TABUK AGRICULTURAL DEVELOPMENT COMPANY (TADCO)
(A SAUDI JOINT STOCK COMPANY)

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

TABUK AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in Saudi Riyals)

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TABUK AGRICULTURAL DEVELOPMENT COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (1/8)

QUALIFIED OPINION

In our opinion, except for the matters described in the basis for qualified opinion paragraph, the financial statements present fairly in all material respects the consolidated financial position of Tabuk Agricultural Development Company (TADCO), (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (together referred to as "The Group") as of 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard ("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 consolidated financial statements of the Group, which comprise the following:

- The consolidated statement of financial position as of 31 December 2022;
- The consolidated statement of profit or loss and other comprehensive income for the year then ended;
- The consolidated statement of changes in shareholders' equity for the year then ended;
- The consolidated statement of cash flows for the year then ended, and;
- Notes to the consolidated financial statements for the year then ended;

BASIS FOR QUALIFIED OPINION

As explained in note (10) to the consolidated financial statements, related to investment in associate through equity method, we were not provided with the signed financial statements of Eastern Asia Company for Agriculture investment accordance with International Financial Reporting Standard ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia. The group did not record any shares of profit or loss from this investment due to unavailability financial statement signed or draft for the year ended 31 December 2022, hence we were unable to determine whether there were any adjustments that might have been necessary to the consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss and other comprehensive income and changes in shareholders equity for the year ended 31 December 2022 and 2021.

We have conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group 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. We have also fulfilled our other ethical responsibilities in accordance with these rules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

EMPHASIS OF MATTER

As stated in note (6) in the consolidated financial statements, the consolidated financial statements of the Group include the financial statements of Masader Agricultural Feed Mill Ltd. Company ("a subsidiary") and the formal procedures have not been completed to transfer the ownership of the assets and all operational operations to the subsidiary in accordance with the waiver signed between the owner of the establishment (one of the partners) and the subsidiary. Our opinion has not been modified regarding this matter. The total assets amounted to SR 26.2 million, total liabilities amounted to SR 47.96 million, revenues of SR 1.5 million and total expenses of SR 16.1 million of the subsidiary are included in these consolidated financial statements.

We would like to further draw attention to note (33) on the consolidated financial statements, which indicates that the total accumulated losses of the Group amounted to SR 149,043,050 representing 38% of the capital (2021: SR 96,412,880 representing 25% of the capital), and current liabilities exceeded the Group current assets, which led to a deficit in working capital amounted to SR 46,547,575. The Group also have negative net cash flow from operating activities of SR 19,455,688 (2021: SR 83,489,487). These matters, along with other matters described in note (33) indicate the existence of material uncertainties and impairments in the value of assets, which may indicate that there is significant doubt about the Group's ability to continue as a going concern. However, the Group mainly relies on the successful implementation of the budget plans to generate cash flows sufficient to enable it to fulfill its obligations when they fall due and to continue its operations without significant deficit. The Group's management believes that the consolidated financial statements of the group have been prepared on the basis of going concern and the absence of impairment in the value of assets. Our opinion has not been modified in respect of this matter.

OTHERS MATTERS

The Group's consolidated financial statements for the year ending on 31 December 2021 were reviewed by another auditor, who expressed a qualified opinion on his report issued on 3 Ramadan 1443H, corresponding to 4 April 2022.

The following is the basis for the qualified opinion on the audit of the Group's consolidated financial statements for the year ending on 31 December 2021:

We were not able to obtain the financial statements of the Eastern Asia Company for Agriculture investment, and as a result of this matter, we were unable to determine whether there were any adjustments that might have been necessary to make to each of the consolidated statement of financial position as of 31December 2021, and the consolidated financial statements for the year ending on 31 December 2021 for each of the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and cash flows for the fiscal year then ended.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF TABUK AGRICULTURAL DEVELOPMENT COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (3/8)

KEY AUDIT MATTERS (CONTINUED)

Key audit matters are those matters that, in our professional judgments, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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	How our audit addressed the key audit matter
Impairment assessment of property, plant, and equipment	
As of 31 December 2022, the Group has property, plant, and equipment with a net book value of SR 305,443,303 (2021: SR 301,049,316). At the date of each financial reporting, the Group reviews the impairment of the carrying value of these assets in light of any new existing events or changes in circumstances indicating the possibility of not recovering the carrying value. Management is required to determine the recoverable amount, which represents the highest value between value in use and the fair value less costs of disposal, management is required to determine the recoverable amount of each asset or cash-generating unit to which the asset belongs. The recoverable amount used is based on the management's view of the main internal inputs that determine the value and also the external market conditions, which include, for example, the prices of future products as mentioned in the approved budget. It also requires management to make estimates of growth rates after the approval of the budget period and also to determine the most appropriate discounting rate. The accounting policy for the property, plant, and equipment is explained in note 4 and the details of the property, plant, and equipment are presented in note 6.	Our audit procedures included: - Evaluated management's determination of impairment indicators, including the conclusions reached . - Assess the reasonableness of management's assumptions and estimates used to assess impairment indicators and determine the recoverable amount. - Evaluating the adequacy of the impairment value prepared by the management by evaluating the model, assumptions, and estimates used. - Assessing the adequacy of disclosures included in the consolidated financial statement.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF TABUK AGRICULTURAL DEVELOPMENT COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (4/8)

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How our audit addressed the key audit matter
Inventory Valuation	
As of 31 December 2022, the net inventories balance amounted to SR 38,260,531 (2021: SR 27,343,615). The existence and valuation of inventories are key to the audit because of the following: • The group 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 absolute inventories. - For the useful lives of inventories, management establishes a provision for slow moving and idle inventories on a percentage basis. These percentages are derived from historical levels of provision. - An analysis of inventories items is performed on the date of the consolidated 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 4, 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 group 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 absolute 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 group and ensuring its conformity with the policy included in the consolidated financial statements. - Slow-moving and stagnant inventories have been recalculated.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF TABUK AGRICULTURAL DEVELOPMENT COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (5/8)

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How our audit addressed the key audit matter
Revenue Recognition- Revenues	
With reference to the accounting policy related to revenue recognition, the Group's net revenues for the year ended on 31 December 2022 amounted to SR 134,371,386 (2021: SR 116,038,289). Revenue recognition is a key audit matter because of the following : - Transaction volume increased. - The professional standards on auditing assume that there is a significant risk of revenue recognition. The accounting policy for how revenue is explained in note 4, and details of revenue are presented in note 28.	Our audit procedures included: - Evaluate the design, implementation and testing of the effectiveness and efficiency of control systems related to the revenue cycle - Inspected a sample of sales transactions taking place before and after the year-end to assess whether revenue was recognized in the correct accounting period; - Perform documentary examination tests and analytical procedures.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the company annual report, other than the consolidated 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 consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated 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 consolidated 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF TABUK AGRICULTURAL DEVELOPMENT COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (6/8)

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

The company's management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 group financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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 based on these consolidated financial statements.

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 consolidated 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.

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

- 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group, to express an opinion on the consolidated financial statements. we are responsible for directing, supervising and carrying out the group review process. We remain solely responsible for the audit opinion.

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.

From the matters communicated with those charged with governance, we determined those matters were of most significance in the audit of the consolidated 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF TABUK AGRICULTURAL DEVELOPMENT COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (8/8)

REPORT ON OTHER REGULATORY AND LEGAL REQUIREMENTS

Based on the information provided to us during our audit procedures, nothing has come to our attention that causes us to believe that the Company does not comply, in all material respects, with the requirements of the provisions of the Companies Law in the Kingdom of Saudi Arabia and the Company's by -laws with regard to their impact on the preparation and presentation of the consolidated financial statements.

For Al-Bassam & Co.

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

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

TABUK AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2022
(Expressed in Saudi Riyals)

	Note	31 December 2022	31 December 2021
Assets			
Non-Current Assets			
Property, plant and equipment, net	6	**305,443,303**	301,049,316
Right of use asset , net	7	**742,307**	122,678
Intangible assets, net	8	**1,069**	5,344
Biological assets - non-current portion, net	9	**18,941,240**	19,101,500
Investments in companies through equity method	10	**18,493,158**	15,433,309
Investments at fair value through OCI	10	**681,458**	412,800
Total Non-Current Assets		**344,302,535**	336,124,947
Current Assets			
Inventory, net	11	**38,260,531**	27,343,615
Trade Receivable, net	13	**11,214,932**	7,880,195
Biological assets - Current portion, Net	9	**18,560,499**	19,376,927
Property, plant and equipment held for sale	30	**370,816**	556,500
Due from related parties	25	**11,042,869**	14,286,325
Prepayments and other receivables, net	12	**11,309,641**	22,921,734
Cash and cash equivalents	14	**4,718,131**	57,207,732
Total Current Assets		**95,477,419**	149,573,028
Total Assets		**439,779,954**	485,697,975
Shareholders' Equity And Liabilities			
Shareholders' Equity			
Share capital	1	**391,767,000**	391,767,000
Other reserves	15	**1,858,734**	1,858,734
Re-measurement reserve of employee defined benefit obligations	17	**515,434**	479,961
Foreign currency translation reserve	10	**(529,582)**	--
Fair value reserve	10	**268,658**	--
Accumulated losses		**(149,043,050)**	(96,412,880)
Total equity attributable to shareholders of the Parent Company		**244,837,194**	297,692,815
Non-controlling interest		**39,215,383**	39,509,928
Total Equity		**284,052,577**	337,202,743
Liabilities			
Non-Current Liabilities			
Employee defined benefit obligations	17	**13,055,659**	12,949,307
Lease liabilities – non-current portion	7	**646,724**	122,050
Total Non-Current Liabilities		**13,702,383**	13,071,357
Current Liabilities			
Dismantling provision	31	**1,277,200**	2,150,000
Provision for guarantee loan related to associate company	10	**16,906,830**	18,033,952
Long-term loans - current portion	16	**7,319,301**	8,988,914
Lease liabilities - current portion	7	**129,457**	11,796
Trade payables		**23,446,271**	18,858,459
Due to related parties	25	**25,297,535**	27,185,010
Accrued expenses and other payables	18	**38,555,141**	32,422,099
Dividends payable to shareholders	32	**22,997,464**	23,046,458
Provision for Zakat	19	**6,095,795**	4,727,187
Total Current Liabilities		**142,024,994**	135,423,875
Total Liabilities		**155,727,377**	148,495,232
Total Shareholders' Equity And Liabilities		**439,779,954**	485,697,975

