

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED DECEMBER 31,2021**

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

## The Shareholders'

## Anaam International Holding Group Company

(A Saudi Joint Stock Company)

Jeddah, Kingdom of Saudi Arabia

## Opinion

We have audited the consolidated financial statements of Anaam International Holding Group Company ("the Company") and its subsidiaries (together the "Group")], which comprise the statement of consolidated financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

## Basis for Opinion

We 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Group's consolidated financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material uncertainty related to going concern

As stated in note No. (27) to the consolidated financial statement, which indicates that the Group has accumulated losses of SR 10.1 million during the year ended December 31, 2021 (2020: SR 16 million) and, as of that date, the Groups current liabilities exceeded its current assets by an amount of SR 23.7 million (2020: SR 29.3 million). As stated in note No. (27) There is no practical and operational alternative to the plant green fodder till the year ended December 31, 2021 in order to cover the current liabilities and the Groups expenses, those cultivation was stopped since 2018, and was representing around 80% of the Group's revenues. These events or conditions, along with other matters as set forth in note No. (27), indicate that a material uncertainty exists that may cast significant doubt on the Groups ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Emphasis of Matter

We would like to draw attention to the following,

- As stated in note No (5) to the consolidated financial statements, property, plant, and equipment include land and building amounting to SR 20 million not registered in the name of the Group.
- As stated in note (6), the group in the process of transfer to ownership of a land amounting to SR 26 million to the group's name.

Our opinion is not modified in respect to these matters.

## INDEPENDENT AUDITOR'S REPORT (continued)

**The Shareholders'**  
**Anaam International Holding Group Company**  
(A Saudi Joint Stock Company)  
Jeddah, Kingdom of Saudi Arabia

### Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 include the following:

#### Going concern

##### Key audit matter

The group has recurring operating losses and has accumulated losses as of December 31, 2021 SR 10.1 million (2020: SR 16 million) and its current liabilities exceeded its current assets by SR 23 million (2020: SR 29 million), and as indicated in note No. (27). Till the year ended December 31, 2021, the Group still in the process of restructuring its operations and entering new businesses to generate revenue for the Group.

We considered this as a key audit matter as the assessments of going concern assumption require significant estimations and judgments including future plans.

##### How the matter was addressed

The audit procedures we performed to assess the group's ability to continue as a going concern are based on the recent information we obtained till the date of our auditor's report. The procedures we performed include the following:

- We assessed the indications related to the going concern matter we identified and measured the improvement in these indications as compared with prior year.
- Review the supporting document which related to the new acquisition and related future plan for such new investments.
- Review the approval of the Capital Market Authority obtained subsequent to year end on the parent Company request for additional increase in capital by SR 210 million and the management announcement for the Extraordinary General assembly meeting.

We also considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT (continued)

**The Shareholders'**  
**Anaam International Holding Group Company**  
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Jeddah, Kingdom of Saudi Arabia

### Key audit matters (Continued)

#### Zakat

#### Key audit matter

#### Refer to note (18) for the related disclosures

The Holding company received a letter from the Zakat, Tax and Customs Authority (ZATCA) on February 25, 2019 requiring payment of zakat differences in an amount of SR 106,927,278 for the years from 1995 to 2011.

A provision was made in these consolidated financial statements of SR 88,552,906 during the year 2019, in addition to the amount of provision recorded in the consolidated financial statements for the year ended December 31, 2018 of SR 18,374,372, so the total amount of provision recorded in these consolidated financial statements is SR 106,927,278.

Additional assessment amounting to SR 7 million was received on 2020, in relation for years from 2012 to 2018. An objection to these assessments was filed with the general secretariat of the Tax committees on October 15, 2020. The Company believes that it has a high chance of accepting the objection, without any additional commitment.

We considered this as a key audit matter as it includes a significant assessment for the management and the materiality of the zakat assessment, and the additional amounts expected to be claimed by the ZATCA.

#### How the matter was addressed

The audit procedures we performed to assess the sufficiency of the zakat include the following:

- We review the correspondences between the group and its zakat advisor to specify additional claim details from ZATCA.
- Having an opinion from the zakat advisor on the recent rejection received from Tax Committee for Resolution of Tax Violations and Disputes and the objection submitted by the zakat advisor.

- Assess the advisor opinion by using RSM zakat and tax team who has the capability to conclude on this matter.

- We have reviewed the letter of the zakat adviser and the objection submitted by him to the general secretariat of the tax committees. As well as the provision shown in statement of financial position.

- We also considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT (continued)

**The Shareholders'**  
**Anaam International Holding Group Company**  
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Jeddah, Kingdom of Saudi Arabia

### Other information

Other information consists of the information included in the Group's 2021 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

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

In connection with our audit of the 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Groups Management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the Group's financial reporting process

### Auditor's Responsibilities for the Auditor 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



## INDEPENDENT AUDITOR'S REPORT (continued)

### The Shareholders'

#### Anaam International Holding Group Company

(A Saudi Joint Stock Company)

Jeddah, Kingdom of Saudi Arabia

### Auditor's Responsibilities for the Auditor of the Consolidated Financial Statements (continued)

As part of an audit in accordance with 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group 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.
- Obtain 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 the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## INDEPENDENT AUDITOR'S REPORT (continued)

**The Shareholders'**  
**Anaam International Holding Group Company**  
(A Saudi Joint Stock Company)  
Jeddah, Kingdom of Saudi Arabia

### **Auditor's Responsibilities for the Auditor of the Consolidated Financial Statements (continued)**

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

**Allied Accountants professional services company**



**Mohammed Bin Farhan Bin Nader**  
License No. 435

Riyadh Kingdom of Saudi Arabia

Sha'ban 28,1443H (Corresponding to March 31, 2022)





