AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
AND INDEPENDENT AUDITOR'S REPORT

AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
For the year ended 31 December 2023
(Expressed in Saudi Riyals)

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL-JOUF AGRICULTURAL DEVELOPMENT 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 Al-Jouf Agricultural Development Company (A Saudi Joint Stock Company), ("Company") as of 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the 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 of 31 December 2023;
- The statement of profit or loss for the year then ended;
- The statement of other comprehensive income for the year then ended;
- The statement of changes in shareholders' equity for the year then ended;
- The statement of cash flows for the year then ended;
- The notes to the financial statements comprising material accounting policies and other explanatory information.

BASIS FOR OPINION
We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 of the Company in accordance with the professional code of conduct and ethics, 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.

KEY AUDIT MATTERS
Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How our audit addressed the key audit matter
Impairment assessment of property, plant, and equipment	
As of 31 December 2023, the Company had property, plant, and equipment with a net book value of 595,976,357 Saudi riyals (2022: 490,058,440 Saudi riyals), includes impairment of 23,724,474 Saudi riyals (2022: 25,633,537 Saudi riyals). At the date of each financial reporting, the Company reviews the impairment of the carrying value of these assets in light of any events or changes in circumstances indicating the possibility of not recovering the carrying value. On a periodically basis the Company forms a technical committee for trees, wells and their accessories to prepare impairment study in the value of tree and wells to determine the size of impairment in value according to the technical study and the value of impairment amounted to 23,724,474 Saudi riyals as at 31 December 2023 (2022: 25,633,537 Saudi riyals). The accounting policy for property, plant and equipment is clarified in note 3, and the details of property, plant and equipment are presented in note 5.	Our audit procedures included: - We have reviewed the impairment indicators in the financial statements and we didn't found any negative indicators or any events or circumstances that may cause the impairment in the book value for property, plant and equipment. - As for the valuation of trees, all the records from the technical committees related to the formed impairment, which were provided or reversed during the year were reviewed, and discussed the reasons with technical committee for the impairment provided and reversed and also the assumptions used by the technical committee, Accordingly the adequacy of the impairment value prepared by management was assessed. - Assessed the adequacy of the disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How our audit addressed the key audit matter
Inventory Valuation	
As of 31 December 2023, the net inventories balance amounted to 192,465,646 Saudi Riyals (2022, 160,510,813 Saudi Riyals). The existence and valuation of inventories is key to the audit because of the following: • The company has a high level of inventories at the end of the year. • With reference to note 3, inventories are valued at cost or net realizable value whichever is lower and cost is determined using the weighted average method, determining whether inventories will be realized at less than cost requires management to exercise judgement and apply assumptions based on the most documented evidence at the time estimates are made. Management performs the following procedures to determine the required impairment: - Use of average inventories aging reports along with historical trends to estimate the likely future ability to sell slow moving and obsolete inventories. - For the inventories aging, management establishes a provision for slow moving and idle inventories on a percentage basis. These percentage are derived from historical levels of provision. - An analysis of inventories items is performed on the date of the financial statements to ensure that it is recorded at cost or net realizable value, whichever is lower, and a reduction in value is recognized if necessary. - The accounting policy for inventories is clarified in note 3, and the details of inventories are presented in note 10.	Our audit procedures included: • Our procedures to address the risks of material misstatement relating to the existence of inventories include the following: - Attending the actual inventories count at the end of the year and assessing the adequacy of control over the presence of inventories. - Reviewing the Company procedures to reflect the results of the actual inventories in the accounting records. • In connection with the determination of the cost of inventories, our audit procedures included: - For purchases items from stock including raw materials and spare parts, review purchases and test supporting documents on a sample basis. • In connection with the determination of the net realizable value of inventories, our audit procedures included: - Testing the aging report prepared by the management and verifying the validity of the obsolete items by matching a sample of the inventories to the obsolete stock and the date of recorded invoices. - The net realizable value has been tested and compared with recent selling prices of inventories after deducting cost to sale on a sample basis. - Reviewing the accounting policy applied to the Company and ensuring its conformity with the policy included in the financial statements. - Slow-moving and idle inventories have been recalculated. • Assessed the adequacy of the disclosures in the financial statements.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the company annual report, other than the financial statements and our auditors report thereon. The annual report is expected to be made available to us after the date of this auditor report.

Our opinion on the financial statements doesn't cover the other information and we don't express any form of assurance or 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, and conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and the Regulations for Companies, and responsible for the 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 company's management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance 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.

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TO THE SHAREHOLDERS OF AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 skepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the company's 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 communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided 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.

TO THE SHAREHOLDERS OF AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

For Al-Bassam & Co.

Ahmed A. Mohandis
Certified Public Accountant
License No. (477)
Jeddah: 21 Ramadan 1445H
Corresponding to: 31 March 2024

البسام وشركاؤه
محاسبون قانونيون
رقم الترخيص ٥٢٠/١١/٣٢٣
C.R.1010385804
License 520/11/323
Al-Bassam & Co.
Certified Public Accountants

AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2023
(Expressed in Saudi Riyals)

	Note	**31 December 2023**	31 December 2022
Assets			
Non-Current Assets			
Property, plant and equipment, Net	5	**595,976,357**	490,058,440
Projects under constructions	6	**164,505,702**	130,682,669
Intangible assets, Net	7	**1,359,338**	1,786,280
Right of use assets, Net	8	**3,455,285**	1,316,392
Investments at fair value through profit or loss	9	**9,019,000**	--
Total Non-Current Assets		**774,315,682**	623,843,781
Current Assets			
Inventory, Net	10	**192,465,646**	160,510,813
Biological assets	11	**53,850,484**	27,539,281
Trade Receivable, Net	12	**52,674,181**	45,682,044
Prepayments and other receivables, Net	13	**19,203,877**	19,410,069
Cash and cash equivalents	14	**17,558,140**	31,734,891
Total Current Assets		**335,752,328**	284,877,098
Total Assets		**1,110,068,010**	908,720,879
Shareholders Equity and Liabilities			
Shareholders' Equity			
Share capital	15	**300,000,000**	300,000,000
Statutory reserve	16	**150,000,000**	150,000,000
Retained earnings	29	**258,436,673**	211,467,822
Accumulated changes in other comprehensive income	18	**10,163,574**	6,068,734
Total Shareholders' Equity		**718,600,247**	667,536,556
Liabilities			
Non-Current Liabilities			
Loans and facilities - Non-current portion	17	**219,135,630**	101,178,870
Lease liability - Non-current portion	8	**1,974,579**	785,170
Employee defined benefit obligations	18	**20,620,798**	22,473,631
Total Non-Current Liabilities		**241,731,007**	124,437,671
Current Liabilities			
Loans and facilities - Current portion	17	**25,880,665**	11,970,712
Lease liability - Current portion	8	**1,750,321**	481,498
Trade payables		**50,523,997**	33,225,294
Accrued expenses and other payables	19	**39,682,705**	41,185,242
Provision for loan guarantee	9	**4,777,552**	4,777,552
Dividends payable to shareholders		**19,128,458**	18,911,598
Zakat provision	20	**7,993,058**	6,194,756
Total current liabilities		**149,736,756**	116,746,652
Total liabilities		**391,467,763**	241,184,323
Total Shareholders' Equity and Liabilities		**1,110,068,010**	908,720,879

Chief Financial Officer	**Chief Executive Officer**	**Authorized Board Member**
Ziad Aljaafirah	Mazen Badawood	Ahmed Haijan

The accompanying notes an integral part of these financial statements

AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2023
(Expressed in Saudi Riyals)

	Note	2023	2022
Sales	29	**426,435,301**	341,996,642
Cost of sales	21	**(300,088,343)**	(221,711,058)
Gross profit		**126,346,958**	120,285,584
Selling and distribution expenses	22	**(38,202,380)**	(33,966,953)
General and administrative expenses	23	**(31,978,119)**	(29,615,364)
Operating profit		**56,166,459**	56,703,267
Finance charges	24	**(814,117)**	(557,497)
Gains on investments at fair value through profit or loss	٩	**9,019,000**	--
Other revenue, net	25	**4,747,509**	1,154,907
Profit before Zakat		**69,118,851**	57,300,677
Zakat	20	**(7,150,000)**	(6,235,415)
Net profit for the year		**61,968,851**	51,065,262
Earnings per share to net profit for the year:	26		
Basic and diluted earnings per share		**2,07**	1,70

Chief Financial Officer	**Chief Executive Officer**	**Authorized Board Member**
Ziad Aljaafirah	Mazen Badawood	Ahmed Haijan

AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Saudi Riyals)

	Note	2023	2022
Net profit		**61,968,851**	51,065,262
Other comprehensive income items:			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement gain of employees defined benefit obligations	18	**4,094,840**	3,849,021
Total other comprehensive income items		**4,094,840**	3,849,021
Total comprehensive income		**66,063,691**	54,914,283

Chief Financial Officer	Chief Executive Officer	Authorized Board Member
Ziad Aljaafirah	Mazen Badawood	Ahmed Haijan

AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Saudi Riyals)

	Share Capital	Statutory Reserve	Retained Earnings	Accumulated changes in other comprehensive income	Total Equity
2022:					
Balance as of 1 January	300,000,000	150,000,000	175,402,560	2,219,713	627,622,273
Dividends (Note 32)	--	--	(15,000,000)	--	(15,000,000)
Net profit for the year	--	--	51,065,262	--	51,065,262
Other comprehensive income	--	--	--	3,849,021	3,849,021
Total comprehensive income for the year	--	--	51,065,262	3,849,021	54,914,283
Balance as of 31 December	300,000,000	150,000,000	211,467,822	6,068,734	667,536,556
2023:					
Balance as of 1 January	**300,000,000**	**150,000,000**	**211,467,822**	**6,068,734**	**667,536,556**
Dividends (Note 32)	**--**	**--**	**(15,000,000)**	**--**	**(15,000,000)**
Net profit for the year	**--**	**--**	**61,968,851**	**--**	**61,968,851**
Other comprehensive income	**--**	**--**	**--**	**4,094,840**	**4,094,840**
Total comprehensive income for the year	**--**	**--**	**61,968,851**	**4,094,840**	**66,063,691**
Balance as of 31 December	**300,000,000**	**150,000,000**	**258,436,673**	**10,163,574**	**718,600,247**