Chief Financial Officer	**Chief Executive Officer**	**Authorized Board Member**
Mohamed Bakry	Fahad Abdullah	Yousif Abdullah

The accompanying notes an integral part of these consolidated financial statements

TABUK AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in Saudi Riyals)

	Note	2022	2021
Sales, net	28	**134,371,386**	116,038,289
Rent revenue		**--**	3,375,000
Cost of sales	20	**(114,704,843)**	(121,425,564)
Gross profit / (loss)		**19,666,543**	(2,012,275)
Selling and distribution expenses	21	**(29,567,475)**	(21,840,315)
General and administrative expenses	22	**(32,907,777)**	(30,635,478)
Operating losses		**(42,808,709)**	(54,488,068)
Provision for Governmental grants - Ministry of Finance		**(8,806,500)**	--
Provision for expected credit losses		**(469,050)**	(3,623,272)
Shares of profit / (losses) of investments in associate through equity method	10	**3,589,431**	(854,787)
Impairment of property, plant and equipment of a subsidiary	6	**--**	(8,397,920)
Impairment of assets classified as held for sale		**--**	(1,102,437)
Finance costs	23	**(105,825)**	(873,565)
Other expenses, net	26	**(1,038,382)**	(4,032,697)
Net loss before Zakat		**(49,639,035)**	(73,372,746)
Zakat charge / (reverse) for the year	19	**(5,149,440)**	2,839,806
Net loss for the year		**(54,788,475)**	(70,532,940)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Unrealized gains from investments at fair value through other comprehensive income	10	**268,658**	--
Actuarial gains / (losses) on re-measurement of employee defined benefit obligations	17	**11,759**	(538,918)
Items that may be reclassified later to statement of profit or loss in subsequent periods:			
Foreign currency translation differences	10	**(529,582)**	--
Total other comprehensive loss		**(249,165)**	(538,918)
Total comprehensive loss for the year		**(55,037,640)**	(71,071,858)
Basic loss per share for the year	24	**(1.40)**	(2.07)
Loss for the year attributable to:			
Shareholders of the parent company		**(52,630,170)**	(70,550,191)
non-controlling interest		**(2,158,305)**	17,251
		(54,788,475)	(70,532,940)
Comprehensive loss attributable to:			
Shareholders of the parent Company		**(52,855,621)**	(71,089,109)
Non-controlling interest		**(2,182,019)**	17,251
		(55,037,640)	(71,071,858)

Chief Financial Officer	**Chief Executive Officer**	**Authorized Board Member**
Mohamed Bakry	Fahad Abdullah	Yousef Abdullah

TABUK AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in Saudi Riyals)

	Share capital	statutory reserve	Other reserves	Re-measurement reserve of employee defined benefit obligations	Foreign currency translation reserve	Fair value reserve	Accumulated losses	Total equity attributable to shareholders of the Parent Company	Non-controlling interest	Total Equity
2021:										
Balance as of 1 January	241,767,000	68,019,821	1,858,734	1,018,879	--	--	(86,545,066)	226,119,368	13,149,944	239,269,312
Net (loss) / profit for the year	--	--	--	--	--	--	(70,550,191)	(70,550,191)	17,251	(70,532,940)
Other comprehensive loss	--	--	--	(538,918)	--	--	--	(538,918)	--	(538,918)
Total comprehensive loss for the year	--	--	--	(538,918)	--	--	(70,550,191)	(71,089,109)	17,251	(71,071,858)
Adjustments on investments in a subsidiary	--	--	--	--	--	--	(542,044)	(542,044)	1,387,473	845,429
Close the statutory reserve in the accumulated losses	--	(68,019,821)	--	--	--	--	68,019,821	--	--	--
Change in non-controlling interest	--	--	--	--	--	--	--	--	24,955,260	24,955,260
Costs of issuing equity instruments	--	--	--	--	--	--	(6,795,400)	(6,795,400)	--	(6,795,400)
Capital increase, note No. (1)	150,000,000	--	--	--	--	--	--	150,000,000	--	150,000,000
Balance as of 31 December	391,767,000	--	1,858,734	479,961	--	--	(96,412,880)	297,692,815	39,509,928	337,202,743
2022:										
Balance as of 1 January	**391,767,000**	**--**	**1,858,734**	**479,961**	**--**	**--**	**(96,412,880)**	**297,692,815**	**39,509,928**	**337,202,743**
Net loss for the year	**--**	**--**	**--**	**--**	**--**	**--**	**(52,630,170)**	**(52,630,170)**	**(2,158,305)**	**(54,788,475)**
Other comprehensive loss	**--**	**--**	**--**	**35,473**	**(529,582)**	**268,658**	**-**	**(225,451)**	**(23,714)**	**(249,165)**
Total comprehensive loss for the year	**--**	**--**	**--**	**35,473**	**(529,582)**	**268,658**	**(52,630,170)**	**(52,855,621)**	**(2,182,019)**	**(55,037,640)**
Absorption of losses from non-controlling interest holders for (Subsidiary Company)*	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**1,887,474**	**1,887,474**
Balance as of 31 December	**391,767,000**	**--**	**1,858,734**	**515,434**	**(529,582)**	**268,658**	**(149,043,050)**	**244,837,194**	**39,215,383**	**284,052,577**

*Represent absorption of losses from non-controlling interest holders for Masader Agricultural Feed Mill Ltd Company ("a subsidiary") which is owned by Tabuk Agricultural Development Company by 60% and the total losses will be absorption by partners SR 4,718,685, and the Non-controlling interest represent 40% amounted SR 1,887,474, based on the partner decision dated 15 March 2022 for subsidiary company.

Chief Financial Officer	Chief Executive Officer	Authorized Board Member
Mohamed Bakry	Fahad Abdullah	Yousef Abdullah

The accompanying notes an integral part of these consolidated financial statements

TABUK AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in Saudi Riyals)

	2022	2021
OPERATING ACTIVITIES:		
Net loss for the year before zakat	**(49,639,035)**	(73,372,746)
Adjustments for:		
Depreciation of property, plant and equipment	**27,554,443**	27,118,907
Impairment of biological assets	**6,007,268**	2,787,357
Provision for employee defined benefit obligations	**1,869,049**	2,120,063
Impairment of Property, plant and equipment held for sale	--	1,102,437
Amortization of intangible assets	**4,275**	4,275
Depreciation of right of use assets	**132,951**	13,631
Provision for Governmental grants - Ministry of Finance	**8,806,500**	-
Provision for other receivables	**346,447**	80,206
Provision for expected credit losses	**469,050**	3,623,272
Shares of the profit / (loss) of investments through equity method	**(3,589,431)**	854,787
Reverse of dismantling provision	**(872,800)**	-
Impairment of inventory	**2,543,285**	7,265,203
Reverse for slow moving inventory provision	**(1,439,223)**	-
Impairment of Property, plant and equipment for subsidiary company	--	8,397,920
Provision for claims	--	2,380,061
Finance costs	**105,825**	873,565
Adjustments on investments in a subsidiary	--	(542,044)
Changes in operating assets and liabilities		
Inventory	**(11,947,852)**	(260,458)
Trade receivables	**(3,803,787)**	8,043,699
biological assets	**(5,030,580)**	(9,483,242)
Due from related parties	**3,243,456**	(9,121,216)
Prepayments and other receivables	**2,459,147**	1,006,923
Trade payables	**4,587,810**	(32,435,366)
Due to related parties	**(1,887,475)**	(14,027,155)
Accrued expenses and other payables	**6,133,045**	(3,047,424)
Cash used in operating activities	**(13,947,632)**	(76,617,345)
Employees defined benefit obligations paid	**(1,727,224)**	(888,272)
Zakat paid during the year	**(3,780,832)**	(5,983,870)
Net cash used in operating activities	**(19,455,688)**	(83,489,487)

Chief Financial Officer	**Chief Executive Officer**	**Authorized Board Member**
Mohamed Bakry	Fahad Abdullah	Yousef Abdullah

TABUK AGRICULTURAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in Saudi Riyals)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES:		
Short term investments	--	5,000,000
Proceeds for property, plant and equipment held for sale	**185,684**	--
Purchase of property, plant and equipment	**(32,241,901)**	(13,528,532)
Proceeds from the sale of property, plant and equipment	**293,471**	5,320
Net cash used in investing activities	**(31,762,746)**	(8,523,212)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term loans	**(1,669,614)**	(14,574,059)
Payment of provision for guarantee loan related to associate company	**(1,127,122)**	(2,160,900)
Absorption of losses from non-controlling interest holders for (Subsidiary Company)	**1,887,474**	1,387,473
Dividends paid	**(48,994)**	(35,236)
Paid from Lease labilities	**(209,357)**	(11,796)
Finance cost paid	**(103,554)**	(873,565)
Bank facilities	--	(6,845,910)
Capital increase paid from non-controlling interest	--	24,955,260
Costs of issuing equity instruments	--	(6,795,400)
Capital increase	--	150,000,000
Net cash (used in) / generated from financing activities	**(1,271,167)**	145,045,867
Net change in cash and cash equivalents	**(52,489,601)**	53,033,168
Cash and cash equivalents at the beginning of the year	**57,207,732**	4,174,564
Cash and cash equivalents at the ending of the year	**4,718,131**	57,207,732
Non-cash transactions		
Right of use assets from lease contracts	**752,580**	--
Unrealized gains from investments at fair value through other comprehensive income	**268,658**	--

Chief Financial Officer	**Chief Executive Officer**	**Authorized Board Member**
Mohamed Bakry	Fahad Abdullah	Yousef Abdullah

(Expressed in Saudi Riyals)

1- COMPANY’S MAIN ACTIVITIES

The Tabuk Agricultural Development Company "TADCO" is a Saudi joint stock company registered under the company's commercial registration issued by the city of Tabuk under registration No 3550005403. On 15 Shaaban 1404 corresponding to 16 May 1984. The company was formed on 22 March 1983, by Royal Decree No. (11/M).

The Company’s capital is SR 450 million divided into 45 million shares, with a Par value of SR 10 per share. On 18 March 2020, the capital was reduced to SR 241,767,000, with a Par value of SR 10 per share, to cover the Company’s accumulated losses on 4 May 2021, the capital was increased by SR 150 million to become SR 391,767,000 divided to 39,176,700 shares with a Par value of SR 10 per share. This resulted in costs of issuing equity instruments amounting to SR 6.8 million that were deducted from equity.

