which is the Company's functional currency.

(d) Use of Accounting judgments and estimates:
The preparation of these financial statements requires management to use judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

(e) Going concern:

The company achieved accumulated gain amounting to 18,992,158 Saudi riyals as on December 31, 2022, which resulted in a decrease in the accumulated losses to be 9,686,142 as of 31 December 2022. The management conducted an assessment of the company's ability to continue as an existing facility at 31 December 2022, and came to the conviction that the company has the necessary resources to continue operating in the foreseeable future for a period of not less than 5 years from the date of approval of the financial statements ended in 31 December 2022. Therefore, these financial statements have prepared on going concern basis.

The following is a summary of the most important accounting policies followed by the company:

(f) Standards issued but not yet effective.

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted them in preparing these Financial Statements.

Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities

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

Amendments to IAS 1, Practice statement 2 and IAS 8

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

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

3-3 Property, plant, and equipment's

- **Recognition and measurement**

  Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.
  When parts of an item of property and equipment have different useful lives, they are accounted for as items (major components) of property and equipment.
  Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within in the statement of profit or loss.

- **Subsequent costs**

  The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.
  The costs of the day-to-day servicing of property and equipment are recognized in statement of profit or loss as incurred.

3-3 Property, plant, and equipment's (Continued)

-Depreciation

Items of property and equipment are depreciated on a straight-line basis in statement of income over the estimated useful lives of each component. Leased assets are depreciated over the lease term or on the shorter useful lives of the assets.

The estimated annual depreciation rates for property, plant and equipment during the current year are the same as for the previous year and details as follows:

Machinery and equipment's	2.5 -5 %
Buildings	3 – 15 %
Tools	5 – 15 %
Artesian wells	5 %
Furniture and fixture	2.5 – 15 %
Air conditions	15 %
Motor vehicles	25 %
Fitting and equipment's	10 %

3-4 Real estate investments

Real estate investment is a property acquired either to earn rental income or to increase in value or both, but not for the purpose of selling it through the normal activities of the Company. It is not used for production or supply of goods or services or for administrative purposes. Investment properties are stated at cost and their fair values are disclosed in the notes to the financial statements, which are estimated annually by an independent real estate expert based on the market prices of those properties within an active real estate market.

3-5 Intangible assets

Intangible assets other than goodwill are measured at cost less accumulated amortization and accumulated losses of impairment, if any.
The intangible assets are amortized on a straight-line basis over the 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 costs can be measured reliably.
The residual values of the intangible assets, their useful lives and indicators of impairment are reviewed at the end of each financial year and adjusted for a future effect, if necessary.

3-6 Accounts receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For impairment of financial assets refer to Note 10.

3-7 Inventory

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average method. Cost includes all direct manufacturing expenditure based on the normal level of activity and transportation and handling costs. Net realisable value comprises estimated selling price less further production costs to completion and appropriate selling and distribution costs. Allowance is made, where necessary for slow moving inventories. Cost of inventories is recognised as an expense.

3-8 Cash and cash equivalents

Cash and cash equivalents consist of cash and banks balances amounts and demand deposits, which can be converted into cash within a period of three months or less (If any).

3-9 Employees' defined benefits liabilities

Short Term liabilities

Liabilities for wages and salaries and any other short-term benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

Post-Employment liabilities

Defined Contribution Plans

Contributions to defined contribution superannuation plans are expensed when the employees have rendered service entitling them to the contributions.

Retirement benefit in the form of General Organization of Social Insurance (GOSI) is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the GOSI. The Company recognizes contribution payable to the GOSI as an expense when an employee renders the related service.

3-9 Employees Benefits

Defined Benefits Plans

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The discount rate for discounting the estimated future cash outflows is required to be based on the yield on corporate bonds of duration and currency consistent with the liabilities. Where there is no deep market in corporate bonds in the currency under consideration, the yields on government bonds are used.

Past service costs are recognized in the statement of profit or loss on the earlier of the date of the plan amendment or curtailment and the date on which the Company recognizes related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability. The Company recognizes the changes in the net defined benefit obligation under "Cost of revenue", "General and administrative expenses" and "Selling and distribution expenses" in the statement of profit or loss.

3-10 Accounts payable

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

3-11 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3-12 Estimated Zakat

Zakat is provided on accrual basis in accordance with the Regulations of the General Authority for Zakat and Income ("DZIT") in the Kingdom of Saudi Arabia, the zakat provision is charged to the statement of profit or losses, any differences resulting from the final assessments are recorded in the year of their finalization.

Zakat is calculated on an accrual basis and is calculated on the basis of net income adjusted for zakat during the year or on the basis of zakat calculated according to the laws. Any differences in the provision previously recognized are settled when the final approval is received by the General Authority for Zakat and Income.

3-13 Related parties' transactions

Related party

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

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

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

3-14 Revenue recognition

Revenue is measured based on the consideration specified in a contract with customer and excludes amount collected on behalf of third parties.
The Company recognizes revenue when it transfers control over a product or service to a customer. The principles in IFRS 15 are applied using the following five steps:

Step 1: The Company accounts for a contract with a customer when:
- The contract has been approved and the parties are committed.
- Each party's rights are identified.
- Payment terms are defined.
- The contract has commercial substance; and
- Collection is probable.