Chief Financial Officer
Ziad Aljaafirah

Chief Executive Officer
Mazen Badawood

Authorized Board Member
Ahmed Haijan

AL-JOUF AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Saudi Riyals)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year before zakat	**69,118,851**	57,300,677
Adjustments for:		
Depreciation of property, plant and equipment	**46,511,084**	39,798,417
Amortization of intangible assets	**426,942**	222,354
Amortization of right of use assets	**2,484,567**	609,598
Gains on investments at fair value through profit or loss	**(9,019,000)**	--
Gain on disposal of property, plant and equipment	**(49,971)**	(570,272)
Write off from Expected credit loss	**--**	(642,884)
Provision for other receivables	**--**	261,182
Impairment for biological assets	**1,098,536**	2,993,049
Impairment for trees	**1,336,647**	--
Reverse of impairment for trees	**(3,245,710)**	--
Provision for expected credit losses	**--**	1,488,536
Finance charges	**814,117**	557,497
Provision for employee benefits charged for the year	**3,962,857**	4,524,458
Changes in operating assets and liabilities		
Inventory	**(31,954,833)**	(41,119,419)
Biological assets	**(27,409,740)**	(5,234,400)
Account receivables	**(6,992,137)**	16,691,397
Prepayment and other current assets	**206,192**	(4,445,229)
Trade payables	**17,298,703**	591,251
Accruals expenses and other current liabilities	**(1,811,661)**	9,512,619
Cash generated from operating activities	**62,775,444**	82,538,831
Finance charges paid	**(504,993)**	(487,259)
Zakat paid during the year	**(5,351,698)**	(4,772,242)
Employees defined benefit obligations paid during the year	**(1,720,850)**	(981,754)
Net cash generated from operating activities	**55,197,903**	76,297,576
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions of property, plant and equipment	**(55,378,443)**	(29,466,277)
Additions of projects under constructions	**(123,909,279)**	(120,125,003)
Additions of intangible assets	**--**	(69,103)
Proceeds from disposal of property, plant and equipment	**49,999**	570,273
Net cash used in investing activities	**(179,237,723)**	(149,090,110)
CASH FLOWS FROM FINANCING ACTIVITIES		
Received from loans and facilities	**172,284,743**	106,246,589
Paid from loans and facilities	**(45,473,306)**	(4,043,381)
Paid from lease liabilities	**(2,165,228)**	(667,271)
Dividends paid	**(14,783,140)**	(15,035,913)
Net cash generated from financing activities	**109,863,069**	86,500,024
Net change in cash and cash equivalents	**(14,176,751)**	13,707,490
Cash and cash equivalents as of 1 January	**31,734,891**	18,027,401
Cash and cash equivalents as of 31 December	**17,558,140**	31,734,891
Non-cash transactions		
Transferred from projects under construction to property, machinery and equipment	**95,141,522**	--
Investments at fair value through profit or loss	**9,019,000**	--
Finance charges	**5,055,276**	4,677,993
Right of use assets from lease contracts	**4,623,460**	683,210

Chief Financial Officer	**Chief Executive Officer**	**Authorized Board Member**
Ziad Aljaafirah	Mazen Badawood	Ahmed Haijan

The accompanying notes an integral part of these financial statements

1- COMPANY'S MAIN ACTIVITIES

Al-Jouf Agricultural Development Company ("the Company") is a Saudi Joint Stock Company registered under the commercial register issued by the Sakaka city with the number 3400004730 and issued on Jumada 9 Al-Awwal 1409H corresponding to 18 December 1988. The Company operates under Ministerial Resolution No. (63) Issued by the Ministry of Commerce and Investment on 24 Rabi 'Al-Akher 1409H corresponding to 3 December 1988G.

The company engaged in the agricultural of potatoes and sweet potatoes, palm agriculture, dates production, olive agriculture, beekeeping and honey production (apiaries) under license number 3130298379 dated 7/11/1437H issued by the Ministry of Environment, Water and Agriculture, installation of agricultural houses, rendering agricultural services, fresh olive and olive oil and pickled olives, cosmetic soap and charcoal.

The Company's head office is located in Al-Jouf region – Buseita – Sakaka PO box 321.
The attached financial statements include the accounts of the company's head office and the following branches:
Branches commercial registrations:

Branches	City	Commercial Registration	Commercial Registration Date
Al-Jouf Factory for Olive Oil and Pickles Production	Sakakah	3400018986	10 Safar, 1436H
A sub-register for Al-Jouf company for Agriculture Development	Sakakah	3400117276	19 Jumada I 1440H
Al-Jouf company for food industries	Sakakah	3400119924	15 Muharram 1442 H
A sub-register for Al-Jouf company for Agriculture Development	Riyadh	1010500161	16 Rabi 'Al-Akher 1440 H
A sub-register for Al-Jouf company for Agriculture Development	Jeddah	4030361809	19 Dhul Qi'dah 1440 H
A sub-register for Al-Jouf company for Agriculture Development	Dammam	2050122474	14 Jumada 'Al-Akher 1440 H
A sub-register for Al-Jouf company for Agriculture Development	Al Madinah Al Munawwarah	4650229448	16 Shaaban 1442H
A sub-register for Al-Jouf company for Agriculture Development	Khamis Mushait	5855352176	22 Shaaban 1442 H

The company's financial year begins on the 1 January of each calendar year and ends at the end of December of the same year.

The company's head office is located in the Buseita region - Sakakah Al-Jouf, and the board of directors may establish branches, offices, or agencies for the company inside and outside the Kingdom of Saudi Arabia.

2- BASIS OF PREPARATION

2-1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2-2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the employee-defined benefit obligation "End of service benefits provision" which has been actuarially valued using the Projected Unit Credit Method and investment at fair value through OCI and the going concern principle.

2-3 Functional currency

The financial statements are presented in Saudi Riyal (SAR), which is also the functional and presentational currency of the Company.

(Expressed in Saudi Riyals)

2. BASIS OF PREPARATION (CONTINUED)

2-4 Standards, interpretations, and amendments to existing standards

Amendments

The following amendments to standards relevant to the Company are effective for the annual periods beginning on or after January 1, 2023 (unless otherwise stated). The Company adopted these standards and / or amendments, however, there is no significant impact of these on the financial statements:

New amendments to the standards issued and implemented starting in 2023

Amendments to standards	description	Effective for annual periods from or after	Summary of amendments
IFRS 9 (Amendments to IFRS 4)	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	January 1, 2023	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
IFRS 17	Insurance Contracts and its amendments	January 1, 2023	This is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements.
IAS 8	Amendment to the definition of accounting estimate	January 1, 2023	These amendments regarding the definition of accounting estimates help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences
IAS 12	International tax reform (pillar two model rules)	January 1, 2023	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

2. BASIS OF PREPARATION (CONTINUED)

2-4 Standards, interpretations, and amendments to existing standards (continued)

New and amended IFRS Standards issued but not yet effective

The Company has not applied the following new and revised IFRS Standards and amendments to IFRS that have been issued but are not yet effective:

Amendments to standards	description	Effective for annual periods from or after	Summary of amendments
IAS 1	Classification of liabilities as current or non-current	January 1, 2024	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
IFRS 16	Leases on sale and leaseback	January 1, 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company’s financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

3- SIGNIFICANT ACCOUNTING POLICIES

3-1 Financial instruments

FINANCIAL ASSETS

A) Classification
The company classifies financial assets in the following measurement categories:
- Those to be measured subsequently at fair value (either through other comprehensive income or profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the company's business model of managing its financial assets and the contractual terms of cash flows.
For financial assets measured at fair value, gains and losses are recognized in the statement of profit or loss or other comprehensive income.

B) Measurement
On initial recognition, the Company measures the financial asset at its fair value. If the financial asset is not measured at fair value through profit or loss, it is measured through transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are charged as an expense in profit or loss.

Financial instruments included in derivative financial instruments are taken into account in determining whether their cash flows are the sole payment of principal and interest.

Debt instruments:
Subsequent to the measurement of the debt instrument, which is based on the Company's business method of managing the asset and the cash flow characteristics of the asset, there are three measurement categories for which the Company classifies debt instruments:

- **Amortized cost:**
  Assets held for the purpose of aggregating contractual cash flows where those cash flows represent the payments of principal and interest are measured at amortized cost. Gains or losses on a debt instrument subsequently measured at amortized cost and which are not part of the hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in financing income using the effective interest rate method.

- **Fair value through other comprehensive income statement:**
  The company has elected to recognize changes in the fair value of investments in equity shares in OCI these changes are accumulated within OCI. The company transfer this amount from OCI to retained earnings when the relevant shares are derecognized.

  Dividends from such investments continue to be recognized in the statement of profit or loss as other income when the company right to receive payments is established.

- **Fair value through profit or loss**
  Assets which not related to amortized cost or fair value through other comprehensive income, are measured by fair value through profit or loss.

  Profit or loss which result from debt investment which are re measured by fair value through profit or loss which not considered a part from hedging relationship are considered through profit or loss and presented in profit or loss statements under the period other profit/loss when generated finance income from these financial statements are presented under financing revenue using actual interest rate method.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-1 Financial instruments (continued)

Financial assets impairment
The company recognizes an impairment provision for expected credit losses in financial assets. The ECL amounts are updated at each reporting date to reflect changes in credit risk since the initial recognition of the financial instrument.

