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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
WITH INDEPENDENT AUDITOR'S REPORT

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

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Al Gassim Investment Holding Company (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 that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

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

- The statement of financial position as at 31 December 2022;
- The statements of profit or loss and comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended, and;
- The notes to the financial statements, including a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with Intenational Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent from the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

We draw attention to note which stated (32) regarding the Company's lawsuit filed against the branch of the Ministry of Environment, Water and Agriculture (the "Ministry") in the Qassim region, which relates to the request to cancel the negative decision represented in the branch of the ministry's refusal to submit to the Supreme Court a request for the Company's ownership of the entire area it revived from the land handed to it. An approval was issued by the High Commissioner for the Company to own an area of only 74 million square meters of the total area that it revived. The Company has filed a request to the Supreme court claiming ownership of the remaining land space that is considered part of the gross land revived amounting to 116 million square meters: Assuming that the Company loses the lawsuit, it will fundamentally affect the Company due to the connection of the disputed land with the rental income contracts entered into by the Company, which represents the Company's main source of income.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

EMPHASIS OF MATTER (CONTINUED)
The expected losses can only be determined at the final settlement of the lawsuit.on 30 March 2021 A preliminary ruling from the Administrative Court in the Qassim region relating to the case filed by the Qassim Investment Holding Company against the branch of the Ministry of Environment, Water and Agriculture in the Qassim region has been issued not to accept the case, and based on the opinion of the Company's legal advisor that the reason for rejecting the case is due to the lack of jurisdiction of the Administrative Court to consider the case and that the concerned party is a committee in the Ministry of Environment, Water and Agriculture. The Company received the judgment and objected to it before the Administrative Court of Appeal, and the case was registered with No. 446/1442 in the Administrative Court of Appeal in the Qassim region, and the date of the first session was set on 31August, 2021. . On 07 safar 1444 AH, the Supreme Administrative Court asked the defendant to complete the data and documents within 30 days, and a date for the case with the Court of Appeal was set on 14 Ramadan 1444 AH.

On 18 May, 2021, the Company received a letter from the Ministry of Environment, Water and Agriculture, dated 24 Ramadan 1442 AH, regarding the Sheri land, in which the Ministry hopes to pay the same rent for the encroached area, which the Company revived from the date of seizure until the date of 24 Ramadan 1442 H to the state treasury in favor of the Ministry, and since there is an existing lawsuit filed against the branch of the Ministry of Environment, Water and Agriculture, in which the Company demands that the Company cancel the decision represented in the ministry's refraining from submitting to the Supreme Court by requesting the Company's ownership of the entire area that the Company has revived from the land delivered to it. The Company objected to the decision on 14 July, 2021. The Administrative Court of Appeal in the Qassim region issued a ruling to annul the judgment issued on 17/8/1442 H by the First Circuit of the Administrative Court in Buraidah in the case registered in No. (228) for the year 1442 H, ruling that the case was not accepted, and the Ministry of Environment, Water and Agriculture's negative decision of its abstention regarding the referral of the grievance of Al Qassim Investment Holding Company for not owning the entire area that it has revived from the land allocated to it to the committee stipulated in Article 10 of the Immigrant Land Distribution System. The judgment was received on 03/3/1443 AH, The Company objected to the decision on 14 July, 2021.
On 2/7/1444 AH, the Supreme Administrative Court asked the defendant to complete the data and documents within 30 days, and the case set by the Court of Appeal on 14/9/1444 H. Our opinion has not been modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matter
Revenue Recognition	
As at 31December 2022, the Company recognized revenues in the amount of SR 11,059,888 (2021: SR 11,372,882). Revenue recognition was considered a key audit matter because: - - Revenue is considered a Key Audit Matter as it's an essential element of the Company's performance and its operations, and it include inherent risk that management may override internal controls by showing its recognized revenue over actual results to show that Company achieve its goals and to improve the Company results. - Please refer to Note No. (5) which includes the accounting policies related to revenue recognition, and Note No. (25) which clarifies the revenue details.	We performed the following audit procedures among others: - Test a sample of recorded revenue transactions and compare them with supporting documents to verify the existence of recorded revenue. - Performing analytical procedures to understand the reasons for the changes in revenues compared to the previous year, and to verify its reasonableness, with the amount recorded in the financial statements - We inquired of management representatives about their knowledge of fraud risks and whether there were actual cases of fraud Testing the design and effectiveness of internal control procedures regarding the recognition of its revenues and trade receivables related - The appropriateness of the disclosures used in the financial statements in accordance with the International Financial Reporting Standards

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

KEY AUDIT MATTERS (CONTINUED)

Impairment investments in properties	
As at 31 December 2022, the Company investment properties of SR 208,954,585 (2021: SR 224,082,091) represented in land plots on which projects leased to others are established. Investment properties are held for the purpose of a rental return, capital gains, or both. Investments properties are stated at cost less any impairment losses. According to the requirements of international financial reporting standards, the Company's management must re-measure investment properties for impairment losses whenever events or changes in circumstances arise that indicate that the book value may not be recoverable and the effect of re-measurement is reflected at the value in which the recoverable value exceeds book value of those investments. To assess the decline in the investment properties' value, the Company's management hired a certified and independent real estate appraiser to carry out a valuation on an annual basis. The fair value measurement of investment properties and determining the impairment were considered a key audit matter because: - - Fair value measurement requires significant estimates and assumptions that may be uncertain in nature. - The potential impact of the fair value measurement may be material on the statement of financial position and the Company's business results. Please refer to note (5) which includes the accounting policy of investment properties and impairment in value, and note (7) for the disclosure of details of investment properties and its fair value.	We have performed the following procedures: • Confirming the Company's ownership of those assets as on 31 December, 2022. • Obtaining a report of the fair value of these assets as of 31 December, 2022. • Evaluating the experiences and qualifications of the appraiser and the extent of his independence and reading the terms of the contract with him to determine whether there are matters that may affect the appraiser's objectivity or impose restrictions on the scope of his work. • Review the evaluation methods and methodology and the reasonableness of the assumptions used by the appraiser. • Comparing the fair value of investment properties with their book value to ascertain the need to record the impact of the decline in value (if material) in the financial statements. • Evaluating the appropriateness and adequacy of the disclosures in the financial statements in accordance with the International Financial Reporting Standards

NDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

KEY AUDIT MATTERS (CONTINUED)

Fair value of financial assets	
As at 31 December 2022, the Company had financial assets at fair value through profit or loss of SR 15,144,754 (2021: 15,034,407 SR) represented in equity instruments in companies that not listed in the financial market in the Kingdom of Saudi Arabia. In accordance with the requirements of international financial reporting standards, the Company's management must evaluate those assets at fair value, and determining the fair value of the assets requires the exercise of estimates and assumptions. The Company determines the fair value and relies on the evaluation of those assets by an independent, accredited external evaluator. The fair value measurement was considered a key audit matter because: - - Fair value measurement requires significant estimates and assumptions that may be uncertain in nature. - The potential impact of the fair value measurement may be material on the statement of financial position and the Company's business results. - Please refer to note (5) that includes the accounting policy regarding the value of financial assets, and note (13) for the disclosure of financial assets at fair value through profit or loss.	We have performed the following procedures: - Review the appropriateness of the applied accounting policy to determine the type and classification of financial assets according to the business model. - Review the method of conducting the valuation and the appropriateness of the inputs to valuation of those assets. - Confirming the Company's ownership of those assets as of 31 December 2022 - Obtaining a report of the fair value of these assets as of 31 December 2022. - Evaluating the extent of the external evaluator's independence and reading the terms of contracting with him to determine whether there are matters that may affect the evaluator's objectivity or impose restrictions on the scope of his work. - Compare the fair value of the financial assets with their book value to ascertain the need to record the effect (if material) in the financial statements. - Evaluating the appropriateness and adequacy of the disclosures in the financial statements in accordance with the International Financial Reporting Standards

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OTHER INFORMATION

Other information consists of the information included in the Company's 2022 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the concolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA and Regulations for Companies and the Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

(7/8)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

We 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on the information that has been made available to us while performing our audit procedures, nothing has come to our attention that causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulation for Companies in the Kingdom of Saudi Arabia and the Company's by law in so far as they affect the preparation and presentation of the financial statements.

For Al-Bassam & Co.

Ahmed Abdulmajeed Mohandis
Certified Public Accountant
License No. 477
7 Ramadan 1444H
Corresponding to: 29 March 2023

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

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
(All amounts are in Saudi Riyal unless otherwise stated)

	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	6	27,056,608	28,191,891
Investment properties	7	208,954,585	224,082,091
Installment sales contracts'debtors – non current portion	8	11,274,067	11,689,588
Investment in finance lease contracts- non current portion	9	121,014,728	139,585,454
Total non-current assets		368,299,988	403,549,024
Current assets			
Inventories	10	118,616	193,830
Trade receivables	11	1,210,668	617,246
Installment sales contracts' debtors – current portion	8	415,521	395,734
Investment in finance lease contracts – current portion	9	4,570,726	4,353,074
Prepayments and other receivables	12	558,391	2,749,275
Investments at fair value through profit or loss	13	15,144,754	15,034,407
Short term deposits	14	25,000,000	--
Cash and cash equivalents	15	11,627,353	19,108,209
Total current assets		58,646,029	42,451,775
TOTAL ASSETS		426,946,017	446,000,799
EQUITY AND LIABILITIES			
Equity			
Share capital	16	300,000,000	300,000,000
Statutory reserve	17	1,168,140	443,410
Reserve for re-measurement of employees post employment		354,401	134,808
Accumulated losses		(4,202,776)	(10,725,345)
Total Equity		297,319,765	289,852,873
Liabilities			
Non current liabilities			
Employees' post employment	18	623,316	1,195,926
Deferred revenue	19	58,000,000	58,000,000
Total non current liabilities		58,623,316	59,195,926
Current liabilities			
Stock sale surplus and unpaid profits	21	51,208,694	51,281,136
Investment properties' purchase payable	22	--	33,438,374
Underwriting creditors	23	1,365,535	1,365,535
Trade payables		759,983	887,503
Accrued expenses and other payables	20	3,130,196	2,221,571
Zakat payable	24	14,538,528	7,757,881
Total current liabilities		71,002,936	96,952,000
Total Liabilities		129,626,252	156,147,926
TOTAL EQUITY AND LIABILITIES		426,946,017	446,000,799

Chairman of Board of Directors **chief executive officer** **Financial Manager**

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts are in Saudi Riyal unless otherwise stated)

	Notes	31 December 2022	31 December 2021
Revenues	25	11,059,888	11,372,882
Cost of Revenues	26	(1,721,306)	(1,795,722)
Gross profit		9,338,582	9,577,160
Selling and distribution expenses	27	(2,400)	(31,667)
General and administrative expenses	28	(6,821,399)	(7,346,696)
Reversal of invesments properties	7	19,062,626	8,300,058
Provision for expected credit losses on Investment in finance lease contracts		(3,000,000)	--
Loss from disposal of real estate investments	29	(217,077)	(952,360)
Provision for expected credit losses on trade receivable	11	(3,624,980)	(2,845,977)
Impairment of Prepayments and other receivables	12	--	(156,997)
Profit from operations		14,735,352	6,543,521
Unrealized gain on Investments at fair value through profit or loss	13	110,347	1,357,143
(Loss) / Gain from disposal of Property, plant and equipment	29	(228,489)	195,722
Dividends income		337,500	337,500
Other income, net	30	552,666	165,580
Net profit for the year before zakat		15,507,376	8,599,466
Zakat	24	(8,260,077)	(7,509,673)
Net profit for the year after zakat		7,247,299	1,089,793
Other Comprehensive Income items:			
items that will not be reclassified to the statement of profit or loss in subsequent periods (net after zakat):			
Actuarial gain from remeasurment for employee s' post employment	18	219,593	21,068
Total comprehensive income for the year		7,466,892	1,110,861
Basic Earning per share			
From net profit per share for the year -SAR	31	0.242	0.036
From net comprehensive income for the year - SAR	31	0.249	0.037