Step 2: The Company identifies all promised goods or services in a contract and determines whether to account for each promised good or service as a separate performance obligation. A good or service is distinct and is separated from other obligations in the contract if both:
- The customer can benefit from the good or service separately or together with other resources that are readily available to the customer; and
- The good or service is separately identifiable from the other goods or services in the contract.

Step 3: The Company determines the transaction price, which is the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer.

Step 4: The transaction price in an arrangement is allocated to each separate performance obligation based on the relative standalone selling price of the good or service being provided to the customer.

Step 5: Revenue is recognized when control of the goods or services is transferred to the customer. The Company transfers a good or service when the customer obtains control of that good or service. A customer obtains control of a good or service if it has the ability to direct the use of and receive the benefit from the good or service.

3-14 Revenue recognition (Continued)

In the comparative period, revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all its revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

Significant accounting judgments and estimates for revenue.
The following is a description of the accounting policies and important provisions of the main activities that the company generates its revenues:

(A) Selling products
Revenue is recognized when control over those products or services is transferred, and it is when the products or services are delivered to the customer. Delivery occurs when products are shipped to the specified location, and the risk of depreciation and loss has been transferred to the customer.

In these contracts, the company is primarily responsible for fulfilling the obligation to provide food and other specific products. The company assumes inventory risk before the food products are transported to customers. In addition, the company has discretion in setting prices for specific food products. The company also bears credit risk on these transactions as it is obligated to pay the supplier even if the customer fails to pay.

(B) Discounts on sales volume
Revenue is often recognized with sales volume discounts over 12 months. Revenue from these sales is recognized based on the price specified in the contract, after deduction of the estimated discounts.

The contracted discount rate and accumulated experience are used to determine the size of those discounts, and revenue is recognized only to the extent that it is highly probable that the opposite will not occur. The contractual obligation of expected discounts is recognized in the amount of amounts payable to customers in respect of sales made until the end of the reporting period.

(C) Sales returns
Revenue is recognized deducting sales returns.

The accumulated experience is used to estimate the amount of sales returns using the projected value method, and revenue is recognized only to the extent that it is highly probable that the opposite will not occur. Expected sales returns are recognized in the amount of amounts payable to customers in respect of sales made up to the end of the reporting period.

Revenue is the fair value of the consideration received or receivable against the goods sold, net of returns, trade discount and rebates. The company recognizes revenue when the customer obtains the goods or acknowledges their acceptance.

Products are mainly sold on a sales or return basis, and a return sales allowance is calculated on the basis of the expected return from expired or damaged products. The expected sales returns are offset against revenue with the associated effect of the sales allowance.

Goods are sold at significant discounts retroactively on the basis of total sales over a 12-month period. Revenue from these sales is recognized based on the price specified in the contract minus the estimated discounts. Accumulated experience is used to estimate and provide discounts and revenue is recognized to the most likely extent that there will be no material reversal.
There is no component of an existing financing component as sales are made in either cash or term debt in line with market practice.

3-15 Expenses

Expenses incurred by the Company consist of selling and marketing expenses, general and administrative expenses and operating expenses. Production costs are charged at full cost of materials, direct labor and indirect industrial costs. The expenses resulting from the Company's efforts related to the marketing, sale and distribution of finished products are classified as a separate item under the heading of selling and marketing expenses. Other direct and indirect expenses relating to management that are not related to the production function or the sales and marketing function are classified as general and administrative expenses. The joint expenses are distributed, if necessary, between administrative and general expenses, selling and marketing expenses and operating expenses on a consistent basis. The accrual principle is applied in charging the financial period with administrative and general expenses and selling and marketing expenses.

3-16 Financial Instruments

The Company recognizes financial assets or financial liabilities in the statement of financial position when it becomes a party to the performance contractual provisions.
At initial recognition, the Company must measure the financial asset or financial liability at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Except for a financial asset or financial liability at fair value through profit or loss.

IFRS 9 introduces new classification and measurement requirements for financial assets. IFRS 9 requires all financial assets to be classified and subsequently measured at either amortized cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under IFRS 9:

- Debt instruments at amortized cost.
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on de-recognition.
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on de-recognition; and
- Financial assets at fair value through profit and loss (FVPL).

(a) Financial assets classified as amortized cost.

Debt instruments that meet the following conditions are subsequently measured at amortized cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

1- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both conditions, it is measured at fair value.

The Company assesses a business model at portfolio level as this best reflects the way the business is managed, and information is provided to management. In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

3-16 Financial Instruments (Continued)

(a) Financial assets classified as amortized cost (Continued)

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How management evaluates the performance of the portfolio.
- Whether the management's strategy focus on earning contractual commission income.
- The degree of frequency of any expected asset sales.
- The reason for any asset sales; and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

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

Income is recognized on an effective interest basis for debt instruments measured subsequently at amortized cost. Interest is recognized in the statement of profit or loss.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

(b) Financial assets designated as FVOCI with recycling.

Debt instruments that meet the following conditions are subsequently measured at FVOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt financial instruments measured at FVOCI, commission income and impairment losses or reversals are recognized in the statement of income and computed in the same manner as for financial assets measured at amortized cost.