The company always recognizes the aging of the expected credit losses of the financial assets. Expected credit losses on these financial assets are estimated using a provision matrix, which is based on the company's historical experience in expected credit loss, adjusted for debtors' factors, general economic conditions, and evaluation of both the current trend as well as forecasting conditions at the reporting date, including time value of money, when appropriate.

The ECL measurement is a function of the probability of default, or the loss arising from default (meaning the size of the loss if there is a default) and exposure to default. The assessment of the probability of default and the resulting loss in default are based on historical data modified by forward-looking information as described above. The exposure to default, for financial assets, is recognized at the total carrying value of the assets at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows due to the company according to the contract and all cash flows that the company expects to receive, which is discounted at the effective interest rate.

If the company measured the impairment loss for a financial instrument at an amount equal to the lifetime ECL amount at the previous reporting date, but determined at the current reporting date that it did not meet the lifetime ECL terms. The Company measures the impairment loss according to the age of the debt for expected credit losses at the current reporting date, except for assets for which the simplified approach was used.

The company recognizes impairment gain or loss in the profit or loss statement for all financial instruments.

Financial liabilities
All financial liabilities are subsequently measured at amortized cost using the effective interest rate method or at FVTPL. The company does not have any financial liabilities that are measured at fair value through profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash flows (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) over the expected life of the financial liability, or (if appropriate), shorter period, to the amortized cost of the financial liability.

De-recognition financial liabilities
A financial liability is derecognized when the specified obligation is discharged, canceled, or expires. When replacing an existing financial obligation with another from the same lender on substantially different terms or amending the terms of the current liabilities substantially, this exchange or amendment is treated as a non-fulfillment of the original obligation and realization of a new obligation, and the difference in the related carrying value is recognized in the statement of profit or loss.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-1 Financial instruments (continued)

Offset of Financial instruments
The financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when a legal right exists and the company has the intention to settle the assets and liabilities recorded on a net basis to achieve the assets and settle the liabilities at the same time. An enforceable legal right must not be dependent on future events, and it must be enforceable in the normal course of business and in case of default, insolvency, or bankruptcy of the company or the counterparty.

3-2 Right-of-use assets and lease obligations
The company assesses whether the contract is a lease or contains a lease, at the beginning of the contract the company recognizes the right of use asset and the corresponding lease obligation in relation to all lease agreements in which the company is a lessee, except for short-term leases and leases of low-value assets rentals.

a) Right-of-use assets
The lease contract is recognized as a right-of-use asset with its corresponding obligations on the date when the leased assets are ready for use by the company. Each lease payment is allocated between the lease obligation and the finance cost. The finance cost is recognized in the profit or loss statement over the lease term. The right-of-use assets is depreciated over the shorter of the lease term or useful life of the asset, on a straight-line basis.

Initially, the right-of-use assets are measured at cost and consist of the following:
- The amount of the initial measurement of the lease obligation,
- Any lease payments made in or prior to the start date of the lease minus the rental incentives received;
- Any initial direct costs
- Recovery costs, where applicable.

b) Lease obligations
On the date of commencement of the lease, the company records lease obligations measured in the current value of lease payments made over the lease term. Lease payments include fixed payments (including substantially fixed payments) minus any receivable rental incentives, variable rental payments based on an indicator or rate, and amounts expected under guaranteed residual value. Lease payments include the price of exercising the purchase option when there is reasonable certainty that the company will exercise this right in addition to penalty payments for the cancellation of the lease if the terms of the lease provide for the company's practice of cancellation. For variable lease payments that do not depend on an index or rate, they are recorded as an expense in the period during which they are paid. Lease payments are discounting using the interest rate included in the lease or the company's incremental borrowing rate.

c) Short-term leases and leases with low-value assets
Short-term leases are leases term with 12 months or less. Low-value assets are items that do not meet the company capitalization limits and are considered to be not material to the company’s financial position statement as a whole. Short-term lease payments and low-value asset leases are recognized on a straight-line basis in the profit or loss statement.

(Expressed in Saudi Riyals)

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-3 Property, plant, and equipment

A) Recognition and measurement

Items of property, plant, and equipment, as well as Bearer plants, are measured at cost net of accumulated depreciation and accumulated impairment losses “if any”.

The cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes costs of materials, direct labor, any other costs directly attributable to preparing the asset for its intended use, and costs of dismantling, removing, and reinstalling them on the site.

When the useful lives of some items of property, plant, and equipment are different, they are accounted for as separate components (Major components) of property, plant, and equipment.

Gains or losses are determined upon disposal of any item of property, plant, and equipment by comparing the consideration received with the asset’s carrying value and is inserted net in other income in the statement of profit or loss.

B) Subsequent costs & maintenance

The replacement cost of any item of property, plant, equipment, and overhaul is recognized in the carrying amount of the asset if it is probable that economic benefits will flow from that asset to the company, and those benefits can be measured reliably and the carrying value of the replaced part is derecognized. The daily cost of servicing property, plant, equipment, and overhaul is recognized in profit or loss as incurred.

C) Deprecation

Depreciation is calculated based on the depreciable amount and it is the asset cost or alternative amount of cost less the residual value.

Depreciation is recognized in the statement of profit or loss using the straight-line method over the estimated useful lives of each item of property, plant, and equipment, as this is the closest method that reflects the expected pattern of depreciation of the economic benefits inherent in the asset.

Below are the estimated depreciation rates for the current and comparative periods:

	Percentage %
Buildings and silos	3-10
Wells and accessories	5-25
Agricultural machinery and equipment	10-20
Vehicles	15-25
Machines and equipment	6-20
Living animals	7.5
Tools	10-20
Furniture and fixtures	2.5-25
Project roads	3
Bearer plants	2-10

Agricultural lands, projects under construction, and immature bearer plants are not depreciated.

3-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-3 Property, plant, and equipment (continued)

C) Deprecation (continued)
Projects under construction at the end of the year include some assets that have been acquired but are not ready for their intended use. These assets are transferred to the relevant asset classes and are depreciated when they are ready for use.

The borrowing costs which related to projects under constructions to become available for using and it will be converted to property plant and equipment.

Depreciation methods, useful lives, and residual values are reviewed at the end of each financial year, to ensure that they reflect the benefit obtained, and in the event of a difference, it is treated as changes in the accounting estimates (in the year of change and subsequent years).

3-4 Bearer plants
IAS 16 Property, Plant, and Equipment defines the bearer plants as:

- Used in the production or supply of agricultural products.
- Expected to yield more than once during the period.
- There is a remote possibility of selling them as agricultural products other than scrap sales.

Bearer plants are initially recognized at cost less accumulated depreciation and accumulated impairment losses. The cost incurred by the Company includes the acquisition of the asset and includes the costs of raw materials, labor, and all other direct costs associated with placing the asset in a condition that enables it to achieve the purpose for which it was purchased.

Any gain or loss arising from the disposal of bearer plants (calculated on the basis of the difference between the net proceeds of sale and the carrying amount of plants) is recognized in other income in the statement of profit or loss in the period in which the asset is derecognized.

3-5 Biological assets
Biological assets are measured at fair value less costs to sell. However, when fair value measurements are not reliable, biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Fruit, olive, and palm trees are bearer plants and thus are presented and accounted for as property, machinery, and equipment. However, agricultural products that grow on those bearer plants are accounted for as biological assets up to harvest date. agricultural costs related to these fruit trees, such as water expenses, labor costs, fertilizer and pesticide, are charged as biological assets until the harvest period is completed.

Seasonal crops such as wheat, potatoes and other field crops are accounted as biological assets until the date of harvest.

3-6 Intangible assets
Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets internally generated, except for development costs, are not capitalized, and expenses are recognized in the statement of profit or loss as incurred. Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives About 10 years.

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the company, and the expenditure can be measured reliably.

Residual values of intangible assets, useful lives, and indicators of impairment are reviewed at the end of each financial year and adjusted prospectively when necessary.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-7 Inventory

Inventories are stated at the lower of cost or net realizable value after taking the necessary allowance for any slow-moving or obsolete items. Cost is determined using the weighted-average method. The cost includes the sum of the purchase price, conversion costs, and other costs associated with bringing the inventory into its current condition and location. Net realizable value is the estimated selling price in the ordinary course of business less expected selling costs.

Cost of inventory include the following:

- Raw material
- Agriculture production materials
- Spare parts
- Packing materials
- Fuels and oils
- Work in progress
- Finished goods

3-8 Cash and cash equivalents

Cash and cash equivalents includes cash in banks, demand deposits, and other short-term, highly liquid investments with maturities of three months or less.

3-9 Trade receivables, prepayments, and other current assets

Trade receivables, prepayments, and current assets are initially recorded at the transaction price less impairment losses in an amount equal to the estimated lifetime credit loss. When the due amounts are uncollectible, they are written off against the impairment losses. Any subsequent recoverable amounts previously written off are credited for impairment losses in the statement of profit or loss.

3-10 Impairment of non-financial assets

At the end of each reporting period, the company reviews the carrying values of its tangible and intangible assets for any impairment losses to determine whether there is any indication that these assets have suffered impairment losses. If any indication exists, the recoverable amount of the asset is estimated in order to determine impairment losses (if any). In the case that it is not possible to estimate the recoverable amount of a specific asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, similar group assets are also allocated to cash-generating units, or allocated to the smallest group of cash-generating units for which a reasonable and consistent basis of allocation can be identified. The cash-generating unit to which goodwill has been allocated is tested for impairment annually, whenever there is an indicator of impairment of the unit by comparing the carrying value of the unit with the recoverable amount, including the goodwill. Intangible assets with an indefinite useful life are not amortized. Instead, the asset is tested for impairment annually, whenever there is an indication of impairment of the asset.