On 3 May 2021, the Company’s board of directors approved the use of the statutory reserve amounting to SR 68 million to extinguish part of the accumulated losses according to the audited financial statements as of 31 December 2020, amounting to SR 86.5 million.

The main activity of the Group is mixed farming (mixed production between crops and animals without specialized production of crops and animals), support activities for animal production, the manufacture of concentrated feed for animals, management and leasing of owned or leased real estate (residential), management and leasing of owned or leased real estate (non-residential).

The Group's fiscal year begins at the beginning of January of each calendar year and ends at the end of December of the same year.

The Group's head office is located in the Tabuk region PO Box 808 Tabuk 71421, and the Board of Directors may establish branches, offices or agencies for it inside and outside the Kingdom of Saudi Arabia.

The accounts of the parent Company include the accounts of the following branches:

Branches	City	Commercial Registration	Commercial Registration Date
Sub-registry of Tabuk Company	Riyadh	1010439522	Safar 19, 1437 AH
Sub-registry of Tabuk Company	Dammam	2050107496	Safar 19, 1437 AH
Sub-registry of Tabuk Company	Jeddah	4030286243	Safar 19, 1437 AH
Tabuk Agricultural Development Company Cork Factory	Tabuk	3550033016	2 Rabi` al-Thani 1435 AH
North Factory for the extraction and packaging of oils	Tabuk	3550033015	2 Rabi` al-Thani 1435 AH
Tabuk Agricultural Development Company	Khamis Mushait	5855069210	Safar 19, 1437 AH
Tabuk Agricultural Development Company Nursery	Tabuk	3550033301	24 Rabi` al-Thani 1435 AH

2- BASIS OF PREPARATION

2/1 Statement of compliance

These consolidated 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 consolidated 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 on going concern principle.

2- BASIS OF PREPARATION (CONTINUED)

2/3 FUNCTIONAL CURRENCY

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

2/4 STANDARDS, INTERPRETATIONS, AND AMENDMENTS TO EXISTING STANDARDS

a) New standards, interpretations and amendments on issued standard at year of 2022

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the group consolidated financial statements, except for where referenced below:

Amendments to standards	description	Effective for annual periods from or after	Summary of amendments
IAS 37	Contracts expected to be lost Contract performance costs	1 January 2022	* The amendments specify that the contract "cost of execution" include costs directly related to the contract. These amendments apply to contracts in which KOTC has not fulfilled all of its obligations from the very first period of KOTC's application.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual amendments to the International Standards of the Financial Report 2018-2020	1 January 2022	* International Standard for Financial Report No. 16: The amendment removes the clarification of repayment for rental property improvements. * IFRS 9: The amendment clarifies that in applying the "10 per cent" test to assess whether recognition of a financial obligation will be revoked, the enterprise only includes fees paid or received between the enterprise (borrower) and the lender. The amendment shall be applied with future effect to modifications and exchanges occurring on or after the date on which the amendment is first applied by the enterprise. * IAS 41: The amendment eliminates IAS 41 for enterprises to exclude tax cash flows when measuring fair value. * IFR1: The amendment allows an additional exemption for the subsidiary to become applicable for the first time after the parent company with respect to the accounting of cumulative translation differences.
IAS 16	Property, machinery and equipment - revenues before intended use	1 January 2022	* The amendments prohibit deduction from the cost of any item of property, machinery and equipment any proceeds from the sale of items produced prior to such asset becoming available for use. In addition, the amendments also clarify the meaning of "testing whether an asset is working properly."
IFRS 3	financial report’s Framework of concepts	1 January 2022	* The entire amendment to the International Standard for the Preparation of Financial Report No. 3 has been updated to refer to the conceptual framework for 2018 instead of 1989.

(Expressed in Saudi Riyals)

2- BASIS OF PREPARATION (CONTINUED)

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

New standards, interpretations and amendments on issued standard but not effected yet
The group has not applied the following new and revised IFRS 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
IFRS 17	Insurance Contracts	1 January 2023	This is the new comprehensive accounting standard for insurance contracts covering recognition, measurement, presentation and disclosure. Once in force, IFRS 17 (together with its subsequent amendments) will replace IFRS 4 with insurance contracts (IFRS 4) issued in 2005.
IAS 1	Classification of liabilities as current or non-current	1 January 2023	The amendment clarified what is meant by the right to defer settlement, that the right to defer must exist at the end of the report period, and that this classification is not affected by the likelihood of the enterprise exercising its right to defer only if the derivatives in a transferable obligation are itself an instrument of property rights and the terms of the obligation will not affect its classification.
IAS 1 and Practice Guidance No. 2	Disclosure of accounting policies	1 January 2023	This amendment deals with assisting enterprises in identifying accounting policies that must be disclosed in consolidated financial statement.
IAS 8	Modification of the definition of accounting estimate	1 January 2023	These adjustments regarding the definition of accounting estimates to help enterprises distinguish accounting policies from accounting estimates.
IAS 12	income tax	1 January 2023	This amendment addresses an explanation regarding the accounting of deferred taxes on transactions such as leases and decommissioning obligations.
Amendment to IFRS 10 and IAS 28	Sale or contribution of assets between investor and partner or joint venture	does not apply	Amendments to IFRS 10 and IAS 28 deal with situations where the sale or contribution of assets is between an investor and his or her fellow company or joint venture. Specifically, the amendments provide that gains or losses resulting from loss of control over a subsidiary.

Management expects that the interpretations and amendments to these new standards will be adopted in the Group consolidated financial statements when applicable, and the application of such interpretations and amendments may not have any material impact on the Group consolidated financial statements in the initial recognition period.

3- BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of Tabuk Agricultural Development Company "TADCO" (the "Company" or "Parent Company") and its subsidiaries (together referred to as the "Group") as of 31 December 2022. The date of the financial statements for all subsidiaries is 31 December 2022.

Subsidiaries are those companies over which the parent company has control. The control is realized when the Group is exposed to or has the right to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns.

A parent Company controls an investee company if it has all three of the following elements:

- Power over the entity (has the rights that give it the current ability to direct the activities of the investee company)
- Exposure, or rights, to variable returns from its involvement with the entity; and
- The ability to use its power over the entity to influence the amount of the entity's returns.

When the Parent Company does not have a majority of the voting rights in an investee, the Parent Company considers other facts and factors when assessing control, including:

- Arrangement (or arrangements) with the other voting rights holders of the investee Company.
- The parent company is voting rights.
- The Group is voting rights and any potential voting rights.

The consolidated financial statements include the financial statements of subsidiaries acquired or sold from the date on which effective control commences until that control effectively ceases.

The financial statements of the subsidiaries are compiled on a line-by-line basis by adding similar items of assets, liabilities, income and expenses. All intercompany balances and transactions, including unrealized gains or losses arising from intra-group transactions, are eliminated in full. Consolidated financial statements should be prepared using uniform accounting policies for like transactions and other events in like circumstances.

The financial statements of the subsidiaries are prepared for the same date or within three months of the date of the parent company's financial statements period, using consistent accounting policies.

Adjustments are made to standardize any asymmetric accounting policies that may exist between the financial year date of the subsidiaries and the parent company's financial year date.

The non-controlling interests in the net assets of the consolidated subsidiaries are identified separately from the Group's equity in these companies. The non-controlling interest consists of the amount of those interests at the date of the actual combination of the business and the non-controlling interest's share of changes in equity since the date of the combination. Losses within a subsidiary accrue to the non-controlling interest even if this results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control over these subsidiaries are accounted for as equity transactions. For purchases from non-controlling interests, the difference between any amount paid and the related purchased share of the fair value of the net assets of the subsidiary is recognized in equity. Gains or losses on disposals to the non-controlling interests are also recognized in equity.

When the Group ceases to have control or significant influence, any retained equity interest is re - measured to its fair value and the change in carrying amount is recognized in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income relating to this entity are accounted for as if the Group had directly disposed of these assets or liabilities (that is, it is reclassified to profit or loss or transferred directly to retained earnings as determined by it). International Financial Reporting Standards.

(Expressed in Saudi Riyals)

3- BASIS OF CONSOLIDATION (CONTINUED)

Company Name	Commercial registration number	Legal Form	Country of incorporation	Direct ownership percentage as of		Activity
				2022	2021	
Horizon Food Company Limited*	2051220421	Closed joint stock company	Kingdom of Saudi Arabia	50%	50%	Production of chilled and frozen poultry rabbits and birds Production of chilled and frozen meat Cutting, processing, packaging and packaging of meat and poultry Production of sausages (sausages) and hamburgers from meat.
Masader Agricultural Feed Mill Ltd Company**	4030325647	A limited liability company	Kingdom of Saudi Arabia	60%	60%	Sales agents in live animals. Wholesale of grains and seeds, except for barley. Wholesale of livestock feed.
Tabuk Agricultural Marketing Company***	3550123534	One person closed joint stock company	Kingdom of Saudi Arabia	100%	100%	Agricultural marketing.
Tabuk Nurseries Company***	3550123535	One person closed joint stock company	Kingdom of Saudi Arabia	100%	100%	Landscaping.

* On 15 March 2023, Tabuk Agricultural Development Company announces the sale of 10% of its total shares owned in Horizon Food Company (a Subsidiary Company) with 800,000 shares, in a value of SR 29.6 million, by offering the shares of Horizon Food Company in the parallel market (Nomu) The book value of those shares is - As of 30 September 2022, according to the approved and unaudited financial statements of Horizon Food Company – SR 9.1 million, which has led to a cash inflows for the company in the amount of SR 29.6 million and an exceptional decrease in the accumulated losses in the amount of SR 19.3 million (after deducting offering costs), noting That Tabuk Agriculture Development Company has not lost control on Horizon Food Company and still owns 3,200,000 shares (equivalent to 40%) in Horizon Food Company, which is still a subsidiary of Tabuk Agriculture Development Company.