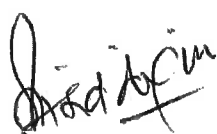
**ANAAM INTERNATIONAL HOLDING GROUP COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	2021	2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	5	59,664,600	70,096,392
Investment property	6	68,799,316	52,299,316
Goodwill	7	11,730,000	-
Investment in fair value through profit or loss	8	3,951,250	-
Intangible assets, net	9	493,023	667,294
<b>Total non-current assets</b>		<b>144,638,189</b>	<b>123,063,002</b>
<b>Current assets</b>			
Prepayments and other receivables	10	16,176,428	2,065,163
Inventories, net	11	509,263	1,878,406
Trade receivables, net	12	1,317,006	1,957,837
Cash and cash equivalents	13	95,393,009	80,456,360
		113,395,706	86,357,766
Non-current assets classified as held for sale	14	-	16,612,164
		113,395,706	102,969,930
<b>Total current assets</b>		<b>258,033,895</b>	<b>226,032,932</b>
<b>TOTAL ASSETS</b>			
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Capital	15	105,000,000	105,000,000
Accumulated losses		(10,117,086)	(16,054,747)
<b>Total equity attributable to equity holders of the Parent</b>		<b>94,882,914</b>	<b>88,945,253</b>
Non-controlling interest	7	7,343,581	-
<b>Total shareholders' equity</b>		<b>102,226,495</b>	<b>88,945,253</b>
<b>Non-current liabilities</b>			
Long term loans – noncurrent portion	16	13,500,626	-
Deferred income – noncurrent portion	16	1,761,337	-
Provision for employees' end-of service indemnity	17	2,300,809	4,857,205
<b>Total non-current liabilities</b>		<b>17,562,772</b>	<b>4,857,205</b>
<b>Current liabilities</b>			
Accrued expenses and other payables	18	11,746,054	3,792,757
Dividends and due to shareholders	19	12,979,359	12,996,473
Due to related parties	20	3,528,354	-
Deferred income – current portion	16	160,122	-
Long term loans – current portion	16	1,604,628	-
Trade accounts payable		1,298,833	8,513,966
Provision for Zakat	21	106,927,278	106,927,278
<b>Total current liabilities</b>		<b>138,244,628</b>	<b>132,230,474</b>
<b>Total liabilities</b>		<b>155,807,400</b>	<b>137,087,679</b>
<b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES</b>		<b>258,033,895</b>	<b>226,032,932</b>

Chief Financial officer

Chief Executive Officer

Authorized Board Member



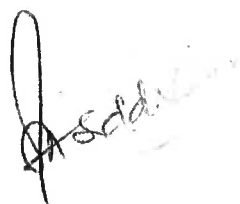


The accompanying notes from 1 to 32 form an integral Part of these consolidated financial statements.

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(All amounts expressed in Saudi Riyals unless otherwise stated)**

	Note	2021	2020
<b>Profit or loss</b>			
Revenue		7,737,793	8,192,783
Cost of revenue		(5,129,717)	(6,958,556)
<b>Gross profit</b>		<b>2,608,076</b>	<b>1,234,227</b>
Selling and marketing expenses	22	(364,505)	(305,559)
General and administrative expenses	23	(19,294,553)	(9,643,542)
<b>Operating losses</b>		<b>(17,050,982)</b>	<b>(8,714,874)</b>
Finance charges		(316,835)	-
Other income		644,140	9,300
<b>Net loss for the year before Zakat</b>		<b>(16,723,677)</b>	<b>(8,705,574)</b>
Zakat expenses	21	-	-
<b>Net loss after zakat from continuing operations</b>		<b>(16,723,677)</b>	<b>(8,705,574)</b>
<b>Discontinuing operations</b>			
Results of discontinuing operations	24	20,932,558	2,715,571
<b>Net profit / (loss) for the year</b>		<b>4,208,881</b>	<b>(5,990,003)</b>
<b>Net profit / (loss) for the year attributable to:</b>			
Parent Company		5,195,300	(5,990,003)
Non-controlling interest		(986,419)	-
		<b>4,208,881</b>	<b>(5,990,003)</b>
<b>Other Comprehensive income items</b>			
<b>Items that will not be reclassified subsequently in profit or loss:</b>			
Actuarial gains (loss) from re-measuring of employee benefits	17	742,361	(1,354,005)
<b>Total other comprehensive income / (loss) for the year</b>		<b>4,951,242</b>	<b>(7,344,008)</b>
<b>Total other comprehensive income / (loss) for the year attributable to:</b>			
Parent Company		5,937,661	(7,344,008)
Non-controlling interest		(986,419)	-
		<b>4,951,242</b>	<b>(7,344,008)</b>
<b>Earnings per share</b>			
Basic and diluted loss per share from net income / (loss) for the year attributable to the shareholders of the parent Company	25	<b>0.49</b>	<b>(1.00)</b>

Chief Financial officer



Chief Executive Officer



Authorized Board Member



The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Attributable to the equity holders of the Parent			
	Capital	Accumulated losses	Total Shareholders' Equity	Non-controlling interest
Balance at January 1, 2020	15,000,000	789,261	15,789,261	-
Increase in Capital	90,000,000	-	90,000,000	-
Capital increase expenses	-	(9,500,000)	(9,500,000)	-
Net loss for the year	-	(5,990,003)	(5,990,003)	-
Other comprehensive loss items for the year	-	(1,354,005)	(1,354,005)	-
Total comprehensive loss for the year	-	(7,344,008)	(7,344,008)	-
Balance at January 1, 2021	105,000,000	(16,054,747)	88,945,253	-
Capital	-	-	-	8,330,000
Net profit for the year	-	5,195,300	5,195,300	(986,419)
Other comprehensive income items for the year	-	742,361	742,361	-
Total other comprehensive income for the year	-	5,937,661	5,937,661	(986,419)
Balance at December 31, 2021	105,000,000	(10,117,086)	94,882,914	7,343,581
				102,226,495

Chief Financial officer

Chief Executive Officer

Authorized Board Member

*[Signature]*

*[Signature]*

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The accompanying notes from 1 to 32 form an integral Part of these consolidated financial statements.

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(All amounts expressed in Saudi Riyals unless otherwise stated)**

	2021	2020
<b>Cash flows from operating activities</b>	<b>4,208,881</b>	<b>(8,705,574)</b>
Net profit / (loss) for the year before zakat		
Adjustments to net profit / (loss) for the year before Zakat:		
Depreciation of property, plant, and equipment	4,193,226	4,093,399
Amortization of intangible assets	200,271	195,370
(Gain) on assets held available for sales	(25,186,568)	(2,714,450)
Allowance for expected credit loss and write off	2,601,397	-
Loss from discontinuing operations	4,254,010	2,715,571
Provision for end of service indemnities	309,825	470,309
Increase in capital expenses	-	(9,500,000)
	<b>(9,418,958)</b>	<b>(13,445,375)</b>
<b>Changes in operating assets and liabilities</b>	<b>(509,263)</b>	<b>767,110</b>
Inventories	385,963	(221,216)
Trade receivables	(19,757,794)	(1,396,944)
Prepayments and other receivables	5,456,117	(905,793)
Accrued expenses and other payables	(4,196,906)	(350,480)
Trade accounts payables	<b>(28,040,841)</b>	<b>(15,552,698)</b>
<b>Cash uses in operations</b>	<b>(2,123,724)</b>	<b>(31,000)</b>
End of services indemnities paid	<b>(30,164,565)</b>	<b>(15,583,698)</b>
<b>Net cash flows (used in) operating activities</b>		
<b>Cash flows from investing activities</b>	<b>(2,304,422)</b>	<b>(111,168)</b>
Purchase of property, plant, and equipment	-	835,088
Net movement in non-current assets classified as held for sale	(26,000)	-
Purchase of intangible assets	(3,951,250)	-
Investment in fair value through profit or loss	(20,400,000)	-
Acquisition of a subsidiary	71,800,000	2,954,553
Proceeds from sale of property, plant and equipment	<b>45,118,328</b>	<b>3,678,473</b>
<b>Net cash from investing activities</b>		
<b>Cash flows from financing activities:</b>		
Increase in capital	(17,114)	90,000,000
Dividends and dues to shareholders paid	(17,114)	1,268,773
<b>Net cash (used in) from financing activities</b>	<b>14,936,649</b>	<b>91,268,773</b>
<b>increase in cash and cash equivalents</b>	<b>80,456,360</b>	<b>1,092,812</b>
Cash and cash equivalents at beginning of the year	<b>95,393,009</b>	<b>80,456,360</b>
<b>Cash and cash equivalents at end of the year</b>		
<b>Non-cash transactions</b>	<b>2,346,529</b>	-
Write off for other receivables	16,500,000	-
Non-cash acquisition of investment property	2,797,006	-
non-cash settlement of accounts payable		

