

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

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

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

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

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

TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY

INTRODUCTION

We have reviewed the interim condensed statement of financial position of **Al Gassim Investment Holding Company ("The Company")** -A Saudi Joint Stock Company as at 31 March 2023, and the related interim condensed statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these Interim Condensed Financial Statements in accordance with International Accounting Standard (IAS 34), "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

EMPHASIS OF MATTER

We draw attention to note (16) in the Interim Condensed Financial Statements (unaudited), which indicated the existence of a lawsuit filed by the Company No. (228) for the year 1442H before the First Circuit of the Administrative Court in Buraidah against the branch of the Ministry of Environment, Water and Agriculture ("the Ministry") in the Qassim region, which relates to a request to cancel the negative decision represented in the Ministry's branch refraining from submitting to the Supreme Court by requesting the Company's ownership of the entire area that it revived from the land handed to it. An approval was issued by the High Commissioner for the Company to own an area of only 74 million square meters out of the total land area of 116 million square meters. Noting that in case of the Company losing the lawsuit, it will materially affect the Company due to the association of the disputed land with the rental income contracts made by the Company with third parties, which represents the main source of income for it. The expected losses can only be determined at the final settlement of that lawsuit. On 30 March 2021 corresponding to 17 Shabaan 1442H, a decree was issued not to accept Case No. (228) for the year 1442H, and the Company objected to the decree in front of the Administrative Court of Appeal. Judgment issued on 30 March 2021 corresponding to 17 Shabaan 1442H, related to Case No. (228) for the year 1442H, which ruled that the case was not accepted, and the Ministry of Environment, Water and Agriculture's negative decision of its refusal to refer the Company's grievance for not owning the entire area of land that it revived assigned to it to the committee stipulated in Article 10 of the system for the distribution of heath lands. The judgment was received on 3 Rabi-al-awwal 1443H. An application was submitted to register the case in front of the committee, and the committee's response has not been received to date.

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**PKF**

Ibrahim Ahmed Al-Bassam & Co.
Certified Public Accountants
(Member of PKF International)

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY

EMPHASIS OF MATTER (CONTINUED)

On 02/07/1444H, the Supreme Administrative Court asked the defendant to complete the data and documents within 30 days, and a date for the case was set at the Court of Appeal on 14/09/1444H. The objection submitted by the Ministry of Agriculture to the ruling issued by the Administrative Court of Appeal in the Qassim region was accepted. To overturn the objected judgment and return it to the Court of Appeal in the Qassim region for a new ruling. The next session was scheduled for 20 Shawwal 1444H at the Court of Appeal in the Qassim region, and a ruling was issued by the Court of Appeal in the Qassim region stating that the appeal was accepted in form and upheld the ruling of the First Circuit of the Administrative Court in Buraidah issued on 17/8/1442H, which ruled that the lawsuit filed by the company against the branch of the Ministry of Environment was not accepted. Water and agriculture in the Qassim region, and appropriate measures will be taken to claim ownership of the rest of the inhabited land area after receiving the judgment deed.

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

For Al-Bassam & Co.

Ahmed Abdulmajeed Mohandis
Certified Public Accountant
License No. 477
Qassim: 2 Dhu al-Qi'dah 1444H
Corresponding to: 22 May 2023



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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

(All amounts are in Saudi Riyal unless otherwise stated)