All other changes in the carrying amount of these instruments are recognized in other comprehensive income and accumulated under the investment revaluation reserve. When these instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to the statement of profit or loss.

3-16 financial instruments (Continued)

(c) Financial assets classified as FVPL

Investments in equity instruments are classified as at FVPL, unless the Company designates an investment that is not held for trading as at FVOCI on initial recognition.

Debt instruments that do not meet the amortized cost of FVOCI criteria are measured at FVPL. In addition, debt instruments that meet the amortized cost criteria but are designated as at FVPL to avoid accounting mismatch are measured at fair value through income statement. A debt instrument may be designated as at FVPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instrument as FVPL since the date of initial application of IFRS 9 (i.e. 1 January 2018).

Debt instruments are reclassified from amortized cost to FVPL when the business model is changed such that the amortized cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVPL on initial recognition is not allowed.

Financial assets at FVPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in statement of profit or loss.

Commission income on debt instruments as at FVPL is included in the statement of profit or loss.

Dividend income on investments in equity instruments at FVPL is recognized in the statement of profit or loss when the Company's right to receive the dividends is established in accordance with IFRS 15 Revenue from contracts with customers.

(d) Investment in equity instruments designated as FVOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation as at FVOCI is not permitted if the equity investment is held for trading.

A financial asset or financial liability is held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term.
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other reserves. Gain and losses on such equity instruments are never reclassified to the statement of profit or loss and no impairment is recognized in the statement of profit or loss. Investment in unquoted equity instruments which were previously accounted for at cost in accordance with IAS 39, are now measured at fair value. The cumulative gain or loss will not be reclassified to the statement of profit or loss on disposal of the investments.

Dividends on these investments are recognized in the statement of profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18 Revenue unless the dividends clearly represent a recovery of part of the cost of the investment.

Fair value reserve includes the cumulative net change in fair value of equity investment measured at FVOCI. When such equity instruments are derecognized, the related cumulative amount in the fair value reserve is transferred to accumulated losses.

3-16 financial instruments (Continued)

Impairment of financial assets
The Company recognizes a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortized cost or at FVOCI, lease receivables, trade receivables, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses reflects changes in credit risk since initial recognition of the respective financial instrument.

The Company applies the simplified approach to calculate impairment on trade receivables and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rare based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company applies the general approach to calculate impairment. Lifetime ECL is recognized when there has been a significant increase in credit risk since initial recognition and 12 months ECL is recognized the credit risk on the financial instrument has not increased significantly since initial recognition. The assessment of whether credit risk of the financial instrument has increased significantly since initial recognition is made through considering the change in risk of default occurring over the remaining life of the financial instrument.

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Exposure at default for of balance sheet items is arrived at by applying a credit conversion factor to the undrawn portion of the exposure.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Company's trade and other receivables), are assessed for expected credit losses on an individual basis);
- Past-due status.
- Nature, and size industry of debtors; and
- External credit ratings where available.

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in profit or losses statement and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the interim condensed statement of financial position.

3-16 Financial instruments (continued)

Derecognize of financial assets
The Company derecognizes a financial asset only when the contractual rights to the cash flows from the assets expires; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Company neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

Financial liabilities
Financial liabilities carried at amortized cost have been classified and measured at amortized cost using the effective yield method.

For financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized interim condensed other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in interim condensed other comprehensive income would create or enlarge an accounting mismatch in interim condensed comprehensive income. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to interim condensed comprehensive income.

The liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated as at fair value through profit or loss that are attributable to changes in the credit risk of these liabilities and which would not create or enlarge accounting mismatch in interim condensed comprehensive income. Amount presented in liability credit reserve are not subsequently transferred to interim condensed comprehensive income. When such investments are derecognized, the related cumulative amount in the liability credit reserve is transferred to retained earnings. Since the date of initial application of IFRS 9 (i.e. 1 January 2018), the Company has also not designated any financial liability as at FVPL.

Derecognize of financial liabilities
The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or expired.

3-17 Foreign currency transactions
Transactions in foreign currencies are translated into Saudi Riyals during the period at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Saudi Riyals at the date of the financial statements at the exchange rates prevailing on that date.
Differences arising from the translation of foreign currencies into Saudi Riyals are recognized in the income statement, profits, or losses.

4-18 Offsetting
An offsetting is made between financial assets and financial liabilities and the net amount is reported in the statement of financial position only when binding legal rights are available and also when they are settled on a clearing basis or the verification of the assets and the settlement of liabilities at the same time.

4. SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

4.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating leases

Management established on the basis of an evaluation of the terms and conditions for the operating lease arrangements that not all the significant risks and rewards of ownership of land and buildings leased for warehousing and distribution will be been transferred to the Company. Consequently, the land and warehouse buildings are recognized as operating leases.

4.2 Assumptions and estimates

(1) Impairment reviews

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving management judgement, requiring inter alia an assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

a) Growth in earnings before interest, tax, depreciation, and amortization (EBITDA), calculated as adjusted operating profit before depreciation and amortization.
b) Timing and quantum of future capital expenditure.
c) long-term growth rates; and
d) Selection of discount rates to reflect the risks involved.
e) The amount of mining reserves expected to be extracted during the relevant year.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation, and hence results.