Chairman of Board of Directors **Chief Executive Officer** **Financial Manager**

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(all amounts are in saudi riyal unless otherwise stated)

	Share capital	Statutory reserve	Actuarial gain from remeasurment for employee s' post employment	Accumulated Losses	Total equity
Balance as at 1 January 2021	300,000,000	334,431	113,740	(11,706,159)	288,742,012
Net profit for the year 2021	--	--	--	1,089,793	1,089,793
Actuarial gain from remeasurement of employee s' post employment	--	--	21,068	--	21,068
Transfer to statutory reserve	--	108,979	--	(108,979)	--
Balance as at 31 December 2021	300,000,000	443,410	134,808	(10,725,345)	289,852,873
Balance as at 1 January 2022	**300,000,000**	**443,410**	**134,808**	**(10,725,345)**	**289,852,873**
Net profit for the year	--		--	**7,247,299**	**7,247,299**
Actuarial gain from remeasurement of employee s' post employment	--	--	**219,593**	--	**219,593**
Transfer to statutory reserve	--	**724,730**	--	**(724,730)**	--
Balance as at 31 December 2022	**300,000,000**	**1,168,140**	**354,401**	**(4,202,776)**	**297,319,765**

Chairman of Board of Directors

Chief Executive Officer

Financial Manager

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

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts are in Saudi Riyal unless otherwise stated)

	31 December 2022	31 December 2021
Cash flows from operating activities:		
Net profit before zakat	15,507,376	8,599,466
Adjustments to reconcile net income for the year before zakat to net cash flow generated from operating activities:		
Depreciation of property, plant and equipment	1,328,950	1,399,226
Depreciation of investments properties	1,146,575	1,177,313
(Loss)/ Gain on disposal of property, plant and equipment	228,489	(195,722)
Loss on disposal of investment in properties (fruitfil trees)	217,077	952,360
Provision no longer required (Inventory)	--	(424)
Provision of expected credit losse on trade receivable	3,624,980	2,845,977
Provision for expected credit losses in Investment in finance lease contract	3,000,000	--
Provision formed for obsolete inventories	63,321	--
Provision for inventory used during the year	(39,024)	--
Impairment of prepayments and other receivables	--	156,997
Unrealized gain on Investments at fair value through profit or loss	(110,347)	(1,357,143)
(Reversal of) /Impairment on invesments properties	(19,062,626)	(8,300,058)
Provision formed for employee s' post employment	257,879	249,698
	6,162,650	5,527,690
Changes in working capital		
Inventories	50,918	102,618
Trade receivables	(4,218,402)	(2,723,758)
Installment sales contracts'debtors	395,734	376,888
Investment in finance lease contracts	15,353,074	(6,854,213)
Investment in properties	(611,893)	--
Prepayments and other receivables	2,190,883	(1,996,700)
Trade payables	(127,520)	--
Accrued expenses and other payables	908,625	(653,776)
Net Cash generated from / (used in) operating activities	20,104,069	(6,221,251)
Provision for legal settlements paid		(5,633)
Employees' End of service benefits	(610,896)	(14,733)
Zakat (paid)	(1,479,430)	(3,565,341)
Net cash flows generated from / (used in)operating activities	18,013,743	(9,806,958)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(492,677)	(70,958)
Proceeds from disposal of property, plant and equipment	70,520	195,732
Payments to purchase Short term deposits	(25,000,000)	--
Net cash flows generated from investing activities	(25,422,157)	124,774
Cash flows from financing activities:		
Payment of stock surplus sale and unpaid profits	(72,442)	(90,424)
Net cash flows used in financing activities	(72,442)	(90,424)
Net change in cash and cash equivalents	(7,480,856)	(9,772,608)
Cash and cash equivalent at the beginning of the year	19,108,209	28,880,817
Cash and cash equivalents at end of the year	11,627,353	19,108,209

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts are in Saudi Riyal unless otherwise stated)

Non-cash transaction:

	31 December 2022	31 December 2021
Investment properties	**32,617,785**	--
Creditors buyers of investment properties	**(32,617,785)**	--
Actuarial gain	**219,593**	21,068
Statutory reserve	**724,730**	108,979
Used of provision for prepayments and other receivables	**(174,424)**	--
Used of provision for expected credit loss of trade receivables	--	(528,888)

Chairman of Board of Directors **Chief Executive Officer** **Financial Manager**

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

1. GENERAL INFORMATION

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

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

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

The accompanying financial statements include the accounts of the Company and its branches as follows:

CR number	branch name	City
1131010287	Saudi Dates Factory	Buridah

2. BASIS OF PREPARATION AND MEASUREMENT

A. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and publications issued by the Saudi Organization for Saudi organization for certified public accountants.

B. Basis of measurement

The financial statements have been prepared under the historical cost method, unless otherwise stated as explained in the significant accounting policies (Note 5).

C. Functional and presentation currency

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

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

There are a number of standards and amendments to standards and interpretations issued by the International Accounting Standards Board that are considered effective in future accounting periods that the Company decided not to apply at an early date. The most important of them are as follows:

3/1 New Standards, Interpretations and Amendments

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

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

(All amounts are in Saudi Riyal unless otherwise stated)

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

3/1/1 New standards, amendments to standards and interpretations

Adjustments
The following are a number of amendments to the standards issued that are effective from this year, but do not have a material impact on the financial statements of the Company, with the exception of what is mentioned below.

Amendments to the standards issued and applied effective from 1 January 2022.

Amendments to standards	Description	Apply for years beginning on or after	Amendment summary
IAS 37	Onerous Contracts	1 January 2022	The amendments specify that the "cost of performing" a contract includes costs directly related to the contract. These amendments apply to contracts in which the Company has not fulfilled all its obligations, starting from the first period in which the Company applies that amendment.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Amendments to International Financial Reporting Standards 2018-2020	1 January 2022	IFRS 16: The amendment removes the clarification of recompensation to pay for leasehold improvement. IFRS 9: The amendment clarifies that when the "10 percent" test is applied to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment must be applied prospectively to adjustments and exchanges that occur on or after the date on which the entity first applies the amendment. IAS 41: The amendment removes the requirement of IAS 41 for entities to exclude tax cash flows when measuring fair value. IFRS 1: The amendment provides an additional exemption for a subsidiary to become applicable for the first time after the parent Company in relation to accounting for cumulative translation differences..
IAS 16	Property, plant and equipment - proceeds before intended use	1 January 2022	The amendments prohibit deducting from the cost of any item of property, plant and equipment any proceeds from the sale of items produced before that asset is available for use. In addition, the amendments also clarify the meaning of "testing whether an asset is working properly."
IFRS 3	An indication of the conceptual framework	1 January 2022	The amendment as a whole has been updated to IFRS 3 to refer to the conceptual framework for the year 2018 instead of the 1989 framework.

(All amounts are in Saudi Riyal unless otherwise stated)

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

3/1 New Standards, Interpretations and Amendments

3/1/2 New standards, amendments to issued standards and interpretations but not effected yet

Amendments to standards	Description	Apply for years beginning on or after	Amendment summary
IFRS 17	Insurance contracts	1 January 2023	The amendment clarifies what is the right to defer, that the right to defer at the end of the reporting period, and that this classification is not affected by the possibility of exercising its right to defer and that this is only a tradable equity instrument. common.
IAS 1	Classification of liabilities as current or non-current	1 January 2023	The amendment clarifies what is meant by the right to defer settlement, and that the right to postponement must be present at the end of the reporting period, and that this classification is not affected by the entity's likelihood of exercising its right to defer, and that only if the derivatives are included in a transferable obligation that is itself a rights instrument. Ownership and the terms of compliance will not affect its rating
International Accounting Standard No 1. and Practice Statement No. 2	Disclosure of accounting policies	1 January 2023	This amendment deals with assisting entities in determining the accounting policies that must be disclosed in the financial statements.
IAS 8	Modify the definition of an accounting estimate	1 January 2023	These amendments to the definition of accounting estimates help organizations distinguish between accounting policies and accounting estimates.
IAS 12	Income Tax	1 January 2023	This amendment addresses clarification regarding deferred tax accounting for transactions such as leases and decommissioning obligations
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between the investor and the partner or joint venture	Not Applicable	Amendments to IFRS 10 and IAS 28 deal with situations in which a sale or contribution to assets is between an investor and an associate or joint venture. Specifically, the amendments provide that profits or losses result from losing control of a subsidiary.

Mangement expect that thee interpretations and amendements to these new standards will be adopted in the companys finsnccial statements when applicable, and the application of such of these interpreetations and amendements may not have any material impact on the company financial statements in the initial recognition period.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires the use of judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of potential assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Amendments that result from reviewing accounting estimates are shown in the review period and future periods that are affected by these adjustments.

4/1 The main sources of uncertainty related to accounting estimates

The following information related to the significant areas of estimates, uncertainties, and significant judgments when applying accounting policies that have a material impact on the amounts included in the financial statements:

4/1/1 Actuarial evaluation of employees' end of service benefits liabilities

The present value of the liability depends on a number of factors which are determined on an actuarial basis using a number of assumptions. In addition, adherence to the assumptions that should be made for future results requires that they mainly include an increase in salaries and benefits, and the discount rate used to convert future cash flows to present value. Any changes in these assumptions will affect the carrying amount of the liability. Assumptions about them are disclosed in Note 19.

4/1/2 Estimating the useful life, depreciation rate, depreciation method, and residual values of property, plant and equipment.

Management reviews its estimates of the useful lives of depreciable assets, the depreciation rate, the depreciation method, and the residual value used in the calculation of depreciation at each reporting date based on the expected use of the assets. The uncertainties in these estimates relate to the maintenance and repair program in addition to technical obsolescence and considerations of the recoverable value of the asset that may alter the future usefulness of those assets.

4/1/3 Zakat provision

When estimating the current Zakat due by the Company, the management takes into consideration the applicable laws and decisions / provisions of the General Authority for Zakat and tax regarding some of the previous issues. Whether it is a liability or a tax asset, the management of the Company establishes entitlement to zakat based on the best estimate in line with the laws of zakat and taxes. The differences between zakat liabilities and zakat assessments are calculated by the Authority in the list of profits or losses for the period in which the final assessments are issued, unless they are anticipated.

4/1/4 Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each cash-generating asset or unit on the basis of expected future cash flows and uses the interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of an appropriate discount rate.

4/1/5 Impariment of financial assets

A provision for impairment of financial assets is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the agreement. The significant financial difficulties facing the customer, the possibility of the customer entering the stage of bankruptcy or financial restructuring, and the deficit or delay in payment are all indications of the existence of objective evidence of the decline in the value of trade receivables. For individually significant amounts, this assessment is performed on an individual basis. Amounts which are not individually significant, but which are in arrears, are assessed collectively and a provision is recognized by taking into account the length of time in accordance with the previous recovery rates, together with the expected information.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

4/1 The main sources of uncertainty about accounting estimates (Continued)

4/1/6 Inventory Verifiable Values

Management estimates the net realizable values of the inventory, taking into account the most reliable evidence at the time the estimates are used, and makes a provision for slow moving and obsolete inventory. Estimates of the net recoverable amount of inventory are based on the most reliable evidence at the time the estimates are used. These estimates take into account changes in demand for goods, technological changes, quality matters and fluctuations in prices. Accordingly, the Company studies these factors and takes them into account to calculate the provision for slow-moving and damaged inventory.