	Note	31 March 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Non current assets			
Property, plant and equipment, net	5	26,559,401	27,056,608
Investment properties, net	6	208,673,859	208,954,585
Installment sales contracts' debtors – non current portion	7	10,414,993	11,274,067
Investment in finance lease contracts – non current portion, net	8	111,564,912	121,014,728
Total non current assets		357,213,165	368,299,988
Current assets			
Inventories		36,124	118,616
Trade receivables		3,185,088	1,210,668
Installment sales contracts' debtors – current portion	7	420,715	415,521
Investment in finance lease contracts – current portion	8	4,627,861	4,570,726
Prepayments and other receivables		649,859	558,391
Investments at fair value through profit or loss		15,144,754	15,144,754
Short term deposits	12	10,000,000	25,000,000
Cash and cash equivalents		40,163,733	11,627,353
Total current assets		74,228,134	58,646,029
TOTAL ASSETS		431,441,299	426,946,017
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	300,000,000	300,000,000
Statutory reserve	10	1,168,140	1,168,140
Other reserve		354,401	354,401
Accumulated losses		(3,642,165)	(4,202,776)
TOTAL EQUITY		297,880,376	297,319,765
LIABILITIES			
Non current liabilities			
Employees' post employment benefits		661,091	623,316
Deferred revenue	11	58,000,000	58,000,000
Total non current liabilities		58,661,091	58,623,316
Current liabilities			
Stock sale surplus and unpaid profits	13	51,193,014	51,208,694
Underwriting creditors		1,365,535	1,365,535
Trade payables		763,087	759,983
Accrued expenses and other payables		6,839,668	3,130,196
Zakat payable	14	14,738,528	14,538,528
Total current liabilities		74,899,832	71,002,936
TOTAL LIABILITIES		133,560,923	129,626,252
TOTAL EQUITY AND LIABILITIES		431,441,299	426,946,017

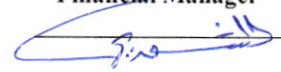
Chairman of Board of
Directors



Chief Executive
Officer



Financial Manager




The accompanying form an integral part of these Interim Condensed Financial Statements

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

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

(All amounts are in Saudi Riyal unless otherwise stated)

	Note	For the three-month period ended	
		31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Revenues		2,653,438	2,712,798
Cost of revenues		(364,623)	(441,077)
Gross profit		2,288,815	2,271,721
General and administrative expenses		(1,525,252)	(1,685,838)
Provision for expected credit losses formed		(789,473)	(1,256,560)
(Loss) from operations		(25,910)	(670,677)
Gain on sale of property, plant and equipment		493,186	--
Dividends income		--	300,000
Other income, net		293,335	1,500
Net profit / (loss) for the period before Zakat		760,611	(369,177)
Zakat	14	(200,000)	(100,000)
Net profit / (loss) for the period after Zakat		560,611	(469,177)
Other Comprehensive Income:			
Actuarial gain / (loss)		--	--
Total comprehensive income / (loss) for the period		560,611	(469,177)
Profit / (loss) per share for the period	15	0.0187	(0.0156)
Profit / (loss) per share from total comprehensive income	15	0.0187	(0.0156)

Chairman of Board of
Directors



Chief Executive
Officer



Financial Manager




The accompanying notes form an integral part of these Interim Condensed Financial Statements.

AL GASSIM INVESTMENT HOLDING COMPANY
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INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi Riyal unless otherwise stated)

	Share capital	Statutory reserve	Other reserve	Accumulated losses	Total
Balance as at 1 January 2022 (Audited)	300,000,000	443,410	134,808	(10,725,345)	289,852,873
Net loss for the period	--	--	--	(469,177)	(469,177)
Balance as at 31 March 2022 (Unaudited)	300,000,000	443,410	134,808	(11,194,522)	289,383,696
Balance as at 1 January 2023 (Audited)	300,000,000	1,168,140	354,401	(4,202,776)	297,319,765
Net Profit for the period				560,611	560,611
Balance as at 31 March 2023 (Unaudited)	300,000,000	1,168,140	354,401	(3,642,165)	297,880,376

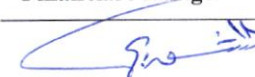
Chairman of Board of
Directors



Chief Executive
Officer



Financial Manager



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The accompanying notes form an integral part of these Interim Condensed Financial Statements (unaudited)

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

(All amounts are in Saudi Riyal unless otherwise stated)