Chief Financial officer

Chief Executive Officer

Authorized Board Member

The accompanying notes from 1 to 32 form an integral Part of these consolidated financial statements.

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
 (All amounts expressed in Saudi Riyals unless otherwise stated)

**1- ORGANIZATION AND ACTIVITIES**

Anaam International Holding Group Company is a Saudi joint stock company established in accordance with Commercial Registration No. 4030035073 dated 7/9/1402(H) corresponding to 29/6/1982.

The Company and its subsidiaries ("the Group") main activities was performing all operations of marine transport of livestock within and outside the Kingdom, possession of all means of marine and overland transport necessary to the Group, trading of marine equipment necessary for the ships of the Group, trading of livestock and fodder, related operations of meat production and its transportations, management and operation of slaughterhouses and meat manufacturing, establishing , managing and operating centers and industrial projects, wholesale and retail trade in foodstuff, carryout import , export and marketing to third parties and public services in the fields of trading and distribution agencies.

On December 3, 2020, the Company has changed its activities of cultivation and trading of feedstuffs, wholesale and retail trade in foodstuffs, warehousing and leasing services to managing subsidiaries or participating in the management of other companies in which the group contributes, providing the necessary support for them, investing their money in shares and other securities, owning real estate and movables necessary to conduct its activities, and providing loans, guarantees and financing for its subsidiaries.

The Company has the following subsidiaries included in the consolidated financial statements. All these companies are established in the Kingdom of Saudi Arabia and are owned 100% by the Company directly and indirectly except for Saudi Wasit Factory where the Company owns 51%.

Description	Main activity	Commercial registration
Saudi Cold Store Company Limited	Foodstuff trading & rental storage (dormant entity)	4030007971
Anaam International Food Co., Ltd.	Foodstuff trading	4030166809
Anaam International Agricultural Company	Agricultural production (dormant entity)	4030035281
Anaam International Investment Company	Real estate and services (dormant entity)	4030165735
Anaam International Financial Company	wholesale trading (dormant entity)	4030165733
Saudi Wasit Factory for Entertainment and Beauty Systems	Entertainment and Beauty	1126002218

**2- BASIS OF PREPARATION**

**2-1 Statement of compliance**

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standard that is endorsed in the Kingdom of Saudi Arabia and other relevant pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants, and the requirements of the laws and regulations for companies in the Kingdom of Saudi Arabia.

The Capital Market Authority has allowed the listed Companies to use the fair market value or the revaluation module to measure the property and investment property starting from January 1, 2022. It's also required the companies to continue the use of cost module for property, plant and equipment and intangible assets.

**2-2 Basis of measurement**

These consolidated financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for employees' benefits obligation, which are measured at present value for the future obligations.

**2-3 Functional and presented currency**

These consolidated financial statements are presented in Saudi Riyals (SR) which is the functional and presentation currency.

The group's fiscal year starts from the beginning of January of each calendar year and ends at the end of December of the same year.

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

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**3- SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of the consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the recognized amounts of revenues, cost, assets and liabilities, and disclosures of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates may result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities in the future period.

These estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying amounts of assets and liabilities that cannot be determined from other sources. Estimates and assumptions are reviewed periodically, and adjustments to accounting estimates are recognized in the period in which the estimates are revised or recognized in the adjustment period, and future periods if the modification changes the current and future periods.

***Useful lives of property, plant, and equipment***

Management determines the estimated useful lives of property, plant, and equipment for calculating depreciation. The cost of property, plant, and equipment is depreciated over the estimated useful life which estimated based on the expected use and obsolescence of the assets and the maintenance and repair programs as well as the technical obsolescence and the recoverable amount of the assets. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

***Actuarial valuation of the employee's end of service indemnities***

Cost of employees' end of service indemnities is determined under the defined unfunded benefits program, which 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's turnover. Given the complexity of the evaluation and its long-term nature, the specific unfunded benefits obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed once or more per year when necessary.

***Provision of damaged and slow-moving inventories***

Factors affecting the estimation of the provision based on the Group's previous experience include the current stock situation, current, and future sales projections. Accordingly, the Group considers these factors and takes them into account to calculate a provision for damaged inventories and slow-moving items. Estimates of the provision may change substantially from year to year. Any adjustments that may result from the difference in these factors are periodically reviewed.

***Measurement of fair value***

Fair value is the amount to be received for the sale of an asset, or its payment to convert any of the liabilities in a regular transaction between the market participants on the measurement date under prevailing market conditions for example, the present price regardless of whether it is directly observable or estimated using another valuation method.

The fair value measurement is based on the assumption that the sale of the asset or the transfer of the obligation will be either:

- Through the main market of the asset or liability, or
- Through the most beneficial market for the asset or liability in the absence of the main market.
- The main or most beneficial market must be available to the group to access.

The fair value of an asset or liability is measured using the assumptions assumed by market participants when pricing an asset or liability on the assumption that market participants are working in the best interest of their economy.



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**3- SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)**

The measurement of the fair value of a non-financial asset takes into account the ability of market participants to provide economic benefits by using the asset to obtain the best benefit from it or to sell it to another party for use in the best interest. The Group uses valuation techniques that are appropriate to the circumstances and have sufficient data to measure fair value, maximize the use of relevant observable data and minimize the use of undisclosed data.

All assets and liabilities that are measured at fair value or whose fair values are disclosed in the consolidated financial statements are classified according to the hierarchy of the fair values shown below based on the lower-level data that is material to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities matching those that are measured.
- Level 2: inputs that are observable for the asset or liability, either directly or indirectly other than prices quoted in level one and
- Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

***Impairment of non-financial assets***

Impairment is recognized when the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, which represents its fair value less costs to sell or its value in use, whichever is higher. The fair value is calculated minus costs of disposal on the basis of available data from binding sales transactions, which are made on the basis of the spot price of the transaction in direct market transactions, for similar assets or observable market prices less costs to eliminate the asset.