The recoverable amount is the higher of the fair value of the asset less disposal costs or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow assessment has not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than the carrying value, the carrying amount of the asset (or cash-generating unit) is reduced to the recoverable value. Impairment losses are recognized directly in profit or loss.

When subsequently the impairment loss is reversed, the carrying amount of the asset (or cash-generating unit) is increased to the recoverable amount, so that the revised carrying amount does not exceed the value of the asset (or cash-generating unit) if the impairment loss was not accounted for previously. The reversal of an impairment loss is recognized directly in profit or loss. An impairment loss recognized in past periods is not reversed for goodwill in a subsequent period.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-11 Zakat provision
Zakat provision is calculated annually in the financial statements in accordance with the instructions of the General Authority for Zakat and Tax "GAZT" in the Kingdom of Saudi Arabia. The zakat provision is settled in the financial year during which the valuation is approved, and any differences between the zakat provisions are recorded in accordance with the requirements of IAS (37) "Provisions, Contingent Liabilities and Contingent Assets".

3-12 Value-added tax
The company is subject to the value-added tax system, and the tax is calculated as soon as the invoice is issued, the good is delivered or the price or part thereof is received, and the VAT return is submitted on a monthly basis.

3-13 Term loan
Term loans are recognized initially at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate method.

Loans are derecognized from the statement of financial position when the obligation specified in the contract is satisfied, canceled, or expired. Term Loans are classified as current liabilities when they mature in less than 12 months.

3-14 Employee benefits obligations
The company contributes to the retirement pension and social insurance for its employees in accordance with Saudi Labor Law.

a) Employees end of service benefit

End of service benefit is payable to all employees in accordance with the terms and conditions of the company's work system, upon the termination of their service contracts. The company's obligation to the defined benefit plans is calculated by estimating the value of future benefits due to employees in the current and future periods and discounting the due amount to arrive at the present value.

The company makes assumptions that are used when determining the main components of costs for the purpose of meeting these future obligations. These assumptions are made by an actuary and include those assumptions that are used to determine normal service cost as well as the financing component of the obligation "if any". The qualified actuary calculates the defined benefit obligation using the planned credit unit method.

The revaluation of defined benefit obligations that consist of actuarial gains and losses is recognized directly in the statement of other comprehensive income. Considering any change in the net defined benefit obligations during the year as a result of contributions and payments of obligations. The net interest expense and other expenses related to defined benefit plans are recognized in the statement of profit or loss.

b) Short-term employee benefits

Short-term employee benefit obligations are measured on a non-discounted basis and are expensed when the related service is provided.

The obligation is recognized for the amount expected to be paid under a short-term cash bonus payment plan or profit share plan if the company has a legal or contractual obligation to pay that amount as a result of a prior service provided by the employee and if the value of the obligation can be estimated reliably.

3-15 Government grants
A government grant is recognized when there is reasonable assurance that the company will comply with the terms attached thereto and that the grant will be obtained and any potential liability or potential asset related to it is apply accordance with IAS 37 "Provisions, Contingent Liabilities, and Contingent Assets". The initial measurement at fair value in the statement of profit or loss in the period for which such grants are recognized.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-16 Provisions
Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the obligation amount. Provisions are determined by discounting the expected future cash flows to settle the present obligation that reflects current market assessments of the time value of money and the risks specific to that obligation (when the effect of the time value of money is material). The discount is recognized in finance costs.

3-17 Revenue
Revenue is recognized when the company fulfills its obligations in contracts with customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Specifically, the standard provides a five-step approach for revenue recognition:

Step one: identify the contract(s) with customers.
Step two: identify the performance obligations in the contract.
Step three: Determine the transaction price.
Step four: Allocate the transaction price to each performance obligation in the contract.
Step five: Recognize revenue when a performance obligation is satisfied.

Revenue is recognized upon satisfying the performance of contractual obligations, when control over the goods or services is transferred to the customer to be able to use them for the intended purpose and without restrictions or to benefit from the services rendered under the contract.

Revenue from the sale of any by-products resulting from agricultural or industrial waste is treated as other income in the statement of profit or loss.

In case there is a price difference, between the selling price of the product at the delivery site at the company's location and the selling price of the same product at the customer's location, the resulting difference will be treated as transport income and inserting the related cost in the cost of revenue.

Discounts
Additional discounts are granted to customers according to the market conditions and the competitive conditions, so revenue is recognized based on the price specified in the contract or agreed upon with the customer after deducting the specific discounts for each customer, using the accumulated experience to estimate and grant discounts, using the expected value method, Revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur, the contractual obligation is recognized for the expected discounts in the volume of payable amounts to customers in respect of sales made up to the end of the reporting period.

Finance component
The company does not expect the existence of any contracts that exceed the period between the delivery of the products agreed to be sold to the customer and the payment by the customer for one year, so the company does not adjust any of the transaction prices by the time value of money.

3-18 Expenses
Selling and marketing expenses include direct and indirect expenses that are not part of the cost of revenue. Selling and marketing expenses are those expenses related to selling activity and goods delivery, in addition to all other expenses related to marketing.

General and administrative expenses include direct and indirect costs which are not a specific part of the operating activities, including salaries, other employee benefits, rents, consulting services fees, telecommunications expenses, and others.

A common expense is allocated between the cost of revenue, selling and marketing expenses, and general and administrative expenses, if necessary, on a consistent basis.

3-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-19 foreign currency transactions
Transactions in foreign currency are recognized using the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities are transferred using the exchange rates prevailing on the date of preparing the financial statements.

Gains and losses resulting from foreign currency differences are directly included in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the prevailing exchange rates at the dates of the initial transactions.

3-20 Segment reports
The main activity of the company consists of segments that include agricultural production, manufacturing, and marketing of plant products. Operating segments are major components of the company that engages in business activities from which it may earn revenues and incur expenses. All operating results of the operating segments are reviewed regularly by the company's chief operating decision-makers. Decisions are made regarding the resources allocated to the segments, their performance evaluation, whose detailed financial information is available.

3-21 Earnings per share
Basic and diluted earnings per share are calculated by dividing:
- Net income attributable to the company's ordinary shareholders.
- Weighted average number of ordinary shares issued and outstanding during the year.

No ordinary shares have been issued by the company therefore the basic and diluted earnings per share are the same.

4- USE OF JUDGMENT, ESTIMATES, AND ASSUMPTIONS
The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the amounts related to revenues, expenses, assets, and liabilities, and the disclosure of potential liabilities on the date of preparing the financial statements. However, the uncertainty involved in these assumptions and estimates may lead to significant adjustments to the carrying amount of assets or liabilities that may be affected in future periods.

Judgment
While applying the company's accounting policies, management has made the following judgments that have a material impact on the amounts recognized in the financial statements:

Estimates and Assumptions
The following are the main assumptions related to future sources and other sources that cause uncertainty about estimates at the date of preparing the financial statements, and with which there are significant risks associated that may cause significant adjustments to the carrying values of assets and liabilities in subsequent financial periods. The company relied, in its estimates and assumptions, on the available information when preparing the financial statements. However, circumstances and assumptions about future developments may change according to changes in the market or circumstances arising outside the company's control. These changes are reflected in the assumptions as they occur.

4- USE OF JUDGMENT, ESTIMATES, AND ASSUMPTIONS (CONTINUED)

A) Provision for expected credit losses

The expected credit loss provision is determined by reference to a set of factors to ensure that receivable balances are not overvalued as a result of the probability that they will not be collected, based on aging from the initial date of recognition to measure expected credit losses.

Accounts receivable have been grouped based on common credit risk characteristics and the aging per days. The expected loss rates are derived from the company's historical Information and adjusted to reflect the expected future outcome, which includes any future information on macroeconomic factors such as inflation and GDP growth rate.

B) Provision for slow-moving inventory

The company determines the provision for slow-moving inventory based on historical experience, the expected turnover of the inventory, inventory aging and inventory current condition, and current and future expectations of sales. The assumptions underlying when determining the provision for inventory obsolescence include future sales trends, projected inventory requirements, and the inventory components needed to support future sales and offers. The Company’s estimates of the provision for inventory obsolescence may differ substantially from period to period as a result of changes in product offers related to inventory.

C) Useful lives of property, machinery, equipment, and intangible assets

The company’s management determines the estimated useful lives of property, machinery, and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. The company reviews the residual value and useful lives of these assets annually, depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

D) Impairment of non-financial assets

Non-financial assets are reviewed for any impairment losses due to the decrease in their value whenever the events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized by finding the difference between the carrying amount of the asset and the recoverable amount. The recoverable amount is the fair value of the asset less costs to sell and the value in use, whichever is higher. For the purpose of assessing impairment, assets are grouped to their lowest level where there are identifiable cash flows (cash-generating units). Non-financial assets other than goodwill and those that have been impaired are reviewed for possible reversal of the impairment at each reporting date. Where 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 amount, but the carrying amount that has been increased must not exceed the carrying amount that would have been determined, any impairment loss is recognized for the asset or cash-generating unit in prior years. The reversal of impairment loss is recognized as direct income in the statement of profit or loss. Impairment losses on goodwill are not reversed.

E) Employees defined benefits obligations

The cost of employees' end-of-service benefits is determined under the defined unfunded remuneration program that is measured using actuarial valuation. The actuarial valuation includes many assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, employee behavior, and employee turnover. Due to the complexity of the evaluation and its long-term nature, the specific unfunded bonus obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed once or more per year when necessary.