	Note	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Cash flows from operating activities:			
Net profit / (loss) before Zakat		760,611	(369,177)
Adjustments to reconcile net income for the period before zakat to net cash flow generated from operating activities:			
Depreciation of investments properties	6	280,726	282,723
Depreciation of property, plant and equipment	5	275,697	342,420
Dividends income		--	(300,000)
(Gain) on sale of property, plant and equipment		(493,186)	--
Provision for expected credit losses formed		789,473	1,256,560
Provision for employees' post employment benefits formed		37,775	53,450
		<u>1,651,096</u>	<u>1,265,976</u>
Changes in working capital			
Inventories		82,492	867
Trade receivables		(2,763,893)	(990,390)
Installment sales contracts' debtors		853,880	848,934
Investment in finance lease contracts'		9,392,681	9,338,269
Prepayments and other receivables		(91,468)	1,392,765
Trade payables		3,104	3,611
Accrued expenses and other payables		3,709,472	89,840
Cash generated from operating activities		<u>12,837,364</u>	<u>11,949,872</u>
Employees' post-employment benefits paid		--	(81,740)
Net cash generated from operating activities		<u>12,837,364</u>	<u>11,868,132</u>
Cash flows from investing activities:			
Proceed from liquidating short term time deposit		15,000,000	--
Proceeds from sale of property, plant and equipment		714,696	--
Dividends received		--	300,000
Net cash generated from investing activities		<u>15,714,696</u>	<u>300,000</u>
Cash flows from financing activities:			
Payment of stock surplus sale and unpaid profits		(15,680)	(24,708)
Net cash used in financing activities		<u>(15,680)</u>	<u>(24,708)</u>
Net change in cash and cash equivalents for the period		<u>28,536,380</u>	<u>12,143,424</u>
Cash and cash equivalent at the beginning of the period		<u>11,627,353</u>	<u>19,281,287</u>
Cash and cash equivalents at end of the period		<u>40,163,733</u>	<u>31,424,711</u>


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AL GASSIM INVESTMENT HOLDING COMPANY
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

(All amounts are in Saudi Riyal unless otherwise stated)

1. LEGAL STATUS AND ACTIVITY

Al Gassim Investment Holding Company is a Saudi joint stock Company registered in the city of Buraidah in the Kingdom of Saudi Arabia under the Commercial Registry No. 1131006443 issued on 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-Awaal 1438H corresponding to 13 February 2017, the name of the Company has 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 Interim Condensed Financial Statements include the accounts of the Company and its branches as follows:

CR number	branch name	City
1131010287	Saudi Dates Factory	Qassim-Buraydah

2. BASIS OF PREPARATION AND MEASUREMENT

A. Statement of preparation

The Interim Condensed Financial Statements as of and for the three-month period ended 31 March 2023 were prepared in accordance with International Accounting Standard No. (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

The accompanying Interim Condensed Financial Statements does not include all the statements and disclosures required to prepare the annual financial statements, and they must be read in conjunction with the financial statements for the year ended 31 December 2022, in addition to the fact that the results of the initial period operations do not necessarily represent an indication of the results of the full year operations.

B. Basis of measurement

The Interim Condensed Financial Statements have been prepared under the historical cost basis, unless otherwise stated as explained in the significant accounting policies.

C. Functional and presentation currency

The Interim Condensed Financial Statements are presented in Saudi riyals, which is the Company's functional and presentation currency.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi Riyal unless otherwise stated)

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

3/1 New Standards, Interpretations and Amendments

There are no new standards that have been issued, however, a number of amendments to the standards are effective as of 1 January 2023, which were explained in the Company's annual financial statements issued on 31 December 2022, but they do not have a material impact on the summary interim condensed financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

The significant accounting judgments made by the management when applying the company's accounting policies and the main sources of uncertainty about the accounting estimates were the same as shown in the latest annual financial statements.

AL GASSIM INVESTMENT HOLDING COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

(All amounts are in Saudi Riyal unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT

	Land*	Building	Plant and equipment	Vehicles	Irrigation network	Furniture and fixtures	Agricultural machinery	Fruitful trees	Project under construction	Total
Cost:										
Balance on 1 January 2023 (Audited)	**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
Disposals	--	--	(2,483,837)	--	--	(420)	--	--	--	(2,484,257)
Balance at 31 March 2023 (unaudited)	19,098,702	18,441,982	16,172,405	326,000	1,791,747	2,724,522	157,350	1,874,000	280,130	60,866,838
Accumulated Depreciation										
Balance on 1 January 2023 (Audited)	--	12,796,832	17,660,918	325,998	1,593,600	2,409,518	157,347	1,350,274	--	36,294,487
Charge for the period	--	170,537	64,979	--	7,145	21,484	--	11,552	--	275,697
Disposals depreciation	--	--	(2,262,327)	--	--	(420)	--	--	--	(2,262,747)
Balance as at 31 March 2023 (unaudited)	--	12,967,369	15,463,570	325,998	1,600,745	2,430,582	157,347	1,361,826	--	34,307,437
Net book value										
As at 31 March 2023 (Unaudited)	19,098,702	5,474,613	708,835	2	191,002	293,940	3	512,174	280,130	26,559,401
As at 31 December 2022 (Audited)	19,098,702	5,645,150	995,324	2	198,147	315,424	3	523,726	280,130	27,056,608

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

** It was added during the previous year to the land item representing the land area difference after signing a reconciliation contract with Arab Wabel Investment Company Limited in relation to Bustan Al-Basr, through the exchange of deeds of that land so that the deeds of each party become full ownership of it instead of being shares of 50% common ., The amount of SR 211,530 was proven in favor of Wabel Company during the previous year for the difference in the land area, after agreeing to exchange deeds, and the procedures for exchanging the title deed are underway.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023
(All amounts are in Saudi Riyal unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	31 March 2023 (Unaudited)
Cost of revenues	52,497
General and administrative expenses	223,200
	275,697

6. INVESTMENT PROPERTIES

Cost	Shri Project**	Al Ofuq*	Al mulida Project***	Total
Balance as at 1 January 2023 (Audited)	80,652,939	145,887,785	24,943,795	251,484,519
Balance at 31 March 2023 (Unaudited)	80,652,939	145,887,785	24,943,795	251,484,519
Accumulated depreciation and impairment				
In value				
Balance on 1 January 2023	5,411,879	--	10,459,857	15,871,736
Impairment losses in the value of investment properties as on 1 January 2023 (Audited)	--	26,607,860	50,338	26,658,198
The net balance on January 1 2023, after impairment losses in the value of investment assets	5,411,879	26,607,860	10,510,195	42,529,934
Depreciation charge for the period	139,642	--	141,084	280,726
Balance at 31 March 2023 (Unaudited)	5,551,521	26,607,860	10,651,279	42,810,660
Net book value				
As at 31 March 2023 (Unaudited)	75,101,418	119,279,925	14,292,516	208,673,859
As at 31 December 2022 (Audited)	75,241,060	119,279,925	14,433,600	208,954,585

*The net real estate investment value of the "Land of the Al Ofuq Project" as of 31 March 2023 amounted to SR 119,279,925 (31 December 2022, SR 119,279,925), according to the evaluation process carried out by the real estate evaluator "Mansour Saleh Al-Saleem Office for Real Estate Evaluation" an independent evaluator accredited by the Saudi Authority for accredited residents with license No. 1210000477, and on 9 February 2023, an exit agreement was signed with Wabel Arabia Investment Company Ltd. regarding the lands located in the Al Ofuq neighborhood in the city of Buraidah, by sharing the deeds of that land so that the deeds of each party become full ownership for him instead of being shares of 50% common Wabel Company waived the remainder of the amount due to it by the company, amounting to SR 32,617,785, as of 31 December 2022, and the entire ownership deed for the two pieces is being transferred to Al-Qassim Investment Holding Company.

**The net book value of the real estate investment "the land located in the center of Shari" as of 31 March 2023 amounted to SR 75,101,418 (31 December 2022: SR 75,241,060). The Company carried out an evaluation to study whether there was a decline in the fair value, and the fair value according to the evaluation process carried out by the real estate evaluator "Mansour Saleh Al-Saleem Office for Real Estate Evaluation" was an independent evaluator accredited by the Saudi Authority for Accredited Residents with License No. 1210000477, the amount of SR 89,320,000.