4/1/7 fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (when active market prices are not available). This includes making estimates and assumptions consistent with how market participants price the instrument. Management bases its assumption on inputs that are as observable as possible but this is not always available. In that case, management uses the best available information. Estimated fair values may differ from the actual prices that would be achieved in a commercial transaction at the reporting date.

4/1/8 Lease Contracts - Estimating the additional borrowing rate

The Company cannot easily determine the interest rate implicit in the lease agreement, so it uses the incremental borrowing rate to measure the lease liability, and the additional borrowing rate is the interest rate that the Company has to pay to borrow, over a similar period and with a similar collateral, and the funds needed to obtain an asset of similar value. The right to use in a similar economic environment, therefore, the additional borrowing rate is what the Company must pay, which requires an estimate when observable rates are not available or when they need to be modified to reflect the terms and conditions of the lease contract, and the Company estimates the additional borrowing rate using observable inputs (Such as market interest rates) when available.

4/1/9 Revenue Recognition

Revenue is recognized when control over an asset is transferred, either over time or at a point in time. Control of an asset is defined as the ability to direct the actual use of all of the benefits associated with that asset.

4/1/10 Evaluation of investments in properties

The company uses the services of accredited and independent valuers to obtain fair value estimates for investment properties using recognized valuation methods for the purpose of reviewing impairment and disclosures in the financial statements.

(All amounts are in Saudi Riyal unless otherwise stated)

5. SIGNIFICANT ACCOUNTING POLICIES

Classifying assets and liabilities as current and non-current

The Company shows its assets and liabilities in the statement of financial position based on its current / non-current classification. Assets are current when:
- It is expected that it will be liquidated or there is an intention to sell it or be depleted during the normal operational business cycle,
- Maintaining it mainly for trading purposes,
- It is expected to be sold during the twelve months following the disclosed financial period.
- In the form of cash and cash equivalents, unless there are no restrictions on replacing it or using it to pay any liabilities for a period of not less than twelve months after the disclosed financial period.

All other assets are classified as non-current assets.

Liabilities are current when:
- It is expected to be repaid during the normal operating cycle,
- Maintaining it mainly for trading purposes,
- Due to be paid during the twelve months following the disclosed financial period,
- The absence of an unconditional right to postpone the payment of the obligation for a period of not less than twelve months after the disclosed financial period.

The Company classifies all other liabilities as non-current liabilities.

Property, plant and equipment
Property, plant and equipment are recognized initially at acquisition cost, including any other direct costs of bringing the assets to the site and in the condition necessary to enable them to operate in the manner intended by the management of the Company. These assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

When the major components of items of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent expenditures are capitalized only when they increase the future economic benefits to the Company, and they can be measured reliably.

Finance costs related to loans to finance the creation of qualifying assets are capitalized during the period necessary to complete and prepare the assets for their intended purpose.

Depreciation is charged to the statement of profit or loss and calculated on a straight line basis over the estimated useful lives of each item of property, plant and equipment. The following are the estimated useful lives of the assets to be depreciated:

Asset Categories	Percentage
Buildings and construction	3-25%
Machines and the equipments	7.5-25%
Vichels	25%
Irrigation network	2.5-20%
Furniture and fixtures	10-25%
Agricultural machinery	7.5-10%
fruitful trees	2.5%

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment
Non-current assets are reviewed if there are any losses as a result of decline in their value whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss (if any) is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable value is the fair value of the asset after deducting the costs of selling and the residual value for use, whichever is higher.

Capital work-in-progress at the end of the period includes some assets that have been acquired but are not ready for use for which they are intended. These assets are transferred to the relevant asset classes and are depreciated when they are ready for use.

The depreciation method, the residual value estimates and the useful lives of the assets are reviewed at the end of each financial year and adjusted prospectively, if required.

The gain or loss resulting from disposal of property, plant and equipment is determined by the difference between the proceeds of disposal and the net book value of the assets and recognized in the statement of profit or loss.

Investment properties
Investment in properties consist of lands and buildings owned by the Company. Investment in properties are initially recognized and recorded at cost including the costs of executing the transaction. Transaction execution costs include professional fees and commissions until the investment reaches the state that makes it fit for its intended purpose. A cost model was used.

Subsequent recognition of real estate investments is as follows:

Land at cost
The subsequent recognition of those lands at cost and in the event that some indications and indications of the possibility of a decrease in the value of the investments appear at the date of the non-consolidated financial statements, then the book value of the value of the lands shall be reduced to its recoverable value, and the resulting decline losses shall be immediately included in the statement of profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real estate
Real estate leased to others is depreciated in the straight-line method, and depreciation is charged to the profit or loss statement, and in the event that some indications and indications of a possible decrease in the value of investments occur on the date of the financial statements, the book value of the real estate value is reduced to its recoverable value and losses The resulting decrease is immediately in the statement of profit or loss.

Investment in properties are eliminated either by sale or by termination of their use altogether as no future benefits are expected from disposal. Profits or losses arising from the disposal or disposal of real estate investments are recognized in the statement of profit or loss in the year of disposal or sale.

Gains or losses arising from the sale of real estate investments are determined as the difference between the net sale proceeds or the net realizable value of the assets received and the book value of the investment property at that date.

Fruit trees
International Accounting Standard 16, "Property, plant and equippmnt " defines fruit trees as:
- It is used in the production or supply of agricultural products
- It is expected to bear fruit more than once during the period.
- Other than occasional scrap sales, there is a remote possibility of selling them as agricultural products.

The initial recognition of fruit trees is made at cost after deducting the accumulated depreciation and the accumulated losses of depreciation in value, if any.
Cost includes the amounts incurred by the Company to acquire the asset and includes the costs of raw materials, labor and all other direct costs associated with placing the assets in the condition that enables it to achieve the purpose for which it was purchased.
Any profits or losses resulting from the exclusion of fruit trees (calculated on the basis of the difference between the net sales proceeds and the book value of plants) are recognized in the other income item in the list of profits and losses in the period in which they are excluded.

Right-of-use assets and contracts
Leases are recognized as right-to-use assets with their obligations on the date the leased assets are made available for use by the Company. Each rental payment is apportioned between commitment costs and financing costs. The financing cost is recognized in the statement of other comprehensive income and income over the term of the lease contract. Right-of-use assets are depreciated according to the straight-line method over the useful life of the asset or the lease term, whichever is less.

Right-to-use assets are measured initially at cost, which includes the following:
- The amount of the initial measurement of the lease liability,
- Any rent payments made on or before the lease commencement date minus any rent incentives received, any initial direct costs,
- Restoration costs, if any.

Lease obligations, where applicable, include the net present value of:
- Fixed payments (including fixed payments in substance) minus any lease incentives receivable, Variable rental payments that are based on an index or price,
- Amounts expected to be paid by the tenant under the residual value guarantees,
- The price of exercising the call option if the lessee is reasonably certain that he will exercise the option,
- The amounts of fines paid to terminate the contract, if the lease term reflects the tenant's exercise of this option.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short term lease contracts

Short-term leases are leases with a duration of 12 months or less. Low-value assets are items that do not meet the Company's capitalization limits and are considered insignificant to the Company's statement of financial position as a whole. Payments of short-term leases and lease contracts for low-value assets are recognized in accordance with the straight-line method in the statement of profit or loss and other comprehensive income.

Variable rental payments

Some lease contracts include variable payments related to the use / performance of the leased asset. These payments are recognized in the statement of profit or loss other comprehensive income and income.

Extension and termination options

When determining the term of the lease contract, the management takes into account all the facts and circumstances that would create an economic incentive to encourage the exercise of the option of extension or not to exercise the option of termination. Extension options (or periods following an option to terminate) are not included in the lease term unless the extension (or non-termination) of the lease is reasonably certain. The Company shall assess, at the commencement of the lease, whether it is reasonably certain that the extension options will be exercised. The Company reassesses whether it is reasonably certain to exercise options if there is a significant event or significant change in the controlled conditions.

Inventory

Inventory are evalueting at cost or net realizable value, whichever is lower, with the exception of inventories of raw materials and spare parts, which are recorded at cost, and the cost is determined on the basis of weighted average. The cost of finished and in-progress goods includes the cost of raw materials, labor and industrial overheads that contribute to converting raw materials into a finished product. The net recoverable value consists of the estimated selling price during the normal course of business, after deducting the estimated costs of making the sale.

The Company reviews the carrying value of the inventory on a regular basis, and when needed, the inventory is reduced to the net recoverable value or an obsolescence provision is created if there is any change in the pattern of use or the physical shape of the relevant inventory.

Trade receivables and other

Initial recognition of trade receivables and other at fair value and measured in the subsequent period at amortized cost using the effective interest method less any provisions for doubtful debts. A provision for doubtful debts is established based on the Company's best estimates of expected credit losses on trade receivables.

The Expected Credit Loss measurement is an indication of the probability of default or the loss at default rate (that is, the size of the loss if there is a default) and exposure to the risk of default.

The assessment of probability of default and hypothetical loss is based on historical data modified by forward-looking information.

Non-current assets are held for sale

Non-current assets held for sale are non-current assets whose book value is expected to be recovered mainly from a sale transaction and not from continuing to be used.These assets are measured at book value or fair value minus selling costs, whichever is less, and they are classified within current assets.

In the event of a decline in the value of those assets, the book value is adjusted for the value of this decrease and is included in the statement of profit or loss, and the refund of the decline losses is recognized in the period in which it occurred, not exceeding the previous book value that was reduced unless the impairment loss of the asset is recognized in Previous years.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial instruments include financial assets and financial liabilities

Initial recognition and measurement
Financial assets and financial liabilities are recognition when the Company becomes a party to the contractual provisions of the financial instrument. On initial recognition, financial assets and financial liabilities are measured at fair value. Transaction costs related to financial assets and financial liabilities are stated at fair value through profit or loss and are recorded as an expense from the statement of profit or loss and comperhensive income, and in the case of financial assets and liabilities not included in fair value through profit or loss, their fair value is less transaction costs directly related to the acquisition of Financial assets and liabilities or their issuers are the amount of initial recognition.

Classification of financial assets
The Company classifies its financial assets into the following categories:

- Financial assets at amortized cost.
- Financial assets at fair value through other comprehensive income.
- Financial assets at fair value through profit or loss.

These classifications are based on the Company's business model for managing financial assets and cash flow characteristics. At the date of the current financial statements, the Company only maintains financial assets at fair value through profit or loss.

Financial assets at amortized cost
Financial assets are measured at amortized cost, which is not measured at Fair Value Throgh Profit and loss if the following two conditions are met:

- The financial asset is held in the business model and is intended to collect contractual cash flows, and
- The contractual terms of the financial asset arise on specific dates for cash flows representing payments of the principal amount and interest on the principal outstanding amount.

Financial assets at fair value through other comprehensive income

A) Debt instruments
Debt instruments that are measured at Fair Value Throgh Profit and loss and which have not been designated as Fair Value Throgh Profit and loss are measured when the following conditions are met:
The financial asset is kept in the business model and is intended to collect contractual cash flows and sell the financial assets.

- The contractual terms of the financial asset give rise on specific dates to cash flows representing payments of the principal amount and interest on the principal outstanding amount.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets at fair value through other comprehensive income

B) Equity instruments
They are tools that meet the definition of equity from the source's point of view, that is, tools that do not contain a contractual obligation to pay, and that prove the existence of a residual benefit from the net assets of the source.

Subsequently, the Company measures all equity investments at fair value through profit or loss, except if the Company's director, upon initial recognition and irrevocably, chooses to classify an equity investment at fair value through other comprehensive income.