The value in use is calculated based on the discounted cash flow model. Cash flows are realized from the budget for the following five years, and do not include restructuring activities that the group has not yet committed or significant future investments that will enhance the asset performance of the cash-generating unit subject to the impairment test. The recoverable amount is sensitive to the discount rate used in the discounted cash flow method, as well as expected future internal cash flows and the rate of growth used in the forecast.

**4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**New Standards, Amendment to Standards and Interpretations:**

The following represents the new standards and amendments which was effective for the first time for annual reporting period commencing 1 January 2021.

Amendments to IFRS 7 and IFRS 16 interest rate benchmark reform – Phase 2

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

The accounting policies applied in preparing the consolidated financial statements are consistent with those used in preparing the annual consolidated financial statements of the Group for the year ended December 31, 2021.

Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the International Accounting Standards Board ("IASB") published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

#### **4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The adoption of above amendments does not have any material impact on the Consolidated Financial Statements during the year.

##### **Standards issued but not yet effective**

The following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted them in preparing these Consolidated Financial Statements.

##### **Standards issued but not yet effective**

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

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

Amendments to IFRS 3, Business Combination IAS 16, IAS 37

- IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16 Property, plant and equipment

- IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

Amendments to IAS 37 Provisions, contingent liabilities and contingent assets

IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Amendments to IAS 1, Practice statement 2 and IAS 8

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

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

These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

#### **4-1 Basis of consolidation of financial statements**

##### **Subsidiaries**

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries (the Group). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns

#### **4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **4-1 Basis of consolidation of financial statements (Continued)**

###### **Subsidiaries (continued)**

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements that give the parent company the ability for orienting of related activities.
- The Group's voting rights and potential voting rights.

The Group re-confirm whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The consolidation of a subsidiary is commenced when the control of the subsidiary transferred to the group and is discontinued when the group ceases to control the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired during the year are included in the consolidated financial statements from the date of control transferred to the group until the date the Group ceases to control over subsidiary.

Profit or loss and each component of other comprehensive income (OCI) is attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between components of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

##### **4-2 Classification of current and non-current items**

Assets and liabilities are presented in the consolidated statement of financial position are classified as current and non-current. The asset is classified as current when:

- The Group expects the asset to be recognized, intended to be sold or used during a normal operating cycle.
- The Group retains the assets for trading purposes.
- The Group expects to realize the asset within a period of twelve months after the financial year (Period).
- The asset is in cash or its equivalents unless it is subject to restrictions on its replacement or uses to settle an obligation for more than twelve months after the financial period.

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**4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4-2 Classification of current and non-current items (continued)**

All other assets are classified as non-current assets.

The liabilities are classified as current when:

- The settlement of the liability is expected during a normal operating cycle.
- Retains the liability primarily for the purpose of trading.
- The liability is the duty of settlement within twelve months after the financial period.
- The Group has no unconditional right to defer settlement of the liability for more than twelve months after the financial period.

All other liabilities are classified as non-current.

The accounting policies applied in these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except for the changes in accounting policies mentioned in Note 4.

**Financial Instruments**

Financial instrument is a contract that give rise to a financial asset of one entity and financial liability or equity instrument of another entity.

The financial assets or financial liabilities are recognized at fair value. The transaction price is the costs directly attributable to the acquisition or issue of financial assets or financial liabilities (excluding financial assets and financial liabilities that are subsequently measured at fair value through profit or loss), which are added to or reduced from the fair value of the financial assets or financial liabilities, as necessary. , upon initial recognition.

**Financial assets**

Classification and post-measurement

In accordance with IFRS 9, upon initial recognition, financial assets are classified as recorded with: amortized cost; Fair value through other comprehensive income - debt investments, fair value through other comprehensive income - equity investments; or fair value through profit or loss. Financial assets are not reclassified subsequent to initial recognition, except in the period after the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the financial reporting period after the change in business model.

A financial asset is measured at amortized cost if the following two conditions are met and is not designated at fair value through profit or loss:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; And
- Its contractual terms give rise to cash flows on specific dates that are payments that are limited to principal and interest on the principal amount outstanding. On initial recognition of equity investments not held for trading, the Company may irrevocably decide to present subsequent changes at fair value through other comprehensive income. This decision is made on an investment-by-investment basis. The Company does not have any financial assets designated at fair value through other comprehensive income.

All financial assets not classified at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Company may irrevocably designate a financial asset that meets the requirements to be measured at amortized cost or at fair value through other comprehensive income because its measurement at FVTPL eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Business Model Evaluation*

The Company makes an evaluation of the objective of the business model in which the asset is held at the portfolio level because this reflects the best way of conducting the business and providing information to management. The information considered includes:

- The policies and objectives established for the portfolio and the implementation of those policies in practice. In particular, the extent to which management's strategy focuses on achieving contractual commission income, maintaining a certain commission rate, matching the time period of financial

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**4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial assets (continued)**

- assets with the time period of financial liabilities or expected cash outflows, or realizing cash flows through the sale of assets;
- How to evaluate and report on the performance of the portfolio;
- The risks that affect the performance of the business model (and the financial assets held within the business model), and how those risks are managed.
- How the business managers are compensated, for example whether compensation is based on the fair value of the assets under management or the contractual cash flows collected; And
- The frequency, volume and timing of sales of financial assets in previous periods, the reasons for those sales and their expectations regarding future sales activity. However, these sales cannot be taken into account alone, but as part of the overall assessment of how the Company will reach the goals set for managing the assets, and how to achieve the cash flow.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not sales of purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or management purposes and whose performance is measured on a fair value basis, are measured at fair value through profit or loss. The evaluation of the business model is done according to scenarios that can reasonably occur without taking into account the so-called "worst case" or "stress case" scenarios.

If, after initial recognition, the cash flows are realized differently from the original Company's expectations, the Company does not change the classification of the remaining financial assets held within that business model, but takes into account this information when evaluating the business model for financial assets to be used or purchased in the future. Financial assets that are held for trading and whose performance is measured on a fair value basis are measured at fair value through profit or loss because these financial assets are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets.

Assessing whether the contractual cash flows of an asset are payments solely on principal and interest For the purpose of this assessment, a 'debt asset' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding over a given period of time, and other basic lending options and costs (such as liquidity risk and administrative costs) as well as a profit margin.

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

When making the assessment, the Company takes into account:

- Contingent events that change the amount and timing of cash flows;
- Terms that modify the contractual coupon rate, including variable rate features;
- Prepaid and rollover benefits; And
- Conditions that limit the Company's claim to cash flows from specific assets (such as irrevocable asset features).