*** The net value of the real estate investment "Land of Al-Malida" as of 31 March 2023 amounted to 14,292,516 Saudi riyals (31 December 2022: SR 14,433,600 Saudi riyals) according to the evaluation process carried out by the real estate evaluator "Mansour Saleh Al-Saleem Office for Real Estate Evaluation", an independent evaluator accredited by the Saudi Authority for Accredited Residents with License No. 1210000477.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(All amounts are in Saudi Riyal unless otherwise stated)

7. INSTALLMENT SALES CONTRACTS' DEBTORS

The leasing contract of the Company's project in the Shri area with the Al Watania Poultry Company included the sale of some property, plant and equipment in the amount of SR 25 million to be paid in annual installments (25 installments starting from 1 March, 2016) with the annual rent value of SR 1 million. SR 10,835,708 as on 31 March 2023 (31 December 2022, SR 11,689,588), and they are as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Non – Current portion	10,414,993	11,274,067
Current portion	420,715	415,521
	10,835,708	11,689,588

8. INVESTMENT IN FINANCE LEASING CONTRACTS

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

The Company's management decided to 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 net investment in the finance lease contracts amounted to a total amount of SR 116,192,773 as on 31 March 2023 (31 December 2022: SR 125,585,454), and it is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Investment in finance lease contracts' –Non current portion	114,564,912	124,014,728
Provision for expected credit losses in investment in finance lease contracts	(3,000,000)	(3,000,000)
Investment in finance lease contracts' – Non current portion , net	111,564,912	121,014,728
Investment in finance lease contracts' – current portion	4,627,861	4,570,726
	116,192,773	125,585,454

The following is a summary of the movement of expected credit losses in investing in finance lease contracts as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
The balance at the beginning of the period /year	3,000,000	--
Provided during the period / year	--	3,000,000
Balance at the end of the period / year	3,000,000	3,000,000

9. SHARE CAPITAL

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

10. STATUTORY RESERVE

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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11. DEFERRED REVENUE

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

12. SHORT TERM DEPOSIT

	Deposit value	Due date	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Term deposits with a bank	10,000,000	26 June 2023	10,000,000	10,000,000
Term deposits with a bank	15,000,000		--	15,000,000
			10,000,000	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 revenues between 4.738% to 4.397% on an annual basis.

13. STOCK SALES SURPLUS AND UNPAID PROFITS

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Stock sale surplus (13 /1)	45,094,653	45,109,899
Unpaid dividends (13 /2)	6,098,361	6,098,795
Balance at the end of the period / year	51,193,014	51,208,694

13 /a Stock sales surplus

The balance of the surplus sale of shares amounted to SR 45,094,653 and it represents the surplus of the sale of shares belonging to shareholders who did not commit themselves to pay the capital installments at the specified time, The Company, after taking the procedures and approvals in this regard, sold the shares whose owners did not pay the required installments and the sale was made at a price higher than the value of the required installments, and therefore the difference between the sale value and the value of the installments required for the benefit of these shareholders was recorded. The Company disburses the amounts to whoever provides documents supporting his eligibility in compensation.

Details of the movement on this account are as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the year	45,109,899	45,177,395
Paid during the period / year	(15,246)	(67,496)
Balance at the end of the period / year	45,094,653	45,109,899

13 / b Dividends not paid

Shares profits not paid amounted to SR 6,098,361 which are balances from 1991 and earlier, and are as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period / year	6,098,795	6,103,741
Paid during the period / year	(434)	(4,946)
Balance at the end of the period/ year	6,098,361	6,098,795

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14. ZAKAT PROVISION

14/1 Zakat position

The Company submitted its Zakat returns to the Zakat, Tax and Customs Authority ("ZATCA") until the year ended 31 December 2022 and the Company obtained a certificate from the ZATCA which is valid until 21 Shawwal 1445H corresponding to 30 April 2024.

The final Zakat assessment obtained by the Company for the year ended 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.

The Company received letters from the ZATCA amending the Zakat declarations 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, noting that the Company submitted Zakat declarations and paid Zakat for those years based on a rules and regulations issued by ZATCA and it is worth noting that according to these letters, the Company has the right to object to these amendments during the statutory period (sixty days) from the date of receiving these letters. Accordingly, the Company has raised a list of objection to these amendments during the statutory period and the payment of 10% of the disputed 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 has 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.