(2)Impairment losses on trade and other receivables

Trade and other receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience adjusted appropriately for the future expectations. Individual trade receivables are written off when management deems them not to be collectible.

(3)Measurement of defined benefit obligations

The Company's net obligation in respect of defined benefit schemes is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation is determined based on actuarial valuation at the statement of financial position date by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are determined by reference to US bond yields, (as the Saudi Riyal is pegged to the US dollar), adjusted for an additional risk premium reflecting the possibility of the linkage being broken.

4-2 Assumptions and estimates (Continued)

(4) Estimate of zakat

Management estimates the zakat expenses according to instructions and active law.

(5) Determining whether the Company or a company part of it is acting as an agent or principal.

Principles of IFRS 15 are applied by identifying each specified (i.e. distinct) good or service promised to the customer in the contract and evaluating whether the entity under consideration obtains control of the specified good or service before it is transferred to the customer. This assessment requires significant judgement based on specific facts and circumstances.

(All amounts are in Saudi Riyals unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT'S, NET

	Machinery And equipment	Buildings	Tools	Artesian Wells	Furniture And Fixture	Air conditions	Motor Vehicles	Fitting and equipment	Total
Cost									
As 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
Disposal during the year	-	-	-	-	-	-	(3,427,850)	-	(3,427,850)
As 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	152,850	-	689,970	-	73,681	43,979	-	58,300	1,018,780
As 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 and impairment									
As at 1 January 2021	149,548,874	41,660,753	16,181,765	128,495	3,812,118	5,793,713	9,793,848	3,966,976	230,886,542
Charged for the year	3,519,257	2,026,431	1,076,828	-	325,237	90,765	224,308	401,302	7,664,128
Related to Disposals	-	-	-	-	-	-	(3,394,675)	-	(3,394,675)
Impairment	468,578	-	-	-	-	-	-	-	468,578
As at 31 December 2021	153,536,709	43,687,184	17,258,593	128,495	4,137,355	5,884,478	6,623,481	4,368,278	235,624,573
Charged for the year	3,358,782	2,300,126	980,481	5,924	126,544	84,636	-	252,894	7,109,387
(Reversal) / impairment	(468,578)	-	12,445	-	8,345	3,211	-	-	(444,577)
As at 31 December 2022	156,426,913	45,987,310	18,251,519	134,419	4,272,244	5,972,325	6,623,481	4,621,172	242,289,383
Net Book Value									
As at 31 December 2022	43,671,899	33,864,333	4,443,428	86,397	280,266	155,801	548	481,100	82,983,772
As at 31 December 2021	46,409,253	36,164,459	4,746,384	92,321	341,474	199,669	548	675,694	88,629,802

- Depreciation amounted to SAR 7,109,387 and SAR 7,664,128 the years ended December 31, 2022, and 2021 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 17).

(All amounts are in Saudi Riyals unless otherwise stated)

6. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS, NET

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

	Lands
Cost	
Balance at 1 January	3,503,728
Additions daring the year	936,378
Balance at 31 December	**4,440,106**
Accumulated depreciation	
Balance at 1 January	1,119,460
Charge during the year	402,851
Balance at 31 December	**1,522,311**
Net book value	
Balance as of 31 December 2021	**2,917,795**
Balance as of 31 December 2020	**2,384,268**

Lease obligations as at 31 December are as follows:

	31 December 2022	31 December 2021
Non-current lease obligations	2,611,110	2,128,422
Current lease obligations	485,088	477,232
Total lease obligations	**3,096,198**	**2,605,654**

The finance costs from the recognized lease obligations during the year ended 31 December 2022: SAR 421,689 (December 31, 2021, was SAR 168,898).

7. INTANGIBLE ASSETS, NET

	Accounting programmer
Cost	
Balance at 1 January	1,212,748
Additions daring the year	-
Balance at 31 December	**1,212,748**
Accumulated depreciation	
Balance at 1 January	**491,528**
Charge during the year	173,182
Balance at 31 December	**664,710**
Net book value	
Balance as of 31 December 2021	**548,038**
Balance as of 31 December 2020	**721,220**

(All amounts are in Saudi Riyals unless otherwise stated)

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	%	31 December 2022	31 December 2021
East Asia Company for Development and Agricultural Investment (Note 8-a)	14.285%	10,000,000	10,000,000
Jannat for Agricultural Investment - under liquidation (Note 8-b)	11.1%	7,050,000	7,050,000
Rakhaa Agricultural Investment and development Company (Note 8-c)	8.628%	1,612,717	1,612,717
		18,662,717	**18,662,717**
Impairment of fair value losses from investments (Note 8-d)		(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.

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.

(All amounts are in Saudi Riyals unless otherwise stated)

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

e) The company has guarantee obligations represented in the company's share of 6,718,478 Saudi riyals or 8,628% of the loan guarantee amount granted to others (Rakhaa Agricultural Investment and development Company - Egyptian Joint Stock Company by the Saudi Fund for Development at an amount of 93.5 million Saudi riyals. A full-value allocation has been created to meet this obligation.