The Company's policy is to classify equity investments at Fair Value Throgh Profit and loss when those investments are held for purposes other than trading. When this option is used, fair value gains or losses are recognized through other comprehensive income which are not subsequently reclassified to the statement of profit and loss, even on disposal. Impairment losses are not disclosed separately from other changes in fair value. Dividends are still recognized when they represent a return on those investments in the comprehensive income statement when there is an inventory for the Company to receive those payments.

Financial assets at fair value through profit or loss
All other financial assets are classified as measured at Fair Value Throgh Profit and loss.

In addition, upon initial recognition, the Company may choose to classify a financial asset at fair value through profit or loss if it does not meet the requirements for its classification as a financial instrument at amortized cost or at FVOCI, if this results in a materially canceling or diminishing of the financial asset. Accounting compatibility that may arise.

Financial assets are not reclassified after initial recognition, except for the period after the Company changes its business model for managing financial assets.

Business Model Evaluation
The Company evaluation the objective of the business model in which the asset is being held because that is the best way to manage the business this information is presented to the management. The information taken into consideration includes:

Policies and objectives set and applying those policies in practice. In particular, the management strategy focuses on achieving contracted revenues, maintaining a certain profit rate, matching the term of these financial assets with the duration of the financial liabilities that finance those assets or achieving cash flows through the sale of assets;
- How is the performance of the portfolio evaluated and reported to the Company's managers;
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how these risks are managed;
- How to compensate the directors, that is, if the compensation is based on the fair value of the assets managed or the contractual cash flows collected;

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business Model Evaluation

The frequency, volume and timing of sales in previous periods, the reasons for those sales and expectations about future sales activity. However, these sales cannot be taken into account on their own, but rather as part of the overall assessment of how the Company will achieve the Company's objectives for managing financial assets and how cash flows are achieved.

Financial assets held for trading, if any, and whose performance is evaluated on the basis of fair value are measured and included in financial assets at fair value through profit or loss because they are not held to collect contractual cash flows nor are they held to collect contractual cash flows and sell the Financial assets.

The Evaluation of the business model is based on predictions that are reasonably expected, without taking into account the "worst case" or "stress situation" scenarios. If cash flows are achieved after initial recognition differently from the original Company's expectations, the Company does not change the classification of the remaining financial assets held within that business model, but rather uses this information to move forward when evaluating a newly formed or newly purchased financial asset.

Evaluate whether the contractual cash flows are only payments of principal and interest

For the purposes of this evaluation, the "principal amount" represents the carrying value of the financial assets at the date of initial recognition. As for "interest", it represents compensation against the time value of money and against other credit risks related to the principal amount outstanding during a period, or other basic lending costs (such as liquidity risk and administrative costs), as well as a profit margin.

Evaluate whether the contractual cash flows are only payments of principal and interest (Continued)

When assessing whether the contractual cash flows represent only payments of principal and interest, the firm takes into account the contractual terms of the instrument. This includes whether the financial asset contains a contractual clause that can change the timing or amount of cash flows that do not meet this condition.

To make this evaluation, the Company takes into consideration the following:
- Possible events that change the amount and timing of cash flows;
- Leveraged properties;
- Advance payment and terms of extension;
- Conditions that limit the firm's claim to cash flows from specified assets (for example, asset arrangements without recourse);

Properties that adjust the offer against the time value of money, such as price readjustment.

Impairment of financial assets (expected credit losses)

The Company recognizes a provision for expected credit losses (if any and is significant).

Significant increase in credit risk

To determine whether the default risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportive relevant information that is available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's previous experience and credit evaluation, including the assessment of the change in the likelihood of default in payment as at the date of the financial statements and the probability of default at the time of the initial recognition of the exposure

Measuring expected credit losses

Expected credit loss (ECL) is an estimate of the likely probability of credit loss. It is measured as follows:

Financial assets that are not credit impaired at the date of the financial statements, the present value of all cash shortages (i.e. the difference between the cash flows owed to the Company according to the contract and the cash flows the Company expects to receive);
Financial assets whose credit value has decreased at the reporting date are measured as the difference between the total book value and the present value of the estimated future cash flows.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Low credit level of financial assets

At each financial position date, the Company assesses whether financial assets recorded at amortized cost have a low credit level. A financial asset is considered to have a low level of credit when one or more events that have a significant effect on the estimated future cash flows of the financial asset have occurred. Examples indicating that a financial asset has a low level of credit are the following observable data:

- Significant financial difficulty faced by the borrower or exporter;
- Breach of contract such as default or overdue;
- Rescheduling the loan or advance by the borrower or the issuer according to conditions that are not appropriate for the Company;
- the possibility of the borrower entering bankruptcy or financial restructuring;
- The disappearance of an active market for that financial instrument due to financial difficulties.

Presentation of the allowance for expected credit losses

The expected credit loss allowance for financial assets at amortized cost is presented in the statement of financial position as a deduction from the total carrying amount of the assets.

Financial liabilities

The Company classifies financial liabilities at amortized cost unless it has liabilities classified at fair value through profit or loss.

A financial liability is derecognised when it is discharged from the obligation under the obligation, canceled or expires. When an existing financial obligation is replaced by another one from the same lender on substantially different terms, or the terms of the existing liabilities are modified substantially, such an exchange or amendment is treated as exclusion of the original obligation and recognition of a new liability and the difference is recognized in the amounts recognized in Statement of comprehensive income.

Financial liabilities and equity.

Classification as debt or equity

Debt and equity instruments are classified as financial liabilities or equity in line with the substance of the contractual arrangements and the definitions of a financial commitment and an equity instrument.

Equity tools

An equity instrument is any contract that evidences a residual interest in the Company's assets after deducting all of its liabilities. Equity instruments issued by the Company are recorded with the amounts received after deducting direct issuance expenses.

The repurchase of the Company's equity instruments is recognized and deducted directly from the equity. No gain or loss is recognized in the income statement when buying, selling, issuing, or canceling the Company's equity instruments.

Financial liabilities

Financial liabilities are recognized initially at fair value, and in the case of loans and advances, they are shown at the amounts received, net of directly attributable transaction costs.

Financial liabilities are subsequently measured at amortized cost using the effective interest method or at fair value through profit or loss.

De-recognition of financial liabilities

The Company derecognises financial liabilities only when the Company's obligations are fulfilled, canceled or expired. The difference between the carrying amount of the financial liability derecognized and the amount paid and payable is recognized in the statement of profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting financial assets and liabilities
Financial assets and liabilities are offset and are recorded net of the statement of financial position when there is a legally binding right to measure the amounts recognized and when the Company intends to pay on a net basis or to realize the asset and settle the obligation simultaneously. Likewise, the income and expense items of those assets and liabilities are also offset and the net amount is included in the financial statements.

Cash and cash equivalents
Cash and cash equivalents consist of cash in hand and at banks and other short-term, highly liquid investments with original maturities of three months or less (if any) that are available to the Company without any restrictions and that are subject to immaterial risks of changes in value.

Impairment of non-financial assets
Non-financial assets are reviewed if there are any losses as a result of impairment in their value whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss (if any) is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable value is the fair value of the asset after deducting the costs of selling and the residual value for use, whichever is higher. Assets are grouped to the lowest level where there are independently determinable cash flows. Non-financial assets other than financial assets and those that are impaired in value are reviewed for the possibility of reversing the decline in value at each financial position date. When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable value, but the increased carrying amount must not exceed the carrying amount that could have been determined, which if it had been determined would not be Recording any impairment loss in the value of the asset or cash generating unit in previous years. The reversal of an impairment loss is recognized immediately in the statement of profit or loss.

Dividends
Dividends are recorded in the financial statements in the period in which approved.

Employees benefits

<u>**Short-term employees benefits**</u>
Wages and salaries obligations, including non-cash benefits, accrued vacations, airline tickets and other allowances expected to be paid in full within the twelve months after the end of the period during which employees provide the related service are recognized as current liabilities on the financial position.

<u>**Long-term employees benefits**</u>
Other long-term employee benefit obligations (including extended service leave and annual leave that are expected to be settled in full within twelve months after the end of the period during which employees provide the related service) are measured at the present value of the expected future payments to be paid for services rendered by employees up to the end of the period. The financial period reported using the projected unit credit method, is recorded as a non-current liability. It takes into account the levels of wages, expected future salaries, employee resignations, rates of workforce reduction, and periods of service. A re-measurement is recognized as a result of experience-based adjustments and changes in actuarial assumptions in the statement of profit or loss and other comprehensive income.
The liabilities are presented as current liabilities in the financial position unless the Company has an unconditional right to delay payment for a period of at least 12 months after the disclosed financial period, regardless of the actual payment date.

<u>**Employee end of service benefits**</u>
End of service compensation for Company employees shall be made in accordance with the provisions of the labor law in force in the Kingdom of Saudi Arabia. Liabilities related to the employee end service benefit obligation recognized in the statement of financial position represents the present value of the employee end service benefit obligation at the end of the reporting period. The employee end service benefit obligation is calculated annually by actuaries using the projected unit credit method.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

End of Service benefits

The net financing cost is calculated using the discount rate on the net balance of the employee end of service benefits obligation and the cost is included in the employee's benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions in the period in which they occur are recognized directly in other comprehensive income.

Changes in the present value commitment to employee end of service benefits arising from modifications or reductions in the plan are recognized directly in the statement of profit and loss as previous service costs.

Termination of employment benefit liability is recognized when the Company has a present legal or constructive obligation as a result of past events that can be estimated reliably. The obligation is measured using the best estimate of the amount required to settle the obligation at the reporting date, and if the effect of the time value of money is of relative importance, it is measured by discounting the expected future cash flows at a discount rate that reflects current market assessments of the time value of money and the risks specific to that obligation. The reduction in the discount is recognized as a financing cost in the period in which it arises.

Provisions

A provision is recognized if, as a result of past events, it appears that the Company has a present legal or contractual obligation the amount of which can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed at the date of each financial position and adjusted to reflect the current best estimates. If the effect of the time value of money is of relative importance, it is measured by discounting the expected future cash flows at a discount rate that reflects, when appropriate, the risks associated with that commitment. The increase in the provision due to the passage of time as a financing burden.

Contingent liabilities

All contingent liabilities arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not fully controlled by the Company, or all current liabilities arising from previous events but are not established for the following reasons: (1) There is no possibility that an outflow of resources embedded in the economic benefits will be required to settle the obligation, or
(2) the amount of the obligation cannot be measured with sufficient reliability; Therefore, all of them must be evaluated at each statement of financial position date and disclosed in the Company's financial statements as a potential liability.

Revenues

Revenue is recognized when control of an asset is transferred, either over time or at a specific time. Control of an asset is known as the ability to direct the use and effect of all benefits related to that asset.

Rental income from lease contracts

Rental income arising from lease contracts is recognized net of discount, in accordance with the terms of the lease contracts over the lease term using the straight-line method, unless there is another basic alternative that is more representative of the pattern under which the benefits derived from the leased asset are reduced.

Sale of goods or services

Revenue is recognized upon transfer of required goods or services to customers at an amount that reflects the consideration to which the Company expects it to be entitled in exchange for those goods or services. Revenue is recognized when the following steps are met:

1- Determine the sales contract concluded with the customer. This contract does not need to be in writing.
2- Existence of performance obligation.
3- Determine the transaction price.
4- Allocation of the transaction price over the performance obligation.
5- Revenue recognition upon satisfying of performance obligations.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues (Continued)

When assessing these steps, management takes the following into account:
- The consent of both parties (the buyer and the seller) to the sale with the transfer of each party's rights to these goods and services under the sale. The terms of payment should also be studied to ensure that the contract has a commercial basis and that it is likely that the consideration for the sale of these goods and services will be charged.