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

Therefore, the total value of the Zakat differences objected for the years from 2014 to 2020 amounted to SR 19.864 million of which an amount of SR 3.222 million was paid, bringing the net value of the differences due for those years amounting 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 8.219 million Saudi riyals, of which 3.222 million Saudi riyals were used. So that the net value of the provision formed to meet the net value of those differences as on 31 December 2021 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 6,424,275 Saudi riyals, so that the balance of the provision made on December 31, 2022 AD to meet the potential Zakat differences amounted to 11,421,289 Saudi riyals.

14/2 Zakat movement

Movements' summary for the period as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period/year	14,538,528	7,757,881
Formed during the period / year	200,000	1,835,802
Formed related to prior yers to meet Zakat differences	--	6,424,275
Paid during the period / year	--	(1,479,430)
	14,738,528	14,538,528

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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15. EARNINGS / (LOSS) PER SHARE

The earning / (loss) per share is calculated by dividing the net profit / loss by the weighted average number of shares outstanding during the period.

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

A) Profit / (loss) for the period per shares

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Profit / (loss) for the period	560,611	(469,177)
Weighted average number of shares available	30,000,000	30,000,000
Profit / (loss) per share – in Saudi riyals	0.0187	(0.0156)

B) Profit / (Loss) per shares from comprehensive income

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Profit / (loss) for the period from comprehensive income	560,611	(469,177)
Weighted average number of shares available	30,000,000	30,000,000
Profit / (loss) per share– in Saudi riyals	0.0187	(0.0156)

16. LEGAL POSITION

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

- A lawsuit filed by the company No. (228) for the year 1442H before the First Circuit of the Administrative Court in Buraydah against the branch of the Ministry of Environment, Water and Agriculture (“the Ministry”) in the Qassim region, which relates to a request to cancel the negative decision represented in the refusal of the branch of the Ministry to raise the request to own the company For the entire area that she revived from the land handed over to her. Where an approval was issued from the High Commissioner for the company to own an area of only 74 million square meters out of the total land area of 116 million square meters. Noting that when the company assumes the loss of the lawsuit, it will substantially affect the company due to the connection of the disputed land with the lease revenue contracts concluded by the company with third parties, which represents its main source of income, and the expected losses can only be determined upon the final settlement of that lawsuit. On 30 March 2021, corresponding to 17/8/1442H, a ruling was issued not to accept the case No. (228) for the year 1442H, and the company objected to the ruling before the Administrative Court of Appeal. The ruling issued on 30 March 2021, corresponding to 17/8/1442H , related to Case No. (228) of 1442H, ruling that the case was not accepted, and the negative decision of the Ministry of Environment, Water and Agriculture, represented in its refusal to refer the company’s grievance for not owning the entire area of land that it revived Allotted to it to the committee stipulated in Article Ten of the Wasteland Distribution System. The judgment was received on 03/03/1443H, and an application was submitted to register the case before the committee, and the committee’s response has not been received to date. 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 was set at the Court of Appeal on 14/09/1444H. The objected judgment and return it to the Court of Appeal in the Qassim region for a new ruling. The next session was scheduled for Shawwal 20, 1444H, at the Court of Appeal in the Qassim region, and a ruling was issued by the Court of Appeal in the Qassim region stating that the appeal was accepted in form and upheld the ruling of the First Circuit of the Administrative Court in Buraidah issued on 17/8/1442H , which ruled that the lawsuit filed by the company against the branch of the Ministry of Environment was not accepted. Water and agriculture in the Qassim region, and appropriate measures will be taken to claim ownership of the rest of the inhabited land area after receiving the judgment deed.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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16. LEGAL POSITION (CONTINUED)