The loan guarantee provision - related party movement represents as follow:

	31 December 2022	31 December 2021
Balance at 1 January	7,200,590	7,200,590
Paid during the year	(482,112)	-
Total loan guarantee provision	**6,718,478**	**7,200,590**
Current portion of loan guarantee provision - related party	4,177,540	3,150,245
Non-current portion of loan guarantee provision - related party	**2,540,938**	**4,050,345**

9. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2022	31 December 2021
Cost		
Balance at 1 January	1,255,699	1,255,699
Balance at 31 December	**1,255,699**	**1,255,699**
Evaluation adjustment		
Balance at 1 January	(531,258)	(581,873)
Unrealizable (loss) gain during the year	(285,769)	50,615
Balance at 31 December	**(817,027)**	**(531,258)**
Net book value at 31 December	**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 41,60 SR/Share as at 31 December 2022.

(All amounts are in Saudi Riyals unless otherwise stated)

10. ACCOUNTS RECEIVABLE, NET

	31 December 2022	31 December 2021
Account receivable	64,088,920	28,380,106
Provision for expected credit losses (10-1)	(10,229,647)	(9,469,309)
	53,859,273	**18,910,797**

10-1 Movements in the provision for expected credit losses were as follows:

	31 December 2022	31 December 2021
Balance at 1 January	9,469,309	9,411,600
Provision for the year	760,338	269,529
Written off during the year	-	(211,820)
Balance at 31 December	**10,229,647**	**9,469,309**

11. INVENTORY, NET

	31 December 2022	31 December 2021
Raw material	12,529,613	6,405,665
Finished goods	4,681,427	5,358,062
Work in process	166,088	63,102
Spare parts	3,356,972	3,453,256
Deduct:	**20,734,100**	**15,280,085**
Provision for slow moving items (12-1)	(29,164)	(29,164)
Impairment provision	-	-
	20,704,936	**15,250,921**

11-1 Movements in the provision for slow moving items were as follows:

	31 December 2022	31 December 2021
Balance at 1 January	29,164	3,087,154
Provision for the year	-	-
Damage during the year	-	(3,057,990)
Balance at 31 December	**29,164**	**29,164**

12. PREPAYMENTS AND OTHER RECEIVABLES, NET

	31 December 2022	31 December 2021
Advance to suppliers	19,353,986	4,767,544
Employee receivables	1,501,453	1,419,986
Prepaid expenses	766,207	295,028
Refundable deposit	76,313	76,313
Accrued revenue	1,461,528	55,361
	23,159,487	**6,614,232**
Deduct: Provision for expected credit losses	(911,047)	(911,047)
	22,248,440	**5,703,185**

12-1 Movements in the Provision for expected credit losses were as follows:

	31 December 2022	31 December 2021
Balance at 1 January	911,047	1,029,207
Provision for the year	-	-
Written off during the year	-	(118,160)
Balance at 31 December	**911,047**	**911,047**

(All amounts are in Saudi Riyals unless otherwise stated)

13. DUE FROM RELATED PARTIES

13-1 Balances from Related parties:

The related parties are represented in the dealings with the sister company, non-executive members of the board of directors, managing director and senior management employees of the company, where the employees of the higher 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 2022 and 2021 , The prices and terms of these transactions are in accordance with the terms of dealing with related parties. Related parties include the following:

Name of the Company	Type of relation	31 December 2022	31 December 2021
Premium Meat Company	Related party to a board member *	**110,730**	**110,730**
Rakhaa Agricultural Investment and development Company	Sister company	**1,280,576**	**1,280,576**
		1,391,306	**1,391,306**

* On The 11 March 2021 the board member resigned.

13-2 Transactions of Related parties:

Name of the Company	Nature of relation	31 December 2022	31 December 2021
Jannat Agricultural Investment Company	Financing	-	-
Rakhaa Agricultural Investment and development Company	Financing	-	**555,000**
Premium Meat Company	Sales	-	**756,839**
Premium Meat Company	Purchases	-	**646,109**

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 2022	31 December 2021
Salaries and compensation	2,624,100	2,205,313
Allowances	839,413	670,088
Annual incentives	2,240,086	47,975
	5,703,599	**2,923,376**

14. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash in hand	46,860	4,008
Cash at banks	125,867,428	9,326,320
	125,914,288	**9,330,328**

(All amounts are in Saudi Riyals unless otherwise stated)

15. CAPITAL INCREASE

- On 22 May 2021, the Company's Board of Directors issued a recommendation to increase the Company's Capital via right issue shares amounting to SAR 154,340,700 and the Company appointed an issuer to manage the increase.
- On 4 April 2022 the CMA has approved the capital increase request via right shares issue of SR 154,340,700.
- 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 paid-up capital of the Company is SR 231,511,050 comprising of 23,151,105 million shares, each of SR 10, as of 31 December 2021. (The Company's capital was SR 77,170,350 comprising of 7,717,035 million shares, each of SR 10, as of 31 December 2021).

16. STATUTORY RESERVE

In accordance with the Saudi Arabian Companies Regulations and the Company's statue of, 10% of the annual net income is required to be transferred to a statutory reserve until this reserve equals 30% of the capital, this reserve is not available for distribution to shareholders.

17. LONG TERM GOVERNMENT LOAN

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 facilitate 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.