** The group waived all its shares in the Fine Flour Mills Company “a subsidiary” amounting to 750 shares to a related party with its rights and obligations, in exchange for establishing a new company “Masader Agricultural Feed Mill Ltd Company” with a capital of SR 1,250,000 Provided that the group owns 60% of the capital at a value of SR 750,000, and the commercial registration of the subsidiary company was issued on 24 February 2019. The group management works with the management of the subsidiary company to finalize the procedures for transferring ownership of assets and transferring all operational financial operations in the name of the affiliated group to the waiver agreement signed between The owner of the establishment (one of the partners) and the group, where the total assets of the Masader Agricultural Feed Mill Ltd Company included in these consolidated financial statements amounted to SR 26.2 million, and its total expenses amounted to SR 16.1 million. In order to preserve the rights of the shareholders of Tabuk Agricultural Development Company, the company filed a lawsuit to claim the recovery of the sum of SR 18 million, which was presented to the subsidiary company in exchange for the partner’s assignment of the factory’s assets, in the case that ownership could not be transferred to the subsidiary company.

*****Based on the decision of the Extraordinary General Assembly on 11 October 2022, it was approved to liquidate both the Tabuk Nurseries and Landscaping Company and the Tabuk Agricultural Marketing Company, and the regular procedures for liquidation will begin.

3- BASIS OF CONSOLIDATION (CONTINUED)

Non-Controlling Interests
Non-controlling interest is measured at the acquisition date either at the fair value or the proportionate share of the fair value of the identifiable net assets of the acquire. The measurement basis is selected separately for each transaction. Subsequent to the acquisition, the non-controlling interests are presented at initial recognition plus their share of the subsequent changes in equity of the acquire, and are shown as a separate item in the statement of profit or loss, other comprehensive income, and within the equity at the consolidated statement of financial position.

Acquisitions or disposals of non-controlling interests that does not affect the parent company's control on the subsidiary are accounted for as transactions with equity holders. The difference between the fair value of the consideration for the paid or collected amounts and the change in non-controlling interests is recognized directly at the shareholders' equity.

Business combinations and goodwill
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred or assumed by the Group to the former owners of the acquire and equity instruments issued by the Group in exchange for control of the acquire, plus any costs directly attributable to the business combination. Acquisition - related costs are generally recognized in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair values at the acquisition date.

When the consideration transferred by the group in a business combination includes assets or liabilities resulting from the contingent consideration arising under the agreement, the contingent consideration is measured at fair value on the acquisition date and included as part of the consideration transferred in the business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively , with corresponding adjustments credited to the goodwill account.
Measurement period adjustments are adjustments that result from the availability of additional information obtained during the “measurement period” (which shall not exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non - controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non - controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non - controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non - controlling interests ' proportionate share of the recognize amounts of the acquirer’s identifiable net assets. The choice of measurement basis is made on a transaction by - transaction basis.

If the initial accounting for business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for items for which the accounting is incomplete.

3- BASIS OF CONSOLIDATION (CONTINUED)

Business combinations and goodwill (continued)
Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquire is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

4- SIGNIFICANT ACCOUNTING POLICIES

4/1 Financial Instruments

Financial Assets

A) Classification
The group 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 group 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 Group 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 Group business method of managing the asset and the cash flow characteristics of the asset, there are three measurement categories for which the Group 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.

4- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/1 Financial Instruments (Continued)

Financial Assets (Continued)

B) Measurement (Continued)

- **Fair value through other comprehensive income statement:**
  The group has selected to recognize changes in the fair value of investments in equity shares in OCI these changes are accumulated within OCI. May 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 consolidated financial statements are presented under financing revenue using actual interest rate method.

Financial assets Impairment
The group 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 group 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 group 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 group recognizes impairment gain or loss in the profit or loss statement for all financial instruments.

4- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/1 Financial Instruments (Continued)

Financial Liabilities
All financial liabilities are subsequently measured at amortized cost using the effective interest rate method or at FVTPL. The group 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.

Offset of Financial instruments
The financial assets and liabilities are offset and the net amount is reported in the statement of consolidated financial position only when a legal right exists and the group 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 group or the counterparty.

4/2 Right-Of-Use Assets and Lease Obligations
The group assesses whether the contract is a lease or contains a lease; at the beginning of the contract the group recognizes the right of use asset and the corresponding lease obligation in relation to all lease agreements in which the group 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 group. 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 group 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 group will exercise this right in addition to penalty payments for the cancellation of the lease if the terms of the lease provide for the group 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 group incremental borrowing rate.

(Expressed in Saudi Riyals)

4- FINANCIAL INSTRUMENTS (CONTINUED)

4/2 Right-Of-Use Assets and Lease Obligations (Continued)

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 group capitalization limits and are considered to be not material to the group consolidated 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.

4-3 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	2.5 – 10
Machinery and equipment	2.5 – 17.5
Wells and irrigation systems	3.33 – 20
Means of transportation and transfer	14.5 – 25
Mature plants and trees	2.27 – 8.33
furniture	17.5

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

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.

4- SIGNIFICANT ACCOUNTING POLICIES (Continued)

4/3 Property, plant, and equipment (Continued)

C) Deprecation (Continued)

The group reviews the 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).

4/4 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 group 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.

4/5 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.

Cost of sale includes the additional costs and estimated costs of transporting to the market but does not include financing costs. Agriculture costs such as water expenses, labor costs, and fertilizer costs are charged as expenses incurred when measuring biological assets at fair value.

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.

Management measures biological assets at cost less impairment losses as the determination of fair value cannot be measured reliably. Management has concluded the following:

Level 1 - There is no active market in the Kingdom of Saudi Arabia and therefore Level 1 assessment is not possible.

Level 2 - No observable market data available, and given the significant differences in location, environment, weather, associated costs, average return per (RP), and distance to active markets, this means that Level 2 assessment is not possible.

Level 3 - Discounted Cash Flow Techniques (DCF) (Income or Market Approach) **-** No favorable market for the company’s products or any other intermediary product that requires any discounted cash flow valuation method that may use gross revenues as the basis for any valuation and then cancel The costs and profit margin associated with farming and/or manufacturing, packaging, sales and distribution in order to determine the net indirect cash flows generated from each agricultural product. Management believes that any fair value derived from this would be clearly unreliable as any calculated cash flows derived from this valuation approach may be you rely excessively on a large number of assumptions, many of which cannot be derived from, or compared, to market assumptions or observable data.

4- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/6 Investments In Companies Using The Equity Method

They are group in which the company owns at least 20% of its capital, and these investments are accounted for using the equity method. It is stated at cost and subsequently adjusted in light of the change in the company's share of the net assets of the investee company. The group share of the company's net profits and losses is included in the statement of profit or loss**.**

4/7 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.

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the group, 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.

4/8 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.

4/9 Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuous use and a sale is considered highly probable. They are measured at the lower of their carrying amount or fair value less costs to sell and depreciation is ceased.

4/10 Cash and cash equivalent

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

4/11 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.

4/12 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.

4- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/12 Impairment of Non-Financial Assets (Continued)

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.

4/13 Zakat provision

Zakat provision is calculated annually in the consolidated 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 (8) "Accounting Policies and Changes in Accounting Estimates, and Errors".

4/14 Value-added tax

The group 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.

4/15 Loans

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.

4/16 Employee Benefits obligations

The group contributes to the retirement pension and social insurance for its employees in accordance with the 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 group work system, upon the termination of their service contracts. The group 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 group 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.

4-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/16 Employee Benefits obligations (Continued)

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.

4/17 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.

4/18 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.

4/19 Revenue
Revenue is recognized when the group fulfills its obligations in contracts with customers in an amount that reflects the consideration to which the group 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.

4-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4/19 Revenue (continued)

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.

4/20 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.

4/21 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 consolidated 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.

4/22 Segment reports
The main activity of the group consists of segments that include agricultural production, manufacturing, and marketing of plant products. Operating segments are major components of the group 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 group chief operating decision-makers. Decisions are made regarding the resources allocated to the segments, their performance evaluation, whose detailed financial information is available.

4/23 Earnings per share
Basic and diluted earnings per share are calculated by dividing:

- Net income attributable to the group ordinary shareholders.
- Weighted average number of ordinary shares issued and outstanding during the year.

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

5- USE OF JUDGMENT, ESTIMATES, AND ASSUMPTIONS

The preparation of consolidated 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 group accounting policies, management has made the following judgments that have a material impact on the amounts recognized in the consolidated 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 group control. These changes are reflected in the assumptions as they occur.

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 group 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. The main assumptions are disclosed in note no. (27)

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. The main assumptions are disclosed in note no. (11).

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. The main assumptions are disclosed in note no. (4).

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.

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

D) Impairment of non-financial assets (Continued)
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. The main assumptions are disclosed in note no. (17).

F) Right-of-use assets and lease liabilities
Lease liabilities are measured at the discounted value of the lease payments, using the incremental borrowing rate as it is not readily possible to Determination of the interest rate implicit in the lease, which is generally applicable to the Group's leases. Incremental borrowing rate It is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset In a similar economic environment with similar terms, guarantees and clauses.

In determining the incremental borrowing rate, the Group uses recent financing offers received by the Group from third parties as a point, adjusted to reflect changes in financing terms.

G) Provision
Provisions, by their nature, rely on estimates and evaluations to ascertain whether the evidentiary criteria, including an estimate, have been met The probability of cash outflows. Management's estimates of provisions for environmental matters are based on cost estimation, after consideration Consider, legal advice and other information currently available. It also includes provisions for termination benefits and costs Exit, if any, in addition to the management’s judgment in estimating the expected outgoing cash flows for termination payments and closing Location or other exit costs. Provisions for contracts whose costs are greater than benefits or uncertain liabilities include Management's best estimate of whether the cash outflows are likely.

j) Biological assets
Biological assets shall be measured at fair value less costs to sell from the date of initial recognition of such biological assets up to the time harvest. Due to the lack of activity in Saudi Arabia and lack of observable market data, the management used some The assumptions that are significant in arriving at the fair valuation of biological assets at each reporting date. The main assumptions are disclosed in clarification no. (9).

z) Investments in equity instruments
For all equity investments, the Group evaluates those financial assets that are measured at fair value, whether Gains and losses are recognized either in net income (“fair value through statement of income”) or other comprehensive income (“fair value through statement of income”). through other comprehensive income”) by an irrevocable election at the time of initial recognition.