An advance payment benefit is consistent only with the Standard of Payments of Principal and Interest only if the advance payment is substantially unpaid amounts of principal and interest on the principal amount outstanding, which may include an additional consideration acceptable for early termination. Additionally, for financial assets acquired at a discount or premium to the contractual nominal price, a feature that permits or requires prepayment is treated in an amount that is the contractual value of the contract plus the contractual interest accrued (but not paid) (which may also include consideration for additional acceptable early termination) as compliant with this Standard if the fair value of the prepayment characteristic is immaterial on initial recognition.

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**4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial assets (continued)**

The Company has classified its financial assets in each of the following categories:

- Loans and accounts receivable;
- Held to maturity date
- Investments available for sale; and
- At fair value through profit or loss, and within this category are as follows:
  - held for trading;
  - Classified at fair value through profit or loss.

**Financial Assets - Subsequent Measurement and Profit and Loss:**

Financial assets at fair value through profit or loss (FVTPL)	These assets are subsequently measured at fair value. Net profit or loss, including any interest or dividend income, is recognized in profit or loss.
Financial assets at amortized cost	Financial assets are subsequently measured at amortized cost, using the effective interest rate method. The amortized cost is reduced by the impairment loss on the asset. Interest income and gains and losses from foreign currencies exchange and impairment, if any, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Loans and accounts receivable	It is measured at amortized cost, using the effective interest rate method.
Equity investments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss and other comprehensive income unless the dividends clearly represent a recovery of part of the cost of the investment. Other profits and losses are recognized in other comprehensive income and are not reclassified to profit or loss.
Financial assets available for sale	Measured at fair value and any changes therein (other than impairment losses, interest income and foreign exchange differences on debt instruments) are recognized in other comprehensive income and the cumulative change is shown in the fair value reserve. On derecognition of these assets, the cumulative gain or loss in equity is reclassified to profit or loss.

**Financial liabilities**

Classification, post-measurement, and profit and loss

Financial liabilities are classified as carried at amortized cost, or at fair value through profit or loss. Financial liabilities that are classified as held for trading are classified at fair value through profit or loss or if it is a hedging instrument, or should be accounted for on this basis from the date of initial recognition. Financial liabilities are measured at fair value through profit or loss and any net gains and losses, including interest expense, are recognized in profit or loss. Other financial liabilities (including loans, withdrawals, accounts payable and other payables) are subsequently measured at amortized cost using the effective interest rate method. Interest expense and loss of foreign exchange changes are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.



#### **4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Financial liabilities (continued)**

###### **Effective interest method**

The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for distributing interest income over the relevant period. For financial instruments other than financial assets that are purchased or of an impaired principal value, the effective interest rate is the rate that effectively discounts estimated future cash flow payments (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs and premiums), or other discounts) excluding the expected credit losses through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For financial assets that are purchased or of an impaired principal value, the adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

##### **Derecognition**

###### **Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or the right to receive the contractual cash flows is transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Company does not transfer or retain substantially all the risks and rewards of ownership while not retaining control over the financial assets.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount assigned to the part of the asset that is derecognised) and the consideration received (including any new assets acquired less any new liabilities incurred) is recognized in profit or loss. Any interest in transferred financial assets created or retained by the Company is recognized as a separate asset or liability.

##### **financial obligations**

The Company derecognizes financial liabilities when the Company's obligations are discharged, canceled or have expired. The Company also stops recognizing financial liabilities when their terms are modified and when the cash flows of the modified liabilities differ significantly, in which case a new financial liability is recognized based on the modified terms at fair value.

Upon derecognition of a financial liability, the difference between the carrying amount and the consideration given, including non-monetary assets transferred or liabilities incurred, is recognized in profit or loss.

##### **Offsetting**

The amounts of financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when the Company has a legal right to set off the amounts and intends either to settle it on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis of gains or losses arising from financial instruments at fair value through profit or loss and gains and losses from changes in foreign exchange rates.

##### **Impairment of financial assets**

IFRS 9 requires the Company to record an expected credit loss allowance for all loans and other debt assets and financial assets not held at fair value through profit or loss, in addition to loan commitments and financial guarantee contracts. The provision is based on the expected credit loss associated with the probability of default within the next twelve months unless there has been a significant increase in credit risk since its inception. If the financial assets meet the definition of credit-impaired financial assets purchased or originated, then the provision is based on the change in the expected credit loss over the life of the assets. Under IFRS 9, credit losses are recognized earlier than the previous accounting standard.

The Company applies the simplified method of IFRS 9 to measure expected credit losses that use a useful life expected loss allowance for trade and other receivables. To measure expected credit losses, trade and other receivables are grouped based on common credit risk characteristics and days past due.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating the expected credit loss, the Company considers relevant supporting information that is available without undue cost or effort. This includes obtaining quantitative and qualitative information,

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**4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Impairment of financial assets (continued)**

carrying out analysis based on the Company's past experience, and a good credit assessment, including forecast information.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without resorting to measures such as the use of collateral (if any); or
  - That the financial asset is past due date.
- Lifetime ECL represents the expected credit losses that will result from possible hypothetical events over the expected life of the financial instrument. The maximum credit period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

**Measurement for expected credit loss:**

Expected credit losses are a weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (that is, the difference between the cash flows due to the entity as per the contract and the cash flows the Company expects to receive). Expected credit losses are discounted at the financial asset's original effective profit rate.

**Low-credit financial assets**

The Company assesses at each financial statement date whether financial assets carried at amortized cost and debt securities at FVOCI, if any, are credit impaired. A financial asset is considered impaired when one or more events that have a negative impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is impaired includes the following observable events:

- due to significant financial difficulty of the borrower or issuer;
- breach of contract, such as default or late payment;
- Rescheduling of the financial asset by the Company on terms that are not otherwise indispensable to the Company;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The absence of an active market for that for a financial instrument due to financial difficulties.

**Display the expected credit loss allowance in the statement of financial position**

Loss allowances for financial assets measured at amortized cost are deducted from the total carrying amount of the assets.

**Write-off**

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is an adequate assessment of its uncollectibility. For example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Written-off financial assets may continue to be subject to enforcement activities under the Company's recovery procedures, subject to legal advice where appropriate. Any recoveries are recognized in profit or loss.

**4-3 Property, plant and equipment**

Property, plant, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (except land where they are not depreciated). Expenses incurred to replace any component of the asset are recognized as a separate item and are capitalized against the write-off of the carrying amount of the replacement portion. Any other capitalization is recognized only when the future economic benefits relating to the asset increase. The repair and periodic maintenance costs of the property, plant, and equipment are recognized in the consolidated statement of profit or loss as incurred. The useful lives of property, plant, and equipment are reviewed at the end of each year.