Determining independent goods or services agreed upon under the contract. These independent goods and services are referred to as a performance obligation. When studying whether these goods and services are independent, the management evaluates whether these goods or services can provide a benefit in themselves and that the Company's promise to transfer these goods and services to the customer has been determined separately, and all sales of the Company are considered independent.
The financial compensation expected to be due to the Company in return for transporting these goods and services. All sales of the Company have a fixed fee.
- Distribution of the transaction price to the goods or services under the contract.
- Fulfill the performance obligation.

Interest and dividends
Interest income and expense are recognized on an accrual basis using the effective interest method. Dividends are recognized at the time the right to receive payments is established.

Expenses

Cost of revenue
All expenses are recognized on an accrual basis. It recognizes operating costs on a historical cost basis. This item includes costs of raw materials, direct labor, and other associated indirect costs.

Selling and distribution expenses
This item includes any costs incurred to conduct or facilitate all of the Company's selling activities.

General and administrative expenses
This item relates to expenditures that are not directly related to the production or sale of any goods or services. Indirect expenses are apportioned among the cost of revenues, selling and distribution expenses, and general and administrative expenses when necessary, on a consistent basis.

Zakat
In accordance with the regulations of the General Authority for Zakat and Tax (the "Authority"), the Company is subject to Zakat. The zakat provision for the Company is recognized and charged to the statement of profit and loss. Additional zakat liabilities, if any, relating to prior year assessments are computed by the Authority in the period in which the final assessments are issued.

The Company is primarily eligible to pay zakat only. Whereas, reversing the timing differences, if any, is not expected to have any material impact on the amount of Zakat in the foreseeable future, and therefore no deferred tax liability or asset has been recognized in these financial statements.

Value added tax
The company records the expenses and revenues after deducting the value-added tax, except if they are not refundable, and in this case they are recorded in the cost of the asset or the expense. The net recoverable or due tax is recognized in the debit or credit balances in the statement of financial position.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segments reporting

The sector alone is identifiable in the Company as this unit is engaged in either providing products or services (business sector), or providing products or services within a specific economic environment (geographical sector), provided that each sector has its own risks and benefits different from the risks and benefits of other sectors. (Geographical sector) represents the local revenues during the period from the Company's revenues. All the assets and liabilities of the Company are located in the Kingdom of Saudi Arabia.

(Operating Segment) The Company does not have any of the quantitative limits referred to in IFRS 8 "Operating Sectors". Accordingly, the operating segment information has not been disclosed in the accompanying financial statements.

Transactions and balances in foreign currencies

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities recorded in foreign currencies as at the date of the financial position are converted into Saudi riyals according to the exchange rates prevailing on that date. Non-monetary items carried at outstanding fair value are translated into exotic currencies at the rates prevailing on the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains or losses arising from repayments or foreign exchange transfers are included in the statement of profit or loss and other comprehensive income.

Borrowing Cost

Borrowing costs directly attributable to the purchase, construction or production of qualifying assets, which are assets that inevitably require a period of time to be ready for their intended use or sale, are capitalized to the costs of those assets until the assets are substantially ready for their intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred and included under 'Finance cost'. Investment income earned on the temporary investment of specific loans until it is spent on qualifying assets is deducted from borrowing costs eligible for capitalization. Borrowing costs are the costs of interest and other costs that a Company incurs in connection with the process of borrowing funds.

Earnings per share

The Company displays the basic and diluted earnings per share (if any) per common share. Basic earnings per share from net profit or loss is calculated by dividing the profit or loss of the Company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for the number of ordinary shares repurchased or issued during the period. Reduced earnings per share is calculated by adjusting the profit or loss of the ordinary shareholders of the Company and the weighted average number of shares outstanding during the period for the effects of all the reduced ordinary shares that are likely to be issued

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts are in Saudi Riyal unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT

	Land*	Building	Plant and equipment	Vehicles	Irrigation network	Furniture and fixtures	Agricultural machinery	Fruitful trees	Construction in progress	Total 31 December 2022	Total 31 December 2021
Cost:											
Balance at the beginning of the year	18,887,172	18,441,982	18,656,242	509,500	2,016,997	2,744,825	157,350	2,880,000		**64,294,068**	64,950,660
Additions	****211,530**	--	--	--	--	**1,017**	--	--	**280,130**	**492,677**	70,958
Disposals	--	--	--	**(183,500)**	**(225,250)**	**(20,900)**	--	**(1,006,000)**	--	**(1,435,650)**	(727,550)
Balance at Year end	**19,098,702**	**18,441,982**	**18,656,242**	**326,000**	**1,791,747**	**2,724,942**	**157,350**	**1,874,000**	**280,130**	**63,351,095**	64,294,068
Accumulated depreciation											
Balance at the beginning of the year	--	12,105,208	17,220,197	509,496	1,783,807	2,339,942	157,347	1,986,180		**36,102,177**	35,430,491
Depreciation for the year	--	**691,624**	**440,721**	--	**35,040**	**89,633**	--	**71,932**	--	**1,328,950**	1,399,226
Disposals	--	--	--	**(183,498)**	**(225,247)**	**(20,057)**	--	**(707,838)**	--	**(1,136,640)**	(727,540)
Balance at Year end	--	**12,796,832**	**17,660,918**	**325,998**	**1,593,600**	**2,409,518**	**157,347**	**1,350,274**	--	**36,294,487**	36,102,177
Net book value											
31 December 2022	**19,098,702**	**5,645,150**	**995,324**	**2**	**198,147**	**315,424**	**3**	**523,726**	**280,130**	**27,056,608**	
31 December 2021	18,887,172	6,336,774	1,436,045	4	233,190	404,883	3	893,820	--		28,191,891

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

** The addition to the lands item is represented in the land area difference after signing a reconciliation contract with Arab Wabel Investment Company Limited, where the balances were re-measured according to the subsequent events on 9 February 2023 that affect the current financial statements with regard to Bustan Al-Basr, through the exchange of land sukuk so that the sukuk of each party becomes his full ownership instead of being shares of 50% Mushaa. The amount of SR 211,530 has been proven in favor of Wabel Company for the difference in the land area after agreeing to exchange the sukuk and the procedures for exchanging the title deed are underway.

(All amounts are in Saudi Riyal unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	31 December 2022	31 December 2021
Cost of revenues (note 26)	**262,251**	293,093
General and administrative expenses (note 28)	**1,066,699**	1,106,133
	1,328,950	1,399,226

(All amounts are in Saudi Riyal unless otherwise stated)

7. INVESTMENT PROPERTIES

The investments in properties as at 31 December, 2022 is as follows

Cost	Shri project	Al ofuq	Al mulida Project	Total
Balance as at 1 January, 2022	80,652,939	178,714,266	25,267,795	284,635,000
Settlements during the year		(208,696)	--	(208,696)
Cost reduction by the amount Settled*		(32,617,785)	--	(32,617,785)
Disposals during the year	--	--	(324,000)	(324,000)
Balance as at 31December 2022	**80,652,939**	**145,887,785**	**24,943,795**	**251,484,519**
Accumulated depreciation and impairment				
Balance on 1 January, 2022	4,845,556	--	9,986,529	14,832,085
Impairment losses of investment properties	--	44,821,558	899,266	45,720,824
Net balance on 1 January, 2022 after impairment losses in investment properties	4,845,556	44,821,558	10,885,795	60,552,909
Charged for the year	566,323	--	580,252	1,146,575
Disposal during the year	--	--	(106,924)	(106,924)
Reversal of impairment losses during the year		(18,213,698)	(848,928)	(19,062,626)
Balance as at 31 December 2022	**5,411,879**	**26,607,860**	**10,510,195**	**42,529,934**
Net book value				
As at 31 December 2022	**75,241,060**	**119,279,925**	**14,433,600**	**208,954,585**
As at 31 December 2021	75,807,383	133,892,708	14,382,000	224,082,091

(All amounts are in Saudi Riyal unless otherwise stated)

7. INVESTMENT PROPERTIES

*As at 31 December 2022 "Al-Ofuq Land Project" amounted to SR 119,279,925 (31 December 2021 SR 133,892,708) according to the evaluation process carried out by the real estate evaluator, "Mansour Saleh Al-Saleem Real Estate Appraisal Office", an independent evaluator approved by the Saudi Authority for Accredited Valuers. Under license No. 1210000477. On 9 February 2023, an exit agreement was signed with the Arab Wabel Investment Company Limited in relation to the lands located in the Horizon neighborhood in the city of Buraidah, by sharing the deeds of that land, so that the deeds of each party become full ownership of it instead of being shares of 50% publicly. The rest of the amount owed to it by the company, amounting to 32,617,785 Saudi riyals, as of 31 December, 2022, and the entire title deed for the two plots is being transferred to Al-Qassim Investment Holding Company.

* As at 31 December 2022 "land located in the center of Shri" amounted to SR 75,241,060 (31 December, 2021: SR 75,807,383) according to the evaluation process carried outto determine wethere there is decrease in fair value by the real estate evaluator, "Mansour Saleh Al-Saleem Real Estate Appraisal Office", an independent evaluator approved by the Saudi Authority for Accredited Valuers. Under license No. 1210000477 the fair value of the value of investment properties until the year ended 31 December, 2022, amounted to SR 89,320,000 therefore the is no impariement in value of investment properties as of 31 December 2022.

* As at 31 December 2022" Al Mulida Land" amounted to SR 14,433,600 (31 December 2021: SR 14,382,000).The investment was evaluated at cost according to the evaluation process carried out by the real estate appraiser, "Mansour Saleh Al-Saleem Real Estate Appraisal Office", an independent evaluator accredited by the Saudi Authority for Accredited Valuers with License No. 1210000477., Impairment losses in the value of investment propertiy for the year ended 31 December 2022 amounted to SR 50,338.

8. INSTALLMENT SALES CONTRACTS'DEBTORS

The leasing contract of the Company's project in the Shri area of the Al Watania Poultry Company included the sale of some property, machinery and equipment in the amount of SR 25 million paid in annual installments (25 installments starting from 1 March 2016) with the annual rent value of one million Saudi riyals. SR 11,689,588 as at 31 December, 2022 (31 December 2021, SR 12,085,322), and they are as follows:

	31 December 2022	31 December 2021
Non – current portion	**11,274,067**	11,689,588
Current portion	**415,521**	395,734
	11,689,588	12,085,322

9. INVESTMENT IN FINANCE LEASE CONTRACTS

The Company entered into a lease agreement with the Al Watania Poultry Company, by leasing its two projects in the Shri area (the agricultural project and the poultry project) for a period of 25 years, starting from 1 March, 2016.
The Company's management decided to divide the lease contract between an operating lease of land and palm trees and a finance lease contract for buildings and equipment.