(Expressed in Saudi Riyals)

6- PROPERTY, PLANT AND EQUIPMENT, NET

	Lands	Buildings*	Machinery and equipment**	Wells and irrigation equipment	Cars and trucks	Bearer plants	Furniture and fixture	Project under construction	Total
Cost									
As of 1 January 2021	43,220,600	328,417,611	156,777,459	191,893,643	24,156,553	62,283,755	11,405,130	57,198,332	875,353,083
Additions	--	2,440,608	414,365	--	1,697,026	--	172,038	8,804,496	13,528,533
Transfers from project under construction to PPE	--	1,822,914	--	133,681	--	1,861,175	--	(3,817,770)	--
Disposals	--	--	--	--	--	--	(7,988)	--	(7,988)
As of 31 December 2021	43,220,600	332,681,133	157,191,824	192,027,324	25,853,579	64,144,930	11,569,180	62,185,058	888,873,628
Additions	--	2,310	697,475	40,519	1,070,620	--	126,624	30,304,353	32,241,901
Disposals	--	--	(4,997,599)	(3,219,104)	(1,809,612)	--	--	--	(10,026,315)
Transfers from project under construction to PPE	--	66,509	8,787,883	--	--	9,399,857	--	(18,254,249)	--
31 December 2022	**43,220,600**	**332,749,952**	**161,679,583**	**188,848,739**	**25,114,587**	**73,544,787**	**11,695,804**	**74,235,162**	**911,089,214**
Depreciation and Impairment									
As of 1 January 2021	--	200,360,593	114,763,563	171,163,727	20,919,973	34,976,934	10,125,362	--	552,310,152
Additions	--	9,303,283	8,037,023	4,786,312	1,097,052	3,603,133	292,105	--	27,118,908
Disposals	--	--	--	--	--	--	(2,668)	--	(2,668)
Impairment***	--	4,575,220	3,822,700	--	--	--	--	--	8,397,920
As of 31 December 2021	--	214,239,096	126,623,286	175,950,039	22,017,025	38,580,067	10,414,799	--	587,824,312
Additions	--	7,307,219	10,875,472	3,845,329	1,132,271	4,167,874	226,278	--	27,554,443
Disposals	--	--	(4,953,439)	(3,060,086)	(1,719,319)	--	--	--	(9,732,844)
As of 31 December 2022	**--**	**221,546,315**	**132,545,319**	**176,735,282**	**21,429,977**	**42,747,941**	**10,641,077**	**--**	**605,645,911**
Net book value									
As of 31 December 2022	**43,220,600**	**111,203,637**	**29,134,264**	**12,113,457**	**3,684,610**	**30,796,846**	**1,054,727**	**74,235,162**	**305,443,303**
As of 31 December 2021	43,220,600	118,442,037	30,568,538	16,077,285	3,836,554	25,564,863	1,154,381	62,185,058	301,049,316

* Buildings and constructions include cold storages with a net book value of SR 40 million, and are mortgaged in favor of the Agricultural Development Fund as a guarantee for the loan granted to the Group.

** Machinery and equipment include the assets of the Masader Agricultural Feed Mill Ltd Co. (Subsidiary Company), whose net book value as at 31 December 2022 amount to SR 19.8 million and is mortgaged in favor of the Saudi Industrial Development Fund as a guarantee for the loan granted to the Group.

(Expressed in Saudi Riyals)

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

***Tabuk Agricultural Development Company has prepared an impairment study of its assets and investments in subsidiaries - through one of the offices approved by the Saudi Organization for Charted and Professional Accountants in the Kingdom of Saudi Arabia (Bajnied and Basudan) office, the study prepared based on the below assumptions:

- Identify the measurement related to impairment test for buildings, machines and equipment's for Masader Agricultural Feed Mill Ltd Co.
- The historical financial results for Masader Agricultural Feed Mill Ltd Co, based on the audited financial results.
- Prepare financial model for the company according to the main information's and assumptions obtained from the subsidiary.
- Calculate growth rate 5.7%

The study resulted in an impairment in the assets of one of the subsidiaries (Masader Agricultural Feed Mill Ltd Company) by an amount of SR 8,397,920.

6/1 Depreciation expense was allocated among the following items:

	Note	2022	2021
Cost of sales	20	**19,028,524**	17,691,079
Selling and distribution expenses	21	**2,126,876**	2,286,582
General and administrative expenses	22	**2,284,338**	2,402,341
Biological assets	9	**4,114,705**	4,738,906
		27,554,443	27,118,908

6/2 Impairment of property, plant, and equipment

	2022	2021
Balance at the beginning of the year	**8,397,920**	--
Provided during the year	**--**	8,397,920
Balance at the end of the year	**8,397,920**	8,397,920

7- LEASE CONTRACTS

7/1 the following are movements of Right of use assets, net

	Note	2022	2021
Cost			
Balance as of 1 January		**163,571**	163,571
Additions during the year		**752,580**	--
Balance as of 31 December		**916,151**	163,571
Accumulated Amortization			
Balance as of 1 January		**40,893**	27,262
Amortization during the year	7/2	**132,951**	13,631
Balance as of 31 December		**173,844**	40,893
Balance as of 31 December		**742,307**	122,678

7/2 Amortization are distributed as follows:

	Note	2022	2021
Cost of sales	20	**132,951**	13,631
		132,951	13,631

(Expressed in Saudi Riyals)

7- LEASE CONTRACTS (CONTINUED)

7/3 the following are movements on lease liability:

	Note	2022	2021
Balance as of 1 January		**133,846**	145,642
Additions during the year		**752,580**	--
Finance charges during year	23	**99,112**	--
Payment during the year		**(209,357)**	(11,796)
		776,181	133,846

7/4 the following are lease liability as presented at statement of financial position:

	2022	2021
Current liability	**129,457**	11,796
Non-current liability	**646,724**	122,050
	776,181	133,846

8- INTANGIBLE ASSET, NET

Intangible assets are computer programs, which is amortized over 4 years.

8/1 Following is the movement on the book value of intangible assets, net:

	Note	2022	2021
Cost			
Balance as of 1 January		**17,100**	17,100
Additions during the year		**--**	--
Balance as of 31 December		**17,100**	17,100
Accumulated Amortization			
Balance as of 1 January		**11,756**	7,481
Amortized during the year	22	**4,275**	4,275
Balance as of 31 December		**16,031**	11,756
Balance as of 31 December		**1,069**	5,344

9- BIOLOGICAL ASSET

Biological assets are the flock of sheep and the costs of seasonal crops at the end of the year but not harvested at the end of the year.

As on 31 December 2022	**Note**	**Sheep**	**Crops**	**Total**
Biological assets classified as non-current assets		**18,941,240**	**--**	**18,941,240**
Biological assets classified as current assets	9/1	**1,567,050**	**16,993,449**	**18,560,499**
		20,508,290	**16,993,449**	**37,501,739**

As on 31 December 2021	Note	Sheep	Crops	Total
Biological assets classified as non-current assets		19,101,500	--	19,101,500
Biological assets classified as current assets	9/1	1,415,400	17,961,527	19,376,927
		20,516,900	17,961,527	38,478,427

- During the year, the balance of the biological assets of the sheep herd decreased as a result of a impairment in the value of the current biological assets, and the value of the impairment amounted to SR 6,007,268, based on the internal evaluation.

- The fair value of the crops was classified using the third level of the fair value model in accordance with International Financial Reporting Standard No. (9) “Financial Instrument” based on the inputs used.

(Expressed in Saudi Riyals)

9 -BIOLOGICAL ASSET (CONTINUED)

9/1- The costs of the seasonal crops are as follows:

	Note	2022	2021
Seeds, fertilizers and pesticides		**4,566,100**	4,308,729
Spare parts, fuel and maintenance		**2,850,468**	3,079,415
Salaries and related costs		**4,070,213**	5,107,295
Depreciation of property, plant and equipment	6	**4,114,705**	4,738,906
Other costs		**1,391,963**	727,182
		16,993,449	17,961,527

10- INVESTMENTS

10/1 Investments in companies using the equity method

The Group has investments in the following companies using the equity method:

	Note	Sharing percentage	2022	2021
Eastern Asia Company for Agriculture investment *	10/1/1	28.57%	**14,933,874**	15,433,309
Gulf Company for Sustainable Energy Technology **	10/1/1	50%	--	--
Rakha Company for Agricultural Investment and Development***	10/1/1	21.61%	**3,559,284**	--
			18,493,158	15,433,309

*Eastern Asia Company for Agriculture investment was established on 7 May 2013, registered in the Kingdom of Saudi Arabia, with a capital of SR 70,000,000, Its activity is represented in agricultural investment and the establishment of agricultural projects for the production of crops, grains, rice, barley, fruits, olives, fodder, all agricultural products and field crops, and the establishment, management and maintenance of factories for food industries and the establishment of animal production projects, including raising livestock and poultry, and establishing and managing factories for dairy, meat and fodder products.

**The group owns a 50% share in the Gulf Company for Sustainable Energy Technology (under liquidation) at a value of SR 250,000, and impairment losses have been formed in the total of investment value, and the necessary legal measures are being taken to liquidate that company.

***The group owns an investment of 27.8% and an amount of SR 17,500,000 in Jannat Agricultural Investment Company - a Saudi limited liability company - under liquidation. The group previously recognized all losses with the total value of the investment.

- Jannat Agricultural Investment Company owns a 78% from the capital of Rakha Company for Agricultural Investment and Development - Egyptian joint stock company - and due to the liquidation procedures, the company waived its 78% in favor of the partners, and the shares were transferred in their names, according to his share, and accordingly the group’s ownership became 21.61% share Directly in Rakha Company for Agricultural Investment and Development.

- During 2009, Rakha Company for Agricultural Investment and Development obtained a loan in the amount of SR 100 million, with guarantees provided by the partners in Jannat Agricultural Investment Company. Due to the deficit in the financial statements and the inability of Rakha Company for Agricultural Investment and Development to pay, the group recorded its share in the loan against the guarantee provided to the Saudi Fund for Development in the amount of SR 18 million.

- During the year, the shareholders of Rakha Company for Agricultural Investment and Development agreed to transfer the loan balance credited with the records of Rakha Company for Agricultural Investment and Development to become a loan of shareholders without any financial returns and by Egyptian pounds and to extinguish the accumulated losses of the company With a loan of support, the General Assembly of Rakha Company for Agricultural Investment and Development was convened and approved by the General Assembly on 18 July 2022.

(Expressed in Saudi Riyals)

10- INVESTMENTS (CONTINUED)

- The surplus of shareholders' equity of Rakha Company for Agricultural Investment and Development as at 31 December 2022 was amounted to EGP 108.5 million (Deficit 2021: EGP 259.7 million).