If the estimated useful life is different than previously estimated, the residual value of the asset is depreciated over the remaining useful life after a reassessment of the year in which the revaluation was made.

In respect of the current obligations for derecognition, restatement and similar obligations (dismantling or eliminating the assets), changes in the liability are added to or deducted from the cost of the related asset in the current period so that the amount deducted from the cost of the asset does not exceed its recorded amount and in case the amount of the loss decrease, then it must be recognized immediately in the statement of profit or loss and other comprehensive income. If the adjustment results any addition to the cost of the asset, the Group considers

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**4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4-3 Property, plant and equipment (Continued)**

Whether this indicates that the new amount of the asset may not be fully recoverable, and if so, the Group tests the asset for impairment by estimating its recoverable amount and Loss of impairment in consolidated profit or loss.

Financing costs for loans used directly to finance the creation of assets are capitalized over the period of time required to complete the asset and prepare it for its intended use when the asset is eligible to bear the cost of borrowing. Depreciation expense is recognized in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant, and equipment. Assets on leased land (leasehold improvements) are depreciated over the lease term or on the shorter useful lives of the assets

When the useful life of items of property, plant, and equipment is different, they are accounted for as separate items.

Depreciation is charged to all items of property, plant, and equipment to reduce their carrying amount through their estimated useful lives as follows:

<b>Type</b>	<b>Useful lives (Years)</b>
Buildings	3,33-10
Furniture and fixture	3,33-4
Equipment	10
Vehicles and trucks	10-20

The group reviews the useful lives and residual values of property, plant, and equipment at each financial year-end to ensure that it reflects the benefit obtained, and if any is traded as changes in accounting estimates (in the year of change and subsequent years).

**Subsequent costs**

The cost of replacing part of an item of property, plant, and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The daily cost and expenses incurred by the group for the maintenance and operation of property, plant, and equipment are recognized in the consolidated statement of profit or loss as incurred. Improvements that subsequently increase the value of the assets or the useful life of the assets are capitalized.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4-3 Property, plant and equipment (Continued)**

**Bearer plants**

IAS 16 Property, "Plant and Equipment" defined 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 the fruit plant (calculated on the basis of the difference between the net proceeds of the sale and the carrying amount of the plants) is recognized in other income in the consolidated statement of profit or loss in the period in which the asset is disposed of.

**4-3 Business combinations and goodwill**

Business combinations are accounted for applying the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred which is measured at fair value on the acquisition date and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed in the consolidated statement of income when incurred.

When the Group acquires a business, it assesses the financial assets acquired and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument is measured at fair value with the changes in fair value recognised in the consolidated statement of income or other comprehensive income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed. If the reassessment still results in excess, the gain is recognised in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if applicable. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to have benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

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**4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4-4 Intangible assets**

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses if any. Intangible assets are amortized on a straight-line basis over their five to ten-year economic life.

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.

The residual values of intangible assets, their useful lives, and impairment indices are reviewed at the end of each financial year and adjusted prospectively where necessary.

**4-5 Investment properties**

Investment properties consist of land held by the Group for the purpose of earning rental income or growing capital through value appreciation or for both purposes and do not include land and buildings used for the production or supply of goods or services or for administrative purposes or for regular sale purposes.

Investment properties are stated at cost less accumulated depreciation (if any) and impairment losses (impairment) in accumulated value (if any). The land is not depreciated. The cost includes the purchase price plus all the costs directly associated with the establishment or acquisition of the investment property and the condition necessary to be used for the intended purpose. Significant portions of the investment property are depreciated separately from the other segments and the fair value of the investment properties is disclosed.

The cost of properties under construction which their purpose is to construct properties to earn rental income or for the purpose of growing capital, is included through the value appreciation or for both purposes within the investment properties. The group will start depreciation when the property is ready for use in its intended purpose.

The carrying amount of the investment property is derecognized when it is disposed (either through sale or through as finance lease) or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between (a) the net proceeds from the disposal of the investment property and (b) the carrying amount of the investment property is recognized in the statement of profit or loss in the year in which the asset is disposed or written off.

If the use of an investment property changes to a property occupied by the Group, it is reclassified to the property, plant and equipment item.

**4-6 Trade Receivables**

Trade receivables are amounts due from customers for products sold in the ordinary course of business. Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less the expected credit loss allowance in value, which is recognized in the statement of profit or loss and other comprehensive income.

**4-7 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held with banks and other highly liquid investments with original maturities of three months or less from the date of acquisition.

**4-8 Impairment of financial assets**

Management assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, which are carried at amortised cost and FVOCI.

The ECL is based on a 12-month ECL or a lifetime ECL. The 12-month ECL results from default events on a financial instrument that are possible within 12 months after the reporting date. When there has been a significant increase in credit risk since initial recognition, the allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (the lifetime ECL).

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**4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4-9 Impairment of financial assets (Continued)**

For accounts receivables, management applies the simplified approach in calculating ECL's. Therefore, management does not track changes in credit risk, but instead recognised a loss allowance base on lifetime ECL's at each reporting date. Management has established a provision matrix that is based on its historical credit loss experience,

**4-10 Inventories**

Inventories are measured at the lower of cost or net realizable value after deducting any slow-moving inventory provision. The cost of inventories is based on the weighted average method and includes expenditure incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business for the group, less the estimated costs of completion and selling expenses.

**4-11 Provision for Zakat**

Zakat provision is calculated annually in the consolidated financial statements in accordance with the directives of the General Authority for Zakat and Income Tax in the Kingdom of Saudi Arabia. Any adjustments that may result at Zakat final claim are recorded in the consolidated statement of profit or loss in the year in which the final claim is received, at this time the provision is settled.

**4-12 Value Added Tax**

The group is subject to the value-added tax system and the tax is calculated immediately after the invoice is issued or the commodity is delivered or the price or part of it is received. The VAT return is submitted on a monthly basis for the holding company and on a quarterly basis to the subsidiary companies.

**4-13 Loans**

Loans are recorded at net realizable value net of transaction costs incurred and interest is charged to loans using the effective interest method. Interest is charged to long-term loans during the year in which they are due. Interest on long-term loans to finance the qualifying asset is capitalized as part of the cost of the asset in accordance with IAS 23.

**4-14 Employee benefit provision**

The Group contributes to the pension and social insurance for its employees in accordance with the Saudi Labour Law.

**a-Annual leave**

The estimated liabilities of employees for annual leave are calculated according to the Saudi Labor Law.

**b- Provision for employees' end of service indemnities**

The end of service indemnity is payable to all working employees according to the terms and conditions of the Saudi Labor Law followed by the Group, upon the termination of their service contracts.