The balance of the indebtedness of the finance lease contracts amounted to a total amount of SR 128,585,454 as on 31 December 2022 (31 December 2021: SR 143,938,528), and it is as follows:

	31 December 2022	31 December 2021
Non – Current portion	**124,014,728**	139,585,454
Current portion	**4,570,726**	4,353,074
Provision for expected credit losses in Investment in finance lease contracts	**(3,000,000)**	--
	128,585,454	143,938,528

Provision for Investment in financial leasing contracts:

	31 December 2022	31 December 2021
Balance at begining of the year	--	--
Formed during the year	**3,000,000**	--
Balance at the end of the year	**3,000,000**	--

(All amounts are in Saudi Riyal unless otherwise stated)

10. INVENTORIES

	31 December 2022	31 December 2021
Spare parts	**3,660,035**	3,660,035
Packing and wraping material	**739,812**	750,088
Other materials	**6,517**	47,158
Total	**4,406,364**	4,457,281
Provision for obsolescence and slow movement	**(4,287,748)**	(4,263,451)
	118,616	193,830

Movement in provision for obsolete inventory

	31 December 2022	31 December 2021
Balance as at 1 January	**4,263,451**	4,263,875
Formed during the year	**63,321**	--
Utilized during year	**(39,024)**	--
Provision no longer required	**--**	(424)
Balance at at 31 December	**4,287,748**	4,263,451

11. TRADE RECEIVABLES

	31 December 2022	31 December 2021
Trade Receivables	**8,484,853**	4,266,451
Provision of expected credit losses	**(7,274,185)**	(3,649,205)
	1,210,668	617,246

Movement in the provision of expected credit losses (are as follows:

	31 December 2022	31 December 2021
Balance at Beging of the year	**3,649,205**	1,332,116
Formed durning the year	**3,624,980**	681,488
Reclassification*	**--**	2,164,489
Used durning the year	**--**	(528,888)
Balance at the end of the year	**7,274,185**	3,649,205

*The provision for investment in finance lease contracts has been reclassified to the expected credit losses allowance account.

12. PREPAYMENTS AND OTHER RECEIVABLE

	31 December 2022	31 December 2021
Advances to suppliers	**760,920**	783,400
Refundable Insurance	**13,000**	13,000
Staff loans	**34,264**	57,804
Dividends receivables	**--**	75,000
Value added tax receivables	**80,443**	1,771,176
Advances payment to suppliers	**192,677**	209,955
Accrued commission on time deposit	**15,527**	--
Other	**303,976**	855,780
Total	**1,400,807**	3,766,115
Impairment of prepayments and other receivables	**(842,416)**	(1,016,840)
	558,391	2,749,275

(All amounts are in Saudi Riyal unless otherwise stated)

12. PREPAYMENTS AND OTHER RECEIVABLE

The following is a summary of the movement in the Impairment of Prepayments and other receivables as follows:

	31 December 2022	31 December 2021
Balance as at 1 January	**1,016,840**	859,843
Formed durning the year	--	156,997
Used durning the year	**(174,424)**	--
Balance at at 31 December	**842,416**	1,016,840

13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

		31 December 2022		31 December 2021	
	% of ownership	**Cost**	**Fair value**	Cost	Fair value
The National Company for Seed Production and Agricultural Services	4.19%	1,238,400	**2,039,506**	1,238,400	1,959,443
United Dairy Farms Company	8.30%	600,000	**7,627,931**	600,000	9,342,214
Saudi Industries Development Company	0.75%	750,000	**2,052,368**	750,000	1,179,875
Al-Bateen Agricultural Cooperative Associ-ation	1.43%	120,900	**345,543**	120,900	362,951
Wasatah Capital	1.20%	1,800,000	**3,079,406**	1,800,000	2,189,924
		4,509,300	**15,144,754**	4,509,300	15,034,407

* These investments are represented in equity instruments in companies not listed in the financial market in the Kingdom of Saudi Arabia. They were evaluated as at 31 December 2022 by the evaluator "Value Hub for Business valuation and Partners Co." independent evaluator accredited by the Saudi Authority for Accredited Valuers, License No. 3912000018.

* The fair value of investments in the National Company for Seed Production and Agricultural Services, according to the evaluator's report, amounted to SR 2,039,506 (2021: SR 1,959,443) using the "market method / multiples method", which resulted in unrealized profits of SR 80,063 SR 99,442), which were charged to the statement of profit or loss.

* The fair value of investments in the United Fresh Dairy Company, according to the evaluator's report, amounted to SR 7,627,931 (2021: SR 9,342,214) using the "market method / multiples method", which resulted in an unrealized loss of SR (1,714,283 SR 220,081), which was charged to the statement of profit or loss.

* The fair value of the investments in the Saudi Industries Development Company, according to the evaluator's report, amounted to 2,052,368 Saudi riyals (2021: SR 1,179,875) using the "market approach / multiples method", which resulted in unrealized profits in the amount of SR 872,493 (2021: SR 105,088) which was charged to the statement of profit or loss.

* The fair value of the investments in the Agricultural Cooperative Society in Al-Bateen, according to the evaluator's report, amounted to SR 345,543 (2021: SR 362,951) using the "market method / multiples method", which resulted in (losses) / unrealized profits in the amount of SR (17,408) (2021: SR 32,923), which was charged to the statement of profit or loss.

* The fair value of Wasatah Capital, according to the evaluator's report, amounted to SR 3,079,406 (2021: SR 2,189,924) using the "market approach / multiples method", which resulted in unrealized profits in the amount of SR 889,482 (2021: Sr 899,609). charged to the profit or loss statement.

* The disclosures related to fair value and valuation methods are set out in (note 33).

14. SHORT-TERM DEPOSIT

	Deposit value	Maturity date	31 December 2022	31 December 2021
Short-term deposit with a bank	10,000,000	26/6/2023	**10,000,000**	--
Short-term deposit with a bank	15,000,000	27/3/2023	**15,000,000**	--
			25,000,000	--

Short-term deposits consist of Murabaha deposits deposited with commercial banks for a period of more than 90 days up to one year from the date of the original deposit. They are denominated in Saudi riyals and achieved return between 4.738% to 4.397% on an annual basis.

15. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash at banks	**11,627,353**	19,108,209

16. SHARE CAPITAL

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

17. STATUTORY RESERVE

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

18. EMPLOYEES' POST EMPLOYMENT BENEFITS

1/18 General description

Employee benefits are calculated on the basis of the labor system in the Kingdom of Saudi Arabia for all employees who complete the eligible service period and are entitled to receive amounts mentioned under the labor law for each year / period of this service.

The annual provision is based on the actuarial valuation. The valuation was performed as on 31 December, 2022, and 31 December 2021 by an external actuary, using the projected unit credit method.

18/2 The movement in the present value of the Employees' post employment benefits

	31 December 2022	31 December2021
The present value of the obligation at the beginning of the year	**1,195,926**	982,029
The service cost and interest charged to the profit or loss statement	**257,879**	249,698
Actuarial gain	**(219,593)**	(21,068)
Paid benefits	**(610,896)**	(14,733)
The present value of the obligation at the end of the year	**623,316**	1,195,926

18/3 Principal Actuarial Assumptions

	31 December 2022	31 December 2021
	(Annually Percentage)	
The expected rate of increase in employee salaries	**2%**	2%
Discount rate	**4.35%**	2,97%
Mortality rate	**AM92 Ultimate**	AM92 Ultimate
Resignation Rate	**Average**	Average

(All amounts are in Saudi Riyal unless otherwise stated)

18. EMPLOYEES' POST EMPLOYMENT BENEFITS (CONTINUED)

18/4 Sensitivity Analysis

The following table shows the approximate effect on the defined benefit obligation if the Company were to change one major assumption while keeping the other actuarial assumptions unchanged. The sensitivity analysis aims to clarify the uncertainty inherent in assessing the defined benefit obligation under market conditions at the measurement date. Their results cannot be extrapolated due to the non-linear effects that changes in the principal actuarial assumptions may have on the total defined benefit obligation.

Sensitivity Analysis of significant actuarial assumptions

	Change in assumption	**31 December 2022**	31 December 2021
Discounted Rate	+1%	1,222,660	1,574,504
	-1%	1,352,535	1,760,314
Long-Term Salary	+1%	1,362,333	1,769,530
	-1%	1,212,680	1,564,607
Mortality rates	+20%	1,283,208	1,660,523
	-20%	1,282,659	1,660,563
Resignation rates	+1%	1,288,570	1,657,403
	-1%	1,276,320	1,663,702

19. DEFERRED REVENUE

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

20. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2022	31 December 2021
Accrued expenses	**53,074**	129,202
Advance payments from customers	**642,415**	142,415
Staff accruals	**993,786**	1,173,864
Allowance for attending meetings	**224,623**	237,623
Others	**1,216,298**	538,467
	3,130,196	2,221,571

21. STOCK SALE SURPLUS AND UNPAID PROFITS

	31 December 2022	**31 December 2021**
Shares sale surplus (21 / a)	45,109,899	45,177,395
Unpaid profits (21 / b)	6,098,795	6,103,741
	51,208,694	51,281,136

(All amounts are in Saudi Riyal unless otherwise stated)

21. STOCK SALE SURPLUS AND UNPAID PROFITS (CONTINUED)

21/A Share sale surplus

The balance of the surplus sale of shares amounted to SR 45,109,899 , and it represents the surplus of the sale of shares belonging to shareholders who did not commit themselves to pay the capital installments at the specified time. The Company, after taking the procedures and approvals in this regard, sold the shares whose owners did not pay the required installments and the sale was made at a price higher than the value of the required installments, and therefore the difference between the sale value and the value of the installments required for the benefit of these shareholders was recorded and The Company disburses the amounts to whoever provides documents supporting his eligibility in compensation.

Details of the movement on this account are as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**45,177,395**	45,255,836
Paid during the year	**(67,496)**	(78,441)
Balance at the end of the year	**45,109,899**	45,177,395

21/B unpaid profits

Shares profits not Paid amounted to SR 6,098,795, which are balances from 1991 and earlier, and are as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**6,103,741**	6,115,724
paid during the year	**(4,946)**	(11,983)
Balance at the end of the year	**6,098,795**	6,103,741

22. INVESTMENT PROPERTIES' PURCHASE PAYABLE

Creditors to purchase investment properties as of 31 December 2022 amounted to SR nil (2021: SR 33,438,374), which is the remainder of the purchase value of Al Ofuq land. On 9 February 2023, an exit agreement was signed with the Arab Wabel Investment Company Limited in relation to the lands located in the Horizon neighborhood in the city of Buraidah, by sharing the deeds of that land, so that the deeds of each party become full ownership of it instead of being shares of 50% publicly. Wabel waived an amount due to it by the company, amounting to SR (32.6) million, as of 31December 2022.

23. UNDER WRITING CREDITORS

It represents the sums owed to the shareholders in return for a subscription surplus for the shares allocated to them, an amount of SR 1,365,535.

24. ZAKAT PROVISION

1/24 Zakat position

The Company submitted its returns to the Zakat, Tax and Customs Authority ("the ZATCA") until the year ending on 31 December, 2021, and the Company obtained a certificate from Zakat, valid until 10 Shawwal 1444 corresponding to 30 April, 2023.

The last final Zakat assessment obtained by the Company for the year ending in 2006. It includes the balance based on the last installment of the Zakat differentials due for the years from 2002 to 2006, amounting to SR 1,281,437.

Amended zakat returns submitted for the period from 2014 to 2018 and demanding payment of zakat differences for the years referred to, with a total amount of SR 13.26 million The Company through its Zakat advisor and within the statutory deadline, submitted the objection list and paid the value of the approved differences, in addition to 10% of the value of the objected amounts. These objections were partially accepted, and the value of the differences for those periods after the objection amounted to SR 11.998 million. Accordingly, the company escalated to the permanent committees, and a final decision was issued by the dismissal committees regarding the year 2018 , and a petition was submitted to reconsider the decision.

(All amounts are in Saudi Riyal unless otherwise stated)

24. ZAKAT PROVISION (CONTINUED)

24/1 Zakat position (Continued)
The company also received amendment letters from the Zakat, Tax and Customs Authority for the declarations for the years 2019 and 2020, in which the company is requesting payment of zakat differences amounting to SR 7.871 million. The objections were partially accepted, and the value of the Zakat differences after the objection amounted to SR 7.866 million. Accordingly, the company escalated to the permanent committees, but the matter has not been finally decided to date.

Accordingly, the total value of the objected zakat differences for the years 2014: 2020 amounts to SR 19.864 million, of which SR 3.222 million were paid, so that the net value of the differences due for those years amounted to SR 16.642 million.