The long-term loan movement represents as follow:

	31 December 2022	**31 December 2021**
Balance at 1 January	25,500,000	28,000,000
Paid during the year	(13,500,000)	(2,500,000)
Total long-term government loan	**12,000,000**	**25,500,000**
Current portion of long-term government loan	12,000,000	19,500,000
Non-current portion of long-term government loan	-	**6,000,000**

(All amounts are in Saudi Riyals unless otherwise stated)

17-1 Finance charges

Finance charges as a result of the government loan for the year ended December 31, 2022, amounted to 386,000 SAR (2021: 420,000 SAR)

18. EMPLOYEES' DEFINED BENEFITS LIABILITIES

18-1 General description

The Company has employee benefit liabilities represented by end of service benefits and payments due upon leaving the service under the Saudi Labor Law.

18-2 Movements on provision of employees' defined benefits liabilities

	31 December 2022	31 December 2021
Balance at 1 January	7,036,000	8,758,013
Current service cost	544,219	629,243
Interest cost	257,495	224,813
New Employees	123,436	17,846
Benefit paid	(594,028)	(1,199,112)
	(860,536)	-
Actuarial loss on end of service	(733,719)	(1,394,803)
Balance at 31 December	**5,772,867**	**7,036,000**

18-3 Significant actuarial assumptions

	31 December 2022	31 December 2021
Salaries growth rate	5 %	5 %
Discount rate	4.5%	3%

18-4 Movement in present value of employees' defined benefits liabilities

	31 December 2022	31 December 2021
Current service cost	544,219	629,243
interest Cost	380,931	224,813
Reversal of unnecessary amount	(860,536)	-
Cost charged to statement of profit or loss	**64,614**	**854,056**
Actuarial adjustments	(733,719)	(1,394,803)
Total benefit expense	**(669,105)**	**(540,747)**

19. ACCRUED EXPENSES AND OTHER PAYABLES:

	31 December 2022	31 December 2021
Accrued expenses salaries and vacation	1,526,494	2,235,746
Oversubscribed payable	3,258,720	3,258,720
Advance payment from customers	445,203	492,057
Accrued finance charges	141,023	-
Other accrued expenses	1,779,061	1,089,483
	7,150,501	**7,076,006**

(All amounts are in Saudi Riyals unless otherwise stated)

20. SALES PROVISIONS (REFUND LIABILITIES):

Discount permitted	31 December 2022	31 December 2021
Balance at 1 January	739,349	784,627
Additions during the year	2,675,945	6,563,587
Paid / Adjustments during the year	(3,361,569)	(6,608,865)
Balance at 31 December	**53,725**	**739,349**
Sales returns		
Balance at 1 January	581,329	900,079
Additions during the year	3,429,792	1,634,433
Paid / Adjustments during the year	(3,623,660)	(1,953,183)
Balance at 31 December	**387,461**	**581,329**
Total	**441,186**	**1,320,678**

21. 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, 2022, to receive them, by the amount of 1,192,317 Saudi riyals. The accrued dues resulting from the issuance of capital increase through rights issue shares amounted to 24,720,911 Saudi riyals.

22. ESTIMATED ZAKAT PROVISION

(a) Status of assessments

The Company has filed zakat returns with the GAZT for all years up to 31 December 2021 and obtained the temporary Zakat Certificate for the year ended 31 December 2021. The company obtained a final Zakat certificate valid up to 30 April 2023.

The General Authority for Zakat and Income has issued initial assessments for the years 2008 to 2011, and based on these stipulations, the company objected to it and received a stipulation which resulted in zakat differences of SAR 4,021,425, Zakat differences have been established within the estimated Zakat provision for the 2018.

During the year 2020, the General Authority for Zakat and Income 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 no date has been set for the session by the Secretariat to date, and the zakat differences were booked in the zakat estimate for the year 2021.

(b) Provision movement

	31 December 2022	31 December 2021
Balance at 1 January	4,714,993	6,392,274
Provision for current year	2,016,088	1,502,571
Zakat during the year for previous years	289	483,478
Zakat paid during the year	(1,986,336)	(3,663,330)
Balance at 31 December	**4,745,034**	**4,714,993**

(All amounts are in Saudi Riyals unless otherwise stated)

22. ESTIMATED ZAKAT PROVISION (Continued)

(a) Zakat base

The provision for zakat charge is based on the following:

	31 December 2022	31 December 2021
Shareholders' equity - as per GAZT	77,170,350	77,170,350
Beginning provisions and other adjustments	87,101,659	86,210,407
Book value of long-term assets - as per GAZT	(82,983,772)	(88,629,802)
Adjusted losses	(23,745,401)	(12,814,814)
Other deducts	(7,261,477)	(4,395,101)
Difference due date conversion from Gregorian to Hijri	1,562,415	1,787,998
Adjusted net profit for the year	28,799,760	773,785
Zakat base	**80,643,534**	**60,102,823**
Zakat calculated	**2,016,088**	**1,502,571**

- Zakat is calculated on the basis of the adjusted net profit or the Zakat base, whichever is greater.