10/1 Investments in companies using the equity method

10/1/1 The following is the movement of investments using the equity method:

Year Ending 31 December 2022

	Eastern Asia Company for Agriculture Investment	Gulf Company for Sustainable Energy Technology	Rakha Company for Agricultural Investment and Development	Total
The balance as of 1 January 2022	**15,433,309**	**--**	**--**	**15,433,309**
Share in net profit / (loss)	**(499,435)***	**--**	**4,088,866**	**3,589,431**
Share in other comprehensive loss	**--**	**--**	**(529,582)**	**(529,582)**
The balance as of 31 December 2022	**14,933,874**	**--**	**3,559,284**	**18,493,158**

Year Ending 31 December 2021

	Eastern Asia Company for Agriculture Investment	Gulf Company for Sustainable Energy Technology	Rakha Company for Agricultural Investment and Development	Total
The balance as of 1 January 2021	16,288,096	--	--	16,288,096
Share in net loss*	(854,787)*	--	--	(854,787)
Share in other comprehensive loss	--	--	--	--
The balance as of 31 December 2021	15,433,309	--	--	15,433,309

* The Group recorded Share in net loss based on Eastern Asia Company for Agriculture Investment books in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRSs for SMEs).

- The following is a statement of financial position and profit or loss and other comprehensive income for each of Eastern Asia Company for Agriculture investment and Rakha Company for Agricultural Investment and Development as of 31 December:

	East Asian Agricultural Investment Company		Rakha Company for Agricultural Investment and Development	
	2022	2021	**2022**	2021
Non-current assets	**796,239**	1,980,741	**30,155,412**	35,582,893
Current assets	**48,353,056**	49,943,377	**32,930,979**	27,469,001
Non-current liabilities	**(69,168)**	(58,549)	**(1,825,329)**	(48,442,045)
Current liabilities	**(4,832,738)**	(867,508)	**(44,790,519)**	(76,795,224)
Net assets	**44,247,389**	50,998,061	**16,470,543**	(62,185,375)
Revenues	**--**	841,477	**71,187,889**	36,280,267
Cost of sale	**--**	(717,812)	**(41,534,745)**	(28,131,795)
Expenses	**(2,014,688)**	(4,489,807)	**(20,973,249)**	(2,004,268)
Other comprehensive income	**--**	--	**11,369**	--
Total comprehensive income / (loss)	**(2,014,688)**	(4,366,142)	**8,691,264**	6,144,204

(Expressed in Saudi Riyals)

10- INVESTMENTS (CONTINUED)

10/2 Investments at fair value through OCI

Investments at fair value represent the value of the Group's investment in the National Company for Seed Production and Trade in the amount of SR 681,458 (2021: SR 412,800), which represents 1.4% of the company's total capital.

10/2/1 The following is the movement of investments at fair value through OCI:

	2022	2021
Balance as at 1 January	**412,800**	412,800
Unrealized gain on revaluation*	**268,658**	--
Balance as of 31 December	**681,458**	412,800

* This is the first time that the Group has evaluated its investment in the National Company for Seed Production and Trade and was evaluated using the second level of the fair value model in accordance with IFRS 9 similar market. A "multi-market" proportional valuation approach was used, which involves the use of valuation metrics from listed companies that are considered suitable for comparison with the valuation entity.

The Group uses the fair value model to measure its investments at fair value through OCI as it evaluated it through an independent expert certified by Saudi Authority for Accredited Valuers (Taqeem) which is a partner for assessing economic establishments license No 3912000018.

11- INVENTORY, NET

	Note	2022	2021
Wheat		**3,251,380**	--
Feeds		**1,485,790**	593,496
Seeds		**1,011,383**	299,132
Fruits		**6,175,450**	6,642,508
Fertilizers and chemicals		**1,994,765**	1,882,423
Processed meat		**12,516,623**	7,438,029
Other spare parts and consumables		**14,482,057**	14,584,167
		40,917,448	31,439,755
Less: Provision for slow-moving inventories	11/1	**(2,656,917)**	(4,096,140)
		38,260,531	27,343,615

11/1 Movement of the provision for slow-moving inventory as follow:

	Note	2022	2021
Balance at the beginning of the year		**4,096,140**	4,096,140
Utilized during the year	20	**(1,439,223)**	--
Balance at the end of the year		**2,656,917**	4,096,140

12- PREPAYMENTS AND OTHER RECEIVABLES, NET

	Notes	2022	2021
The Ministry of Finance is a government subsidy		**8,806,500**	8,806,500
Advance payments to suppliers		**3,855,601**	5,086,616
Prepaid expenses		**3,631,037**	4,456,666
Employees loans		**3,253,059**	3,790,318
Accrued revenue		**353,705**	81,200
Third party guarantees		**265,645**	119,645
Other		**586,761**	870,509
Less: provision for other receivables	12/1	**(9,442,667)**	(289,720)
		11,309,641	22,921,734

(Expressed in Saudi Riyals)

12- PREPAYMENTS AND OTHER RECEIVABLES, NET (CONTINUED)

12/1- movement in the provision for other receivables as follow:

	2022	2021
Balance at the beginning of the year	**289,720**	209,514
Provided during the year	**9,152,947**	80,206
Utilized during the year	**--**	--
Balance at the end of the year	**9,442,667**	289,720

13- TRADE RECEIVABLE, NET

	Note	2022	2021
Trade receivable		**21,167,706**	17,363,919
Less :provision for expected credit losses	13/1	**(9,952,774)**	(9,483,724)
		11,214,932	7,880,195

13/1 Provision for expected credit losses as follow:

	2022	2021
Balance at the beginning of the year	**9,483,724**	5,860,452
Provided during the year	**469,050**	3,623,272
Balance at the end of the year	**9,952,774**	9,483,724

14- CASH AND CASH EQUIVALENTS

	2022	2021
Cash on hand	**6,130**	--
Cash at banks	**4,712,001**	57,207,732
	4,718,131	57,207,732

15- OTHER RESERVES

	2022	2021
Agreeable reserve*	**1,823,003**	1,823,003
Emergency reserve	**35,731**	35,731
	1,858,734	1,858,734

*The agreeable reserve is a reserve that is formed based on the decision of the Ordinary General Assembly, and not be used except by a decision of the Extraordinary General Assembly. In case this reserve is not formed for a specific purpose, the Ordinary General Assembly may be close it based on a recommendation from the Board of Directors, decide to spend it for the benefit of the Company/Group or the shareholders and this reserve was built since more than 10 years ago**.**

16- LOANS

Loans consist of the following:

	Note	2022	2021
Saudi Industrial Development Fund	16/1	**5,500,000**	7,169,613
Agricultural Development Fund	16/2	**1,819,301**	1,819,301
		7,319,301	8,988,914

The loans presented in the financial position as follow:

	2022	2021
Non-current portion	**--**	**--**
Current portion	**7,319,301**	8,988,914
	7,319,301	8,988,914

(Expressed in Saudi Riyals)

16- LOANS (CONTINUED)

16/1 The Group obtained a loan from the Saudi Industrial Development Fund during the year 2013 in the amount of SR 15.3 million, in order to finance the construction of an animal feed production plant with an annual compound production capacity of 81,600 tons, provided that the installments are paid in annual installments of equal value starting from 2018 and ending on The year 2022. During the year 2020 and as part of government measures to mitigate the impact of the Covid-19 epidemic on the economy, the Fund's management restructured the installments that are due during the crisis of this epidemic, and the installments were adjusted so that the last installment is paid in 2023. The loan is secured by a mortgage on the property and equipment of the project (Note 6)**.**

16/2 The group obtained two loans, the first on 17 October 2010, and the second on 13 October 2011. The value of the first loan amounted to SR 18,401,404, and the second loan amounted to SR 1,598,594, to finance the purchase of cooling warehouses, provided that the payment is made in equal annual installments, which ends on 22 June 2023. The loan is secured against the assets of the cold storage warehouses owned by the company (Note 6).

17- EMPLOYEES DEFINED BENEFITS OBLIGATION

The movement in the net defined benefit obligation:

	2022	2021
Balance at the beginning of the year	**12,949,307**	11,178,598
Included in the Statement of profit or loss		
Current service cost and Interest cost	**1,869,049**	2,120,063
Included in the Statement of comprehensive income		
Actuarial gains	**(35,473)**	538,918
Cash movement		
Benefits paid	**(1,727,224)**	(888,272)
Balance at the end of the year	**13,055,659**	12,949,307

The following are the basis actuarial assumptions:

	2022	2021
Discount rate	**4,11%**	1.96%
Salary increase rate	**6%**	1.96%
Retirement age	**60 years**	60 years

	Impact on defined benefit obligation - increase / (decrease)		
	Change in assumptions	**Increase in assumptions**	**Decrease in assumptions**
Discount rate	1%	11,469,122	12,832,348
Salary increase rate	1%	12,872,005	11,420,015
employee turnover rate	10%	11,949,939	12,289,548
Mortality rate	year	12,115,543	12,106,890

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 2022, 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.

(Expressed in Saudi Riyals)

17- EMPLOYEES DEFINED BENEFITS OBLIGATION (CONTINUED)

Assuming a statistical study of employees:

	2022	2021
Number of Employees	**554**	564
Average age of employees (in years)	**40,13**	45,25
Average number of years of experience (in years)	**7.3**	14.81

Movement in accumulated changes in other comprehensive income:

	2022	2021
Balance at the beginning of the year	**479,961**	1,018,879
Gain / (Loss) from revaluation of employee benefits obligations	**35,473**	(538,918)
Balance at the end of the year	**515,434**	479,961

18- ACCRUED EXPENSES AND OTHER PAYABLES

	2022	2021
Customers in advance	**8,737,052**	3,833,827
Accrued expenses	**16,657,757**	14,979,903
Shareholders credit balance	**8,526,173**	8,526,173
Board members remunerations provision	**3,176,501**	3,361,722
Value added tax	**--**	1,263,501
Other creditors	**1,457,658**	456,973
	38,555,141	32,422,099

19- ZAKAT PROVISION

19/1 The main elements of the zakat base are as follows:

	2022	2021
Non-current Assets	**344,302,535**	336,124,947
Non-current liabilities	**13,702,383**	13,071,357
Shareholders' equity – opening balance	**337,202,743**	239,269,312
Net loss before zakat	**(49,639,035)**	(73,372,746)

19/2 Provision Movement

	2022	2021
Balance at the beginning of the year	**4,727,187**	13,550,863
Charge for the current year	**5,149,440**	1,396,445
Reverse during the year	**--**	(4,236,251)
Paid during the year	**(3,780,832)**	(5,983,870)
Balance at the end of the year	**6,095,795**	4,727,187

19/3 Components of the Zakat base

The main components of the Zakat base according to the regulations of the General Authority of Zakat, tax and Customs "ZATCA" 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.