(Expressed in Saudi Riyals)

5- PROPERTY, PLANT AND EQUIPMENT, NET

	Lands	Buildings and silos	Wells and accessories	Agricultural equipment, and equipment	Vehicles	Project roads	Bearer plants	Un Immature Bearer plants	Livestock	Total
Cost										
1 January 2022	55,656,100	82,921,403	352,664,142	197,499,238	38,647,147	23,967,326	376,684,794	29,979,259	309,774	1,158,329,183
Additions	--	814,102	11,155,121	10,437,389	448,995	--	--	6,610,670	--	29,466,277
Disposals	--	--	--	(1,584,982)	--	--	(2,145,168)	(1,410,684)	--	(5,140,834)
Transfers from project under construction to PPE (note 6)	--	2,346,636	1,411,353	7,531,721	--	--	--	--	--	11,289,710
Reclassification	--	--	--	--	--	--	6,258,987	(6,258,987)	--	--
31 December 2022	**55,656,100**	**86,082,141**	**365,230,616**	**213,883,366**	**39,096,142**	**23,967,326**	**380,798,613**	**28,920,258**	**309,774**	**1,193,944,336**
Additions	--	**148,927**	**29,991,068**	**15,963,325**	**417,650**	**107,250**	--	**8,750,223**	--	**55,378,443**
Disposals	--	--	**(4,546,025)**	--	**(219,910)**	--	--	--	--	**(4,765,935)**
Transfers from project under construction to PPE (note 6)	--	**1,073,651**	**3,564,025**	**90,503,846**	--	--	**26,699,777**	**(26,699,777)**	--	**95,141,522**
31 December 2023	**55,656,100**	**87,304,719**	**394,239,684**	**320,350,537**	**39,293,882**	**24,074,576**	**407,498,390**	**10,970,704**	**309,774**	**1,339,698,366**
Depreciation and Impairment										
Depreciation as of 1 January 2022	--	51,734,607	317,754,094	152,607,997	37,474,966	11,740,510	88,002,750	9,603,617	309,763	669,228,304
Depreciation (5/1)	--	2,146,364	9,633,299	10,478,547	579,001	834,065	16,127,141	--	--	39,798,417
Disposals – Depreciation	--	--	--	(1,584,973)	--	--	(323,329)	--	--	(1,908,302)
Reverse – Impairment	--	--	--	--	--	--	(1,821,839)	(1,410,684)	--	(3,232,523)
31 December 2022	--	**53,880,971**	**327,387,393**	**161,501,571**	**38,053,967**	**12,574,575**	**101,984,723**	**8,192,933**	**309,763**	**703,885,896**
Depreciation (5/1)	--	**2,583,392**	**13,740,631**	**11,260,416**	**702,669**	**727,218**	**17,496,758**	--	--	**46,511,084**
Disposals – Depreciation	--	--	**(4,545,999)**	--	**(219,909)**	--	--	--	--	**(4,765,908)**
Impairment	--	--	--	--	--	--	**1,336,647**	--	--	**1,336,647**
Reverse – Impairment	--	--	--	--	--	--	**(2,446,572)**	**(799,138)**	--	**(3,245,710)**
31 December 2023	--	**56,464,363**	**336,582,025**	**172,761,987**	**38,536,727**	**13,301,793**	**118,371,556**	**7,393,795**	**309,763**	**743,722,009**
Net book value										
31 December 2023	**55,656,100**	**30,840,356**	**57,657,659**	147,588,550	757,155	10,772,783	289,126,834	3,576,909	11	595,976,357
31 December 2022	55,656,100	32,201,170	37,843,223	52,381,795	1,042,175	11,392,751	278,813,890	20,727,325	11	490,058,440

(Expressed in Saudi Riyals)

5- PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

5/1 Depreciation expense was allocated among the following items:

	Note	2023	2022
Cost of sales	21	**36,286,825**	36,010,120
Selling and distribution expenses	22	**697,374**	1,270,203
General and administrative expenses	23	**1,084,707**	523,259
Biological assets	11	**8,442,178**	1,994,835
		46,511,084	39,798,417

* The main reason for the increase in the balance of biological assets is that the olive harvest took place during this year in two periods, the first period during the year 2023 with a production of 33.6 thousand tons, and the second period on January 31, 2024 AD with a production of 11.4 thousand tons compared to the previous year when the harvest was Completely in year 2022.

5/2 Impairment of property, plant, and equipment

	2023	2022
Balance at the beginning of the year	**25,633,537**	28,866,060
Formed during the year	**1,336,647**	--
Disposal during the year	**(3,245,710)**	(3,232,523)
Balance at the end of the year	**23,724,474**	25,633,537

6- PROJECTS UNDER CONSTRUCTIONS

	Note	2023	2022
Balance at the beginning of the year		**130,682,669**	17,932,422
Addition during the year		**123,909,279**	120,125,003
Capitalization of finance cost	24	**5,055,276**	4,677,993
Transfer to property plant and equipment		**(95,141,522)**	(11,289,710)
Transfer to intangible assets	7	**--**	(763,039)
Balance at the end of the year		**164,505,702**	130,682,669

- Projects under construction includes an amount of SAR 235,4 million (2022: SAR 123 million) related to construction of the factory of fried potato slices. The project is mortgaged in favor of Agricultural development fund against loan granted for financing the project (note 17).
- Projects under construction include an amount of SAR 14,7 million (2022: SAR 7 million) related to projects and expansions inside the company for buildings and constructions and programs.

7- INTANGIBLE ASSETS, NET

Intangible assets which represented in programs and computer license which is amortized over 10 years.

7/1 the following movement on the book value of intangible assets:

	Note	2023	2022
Cost			
Balance as of 1 January		**2,621,565**	1,789,423
Transfer From project under constructions	6	**--**	763,039
Additions during the year		**--**	69,103
Balance as of 31 December		**2,621,565**	2,621,565
Accumulated Amortization			
Balance as of 1 January		**835,285**	612,931
Amortization during the year	7/2	**426,942**	222,354
Balance as of 31 December		**1,262,227**	835,285
Net Balance as of 31 December		**1,359,338**	1,786,280

(Expressed in Saudi Riyals)

7- INTANGIBLE ASSETS, NET (CONTINUED)

7/2 Amortization was distributed as follow

	Note	2023	2022
General and administrative expenses	23	**426,942**	222,354
		426,942	222,354

8- LEASE CONTRACTS

8/1 the following are movements of right of use assets, net

	Note	2023	2022
Cost			
Balance as of 1 January		**2,236,684**	1,553,474
Additions during the year		**4,623,460**	683,210
Balance as of 31 December		**6,860,144**	2,236,684
Accumulated Amortization			
Balance as of 1 January		**920,292**	310,694
Amortization During the year	8/2	**2,484,567**	609,598
Balance as of 31 December		**3,404,859**	920,292
Net Balance as of 31 December		**3,455,285**	1,316,392

8/2 Amortization are distributed as follows:

	Note	2023	2022
biological assets		**1,378,930**	--
Selling and distribution expenses	22	**854,994**	609,598
General and administrative expenses	23	**250,643**	--
		2,484,567	609,598

8/3 the following are movements on lease liability:

	Note	2023	2022
Balance as of 1 January		**1,266,668**	1,180,491
Additions during the year		**4,314,472**	683,210
Finance charges during year	24	**308,988**	70,238
Payment during the year		**(2,165,228)**	(667,271)
Balance as of 31 December		**3,724,900**	1,266,668

8/4 the following are lease liability as presented at statement of financial position:

	2023	2022
Current liability	**1,750,321**	481,498
Non-current liability	**1,974,579**	785,170
	3,724,900	1,266,668

(Expressed in Saudi Riyals)

9- INVESTMENTS IN FAIR VALUE THROUGH PROFIT OR LOSSES

The company has an investment of 8.6% in Rakhaa Agricultural Investment Company (not listed), the fair value of the investment in Rakhaa Agricultural Investment and Development Company (unlisted) was estimated using the discounted cash flow model. Valuation requires management to make certain assumptions about model inputs, including expected cash flows, discount rate, credit risk, and volatility. The probabilities of various estimates within the range can be reasonably evaluated and used in management's estimate of the fair value of these investments in unlisted shares. Prime Capital, a company approved by the Egyptian Capital Market Authority, was used and the investment balance was as follows:

	2023		2022	
status	**cost**	**Fair value**	**cost**	**Fair value**
Unlisted investments	9,019,000	9,019,000	--	--

The following assumptions were used during the valuation process:

status	Percentage
The risk-free interest rate after tax	19,3%
Market risk premium - Egypt	15,6%
Beta coefficient	0.75

Description of significant unobservable inputs to the valuation:

Unobservable inputs	Range (weighted average)	Sensitivity of inputs to fair value
The risk-free interest rate after tax	19,3	+1% 137 Saudi Riyals -1% (150) Saudi Riyals
Market risk premium	15,6	+1% 104 Saudi Riyals -1% (111) Saudi Riyals
Growth rate	5%	+1% 165 Saudi Riyals -1% (59) Saudi Riyals
Discounting the absence of a market	10%	+1% 100 Saudi Riyals -1% (101) Saudi Riyals

Loan guarantee provision

During the year 2009, Rakhaa Company for Agricultural Investment and Development obtained a loan in the amount of 100 million Saudi riyals from the Saudi Fund for Development, with guarantees provided by the partners. Due to Rakhaa Company for Agricultural Investment and Development’s inability to pay, Al-Jouf Agricultural Development Company has recorded its share in the loan against the guarantee provided to the Saudi Fund for Development in the amount of SAR 4.8 million. Later, the loan balance was transferred by the shareholders and used to support the company, with the partners pledging to continue paying the Saudi Fund for Development.