Net liabilities of the Group in respect of defined benefit programs for unfunded employees are calculated by estimating the amount of future benefits through the actuarial valuation that the employee receives for his services in the current year and prior years. The benefits are deducted to determine the present value and any past unrecorded service costs. The discount rate used is the market return on government bonds at the consolidated financial statement date, which has maturities close to the maturity profile of the Group's liabilities. The cost of providing benefits under defined benefit programs for unfunded employees is determined using the unit's expected credit method to determine the present value of the Group's liabilities. The revaluation of defined benefit obligations consisting of actuarial profits and losses is recognized directly in the consolidated statement of other comprehensive income. The group determines the net interest expense on the defined benefit obligation for the year by applying the discount rate that is used to measure the defined benefit obligation at the beginning of the year and the net liabilities identified in it after taking into consideration any change in the net defined benefit obligations during the year and the payments of the obligations. The net interest expense and other expenses related to defined benefit plans are recognized in the consolidated statement of profit or loss.



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**4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4-15 Provisions**

Provisions are recognized when the Group has a liability (statutory or constructive) arising from a past event and there is a possibility that costs to settle the obligation will arise which can be reliably measured. When the Group expects to receive compensation for some or all of the provision - for example, under an insurance contract - compensation is recognized as an independent asset but only in the event that the compensation is asserted in practice. Expenses related to the provision are presented in the consolidated statement of profit or loss, net of any compensation.

**4-16 Transactions in foreign currencies**

Transactions carried out by the Group in currencies other than the currency of the major economic environment in which the Group operates (its functional currency - Saudi Riyal) are recorded using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities are revalued using the exchange rates prevailing at the date of preparation of the consolidated financial statements. The resulting exchange gains and losses are recognized immediately in the consolidated statement of profit or loss. Non-monetary assets and liabilities are stated at historical cost using the prevailing rate at the date of those transactions. Non-monetary items at fair value are translated using the prevailing price at the date of valuation and evaluation profits and losses are recognized as a part of this fair value.

**4-17 Revenue**

Revenue from sale of goods is measured at the fair value of the cash consideration received or receivable from the sale of the goods in the course of the Group's normal activities. The Group recognizes revenue when control of the goods is transferred, or when the goods are delivered to the customer, and the customer is completely free to use or sell these goods, and there is no unfulfilled obligation that affects the customer's acceptance of the goods. Delivery takes place when the goods are shipped to the specified location and the risks of obsolescence and losses are transferred to the customer, and either the customer accepts the goods according to the sales contract or with the expiration of the acceptance provisions, or the group has objective evidence that all acceptance criteria are met. Trade receivables are recognized when the goods are delivered, as this is the point in time at which this amount is unconditional, because only time is required before the payment is due.

**4-16 The Group as a lessor**

Operating lease payments are recognized as expenses in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. The direct costs incurred when negotiating and making arrangements for an operating lease are added to the book value of the leased asset and are recognized on a straight-line basis over the term of the lease.

**4-17 Deferred income from government grants**

Benefits of a government loan at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined at amortized costs and the proceeds received.

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

**4-18 Statutory reserve**

In accordance with the Saudi Arabian Regulations for Companies and Company's Articles of Association, the Company must set a side 10% of its net income for the year until it has built up a reserve equal to 30% the capital. The Company may discontinue such transfer when it achieves this percentage. The reserve is no available for distribution. The Company did not transfer to the reserve due to the accumulated losses.

**4-19 Earnings per share**

Basic earnings per share and diluted earnings per share (if any) are presented for ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted by the number of ordinary shares repurchased or issued during the year. The diluted earnings per share are adjusted by adjusting the profit or loss attributable to ordinary equity holders of the Company and the weighted average number of shares outstanding during the year with the effect of all dilutive potential ordinary shares issued during the year.

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**4- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4-20 Operating segments**

The operating segment is a component of the Group:

- a) Which carries out business activities from which it may earn revenues and incur expenses (including profit and expenses relating to transactions with the components of the same group).
- b) Whose operating results are regularly reviewed by the chief operating decision maker at the facility to make decisions about the resources to be allocated to the sector and to evaluate its performance.
- c) For which separate financial information is available.

Operating segment results reported to operational decision makers include the direct items relating to the operating segment and the items that are allocated to the operating segment to a reasonable extent. The Group has three operating segments as described in note (18).

**4-21 Expenses**

Selling, marketing, general, and administrative expenses include direct and indirect expenses not considered part of the cost of sales. Selling and marketing expenses are all related to sales activity and delivery vehicles as well as other marketing related expenses. All other expenses are classified as general and administrative expenses. Joint expenses are divided between the cost of sales, Selling and marketing expenses, administrative and general expenses on a consistent basis when required.

**4-22 Related parties' transactions**

Related party is the person or entity associated with the company that prepares its consolidated financial statements.

A) If the person or a member of his family is closely related to the company whose financial statements are prepared:

- Has joint control or control over the company preparing its financial statements;
- It has a material impact on the company preparing its financial statements. or
- He is a member of the top management of the company whose financial statements are prepared or the parent company of the company that prepares its financial statements.

B) If the facility is related to the company that prepares its financial statements if any of the following conditions are fulfilled:

- The establishment and the company that prepares its financial statements are members of the same company (which means that both the parent company, subsidiaries and associates have a relationship with the other).
- One of the two companies is an associate or a joint venture of the other company (or an associate or a joint venture of a member of the company of which the other company is a member).
- Both companies are joint ventures of the same third party.
- One of the two companies is a joint venture of a third company and the other company is an associate of the third company.
- A company is a post-employment benefit plan for the employees of any company that prepares its financial reports or a company related to the company that prepares its financial statements. If the company preparing its financial statements is the same as preparing those plans, the sponsoring work sponsors are also related to the company that prepares its financial statements.
- The company is jointly controlled or controlled by a person specified in Paragraph (a).
- The person identified in paragraph (a) (1) has a material influence on the company or is a member of the top management in the company (or the parent company).
- The company or any member of the company provides part of the services of senior management employees of the company that prepares its financial statements or to the parent company of the company that prepares its financial statements.