The value of the provisions formed to meet these Zakat differences, based on the opinion of the Zakat advisor, including the balance of the provision carried forward from previous years, amounted to SR 8.219 million, of which 3.222 million were used. So that the net value of the provision formed to meet the net value of those differences as on 31 December, 2021 AD amounted to SR 4.997 million.. The company increased the provision to meet the Zakat differences during the year as a precaution by the amount of SR 6,424,275, so that the balance of the provision made on 31 December, 2022 to meet the potential Zakat differences amounted to SR 11,421,289..

24/2 Zakat base
Zakat is calculated at a rate of 2.5% based on the Zakat base or adjusted net income, whichever is greater, taking into account the accounting period

	31 December 2022	**31 December 2021**
Net profit	15,507,376	8,599,466
End of service benefits for employees	257,879	249,698
Provison for Slow moving inventory	63,321	--
Provision for expected credit losses in Investment in finance lease contracts	3,000,000	--
Impairment of Prepayments and other receivables	--	300,000
Unrealized gain on Investments at fair value through profit or loss	**(110,347)**	--
Capital gain from disposal of Property, plant and equipment	228,489	--
Capital losses from disposal of real estate investments	217,077	--
Provision for expected credit losses	3,624,980	2,845,977
Adjusted net profit	22,788,775	11,995,141
Share capital	300,000,000	300,000,000
Reserves	578,218	334,431
Adjusted profit	22,788,775	11,995,141
Accumulated losses	(10,725,345)	(11,706,159)
Deferred revenue	58,000,000	58,000,000
Underwriting creditors	1,365,535	1,365,535
Accrued and trade Payables	2,302,235	2,490,423
Surplus stock sale payable	211,530	--
Creditors to purchase investment properties	51,208,694	51,281,136
Provisions	--	33,438,374
	9,301,076	6,999,023
Deduct:		
Property, Plant and Equipment, Net	**(27,056,608)**	(28,191,891)
Property Investments	**(208,954,585)**	(224,082,091)
Spare parts	**(4,399,847)**	(4,410,123)
Net investment in finance leases - non-current portion	**(121,014,728)**	(139,585,454)
Bank account to pay share holders	**(172,889)**	(173,078)
Zakat base	73,432,061	57,755,267
The adjusted net profit or the zakat base, whichever is greater	73,432,061	57,755,267
Zakat	1,835,802	1,483,891

(All amounts are in Saudi Riyal unless otherwise stated)

24. ZAKAT PROVISION (CONTINUED)

24/3 Zakat movement
Movements' summary for the years ended December 31 are as follows:

	31 December 2022	**31 December 2021**
Balance at the beginning of the year	7,757,881	3,813,549
Formed durning the year	1,835,802	1,483,891
Formed to meet zakat differences	6,424,275	6,025,782
Paid during the year for zakat differences	--	(1,968,138)
Paid during the year	**(1,479,430)**	(1,597,203)
	14,538,528	7,757,881

25. REVENUES

	31 December 2022	**31 December 2021**
Financial leasing rentals	7,251,192	7,477,326
Operating leases rentals	3,600,000	3,795,556
Dates sales	208,696	100,000
	11,059,888	11,372,882

26. COST OF REVENUES

	31 December 2022	**31 December 2021**
Depreciation of investments in properties	1,146,575	1,177,313
Depreciation of property, plant and equipment (notes 6)	262,251	293,093
Salaries and wages	96,648	132,888
Commodity supplies	79,907	80,305
Impairement in inventory	63,321	--
Governmental fees	10,350	50,040
Maintenance and spare parts	9,086	14,425
Other	53,168	47,658
	1,721,306	1,795,722

27. SELLING AND DISTRIBUTION EXPENSES

	31 December 2022	**31 December 2021**
Salaries and wages	--	30,166
Advertising	2,400	1,501
	2,400	31,667

28. GENERAL AND ADMINSTRATIVE EXPENSES

	31 December 2022	**31 December 2021**
Salaries and wages	3,250,355	4,017,142
Professional and consulting fees	**1,813,856**	1,583,071
Allowance to attend sessions	**302,000**	242,000
Government fees	**222,214**	108,937
Depreciation property, plant and equipment (note 6)	**1,066,699**	1,106,133
Post, phone and electricity	**45,929**	51,123
Maintenance, spare parts and fuels	**61,223**	38,849
Advertising	**6,864**	9,495
Other	**52,259**	189,946
	6,821,399	7,346,696

29. CAPITAL LOSS

	31 December 2022	31 December 2021
Capital (loss) / gain from disposal of Property, plant and equipment	**(228,489)**	195,722
Capital loss on disposal of investment in property (fruitfil trees)	**(217,077)**	(952,360)
	(445,566)	(756,638)

30. OTHER INCOME/ EXPENSES, NET

	31 December 2022	31 December 2021
Interest income on short-term deposits	**15,527**	--
Reimbursement of previous years expenses	**530,784**	--
Revenue from selling scrap	**8,855**	87,751
Other miscellaneous income	--	77,829
Other miscellaneous expenses	**(2,500)**	--
	552,666	165,580

31. EARNING PER SHARE

The proft per share is calculated by dividing the net profit by the weighted average number of shares outstanding during the year.

The share from the profit for the year was calculated as follows:

A) Earning per shares of the year

	31 December 2022	31 December 2021
Profit for the year	**7,247,299**	1,089,793
Weighted average number of shares available	**30,000,000**	30,000,000
Profit per share – in Saudi riyals	**0.242**	0.036

B) Earning per shares from other comprehensive profit for the year

	31 December 2022	31 December 2021
Profit for the year from other comprehensive profit for the year	**7,466,892**	1,110,861
Weighted average number of shares available	**30,000,000**	30,000,000
Profit per share– in Saudi riyals	**0.249**	0.037

32. LEGAL POSITION

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

- A lawsuit filed by the Company against the branch of the Ministry of Environment, Water and Agriculture (the "Ministry") in the Qassim region, which relates to the request to cancel the negative decision represented in the branch of the ministry's refusal to submit to the Supreme Court a request for the Company's ownership of the entire area it revived from the land handed to it. An approval was issued by the High Commissioner for the Company to own an area of only 74 million square meters of the area that it revived The Company has filed a request to the Supreme court claiming ownership of the remaining land space that is considered part of the gross land revived amounting to 116 million square meters Note: Assuming that the Company loses the lawsuit, it will fundamentally affect the Company due to the connection of the disputed land with the rental income contracts entered into by the Company, which represents the Company's main source of income. The expected losses can only be determined at the final settlement of the lawsuit. March 30, 2021 AD A preliminary ruling from the Administrative Court in the Qassim region in the case filed by the Qassim Investment Holding Company against the branch of the Ministry of Environment, Water and Agriculture in the Qassim region not to accept the case, and based on the opinion of the Company's legal advisor that the reason for rejecting the case is due to the lack of jurisdiction of the Administrative Court to consider the case and that the competent It is a committee in the Ministry of Environment, Water and Agriculture. The Company received the judgment and objected to it before the Administrative Court of Appeal, and the case was registered with No. 446/1442 in the Administrative Court of Appeal in the Qassim region, and the date of the first session was set on August 31, 2021 AD. . On 07/02/1444 AH, the Supreme Administrative Court asked the defendant to complete the data and documents within 30 days, and a date for the case with the Court of Appeal was set on 09/14/1444 AH.

32. LEGAL POSITION

- On 18 May 2021 AD, the Company received a letter from the Ministry of Environment, Water and Agriculture, dated 24 Ramadan 1442 AH, regarding the Sheri land, in which the Ministry hopes to pay the same rent for the encroached area, which the Company revived from the date of seizure until the date of 24 Ramadan 1442 AH to the state treasury in favor of the Ministry, and since there is an existing lawsuit filed against the branch of the Ministry of Environment, Water and Agriculture, in which the Company demands that the Company cancel the decision represented in the ministry's refraining from submitting to the Supreme Court by requesting the Company's ownership of the entire area that the Company has revived from the land delivered to it. The Company objected to the decision on July 14, 2021.

- - The company's lawsuit against Al-Bandariah Group, which is a financial lawsuit and the required amount is SR (27,828,162) twenty-seven million eight hundred twenty-eight two hundred sixty-two Saudi riyals against Al-Bandariah Group. On 14/5/1439 AH 01/31/2018 . Judgment acquired peremptory in favor of the company. The judgment deed was presented as an executive deed before the Execution Court. The defendant submitted a petition for reconsideration of the judgment on 05/14/1440 AH and the petition was rejected, but the plaintiff appealed the rejection judgment on 18/2/1442 AH, which was also rejected, but the defendant submitted another petition on 8/11/11 / 1442 AH, and a session was set for it on 5/4/1443 AH corresponding to 11 November, 2021 , and a decision was issued by the Court of Appeal to suspend the execution of the judgment until a decision is made on whether the petition is accepted or not, and the case is still pending. A date was set for hearing the case on 11/15/1443 AH, and after several sessions, on 28/2/1443 AH, the First Appeals Chamber issued its ruling suspending the implementation of the judgment of the Second Commercial Chamber of the Commercial Court in Riyadh issued on 14/5/1439 AH. The judge obligated the defendants Solidarity with them to pay the Qassim Agricultural Company an amount of 27,828,162 Saudi riyals, and the case is still pending, and the department has set a date for the next session on 7/4/1444 AH. The First Appeals Chamber issued its ruling to cancel the suspension of the decision of the Fifteenth Circuit in the Execution Court contained in its ruling issued on 1/2/1443 AH mentioned above, and it confirmed the judgment issued by the Second Commercial Chambers dated 19/1/1442 AH, the judge uttered by rejecting the petition submitted by the defendant for what is explained With the reasons, we will be notified later of the delivery of a copy of the ruling. The judgment was received on 04/15/1444 AH, and work is underway to implement the judgment against the defendant, Al-Bandariya Group.

- The Company's lawsuit against a customer, where the Company demands 103,348 riyals, the value of wheat sold to the defendant, and the lawsuit was restricted, but a note was received from the Judicial Audit Center that the defendant's address is incorrect and the defendant's address is being searched to respond to the center.

- A lawsuit against one of the suppliers in the amount of 60,000 Saudi riyals, as a result of the company's contract with him to supply agricultural equipment, and it was estimated that a preliminary ruling was issued that the lawsuit was not accepted because it had not previously been resorted to conciliation and mediation before filing the lawsuit, on 23/9/1443 AH. The registration has been re-registered in the Tadradi platform to complete the procedural requirements. The case has been registered and a date has been set for it on 21/1/1445 AH.

- A lawsuit against a customer, a financial lawsuit for the value of food sales before the Commercial Court in Riyadh, and the required amount is 166,220 Saudi riyals. A preliminary ruling was issued that the lawsuit was not accepted because no conciliation or mediation was previously resorted to before the lawsuit was filed, on 6/11/1443 AH. The registration has been re-enrolled in a consensual platform to complete the procedural requirement.

- A lawsuit from the company against a customer, a financial lawsuit, the value of dates sales amounted to 421,503 Saudi riyals, in which a judgment was issued in favor of the company for the full amount, but there was a difference in the defendant's guarantor's record, which led to a reconsideration of the judgment issued, and a date for the lawsuit was set on 30/4/1444AH.. A preliminary judgment was issued in favor of the company on 7/21/1444 AH for the full amount claimed. The defendant appealed the verdict and set a date for the hearing on 19/09/1444 AH.

- The company's lawsuit against a customer, whereby the company demands an amount of 15,409 Saudi riyals with the Sixth Judicial Department of the General Court in Riyadh, and we are in the process of scheduling it.