(Expressed in Saudi Riyals)

19- ZAKAT PROVISION

19/4 Zakat Status

- The final assessment finished until 2004 and settled.

- The final assessment for the years from 2005 to 2009 was objected to and the objection was accepted by the first appeal committee according to the decision (IR-2020-86) issued in the registered appeal no. (Z-2018-1533), and no zakat differences are due on it.

- The ZATCA issued a final assessment for the years from 2010 to 2012, as it was objected to and the objection to it was accepted by the first appeal committee within the decision (IR-2020-86), issued in the registered appeal no. (Z-2018-1533), and it does not carry any Zakat differences.

- The ZATCA issued a final assessment for the years from 2014 to 2018, and its total zakat differences amounted to SR 2,610,073, and it was escalated to the general secretariat of the tax committees.

Years	2014	2015	2016	2018
Final zakat assessment	439,550	1,020,191	670,772	479,560

- A final assessment for 2017, included zakat differences amounted SR 361,778, and the due amount fully settled during January 2022.

- A decision was issued from zakat, tax and customs authority partially accepted the objection for the years 2019 and 2020, and all dues received accordingly settled at a value of SR 768,262.

- Zakat return for the year 2021 with a value of SR 1,050,219, and zakat settled accordingly.

- Zakat return prepared for the year 2022, with amount of SR 2,894,143.

- Based on the foregoing, the estimated provision balance that must be recorded in the group books until 31 December 2022 is an amount of SR 5,504,215.

20- COST OF SALES

	Note	**2022**	2021
Consumables cost		**63,583,791**	70,772,433
Depreciation of property, plant and equipment	6	**19,028,524**	17,691,079
Salaries, wages, and other benefits		**12,164,217**	12,775,938
Impairment in biological asset	9	**6,007,268**	2,787,357
Commercial purchases		**4,191,982**	938,253
Impairment in inventory value - crops *		**2,543,285**	7,265,203
Spare parts and filling materials		**850,986**	1,395,072
Amortization of the right to use assets	7	**132,951**	13,631
Reverse provision for slow-moving inventory	11	**(1,439,223)**	--
Others		**7,641,062**	7,786,598
		114,704,843	121,425,564

*The impairment in the valuation of crop stocks at the point of harvest is the difference between the actual cost and the realizable value of the crops after harvest after deducting marketing and storage expenses and any other expenses expected until the sale is completed.

(Expressed in Saudi Riyals)

21- SELLING AND DISTRIBUTION EXPENSES

	Note	2022	2021
Salaries, wages, and other benefits		**15,880,320**	12,540,534
Transport and Shipping		**2,049,047**	1,025,968
Packaging		**4,731,668**	3,164,162
Depreciation of property, plant and equipment	6	**2,126,876**	2,286,582
Sales promotions		**1,881,209**	250,841
Fuel and energy		**595,039**	523,237
Consumed items		**266,357**	282,967
Repair, Maintenance and spare parts		**201,803**	84,131
Insurance expenses		**83,326**	54,009
Exhibitions, marketing and advertising		**252,505**	208,794
Mail and phone		**277,827**	92,362
Operating lease		**457,181**	254,921
Travels expenses		**144,396**	302,600
Other		**619,921**	769,207
		29,567,475	21,840,315

22- GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2022	2021
Salaries, wages, and other benefits		**17,318,207**	16,978,233
Remunerations and allowances for the Board of Directors		**5,329,278**	3,376,320
Depreciation of property, plant and equipment	6	**2,284,338**	2,402,341
Repair, Maintenance and spare parts		**207,293**	45,600
Public relations and exhibitions		**258,539**	278,360
Donations		**35,000**	415,000
Licenses		**363,789**	114,405
Fuel and energy		**175,872**	595,391
Consumable items		**53,768**	83,879
Mail and phone		**518,011**	416,607
Professional consulting fees		**1,240,493**	1,713,794
Bank expenses		**88,473**	73,520
Operating lease		**399,783**	272,888
Insurance		**51,147**	161,548
Other		**4,583,786**	3,707,592
		32,907,777	30,635,478

23- FINANCE CHARGES

Finance charges for the year ended 31 December consist of the following:

	Note	2022	2021
Interest expense charged to long term lease obligation	7	**99,112**	--
Financing cost charged to loans, bank facilities and others		**6,713**	873,565
Total finance cost charged to statement of profit or loss		**105,825**	873,565

(Expressed in Saudi Riyals)

24- LOSS PER SHARE

	2022	2021
loss for the year attributable to equity shareholders	(54,788,475)	(70,532,940)
Weighted average number of common shares used as the denominator in calculating basic and diluted earnings per share	39,176,700	34,121,905
Profit basic and diluted earnings per share (EPS) from continuing operations	(1.40)	(2.07)

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

25- TRANSACTIONS WITH RELATED PARTIES

Related parties are the major shareholders, members of the Board of Directors, senior management personnel in the group, and entities managed or over which these parties exercise significant influence. The following is a statement of the related parties to the group:

Name	**Nature of relation**
Horizon Food Company Limited	Subsidiary
Ahmed Hussein Al-Omari EST	another related party
Ahmed bin Mohammed Al-Arfaj	Non-controlling equity
Gulf Investment Company for Food	Non-controlling equity
Ahmed Hussein Al-Omari	Non-controlling equity
Rakha Company for Agricultural Investment and Development	Associate company
Members of the group board of directors	Board of Directors
Top management and senior directors	Executive management

A-Due from related parties

Related Party	**Nature of transactions**	**Balance as of 1 January 2022**	**Transactions during the year**		**Balance as of 31 December 2022**
			Debit	**Credit**	
Rakha Company for Agricultural Investment and Development*****	Payment on behalf of the associate	**5,223,134**	**--**	**--**	**5,223,134**
Ahmed Hussein Al-Omari EST	withdrawals	**9,063,191**	**2,022,535**	**5,265,991**	**5,819,735**
		14,286,325	**2,022,535**	**5,265,991**	**11,042,869**

* It represents the group's share of settlements resulting from transactions between Jannat Agricultural Investments Company (Under liquidation) which is the group invested in. During the year the ownership of 17,288 shares in Rakha for Agricultural Investment and Development was transferred to the group's ownership, (note 10).

(Expressed in Saudi Riyals)

25- TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

B-Due to related party

Related Party	Nature of transactions	Balance as of 1 January 2022	Transactions during the year Debit	Transactions during the year Credit	Balance as of 31 December 2022
Ahmed Hussein Al-Omari	Finance	**27,185,010**	**6,589,935**	**4,702,460**	**25,297,535**
		27,185,010	**6,589,935**	**4,702,460**	**25,297,535**

C- Allowances and remunerations for members of the Board and senior of Directors:

	2022	2021
Salaries, remunerations and allowances for top management and senior directors	**5,215,951**	4,977,564
Allowances and remunerations for members of the board of directors and committees	**524,278**	659,314

26- OTHER EXPENSES, NET

	2022	2021
Write off the costs of unmatured olive trees	**1,356,284**	--
Revenue from the sale of waste	**--**	(796,739)
Proceeds from settlement of transactions with associates	**--**	(2,160,900)
other returns	**--**	(958,671)
VAT claims fines	**--**	6,676,462
Other income / (expenses)	**(317,902)**	1,272,545
	1,038,382	4,032,697

27- FINANCIAL RISK MANAGEMENT

Capital management

The Group manages its capital to ensure its continuity and maximize return to shareholders by improving the balance between debt and equity. The group overall strategy remains unchanged from the previous year.

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

Financial instruments categories

	2022	2021
Financial Assets		
At Amortized Cost		
Prepayments and other receivables, net	**8,090,207**	9,318,338
Due from related parties	**11,042,869**	14,286,325
Trade receivable, net	**11,214,932**	7,880,195
Cash and cash equivalents	**4,718,131**	57,207,732
	35,066,139	88,692,590
Financial Liabilities		
At Amortized Cost		
Loans and facilities	**7,319,301**	8,988,914
Trade payables	**23,446,271**	18,858,459
Accrued expenses and other payables	**29,818,089**	28,588,272
Dividends payable to shareholders	**22,997,464**	23,046,458
Due to related party	**25,297,535**	27,185,010
	108,878,660	106,667,113

(Expressed in Saudi Riyals)

27- FINANCIAL RISK MANAGEMENT (CONTINUED)

The group objective when managing capital is to safeguard the group 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.

The group adjusted net liability to net equity ratio is as follows:

	2022	2021
Total liabilities	155,727,377	148,495,232
Less: cash and cash equivalents	(4,718,131)	(57,207,732)
Net liability	151,009,246	91,287,500
Total Shareholders' Equity	284,052,577	337,202,743
Adjusted Shareholders' Equity	284,052,577	337,202,743
Net liability to shareholders' equity	0.53	0,27

Market risk

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

Foreign currency risk management

Most of the group transactions using Saudi riyals and US dollars, and the US dollar is tied to the Saudi riyal at a fixed exchange rate. The group did not have any significant cash assets or liabilities in foreign currency at the date of the consolidated financial statements. Therefore, the foreign currency sensitivity analysis was not presented.

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 group is subject to short-term and long-term climate change related risks. These risks are inherent part of operating agriculture. The group 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 group 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 group 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

Liquidity risk is the risk than an enterprise will encounter difficulty in raising funds to meet commitments associate with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at an amount close to its 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 group 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 on a regular basis 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 is 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					
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	**7,319,301**	**--**	**--**	**--**	**--**	**7,319,301**
Lease liability	**129,457**	**646,724**	**--**	**--**	**--**	**776,181**
Trade payables	**23,446,271**	**--**	**--**	**--**	**--**	**23,446,271**
Dividends payable to shareholders	**22,997,464**	**--**	**--**	**--**	**--**	**22,997,464**
Accrued expenses and other payables	**29,818,089**	**--**	**--**	**--**	**--**	**29,818,089**
Zakat provision	**6,095,795**	**--**	**--**	**--**	**--**	**6,095,795**
	89,806,377	**646,724**	**--**	**--**	**--**	**90,453,101**
2021						
Non-derivative financial liabilities						
Loans and facilities	8,988,914	--	--	--	--	8,988,914
Lease liability	11,796	122,050	--	--	--	133,846
Trade payables	18,858,459	--	--	--	--	18,858,459,
Dividends payable to shareholders	23,046,458	--	--	--	--	23,046,458
Accrued expenses and other payables	28,588,272	--	--	--	--	28,588,272
Zakat provision	4,727,187	--	--	--	--	4,727,187
	84,221,086	122,050	--	--	--	84,343,136

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

Interest rate risk management

The group 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 and therefore the interest rate sensitivity analysis was not presented.