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

- The company's lawsuit against Al-Bandariya Group, which is a financial lawsuit, and the required amount is (SR 27,828,162) Twenty-seven million eight hundred twenty-eight thousand and one hundred and sixty-two Saudi riyals against Al-Bandariya Group, and the lawsuit is pending before the Commercial Court in Riyadh, and a judgment has been issued in favor of the company obliging the defendant to pay the aforementioned amount. On 14/5/1439H. 31/1/2018 A.D. The judgment is final in favor of the company. The judgment deed was presented as an executive bond before the Execution Court. The defendant submitted a request for reconsideration of the judgment on 14/5/1440H, and the petition was rejected, but the plaintiff appealed the rejection judgment on 18/2/1442H, and it was also rejected, except that the defendant submitted another request, on 11/8/1442 AH, and a session date was set for her on 5/4/1443H, corresponding to November 11, 2021 AD, and a decision was issued by the Court of Appeal to suspend the implementation of the ruling until a decision is made on accepting the petition or not, and the case is still pending. A date was set for hearing the case on 15/11/1443H, and after several sessions, on 28/2/1443 AH, the First Appeal Chamber issued its ruling to suspend the implementation of the ruling of the Second Commercial Court in the Commercial Court in Riyadh issued on 14/5/1439H, and the judge obliged the defendants Together, they paid the Qassim Agricultural Company the amount of 27,828,162 Saudi riyals, and after holding several sessions of pleading and deliberation until the date of the session of 7/4/1444H, the First Appeal Chamber issued the operative part of its ruling to cancel the suspension of the decision of the Fifteenth Circuit in the Execution Court, which was included in its ruling issued on 1/2/1443H. mentioned above and upheld the judgment issued by the Second Commercial Department dated 19/1/1442H. The judge rejected the petition submitted by the defendant for the reasons explained, and the judgment was received on 15/4/1444H. 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 Saudi riyals worth of wheat sold to the defendant, and the lawsuit was registered, but a note was received from the Juducual Audit Center that the defendant's address was incorrect and we are looking for the defendant's address to complete the requirements and re-registration.

- A lawsuit against one of the suppliers in the amount of SR 60,000, 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 23/9/1443H. The registration has been re-registered in the mutual agreement platform to complete the procedural requirements. The case has been registered and a date has been set for it on 3/12/1444H.

- 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 SR 166,220. 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 6/11/1443H. he registration was re-registered in the mutual agreement platform to complete the procedural requirements, and a session was held on Shawwal 10, 1444H, and the court ruled after accepting the case for not attaching the required documents.

- A lawsuit from the Company against a customer, a financial lawsuit, the value of dates sales amounted to SR 421,503, 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 30/4/1444H. A preliminary judgment was issued in favor of the company on 21/7/1444H for the full amount claimed. The defendant appealed the verdict and set a date for the hearing on 19/09/1444H. A ruling was issued by the Court of Appeal in Al-Qassim region confirming the ruling of the General Court in Buraydah in favor of the company in the matter of obliging the defendant to pay the aforementioned amount.

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16. LEGAL POSITION (CONTINUED)

- 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.
- 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 22/7/1443H, Article 46 of the execution system has been implemented against the defendant and implementation procedures are underway.
- 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 1/11/1443H to consider the case in front of the Court of Appeal so far.
- 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 18/10/1443H. The correct address was obtained and registered again, and a date was set for it on 17/11/1444H.
- The company's lawsuit against one of the suppliers, which is a financial lawsuit with a value of 68,405 Saudi riyals remaining from a transportation contracting contract. A date for the lawsuit has been set on 20/4/1444H. The case was postponed and a new date was set for the case on 11/10/1444H. The circuit decided to write off the case and work is underway on the request to proceed with the case again.
- 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 (SR 380,000), 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 8/4/1444H. The plaintiff submitted an appeal against the ruling on 29/4/1444H, which includes the objection to what the General Court ruled at the Court of Appeal in the Qassim region on 19/5/1444H. 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 3/2/1444H. The plaintiff, Wabel Company, appealed the ruling on 29/2/1444H, 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 24/6/1444H. 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 underway to document and implement the financial reconciliation document.

17. SEGMENT REPORTING

Operating sector

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

Geographical sector

Local sales represent 100% of the Company's sales as of 31 March 2023 (2022: 100% local sales). All of the Company's assets and liabilities are located in the Kingdom of Saudi Arabia

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18. COMPARATIVE FIGURES

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

19. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying Interim Condensed Financial Statement for the period ended 31 March 2023 were approved by the Company's Board of Directors on 22 May 2023, corresponding to 2 Dhu al-Qi`dah 1444H.