- Adjusted net profit for the year

The adjusted net profit for the year reconciliation is as follows:

	31 December 2022	31 December 2021
Net loss for the year	21,008,535	(8,944,538)
Adjustments	7,791,225	9,718,323
Adjusted net profit for the year	**28,799,760**	**773,785**

23. SALES, Net

	31 December 2022	31 December 2021
Sales of pastry factory	44,796,141	33,050,778
Sales of vegetables factory	82,940,069	27,642,500
Sales of food and meet factory	8,884,814	10,885,015
Sales of Breakfast cereals factory	4,532,924	1,587,328
Total	**141,153,948**	**73,165,621**
Sales discount	(2,675,945)	(6,563,587)
Sales returns	(3,429,792)	(1,634,433)
	135,048,211	**64,967,601**

24. ADMINISTRATIVE AND GENERAL EXPENSES

	31 December 2022	31 December 2021
Employees' salaries & benefits	7,630,879	6,435,894
Fees and subscription	901,013	713,183
Right of used assets depreciations	-	360,686
Insurance	241,715	393,493
Repair and maintenance	95,035	81,434
Depreciations	161,489	398,973
Amortization of intangible assets	173,182	173,182
Allowances for presence in board of director meeting	2,006,120	189,000
Hospitality and cleaning	154,691	72,630
Bonuses	221,753	218,175
Advertisement	17,000	36,800
Bank commission	4,494	11,590
Stationery and printing	124,106	137,463
Telephone and postage	8,141	18,353
Electricity, water, and oils	-	25,059
Rents	315,843	11,120
Others	1,294,912	1,093,082
	13,350,373	**10,370,117**

(All amounts are in Saudi Riyals unless otherwise stated)

25. SELLING AND MARKETING EXPENSES

	31 December 2022	31 December 2021
Employees' salaries and benefits	4,490,063	5,873,043
Rents	1,587,557	804,413
Transport and shipment	2,234,373	1,224,003
Depreciation	515,448	674,621
Electricity, water, and oils	604,595	636,632
Subscription	475,007	695,503
Repair and maintenance	402,782	565,649
Temporary labor	1,965,293	689,662
Insurance	474,545	533,247
Commission	840,625	185,756
Damage	85,241	585,082
Advertisement	331,352	181,814
Sales promotion	75,560	105,239
Telephone and postage	104,947	115,128
Stationery and printing	57,853	19,353
Consumables	1,501,389	111,724
Others	310,737	29,760
	16,057,367	**13,030,629**

26. OTHER INCOME

	31 December 2022	31 December 2021
Rental income	468,000	1,201,750
Gain on sales of property, plant, and equipment	-	847,655
Gain on sales of scrap	286,347	894,832
Others	1,406,167	584,564
	2,160,514	**3,528,801**

27. INCOME (LOSS) PER SHARE

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

Diluted income (loss) per share for the year ended 31 December 2022 and ending 31 December 2021 was calculated by dividing the net income (loss) from main operations and net income (loss) 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 income (loss) per share is not different from basic income (loss) per share.

The weighted average number of shares for the two years ended December 31, 2022, and December 31, 2021, was reached by to comply with the requirements of IAS 33.

The following table reflects the income (loss) and share data used in the basic and diluted income (loss) per share computations:

	31 December 2022	31 December 2021
Net income (loss) for the year	18,992,158	(10,930,587)
Loss per share - basic and diluted	**1.38**	**(0.79)**
Net income (loss) from the main operation	19,546,862	(11,908,032)
Loss per share - basic and diluted	**1.42**	**(0.86)**
Weighted average number of shares outstanding for basic & diluted EPS	**13,804,918**	**13,804,918**

(All amounts are in Saudi Riyals unless otherwise stated)

28. 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 December 31, 2022.

Fair value levels

Details of financial instruments carried at fair value are as below:

31 December 2022	**Amount**	**Level 1**	**Level 2**	**Level 3**
Investments determined by fair value through other comprehensive income	438,672	438,672	-	-
31 December 2021				
Investments determined by 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.

29. 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.

(All amounts are in Saudi Riyals unless otherwise stated)

29. FINANCIAL RISK MANAGEMENT (continued)

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.

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.

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

Non-derivative financial liabilities	Less than a year	More than a year	No fixed maturity	Total
31 December 2022				
Government loan	12,000,000	-	-	**12,000,000**
Trade payables	-	-	23,461,342	**23,461,342**
Loan guarantee provision - related party	4,177,540	2,540,938	-	**6,718,478**
Rental obligations	485,088	2,611,110	-	**3,096,198**
Oversubscribed payable	-	-	3,258,720	**3,258,720**
Priority rights creditors	-	-	24,720,911	**24,720,911**
Accrued dividend distribution	-	-	1,192,317	**1,192,317**
Accrued expenses and other liabilities	1,625,257	2,266,524	-	**3,891,781**
Estimated Zakat provision	4,745,034	-	-	**4,745,034**
Sales provisions	441,186	-	-	**441,186**
Employees' defined benefits liabilities	-	-	5,772,867	**5,772,867**
	23,474,105	**7,418,572**	**58,406,157**	**89,298,834**

28. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Non-derivative financial liabilities	Less than a year	More than a year	No fixed maturity	Total
31 December 2021				
Government loan	19,500,000	6,000,000	-	**25,500,000**
Trade payables	-	-	33,539,153	**33,539,153**
Loan guarantee provision - related party	3,150,245	4,050,345	-	**7,200,590**
Rental obligations	477,232	2,128,422	-	**2,605,654**
Oversubscribed payable	-	-	3,258,720	**3,258,720**
Accrued dividend distribution	-	-	1,193,417	**1,193,417**
Accrued expenses and other liabilities	1,581,540	-	2,235,746	**3,817,286**
Estimated Zakat provision	4,714,993	-	-	**4,714,993**
Sales provisions	1,320,678	-	-	**1,320,678**
Employees' defined benefits liabilities	-	-	7,036,000	**7,036,000**
	30,744,688	**12,178,767**	**47,263,036**	**90,186,491**

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.