(Expressed in Saudi Riyals)

27- FINANCIAL RISK MANAGEMENT (CONTINUED)

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 group has developed procedures to manage credit risk exposure, including assessing customers' credit limits, and monitoring the age of receivables on a permanent basis.

The management also continuously monitors the credit exposure related to its customers and makes provision 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 group holds cash with banks in local banks with high credit ratings.

Bank decided in February 2023 to raise the rate of repurchase agreements “RIBOR” by 0.5 percent from 4 to 4.5 percent. The group 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 group policies and procedures. The group 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 group 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 as well, but they can be used under certain circumstances in some markets, especially in less developed markets. The group has no concentration of credit risk as the customer base is equally distributed on both the economic and geographic levels.

The group 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 actual 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 group view of economic conditions over the expected life of receivables.

The maximum credit exposure as of the reporting date of the group consolidated financial statement is as follows:

Financial assets	**2022**	**2021**
Cash and cash equivalents	**4,718,131**	57‹207,732
Trade receivables, net	**11,214,932**	7,880,195
Due from related parties	**11,042,869**	14,286,325
	26,975,932	79,374,252

(Expressed in Saudi Riyals)

27- FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade Accounts receivable (continued)

Trade receivables aging at the reporting date is as follows:

	2022	2021
Less than three months	**7,467,782**	3,644,531
More than three months and less than six months	**2,661,837**	1,772,567
More than nine months and less than a year	**1,736,297**	2,006,473
More than a year	**9,301,790**	9,940,348
Total before deducting expected credit losses	**21,167,706**	17,363,919
After deducting provision:	**(9,952,774)**	(9,483,724)
Total after deducting provision for expected credit losses	**11,214,932**	7,880,195

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 group exposure to the risk of changes in interest rates in the market is mainly related to the group long-term debt with changes in interest rates, and since all long-term obligations carry at fixed interest rates, the group 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 group 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 group does not have financial instruments measured at fair value except investment at fair value through OCI, Employee defined benefit obligations, biological assets especially for sheep's and the financial instruments are carried at amortized cost. As of the date of the consolidated 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.

28- SEGMENT REPORTING
The information provided to the decision maker responsible for operations for the purpose of allocating resources and evaluating the performance of sectors focuses on the types of goods or services provided. The management of the group decided to organize the group according to the differences in the structure of the internal financial report. The Group's operating segments are as follows:

Operational segment	**Activities**
Feeds	Manufacturing Feed
vegetable	Planting Vegetables
fruit	Planting Seasonal fruits
Grains	Grain trading
Other products	Production of olive oil, honey and other products
Frozen meat	Selling frozen meat

(Expressed in Saudi Riyals)

28-SEGMENT REPORTING (CONTINUED)

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 2022 (Consolidated)	**Feeds**	**Vegetable**	**Fruit**	**Grains**	**Other products**	**Frozen meat**	**Total**
Revenue*	**9,140,377**	**1,496,208**	**15,082,102**	**33,669,203**	**8,330,111**	**66,653,385**	**134,371,386**
Depreciation and amortization	**4,154,013**	**457,305**	**4,609,730**	**10,290,737**	**3,462,449**	**4,717,435**	**27,691,669**
Net (loss) / profit for the year**	**(14,264,111)**	**(1,071,648)**	**(10,802,448)**	**(24,058,865)**	**(7,121,440)**	**2,530,037**	**(54,788,475)**
Total Assets	**62,220,289**	**7,061,676**	**71,183,229**	**158,965,517**	**39,315,757**	**101,033,486**	**439,779,954**
Total liabilities	**59,457,753**	**2,251,882**	**22,699,463**	**50,674,158**	**12,661,481**	**7,982,640**	**155,727,377**

31 December 2021 (Consolidated)	Feeds	Vegetable	Fruit	Grains	Other products	Frozen meat	Total
Revenue*	19,214,919	--	15,607,535	22,492,905	4,970,510	53,752,420	116,038,289
Depreciation and amortization	7,577,759	--	6,472,200	9,327,455	2,061,194	1,698,205	27,136,813
Net (loss) / profit for the year**	(22,083,318)	--	(19,476,627)	(28,068,873)	(6,185,444)	5,281,322	(70,532,940)
Total Assets	121,909,325	--	98,454,428	141,888,268	31,354,648	92,091,306	485,697,975
Total liabilities	36,965,062	--	38,112,801	54,926,523	12,137,732	6,353,114	148,495,232

* The group 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 has not been analyzed at the sector level, as they are linked to the central treasury function, which manages the cash position at the group level.

(Expressed in Saudi Riyals)

29- SUBSIDIARIES

The following table summarizes information about subsidiaries:

	Horizon Food Company		**Agricultural Feed Mill Ltd Company**	
	2022	2021	**2022**	2021
Non-current asset	**80,691,150**	58,421,918	**19,900,856**	22,737,725
Current asset	**20,342,336**	33,669,388	**6,294,485**	18,845,389
Non-current liabilities	**(1,266,663)**	(538,854)	**(324,514)**	(265,874)
Current liabilities	**(6,715,977)**	(5,814,260)	**(47,633,271)**	(53,183,846)
Asset, net	**93,050,846**	85,738,192	**(21,762,444)**	(11,866,606)
Sales	**66,653,385**	53,752,420	**1,499,505**	7,825,092
Cost of sale	**(47,355,800)**	(36,689,641)	**(5,333,083)**	(9,781,631)
Expenses	**(10,410,358)**	(6,500,135)	**(10,780,071)**	(11,160,066)
Other comprehensive loss	**(47,427)**	(34,859)	**--**	--
Total other comprehensive income / (loss)	**8,839,800**	10,527,785	**(14,613,649)**	(13,116,605)

*The Group's revenue is represented by contracts with customers through the sale of consumer products. Control of products is transferred at a specific point in time and sold directly to customers.

** The financing cost and zakat expense were not analyzed at the sector level, because they are linked to the central treasury function, which manages the cash position at the group level.

30- PROPERTY, PLANT AND EQUIPMENT HELD FOR SALE

It represents the value of agricultural equipment that was sold during the first quarter of 2023 for an amount of SR 235,000, and used cars that were sold during the first quarter of 2023 for an amount of SR 90,000, and the remaining part of SR 45,816 represents the value of agricultural equipment that is being sold during the subsequent period.

31- DISMANTLING PROVISION

It represents the value of the obligation arising from the obligation to remove and transfer the irrigation systems and the sheep project, which are built on lands that may be deducted by the state. The movement on the provision for removal and transfer is as follows:

	2022	**2021**
Balance at the beginning of the year	**2,150,000**	2,150,000
Reverse during the year	**(872,800)**	--
Balance at the end of the year	**1,277,200**	2,150,000

32- DIVIDENDS PAYABLE TO SHAREHOLDERS

Dividends payable to shareholders represent undisbursed profits from previous years. The following is the movement of dividends payable to shareholders during the year:

	2022	**2021**
Balance at the beginning of the year	**23,046,458**	23,081,694
Paid during the year	**(48,994)**	(35,236)
Balance at the end of the year	**22,997,464**	23,046,458

(Expressed in Saudi Riyals)

33- THE GOING CONCERN PRINCIPLE AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The Group consolidated financial statement indicates that the group has accumulated losses of SR 149,043,050 which represent 38% from capital and the net loss for the year ended 31 December 2022 of SR 54,788,475 (2021: SR 70,532,940). Further, the current liabilities of the group exceeded its current assets resulting in negative working capital of SR 46,547,575. The group also has negative cash flow from operating activities of SR 19,455,687 (2021: SR 83,489,487). These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and impairment in group assets.

The following main factors that led to increase the accumulated losses and working capital deficits:

- During the year ended 31 December 2022, the Group losses more that 50% from the production due to the frost wave, which is part of the risks of that industry, which was disclosed in note (27) Agricultural Risk Management and Climate Change.

The following key factors that management taken to reduce accumulated losses and working capital deficits:

- The group prepare estimate budget for the year ended 31 December 2023, This study adopted that the Group will not lose any of its production during this year, as a result of the absence of a frost wave this year, and this budget indicated that the Group achieved profits starting from the third quarter of 2023, because the beginning of the harvest is from the end of the second quarter.

- On 15 March 2023, The Group announced that sale of part of its shares in Horizon Food Company (a subsidiary) that led to an exceptional profit of SR 19.3 million, which will be directly reflected on the accumulated losses as a result of this sale did not change in control, which will lead to a reduction in accumulated losses.

The following key factors that management taken to solve the indicators related to impairment in assets:

- The group prepare fair value valuation for the land during 2019 from three independent and authorized evaluators below the result for this evaluators:

Evaluator Name	Total Amount
Sama Alshula	214,750,000
Fahad Aba Al-Khail	429,500,000
Qeem	257,700,000

Which refer to there is no indicator to impairment in the value of land due to the group book value for land SR 43,220,600.

- The market value per share for group SR 16.5 compared with book value per share SR 10 which indicate that there is no impairment in the value of share.

- The group have investment in subsidiary (Horizon Food Co.) It was listed on the parallel market in the subsequent period, the value of the share amounted to SR 37 compared to the value of the share in the books as at 31 December 2022 at SR 10, which indicates that there is no impairment in the value of share.

Therefore, the consolidated financial statements of the group have been prepared on a going concern basis and the management of the group believes that there is no impairment in the value of the assets.

(Expressed in Saudi Riyals)

34- CONTINGENT LIABILITIES

	2022	2021
Letters of guarantee issued to others – uncover part	--	760,107
	--	760,107

35- COMPARISON FIGURES

Some of the comparative figures have been reclassified to conform with the current presentation of the consolidated financial statements.

36- SUBSEQUENT EVENTS

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

There are no significant subsequent events since the end of the year that may affect the group consolidated financial position or disclosures in the consolidated financial statements than those disclosed in note (3).

37- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors in 7 Ramadan 1444 (corresponding to 29 March 2023).