32. LEGAL POSITION

- A request for execution of a position by the company against one of the clients due to the client's delay in paying the amount of 640,000 Saudi riyals on the date of 16 September, 2021 , with an order deed as a guarantee of payment. A request for the execution of the order was submitted on 22/7/1443 AH, and the request is being followed up.

- A legal financial lawsuit against one Foundation as a result of the company selling to the defendant by public auction vehicles and equipment, in which the defendant company demands compensation for traffic violations that have not yet been determined, in addition to its rights claims in obligating it to transfer the ownership of the vehicles sold according to the sales contract, and a judgment was issued in return The case for lack of jurisdiction, and accordingly, the company has appealed this ruling to the Court of Appeal, and a session has been set for it on 1/11/1443 AH to consider the case in front of the Court of Appeal.

- The company's lawsuit against one of the customers, which is a financial lawsuit, the value of food sales before the Commercial Court in Riyadh, and the required amount is 96,835 Saudi riyals, and the judgment was issued for the non-acceptance of the lawsuit as such, on 18/10/1443 AH. The correct address was obtained and registered again, and an appointment was set for it on 11/09/1444 AH.

- The company's lawsuit against one of the suppliers, in which the company demands an amount of 68,405 Saudi riyals, which is a financial lawsuit with a residual value from a transport contracting contract, and a date for the lawsuit has been set on 11/10/1444 AH

- A lawsuit against the company before the General Court in his mail, where the plaintiff requests to oblige the company to refund the amount of (380,000) Saudi riyals, which is the value of recruitment insurance under a manpower mediation contract, and a preliminary judgment was issued in it regardless of the plaintiff's claim for not releasing it, on 4/8/1444 e. The plaintiff submitted an appeal against the ruling on 4/29/1444 AH, which includes the objection to what the General Court ruled at the Court of Appeal in the Qassim region on 5/19/1444 AH. The Court of Appeal upheld the ruling in favor of the company.

- A lawsuit filed by the plaintiff, Wabel Arabia Investment Company, against the defendant, Al-Qassim Investment Holding Company, with a value of 34,151,766 Saudi riyals, representing the remainder of the unpaid value of the share of Al-Qassim Holding Company in the Land of the Horizon. The amount of 3,000,000 Saudi riyals, and a preliminary judgment was issued to dismiss the case for lack of entitlement, on 3/2/1444 AH. The plaintiff, Wabel Company, appealed the ruling on 29/2/1444 AH, with a request to overturn the ruling and the ruling was in her favor, and after holding several pleading sessions until the date of the session 6/24/1444 AH. The Court of Appeal issued a ruling obligating the defendant to pay the plaintiff the rest of the price for the sale described in the lawsuit, in the amount of 34,151,766 Saudi riyals. A peace treaty was signed With the plaintiff, Wabel Company, work is in progress to document and implement the financial Settlement in court.

33. SEGMENT REPORTING

Operating sector

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

Geographical sector

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

(All amounts are in Saudi Riyal unless otherwise stated)

34. FINANCIAL RISK MANAGEMENT

A) Financial risk factors

The Company's activities expose the following financial risks:

Credit risk.
Liquidity risk.
Market risk (commission rates, foreign exchange risk, price risk and fair value risk).
Foreign exchange risk
Commission rate risk
Price risk
Fair value risk
Capital risk management
Concentration risks

The Company's comprehensive risk management program focuses on areas where financial market predictability is scarce and seeks to minimize potential negative impacts on the Company's financial performance.

Credit risk

Credit risk represents the accounting loss that will be recognized on the date of the financial position if the counterparties fail to comply with the contract. The Company has policies in place to limit its exposure to credit risk. The maximum exposure to credit risk at the financial position date is as follows:

	31 December 2022	31 December 2021
Financial assets		
Cash and cash equivalents	**11,627,353**	19,108,209
Time deposit	**25,000,000**	--
Trade receivables,net	**1,210,668**	617,246
Installment sales contracts'debtors	**11,689,588**	12,085,322
Investment in finance lease contracts	**125,585,454**	143,938,528
other receivables,net	**558,391**	2,749,275
Total financial assets	**175,671,454**	178,498,580

Below aging of trade receivables is as follows:

31 December 2022	**Total**	**Current**	**More than 365 day**
Trade receivable	**8,484,851**	**7,000,135**	**1,484,716**
Expected credit losses	**(7,274,183)**	**(5,789,467)**	**(1,484,716)**
Balance at the end of the year	**1,210,668**	**1,210,668**	–
Loss rate	**(86%)**	**(83%)**	**(100%)**

31 December 2021	**total**	**current**	**more than 365 day**
Trade receivable	4,266,451	2,781,735	1,484,716
Expected credit losses	(3,649,205)	(2,164,489)	(1,484,716)
Balance at the end of the year	617,246	617,246	--
Loss rate	(86%)	(78%)	(100%)

Credit risk is the risk that one party to a financial instrument will not be able to fulfill a contractual obligation and cause the other party to lose money. Financial assets that expose the Company to credit risk mainly consist of trade and other receivables, installment sales receivables, investment in finance lease contracts, cash and chas equivlents.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)
Trade receivables The Company applies the simplified model included in the accounting policies to realize the expected credit losses over the life of the instrument for all trade receivables, as these items do not have a significant financing factor. When measuring expected credit losses, trade receivables are assessed on an aggregate basis, respectively, and categorized based on common credit risk characteristics and term to maturity.

An impairment analysis is performed at each financial reporting date using a dedicated ECL measurement table. The provision rates are based on the maturity period for different customer segments with similar loss patterns (ie by geographic region, type of service and type of customer). The calculation shows likely likely results and reasonable and supportable information that is available at the reporting date about past events, current conditions, and expectations about future economic conditions.

Trade receivables are written off (ie derecognised) when there is no reasonable expectation of recovery. A default within 365 days from the date of the invoice and the inability to make, among other things, an alternative payment arrangement with the Company is indicative of an unreasonable expectation of recovery and therefore is considered as credit impairment.

Financial Instruments and Cash Equivalents
The Company's bank balances, which are measured at amortized cost, are considered low risk and the loss allowance is calculated based on the expected losses for a period of 12 months.

The balances with the Company's own banks are placed in financial institutions with good credit rating and no current history of default. Based on management's assessment, the impact of ECLs arising from these financial assets is immaterial to the Company.

The maximum exposure of the Company to credit risk resulting from default or non-payment of the counterparty is limited to the book value of the receivable from related parties, trade and other receivables, installment sales receivables, investment in finance lease contracts, cash and the like.

Due to the Company's long-term relationships with counterparties and after taking into account its clients' financial position, the Company's management does not expect those parties to fail to fulfill their obligations towards the Company.

The Company's management focuses on credit risk by monitoring the creditworthiness of the existing customers on a quarterly basis and by monthly reviewing the aging analysis of the debt from trade receivables. In monitoring customer credit risk, customers are grouped according to credit characteristics. Clients classified as "high risk" are classified on the list of clients who are not dealt with, and forward contracts are not entered into except with the approval of the Board of Directors, or payment is made in advance.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial obligations. Liquidity requirements are monitored on a regular basis and management attempts to provide sufficient liquidity to meet any commitments as they arise.

It is the Company's policy to ensure that it always has enough liquidity to be able to meet its obligations as they fall due. To achieve this goal, it seeks to maintain cash balances to meet projected requirements for a period of no less than 30 days.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)
The following are the entitlements according to the financial liabilities at the end of the fiscal year: -

	31 December, 2022	
	Book value	**On request or less than a year**
Financial liabilities		
Stock sale surplus and unpaid profits	51,208,694	51,208,694
Underwriting creditors	1,365,535	1,365,535
Accrued expenses and other payables	3,130,196	3,130,196
Trade payables	759,983	759,983
Zakat payable	14,538,528	14,538,528
	71,002,936	71,002,936

	31 December, 2021	
	Book value	On request or less than a year
Financial liabilities	51,281,136	51,281,136
Stock sale surplus and unpaid profits	33,438,374	33,438,374
Underwriting creditors	1,365,535	1,365,535
Accrued expenses and other payables	2,221,571	2,221,571
Trade payables	887,503	887,503
Zakat payable	7,757,881	7,757,881
	96,952,000	96,952,000

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes three types of risk: foreign exchange risk, commission rate risk and other price risk.

Foreign exchange risk
Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Most of the Company's transactions are in Saudi riyals or currencies pegged to the Saudi riyal. Therefore, the impact of foreign currency risk on the Company is not significant.

Commission rate risk
Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market commission rates.
The Company is not exposed to commission rate risk, as the Company does not have any commission bearing financial instruments.

Price risk
Price risk is the risk that the value of a Company's financial instruments will fluctuate due to changes in market prices due to factors other than the movement of foreign exchange rates and commissions.

Price risk arises mainly from uncertainty about the prices of future financial instruments that the Company owns. The Company's management closely monitors the price movement of its financial instruments listed in foreign markets.

(All amounts are in Saudi Riyal unless otherwise stated)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value risk

The fair value of financial instruments traded in active markets depends on the quoted market prices at the end of trading on the reporting date. Unreported instruments are valued at the most recent offer price.

An active market is a market in which assets and liabilities are traded with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying value less provision for impairment, if any, of financial instruments recorded at amortized cost is assumed to approximate their fair value.
The fair value hierarchy contains the following levels:

Level 1: market prices (unadjusted) in active markets for identical assets or liabilities that may be reached on the measurement date.
Level 2: Valuation techniques at which the lowest level of income that is significant to the fair value measurement can be directly or indirectly observed.
Level 3: Valuation techniques for which it is not possible to observe the lowest level of income that is significant to the fair value measurement.

The following table analyzes the financial instruments of the Company on 31 December, 2022 and 31 December, 2021 according to the level of the hierarchy For the fair value (by category) into which the fair value measurement is categorized:

Equity	**31 December 2022**	**31 December 2021**
Level 1	--	--
Level 2	**15,144,754**	15,034,407
level 3	--	--
	15,144,754	15,034,407

* The second level investments include investments in equity instruments of companies not listed on the financial market in the Kingdom of Saudi Arabia.

35. SUBSEQUENT EVENTS

On 9 February 2023, an exit agreement was signed with the Arab Wabel Investment Company Limited in relation to the lands located in the Horizon neighborhood in the city of Buraidah, by sharing the deeds of that land, so that the deeds of each party become full ownership of it instead of being 50% shares in Musha'a., and Wabel's waiver of The remainder of the amount owed to it by the company, amounting to 32,617,785 Saudi riyals, as on December 31, 2022 AD, and with regard to Bustan Al-Basr, it was agreed to exchange land deeds so that the deeds of each party become his full ownership instead of being shares of 50% shared. And the amount of 211,530 Saudi riyals was proven in favor of the company Wabel on the land area difference after the agreement on the exchange of deeds, and procedures for the exchange of title deeds are underway. The effect of the reconciliation contract has been proven on the balances of the year ending on 31 December 2022 , and the entire title deed of the two plots is being transferred to the Qassim Investment Holding Company. And since the impact of these subsequent events on the balances of the financial statements as adjustments to the cost of land in accordance with International Accounting Standard No. 10 "Events after the Reporting Period", this required amending the financial statements for the year ending on 31 December 2022 (Note No. 7), which explains the impact of these events on the balances of the currett financial staments.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the new Law. Consequently, the Company shall present the amended By-Laws to the shareholders in their Extraordinary / Annual General Assembly meeting for their ratification.

Except for the above, there were no subsequent events after the statement of financial position date which require adjustments to/or disclosure in the financial statements.

36. COMPARATIVE FIGURES

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

37. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Company's Board of Directors on 7th Ramadan, 1444, corresponding to 29th March 2023.