(Expressed in Saudi Riyals)

10- INVENTORY, NET

	Note	2023	2022
Finished goods		53,903,565	39,054,680
Raw materials - industrial		72,930,185	62,061,960
Raw materials – agricultural		25,928,389	20,347,826
Work in progress		--	6,173,288
Spare parts		26,033,376	23,759,204
Packing material		16,380,212	14,316,207
Fuels and oils		2,970,421	2,949,782
Consumables materials		3,357,520	1,427,116
		201,503,668	170,090,063
Less: provision for slow-moving inventory	10/1	(9,038,022)	(9,579,250)
		192,465,646	160,510,813

10/1 Movement of the provision for slow-moving inventory as follow:

	2023	2022
Balance at the beginning of the year	9,579,250	9,579,250
Used during the year	(541,228)	--
Balance at the end of the year	**9,038,022**	9,579,250

11- BIOLOGICAL ASSETS

The biological assets represent the costs of seasonal crops at the end of the year not harvested and are as follows:

	Note	2023	2022
Wheat		28,255,689	21,128,950
Olive		13,474,940	--
Potato	5	10,520,741	3,677,205
Other		2,697,650	5,726,175
Impairment in the value of biological assets		(1,098,536)	(2,993,049)
		53,850,484	27,539,281

The cost of biological assets as of December 31, 2023 includes an amount of 8,442,178 Saudi riyals, represented by the depreciation expense related to those assets (2022: 1,994,835 Saudi riyals) - (Note 5).

12- TRADE RECEIVABLE, NET

	Note	2023	2022
Trade receivable		62,728,228	55,736,091
Less :expected credit losses	12/1	(10,054,047)	(10,054,047)
		52,674,181	45,682,044

Trade receivables have been reduced against customer due balances by SAR 7.9 million (2022: SAR 5.1 million). Trade receivables do not carry any financial returns and usually have a period of 30 to 90 days. Aging for trade receivable (note 27).

12/1 provision for expected credit losses as follow:

	Note	2023	2022
Balance at the beginning of the year		10,054,047	9,208,395
Additions during the year	22	--	1,488,536
Used during the year		--	(642,884)
Balance at the end of the year		**10,054,047**	10,054,047

(Expressed in Saudi Riyals)

13- PREPAYMENTS AND OTHER RECEIVABLES, NET

	2023	2022
Suppliers in advance	8,620,518	9,416,366
prepaid expenses	8,397,035	7,345,726
Employee advances	1,391,907	772,807
value-added tax	88,908	640,725
letters of guarantee	--	940,237
Other receivables	705,509	555,390
Provision for suppliers in advance	--	(261,182)
	19,203,877	19,410,069

14- CASH AND CASH EQUIVALENTS

	2023	2022
Cash at bank*	**17,558,140**	31,734,891
	17,558,140	31,734,891

*cash at bank in 2023 includes an amount of SAR 7.2 million represents dividends to shareholders restricted at banks (2022: 7.2 Saudi riyals)

15- SHARE CAPITAL

	2023	2022
The share capital consists of 30 million shares, each share value of 10 Saudi riyals.	**300,000,000**	300,000,000

16- STATUTORY RESERVE

According to the company's article of association, 10% of the net income is shall be set aside on an annual basis to the statutory reserve, and the Ordinary General Assembly may decide to discontinue setting aside such percentage when said reserve reaches 30% of paid share capital. The General Assembly decided, in its meeting on 6 May 2020, to resolve to discontinue the 10%of the net income to the statutory reserve.

17- LOANS AND FACILITIES

Loans consist of the following:

	2023	2022
Agricultural Development Fund (note a)	**172,437,994**	101,178,870
Saudi Industrial Development Fund (note b)	**48,447,636**	2,225,000
Al-Inma Bank (note c)	**24,130,665**	9,745,712
	245,016,295	113,149,582

The loans were presented in the financial position as follows:

	2023	2022
Non-current portion under Non-current liabilities items	**219,135,630**	101,178,870
Current portion under current liabilities items	**25,880,665**	11,970,712
	245,016,295	113,149,582

Movement in loans
The movement of loans is as follows:

	2023	2022
Balance at the beginning of the year	**113,149,582**	6,268,381
Received during the year	**177,340,019**	110,924,582
Paid during the year	**(45,473,306)**	(4,043,381)
Balance at the end of the year	**245,016,295**	113,149,582

(Expressed in Saudi Riyals)

17- LOANS AND FACILITIES (CONTINUED)

A) Agricultural development fund loan

On 7 February 2022, the company signed a loan contract with the Agricultural Development Fund ("the Fund") to finance the establishment of the fried potato slices factory for SAR 186 million. The loan is repaid in annual instalments of equal value for ten years from 7 February 2025 until 7 February 2034. The loan is guaranteed by proof of all of the project's assets of machinery, equipment and land subject to the project of 9,539 hectares located in Buseita (note 6).

B) Saudi industrial development fund loan

On August 1, 2023, the company signed a loan contract with the Saudi Industrial Development Fund ("the Fund") to finance working capital in the amount of 50 million Saudi riyals. The loan will be repaid in two installments. The first installment is due 12 months after the date of disbursement and represents 50% of the total loan amount and the second installment. After 24 months from the date of disbursement, representing 50%. The loan is secured by the mortgage of all assets established for the Al-Jouf Factory Project for the production of olive oil and pickles. The total book value of these assets amounted to 41.8 million Saudi riyals.

C) Credit facilities with local banks

- On July 27, 2023, the company signed a credit facilities agreement with Alinma Bank, where the value of the facilities amounted to 10.4 million Saudi riyals for the purposes of opening letters of credit and issuing letters of guarantee. The facilities carry an annual interest rate of 7.5%.

- On September 26, 2023, the company signed a credit facilities agreement with Alinma Bank, where the value of the facilities amounted to 10.4 million Saudi riyals for the purposes of opening letters of credit and issuing letters of guarantee. The facilities carry an annual interest rate of 7.5%.

- On December 6, 2023, the company signed a credit facilities agreement with Banque Saudi Fransi, where the total value of the permitted limit of the facilities amounted to 80 million Saudi riyals for the purposes of opening letters of credit and issuing letters of guarantee. The facilities carry an annual interest rate of 1.25 plus the change in SIBOR.

18- EMPLOYEES DEFINED BENEFITS OBLIGATION

The amount recognized in the statement of financial position is as follows:

	2023	2022
Present value of the defined benefits obligation	**20,620,798**	22,473,631

The movement in the net defined benefit obligation:

The net defined benefit obligation includes only the defined benefit obligation, the movement in the defined benefit obligation is as follows:

	2023	2022
Balance at the beginning of the year	**22,473,631**	22,779,948
Including in the Statement of profit or loss		
Current service cost	**2,907,337**	3,864,299
Interest cost	**1,055,520**	660,159
Including in the Statement of comprehensive income		
Actuarial gains	**(4,094,840)**	(3,849,021)
Cash movement		
Benefits paid	**(1,720,850)**	(981,754)
Balance at the end of the year	**20,620,798**	22,473,631

(Expressed in Saudi Riyals)

18- EMPLOYEES DEFINED BENEFITS OBLIGATION (CONTINUED)

Expenses are allocated as following in the statement of profit or loss:

	2023	2022
Cost of sales	**2,657,125**	3,282,092
Selling and distribution expenses	**565,679**	547,901
General and administrative expenses	**740,053**	694,465
Total	**3,962,857**	4,524,458

The following are the basis actuarial assumptions:

	2023	2022
Discount rate	**4,70%**	4.70%
Future Salary increment rate \ Expected salaries increment rate	**1.5%**	3%
Retirement age	**60**	60

The sensitivity of employee benefit plan to changes of any weighted underlying assumptions:

	Impact on defined benefit obligation - increase / (decrease)		
	Change in assumptions	**Increase in assumptions**	**Decrease in assumptions**
Discount rate	0,5%	19,699,145	21,616,080
Future Salary increment rate \ Expected salaries increment rate	0,5%	21,643,495	19,666,689
Death rate	20%	20,766,851	20,466,957

The expected cash flows over the coming years on an undiscounted basis are as follows:

	2023	2022
1 year	**2,196,223**	2,114,814
From 2 to 5 years	**5,792,635**	6,472,783
From 6 to 10 years	**8,180,487**	8,095,589
More than 10 years	**18,015,108**	22,116,925

An actuarial evaluation was performed by an independent and qualified actuary to ensure the sufficiency of the employees' end of service benefits provision on 31 December 2023, in accordance with the terms of work in the Kingdom of Saudi Arabia using the expected unit credit method accordance with IAS 19: Employee Benefits.

Movement accumulated changes in other comprehensive income:

	2023	2022
Balance at the beginning of the year	**6,068,734**	2,219,713
Gain from revaluation of employee benefits obligations	**4,094,840**	3,849,021
Balance at the end of the year	**10,163,574**	6,068,734

(Expressed in Saudi Riyals)

19- ACCRUED EXPENSES AND OTHER PAYABLES

	2023	2022
Accrued expenses	**21,883,684**	19,433,530
Customers in advance	**6,835,714**	6,266,303
Dismantling provision	**3,264,998**	7,671,221
Shares holders creditors	**3,067,760**	3,067,760
Board of directors members bonuses and allowances	**1,465,560**	1,465,560
Value added tax	**879,093**	985,771
Other creditors	**2,285,896**	2,295,097
	39,682,705	41,185,242

20- ZAKAT PROVISION

20/1 Charged on the statement of profit and loss

	2023	2022
Adjusted profit		
Net profit before zakat	**69,118,851**	57,300,677
Other provisions	**6,731,097**	11,396,064
Net adjusted profit	**75,849,948**	68,696,741
Zakat base		
Additions		
Shareholders' equity	**661,467,822**	610,402,560
Liabilities	**316,313,342**	175,601,669
Total additions	**977,781,164**	786,004,229
Deductions		
Non-current liabilities	**774,315,682**	623,843,781
Spare parts	**49,600,934**	23,759,204
Total deductions	**823,916,616**	647,602,985
Zakat base	**153,864,548**	138,401,244
Adjusted zakat base (365 day)	**158,645,650**	142,701,848
Net adjusted profit	**75,849,948**	68,696,741
Total base	**234,495,598**	211,398,589
	5,862,390	5,284,965

20/2 Provision movement

	2023	2022
Balance at the beginning of the year	**6,194,756**	4,731,583
Zakat charge for the year	**7,150,000**	6,235,415
Zakat paid during the year	**(5,351,698)**	(4,772,242)
Balance at the end of the year	**7,993,058**	6,194,756

20/3 Components of the Zakat base

The main components of the Zakat base and according to the regulations of the General Authority of Zakat and Tax "GAZT" are shareholders' equity, provisions at the beginning of the year, and adjusted net income, less the net carrying value of non-current assets and some other items.