30. ADJUSTED CAPITAL RATIO

	31 December 2022	31 December 2021
Liabilities at the end of the year	78,373,919	70,971,724
Less: Cash and cash equivalents	(125,914,288)	(9,330,328)
Net liabilities	**(47,540,369)**	**61,641,396**
Adjusted capital	221,707,686	52,859,777
	(21.44) %	**116.61%**

(All amounts are in Saudi Riyals unless otherwise stated)

31. SEGMENT INFORMATION

The Company's operations are principally comprised of four operating segments (manufacturing, producing, and marketing frozen potatoes slides, manufacturing, producing and marketing all kind of macaroni, manufacturing, producing and marketing meat products and manufacturing, producing and marketing breakfast beans). the segments financial statements are as following:

As of 31 December 2022:

Profit and loss items	Pasta sector	Vegetable sector	Breakfast beans sector	Meat products sector	Total
Sales (Net)	41,250,784	81,799,718	4,204,846	7,792,863	135,048,211
Cost of Sales	(23,615,477)	(53,894,754)	(2,917,203)	(5,666,175)	(86,093,609)
Gross profit	**17,635,307**	**27,904,964**	**1,287,643**	**2,126,688**	**48,954,602**
Administrative and General expenses	(3,662,008)	(8,357,357)	(452,365)	(878,643)	(13,350,373)
Selling and marketing expenses	(4,404,535)	(10,051,941)	(544,089)	(1,056,802)	(16,057,367)
Profit from main operation	**9,568,764**	**9,495,666**	**291,189**	**191,243**	**19,546,862**
Provision for expected credit losses	(208,561)	(475,973)	(25,763)	(50,041)	(760,338)
Impairment of property, plant and equipment	121,948	278,306	15,064	29,259	444,577
Reversal of unnecessary spare parts provision	132,243	301,803	16,336	31,730	482,112
Finance charges	(105,880)	(241,637)	(13,079)	(25,404)	(386,000)
Finance cost	(115,669)	(263,978)	(14,289)	(27,753)	(421,689)
Losses from Foreign currencies	(15,773)	(35,997)	(1,948)	(3,785)	(57,503)
Other Income	592,629	1,352,486	73,207	142,192	2,160,514
Profit for the period before Zakat	**9,969,701**	**10,410,676**	**340,717**	**287,441**	**21,008,535**
Zakat	(553,092)	(1,262,256)	(68,323)	(132,706)	(2,016,377)
Profit for the year	**9,416,609**	**9,148,420**	**272,394**	**154,735**	**18,992,158**

As of 31 December 2021:

Profit and loss items	Pasta sector	Vegetable sector	Breakfast beans sector	Meat products sector	Total
Sales (Net)	22,924,527	32,025,222	2,036,351	7,981,501	**64,967,601**
Cost of Sales	(12,826,900)	(24,956,880)	(4,277,970)	(11,413,137)	**(53,474,887)**
Gross profit	**10,097,627**	**7,068,342**	**(2,241,619)**	**(3,431,636)**	**11,492,714**
Administrative and General expenses	(2,487,456)	(4,839,764)	(829,605)	(2,213,292)	**(10,370,117)**
Selling and marketing expenses	(3,125,628)	(6,081,431)	(1,042,445)	(2,781,125)	**(13,030,629)**
Profit / (loss) from main operation	**4,484,543**	**(3,852,853)**	**(4,113,669)**	**(8,426,053)**	**(11,908,032)**
Provision for expected credit losses	(64,651)	(125,791)	(21,562)	(57,525)	**(269,529)**
Impairment of property, plant and equipment	(112,397)	(218,686)	(37,486)	(100,009)	**(468,578)**
Reversal of unnecessary spare parts provision	182,707	355,486	60,936	162,569	**761,698**
Finance charges	(100,744)	(196,015)	(33,600)	(89,641)	**(420,000)**
Finance cost	(40,513)	(78,825)	(13,512)	(36,048)	**(168,898)**
Other Income	846,446	1,646,901	282,303	753,151	**3,528,801**
Profit / (loss) for the period before Zakat	**5,195,391**	**(2,469,783)**	**(3,876,590)**	**(7,793,556)**	**(8,944,538)**
Zakat	(476,389)	(926,894)	(158,883)	(423,883)	**(1,986,049)**
Profit / (loss) for the year	**4,719,002**	**(3,396,677)**	**(4,035,473)**	**(8,217,439)**	**(10,930,587)**

32. SUBSEQUENT EVENTS

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.

33. COMPARATIVE NUMBERS

The comparative figures for the previous period have been modified to correspond with the figures of the current period.

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 26 March 2023 (corresponding to 4 Ramadan 1444H)