20/4 Zakat status

The Company finalize zakat assessment until 31 December 2020, The Company submitted its zakat declaration for the year 2022 and obtained a zakat certificate.

(Expressed in Saudi Riyals)

21- COST OF SALES

	Note	2023	2022
Change in finished goods, raw materials, consumed materials, and other costs		**247,196,530**	170,164,721
Depreciation of property, plant and equipment	5	**36,286,825**	36,010,120
Salaries, wages, and related costs		**16,604,988**	15,536,217
		300,088,343	221,711,058

22- SELLING AND DISTRIBUTION EXPENSES

	Note	2023	2022
Salaries, wages, and related costs		**14,212,229**	11,582,127
Shipping and transportation		**12,780,323**	9,613,715
Advertising and marketing expenses		**2,751,051**	1,900,695
Materials and consumables tools		**1,742,826**	1,325,417
Repair and maintenance		**965,055**	760,972
Amortization right of use assets	8	**854,994**	609,598
Depreciation of property, plant and equipment	5	**697,374**	1,270,203
Rents		**672,355**	680,080
Selling commissions		**513,248**	1,484,516
Provision for expected credit losses	12	**--**	1,488,536
Other		**3,012,925**	3,251,094
		38,202,380	33,966,953

23- GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2023	2022
Salaries, wages, and related costs		**18,281,662**	18,584,670
Board of directors bonuses and allowances		**2,768,240**	3,299,354
Professional fees		**2,365,952**	2,460,000
Hospitality, cleaning and government fees		**1,822,895**	891,959
Depreciation of property, plant and equipment	5	**1,084,707**	523,259
Materials and consumables tools		**798,011**	802,406
Repair and maintenance		**643,604**	764,601
Amortization of intangible assets	7	**426,942**	222,354
Amortization right of use assets		**250,643**	**--**
provision for suppliers in advance	13	**--**	261,182
Other		**3,535,463**	1,805,579
		31,978,119	29,615,364

24- FINANCE CHARGES

Funding costs for the year ended 31 December consist of the following:

	Note	2023	2022
Financing cost charged to loans		**505,129**	487,259
Interest expense charged to long term lease obligation	8	**308,988**	70,238
Total finance cost charged to statement of profit or loss		**814,117**	557,497
Total Finance cost charged to projects under constructions	**6**	**5,055,276**	4,677,993

(Expressed in Saudi Riyals)

25- OTHER REVENUE, NET

	2023	2022
Reverse to impairment in value of fruitful and non-fruitful trees and plants	3,245,710	3,232,523
Impairment in value of fruitful and non-fruitful trees and plants	(1,336,647)	--
Revenues from selling scrap and other services	2,261,752	747,482
Gain / (Loss) from foreign Currency exchange Revaluation	95,687	(1,042,729)
Trial and damage expenses	--	(415,269)
Net other revenue / (expenses)	481,007	(1,367,100)
	4,747,509	1,154,907

26- EARNING PER SHARE

	2023	2022
Profit for the year attributable to equity shareholders	61,968,851	51,065,262
Weighted average number of common shares used as the denominator in calculating basic and diluted earnings per share	30,000,000	30,000,000
Profit basic and diluted earnings per share (EPS) from continuing operations	2,07	1,70

Basic and diluted earnings per share is calculated by dividing the net income attributable to the shareholders of the company by the weighted average number of ordinary shares during the year.

27- FINANCIAL RISK MANAGEMENT

Capital management
The company manages its capital to ensure its continuity and maximize return to shareholders by improving the balance between debt and equity. The company's overall strategy remains unchanged from the previous year.

The company capital structure consists of equity and debt which consist of capital, statutory reserve, retained earnings, accruals, and the due loan of the Saudi Industrial Development Fund.

Financial instruments categories

	2023	2022
Financial Assets		
At Amortized Cost		
Cash and cash equivalents	**17,558,140**	31,734,891
Trade receivables	**52,674,181**	45,682,044
Prepaid and other current assets	**2,186,324**	2,909,159
	72,418,645	80,326,094
Financial Liabilities		
At Amortized Cost		
Loans and facilities	**245,016,295**	113,149,582
Lease liability	**3,724,900**	1,266,668
Trade payables	**50,523,997**	33,225,294
Dividends payable to shareholders	**19,128,458**	18,911,598
Accrued expenses and other payables	**29,581,993**	27,247,718
Zakat provision	**7,993,058**	6,194,756
	355,968,701	199,995,616

The company objective when managing capital is to safeguard the company ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders to maintain a strong capital base to support the sustained development of its business.

27- FINANCIAL RISK MANAGEMENT (CONTINUED)

The company's adjusted net liability to net equity ratio is as follows:

	2023	2022
Total liabilities	**391,472,637**	241,184,323
Less: cash and cash equivalents	**(17,558,140)**	(31,734,891)
Net liability	**373,914,497**	209,449,432
Total Shareholders' Equity	**718,600,247**	667,536,556
Adjusted Shareholders' Equity	**718,600,247**	667,536,556
Net liability to shareholders' equity	**0,52**	0.31

Market risk

The company is exposed to market risk in the form of interest rate risk as shown below. During the review period, there were no changes in these conditions from the previous year.

Foreign currency risk management

Currency risk is the fluctuation in the value of a financial instrument as a result of fluctuations in foreign currency rates. The company is exposed to fluctuations in foreign currency exchange rates during its regular business cycle. 15% of the company's profits represent investment evaluation profits, as the Egyptian pound is used as the operating currency for this investment.

As of December 31, 2023, the company's financial assets denominated in foreign currencies related to the investee company (mainly in Egyptian pounds) amounted to 9 million riyals.

The company conducts any substantial transactions other than the Saudi riyal and the US dollar during the year، because the price of the Saudi riyal is fixed against the US dollar so US dollars balances do not represent significant currency risks.

The company manages currency rate risk by monitoring changes in currency rates and making appropriate decisions.

Agricultural risk management

Severe operational disruption (fire, flood, etc.) The company is prepared to respond to operational disruptions to minimize losses and remain viable. An effective business continuity plan is continually reviewed and adapted for the changing nature of operational disruptions. Risk assessments are continually performed to identify possible events that could cause significant disruption. Risk of business disruption from flood has been removed through farm design. Farm buildings are constructed in areas that don't have flash floods and are also elevated above ground level.

Climate change

The Company is subject to short-term and long-term climate change the related risks. These risks are an inherent part of operating agriculture. The Company continually works to reduce the environmental footprint of the business, in part, due to the inherent risks.

Rising fuel costs and the greenhouse gas emissions associated with fuel and electricity consumption have an impact not only on the environment but also on Company's net profit. Climate change also creates risks for agricultural production through droughts, pests, diseases, etc. that pose challenges for sustaining and increasing production levels.

The Company has developed a sustainability strategy, outlining how it will improve its energy performance through efficient energy consumption and generation from sustainable sources. The strategy focuses on solar power generation, water and energy efficiency, sustainable arable farming practices, landfill waste reduction, the company's management has monitored water consummation by installing special meters on wells to monitor water consumption.

(Expressed in Saudi Riyals)

27- FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at an amount close to their fair value. The primary responsibility for managing liquidity risk is assigned to the Board of Directors, which has put in place an appropriate framework for managing liquidity risk to manage the company's short, medium, and long-term requirements and liquidity management requirements. The company manages liquidity risk by maintaining adequate funds by monitoring projected and actual cash flows on an ongoing basis by matching the maturities.

Liquidity risk is managed by monitoring regularly that sufficient funds are available. The concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings, or reliance on a particular market in which to realize liquid assets. The following are the contractual maturities for financial liabilities at the end of the period, which are presented in gross and undiscounted amounts:

	Non-deductible contractual cash flows					
2023	**Year or less**	**Year to 3 years**	**More than 3 years**	**Interest accruals for future periods**	**Total contractual maturity**	**Total carrying value**
Non-derivative financial liabilities						
loans and facilities	**25,880,665**	**42,190,182**	**176,945,448**	**--**	**245,016,295**	**245,016,295**
Lease liability	**1,750,321**	**1,974,579**	**--**	**--**	**3,724,900**	**3,724,900**
Trade payables	**50,523,997**	--	--	--	**50,523,997**	**50,523,997**
Dividends payable to shareholders	**19,128,458**	--	**--**	**--**	**19,128,458**	**19,128,458**
Accrued expenses and other payables	**29,581,993**	--	**--**	**--**	**29,581,993**	**29,581,993**
Zakat provision	**7,993,058**	--	**--**	**--**	**7,993,058**	**7,993,058**
	134,858,492	**44,164,761**	**176,945,448**	**--**	**355,968,701**	**355,968,701**

2022	Year or less	Year to 3 years	More than 3 years	Interest accruals for future periods	Total contractual maturity	Total carrying value
Non-derivative financial liabilities						
loans and facilities	11,970,712	--	101,178,870	--	113,149,582	113,149,582
Lease liability	481,498	785,170	--	--	1,266,668	1,266,668
Trade payables	33,225,294	--	--	--	33,225,294	33,225,294
Dividends payable to shareholders	18,911,598	--	--	--	18,911,598	18,911,598
Accrued expenses and other payables	27,247,718	--	--	--	27,247,718	27,247,718
Zakat provision	6,194,756	--	--	--	6,194,756	6,194,756
	98,031,576	785,170	101,178,870	--	199,995,616	199,995,616

- Cash flows included in the above accrual analysis are not expected to be due early or in significantly different amounts.

27- FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk management

The company is not exposed to interest rate risks, as the company's management depends fundamentally on providing liquidity through the company's operations, and does not rely during the current year on facilities and loans therefore the interest rate sensitivity analysis was not presented.

Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the company has developed procedures to manage credit risk exposure, including assessing customers' credit limits and monitoring the age of receivables permanently.

The management also continuously monitors the credit exposure related to its customers and makes provisions against the expected credit losses. And adjust their credit limits as needed. Trade receivables and others are mainly due from customers in the local market, and receivables have been shown at their estimated recoverable value. The company holds cash with banks in local banks with high credit ratings.

A major review and restructuring of key interest rate indicators are currently underway at the world level, and in line with the Saudi Central Bank’s goal of maintaining monetary and financial stability, the Saudi Central Bank decided in February 2023 to raise the rate of repurchase agreements “RIBOR” by 0.5 percent from 4 to 4.5 percent. The Company's management is closely following these changes to determine the possible financial impact on the results of its business during the coming periods.

Trade accounts receivable

Customer credit risk is managed by each business unit in accordance with the company's policies and procedures. The company has a policy of dealing with strong creditworthy parties only. Credit rating information for customers is obtained from independent rating agencies where it is available, and if it is not available, the company uses the available information and its trading records to evaluate its major clients. Credit limits are set for all customers based on internal evaluation criteria.

Trade receivables are interest-free and often have a credit period in line with industry standards. Usually, guarantees are not required, and letters of credit are as well, but they can be used under certain circumstances in some markets, especially in less developed markets. The company has no concentration of credit risk as the customer base is equally distributed on both the economic and geographic levels.

The Company reviews the recoverable amounts of each commercial debt on an individual basis at the end of the reporting period to ensure that there is an adequate provision for the non-recoverable amounts. In addition, impairment analysis is also performed at each reporting date based on facts and circumstances existing at that date to determine expected losses due to the time value of money and credit risk. For the purposes of this analysis, receivables are classified into portfolios based on homogeneous receivables. Each portfolio is then evaluated for impairment using the expected credit loss model in accordance with the provisions of the International Financial Reporting Standard No. (9). The calculation is based on a provision matrix in which actual historical data are adjusted appropriately for future projections and prospects. Loss rates are based on the experience of credit losses over the past years. Loss rates are then appropriately adjusted to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected life of receivables.

(Expressed in Saudi Riyals)

27- FINANCIAL RISK MANAGEMENT (CONTINUED)

Other financial assets
It mainly consists of cash with banks and the banks with which the company deals with good credit ratings.

The maximum credit exposure as of the reporting date is as follows:

Financial assets	2023	2022
Cash and cash equivalents	**17,558,140**	31,734,891
Trade receivables	**52,674,181**	45,682,044
Related party	**--**	2,665,670
	70,232,321	80,082,605

Trade receivables and related party aging at the reporting date are as follows:

	2023	2022
Less than three months	52,031,872	42,112,500
More than three months and less than six months	737,113	2,060,193
More than six months and less than nine months	218,225	1,642,084
More than nine months and less than a year	106,332	727,448
More than a year	9,634,686	9,193,866
Total before deducting expected credit losses	62,728,228	55,736,091
After deducting provision:		
Provision for expected credit losses	(10,054,047)	(10,054,047)
Trade receivables, net	52,674,181	45,682,044

Interest rate risk
Interest rate risk is the risk that the value of financial instruments or the associated cash flows will fluctuate due to changes in interest rates. The company's exposure to the risk of changes in interest rates in the market is mainly related to the company's long-term debt with changes in interest rates, and since all long-term obligations carry at fixed interest rates, the company is not exposed to the risk of higher interest rates on obligations, especially loans granted by the Agricultural Development Fund and the Saudi Industrial Development Fund.

Fair value of financial instruments
For the purposes of financial reporting, the company used the fair value hierarchy categorized in levels 1, 2, and 3 based on the degree of observance of the inputs in the fair value measurement and the importance of these inputs in measuring the fair value in its entirety, as shown below:

- **Level 1 -** Prices traded in an active market for similar assets or liabilities that the company can value at the measurement date (without modification).
- **Level 2 -** Inputs other than prices included in Level 1 that can be considered as a value for an asset or liability, either directly (for example, prices) or indirectly (for example, derived from prices).
- **Level 3 -** Inputs for assets and liabilities that are not based on observable market information (unobservable inputs).

The company does not have financial instruments measured at fair value, and the financial instruments are carried at amortized cost. As of the date of the financial statements, the fair value of these instruments approximates the amortized cost that has been taken into account in the financial reports and related disclosures.

(Expressed in Saudi Riyals)

28- RELATED PARTIES' TRANSACTIONS

The related parties are the major shareholders, members of the board of directors, and senior management personnel in the company and establishments managed or exercising significant influence over them by these parties. The following is a statement of the related parties to the company:

Company name	Relationship nature
Jannat Agricultural Investment Company	An investee company
Rakhaa for Agricultural investment and Development Company	An investee company
Abdullah Al-Othaim Markets Company	Joint board member
Company's Board of Directors members	Board of Directors members
Company's Senior management	Executive management

A) Related parties' transactions and their balances

Entity	Relationship nature	Amount of transactions		Balance	
		2023	2022	**2023**	2022
Rakhaa for Agricultural investment and Development Company	Finance	**--**	--	**2,665,670**	2,665,670
Provision of Rakhaa for Agricultural investment and Development Company	provision	**--**	--	**(2,665,670)**	(2,665,670)
Abdullah Al-Othaim Markets Company**	sales	**27,528,462**	24,474,924	**5,024,768**	12,729,211

**Abdulla Al-Othaim Markets Company balance is included in trade receivables.

B) Remunerations and allowances of Board of Directors members and senior executives

The top management of the company consists of senior employees or executives in the administration and members of the board of directors who have powers and responsibilities for planning, directing, and supervising the activities of the company. The total salaries and remuneration for senior management and senior executives were as follows:

	2023	2022
Salaries and remunerations of top management and senior executives	7,653,791	4,900,526
Remuneration and allowance for attending meetings of Board or directors Members.	2,888,240	2,868,618

29-SEGMENT REPORTING

The main activity of the company consists of segments that include agricultural production, both plant and animal, manufacturing, and marketing of plant and animal products. The following is a list of the selected segments information on 31 December 2022, and 2021 for each segment:

31 December 2023	**Agricultural activity - Plants**	**Agricultural activity – Manufacturing**	**Others**	**Total**
Revenue*	**191,280,973**	**235,154,328**	**--**	**426,435,301**
Depreciation and amortization	**21,150,720**	**28,271,873**	**--**	**49,422,593**
Net profit for the year**	**10,630,252**	**42,319,599**	**9,019,000**	**61,968,851**
Total Assets	**255,516,417**	**845,532,593**	**9,019,000**	**1,110,068,010**

(Expressed in Saudi Riyals)

29-SEGMENT REPORTING (CONTINUED)

31 December 2022	Agricultural activity - Plants	Agricultural activity – Manufacturing	**Others**	Total
Revenue*	156,704,477	185,292,165	--	341,996,642
Depreciation and amortization	17,795,614	22,834,755	--	40,630,369
Net profit for the year**	2,041,223	49,024,039	--	51,065,262
Total Assets	267,522,262	641,198,617	--	908,720,879

* The company's revenue from contracts with customers is through the sale of consumer products. Product control is moved at a point in time and is sold directly to customers.

** The cost of financing and zakat expenses have not been analyzed at the sector level, as they are linked to the central treasury function, which manages the cash position at the company level.

30- CONTINGENT LIABILITIES
The company has potential liabilities as a result of uncovered letters of guarantee amounting to SAR 18,6 million and letters of credit amounting to SAR 15,2 million (2022: letters of guarantee SAR 35.3 million, and letters of credit SAR 61.7 thousand).

31- CAPITAL COMMITMENTS
The company has entered into several contracts to supply equipment and production lines for the frozen potato factory and oil factory, with a total approximate value of SAR 15,2 million (2022: SAR 61,7 million).

32- DIVIDENDS
On 2 March 2023, the Board of Directors of the Company decided to distribute cash dividends to the shareholders of the Company for the second half of the fiscal year 2022 for a total amount of SAR 15 million, at a rate of SAR 0.5 per share, representing 5% of the capital. The eligibility will be for the shareholders who own the company’s shares by the end of trading on 16 March 2023.

On 14 December 2023, the Board of Directors of the Company decided to distribute cash dividends to the shareholders of the Company for the first half of the fiscal year 2023 for a total amount of SAR 7,5 million, at a rate of SAR 0.25 per share, representing 2,5% of the capital. The eligibility will be for the shareholders who own the company’s shares by the end of trading on 30 January 2024.

33- COMPARISON FIGURES
Some of the comparative figures have been reclassified to conform with the current presentation of the financial statements.

We reclassified amount by SAR 1,8 million from provision for loan guarantee to other credit balances.

34- SUBSEQUENT EVENTS
On 6 March 2024, the Board of Directors of the Company decided to distribute cash dividends to the shareholders of the Company for the second half of the fiscal year 2022 for a total amount of SAR 15 million, at a rate of SAR 0.5 per share, representing 5% of the capital. The eligibility will be for the shareholders who own the company’s shares by the end of trading on 15 April 2024.

34- SUBSEQUENT EVENTS (Continued)

On Thursday, March 7, 2023, the value of the Egyptian pound declined by 55% against the Saudi riyal from the level applied on December 31, which will have the following impact on investment. The company hedged and took into account the change in the exchange rate.

There are no significant subsequent events since the end of the year that may affect the company's financial position or disclosures in the financial statements than those disclosed.

35- APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 11 Ramadan 1445H corresponding to 21 March 2024.