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**5- PROPERTY, PLANT AND EQUIPMENT, NET**

	Land	Buildings	Agricultural tools, and equipment, wells, and irrigation equipment	Cars and Trucks	Furniture, office equipment and computers	Capital projects under construction	Total
<b>Cost</b>							
Balance as at January 1, 2020	96,688,442	43,129,368	148,317,042	16,386,589	9,855,139	240,103	314,616,683
Additions	-	-	33,600	-	77,568	-	111,168
Disposals	-	-	-	(30,000)	(37,420)	(240,103)	(307,523)
Reclassifications to held available for sale	-	-	(96,835,253)	(4,167,994)	-	-	(101,003,247)
Reclassifications to Investment property	(51,353,316)	-	-	-	-	-	(51,353,316)
Balance as at December 31, 2020	45,335,126	43,129,368	51,515,389	12,188,595	9,895,287	-	162,063,765
Additions	-	1,991,479	96,900	-	151,043	65,000	2,304,422
Disposals	-	-	-	-	(10,415)	-	(10,415)
Reclassifications to held available for sale	(31,335,126)	(18,745,940)	(45,089,144)	-	(3,475,521)	-	(98,645,731)
Balance as at December 31, 2021	14,000,000	45,649,335	20,671,595	993,381	6,560,394	65,000	100,128,300
<b>Accumulated Depreciation</b>							
Balance as at January 1, 2020	-	26,947,734	117,178,182	13,335,970	9,545,342	-	167,007,228
Additions	-	1,310,439	2,073,228	511,013	188,881	-	4,083,561
Disposals	-	-	-	(30,000)	(37,420)	-	(67,420)
Reclassifications to held available for sale	-	-	(72,206,687)	(2,349,309)	-	-	(74,555,996)
Impairment	-	-	(3,500,000)	(1,000,000)	-	-	(4,500,000)
Balance as at December 31, 2020	-	28,258,173	43,544,723	10,467,674	9,696,803	-	91,967,373
Additions	-	1,220,548	2,347,567	577,637	47,474	-	4,193,226
Disposals	-	-	-	-	(10,415)	-	(10,415)
Reclassifications to held available for sale	-	(12,517,816)	(41,250,944)	156,888	(3,358,443)	-	(57,127,203)
Balance as at December 31, 2021	-	17,383,618	5,502,464	11,202,199	6,375,419	-	40,463,700
<b>2021</b>	14,000,000	28,265,717	15,169,131	1,979,777	184,975	65,000	59,664,600
<b>2020</b>	45,335,126	14,871,195	7,970,666	1,720,921	198,484	-	70,096,392

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

During the year 2021, the Company transferred additional property plant and equipment related to Al-Jouf operations with net book value of SR 44,380,091 (December 31, 2020: SR 21,930,481) to the assets held for sale (note 14).

Included in the property, plant and equipment of the Group as of December 31, 2021 assets with net book value amounting to SR 30,082,172 pledged against loan obtained from the Saudi Industrial Development Fund. (note 16)

Included in the property plant and equipment as of December 31, 2021 land and building amounting to SR 20 million under sales lease back agreement with Kirnaf Investment and Installment Company. The group fulfil and complete the contract conditions, and in the process to change the land deed to group name again, the group already have the custody of the land and building and use it in its normal operation. The building includes net improvement amounting to SR 5.5 million (December 31, 2020: SR 5.5 million).

During the year, the management of the Company has reassessed its intent and use of the lands amounting to SR 51,353,316 (December 31, 2020: SR 51,353,316) reported by the Group. The management reclassified these lands into investment property (Note 6).

The depreciation of property, plant, and equipment for the year ended December 31, 2020 was charged to the consolidated statement of profit or loss and other comprehensive income as follows:

	2021	2020
Cost of sales	2,947,059	2,807,683
Selling and marketing expenses (note 22)	-	928
General and administrative expenses (note 23)	1,246,167	1,274,950
<b>Total</b>	<b>4,193,226</b>	<b>4,083,561</b>

**4- INVESTMENT PROPERTY**

	Land	Total
<b>Cost</b>		
January 1, 2020	946,000	946,000
Transferred from property, plant and equipment	51,353,316	51,353,316
Disposals	-	-
December 31, 2020	52,299,316	52,299,316
<b>Additions</b>	<b>16,500,000</b>	<b>16,500,000</b>
<b>Disposals</b>	<b>-</b>	<b>-</b>
<b>December 31, 2021</b>	<b>68,799,316</b>	<b>68,799,316</b>

Included in the lands transferred from property, plant and equipment to investment property a land in Al-Khumra district in Jeddah of 197,554 square meters with carrying value of SR 26 million. This land neither has title deed nor registered under the name of the Group. This land is acquired by the Group at the merger time in 1995.

On December 26, 2021, the Group acquired Hayat Al-Fursan Hotel located in Al-Qurayyat city in Saudi Arabia. The fair value of the hotel amounting to SR 16,500,000, was fully offset against the amount due from Aljouf project's sales. The Hotel already in the operation and classified as Investment properties during the current year.

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**6- INVESTMENT PROPERTY (CONTINUED)**

The following are the investment property as of December 31:

	2021	2020
Investment in land in Yanbu city	150,000	150,000
Investment in land in Jubail city	796,000	796,000
Investment in land in Al-Khumra – Jeddah city	16,811,804	16,811,804
Investment in land in Al-Suroriya – Jeddah city	26,085,092	26,085,092
Investment in land in Al-wadi district – Jeddah city	3,966,920	3,966,920
Investment in land in Al-Khumra – Jeddah city	4,489,500	4,489,500
Investment in Hayat Al-Fursan Hotel	16,500,000	-
	<b>68,799,316</b>	<b>52,299,316</b>

**Fair value estimation**

The fair value of the Group's investment property, as at 31 December 2021, has been arrived on the basis of the valuation exercise carried out by Ruwad AlTaqeem, an independent valuer not related to the Group with license number 1210000033 a member with the Saudi Authority for Accredited Valuers. Ruwad AlTaqeem holds appropriate qualifications and relevant experience in assessing the valuation for the relevant land and properties.

To determine the fair value of land with an undetermined future use, the valuer has conducted a dynamic residual valuation approach by calculating the maximum price that a hypothetical developer and investor would pay for the subject land to achieve acceptable hurdle rates based on the highest and best use of the land and in line with current market conditions. For other properties, the fair value has been determined based on the market comparative approach that reflects recent transaction prices for similar properties or capitalization of net income method.

The market value was used as a basis for the fair value estimation as shown below:

	2021	2020
Cost	68,799,316	52,299,316
Fair value	74,997,050	52,299,316

**7- GOODWILL**

On 21/11/1442H corresponding to 1/7/2021G, the Group acquired 51% ownership interest of Saudi Wasit Factory for Entertainment and Beauty Systems a branch of a sole proprietorship (the Factory) at a value of SR 24,480,000 which includes an amount of SR 4,080,000 as additional financing for the completion of the project and other requirements. Based on the acquisition agreement, the factory converted into a closed joint stock company. The legal formalities for the formation of the company were completed on August 18, 2021. The Group consolidated the subsidiary based on provisional amounts as at year ended December 31, 2021.

Under the acquisition agreement, the Group has also committed to finance the working capital of the subsidiary by SR 5,000,000 which was provided by the Group during the year. The following is a summary for asset acquired, liabilities assumed and consideration transferred at the acquisition date, the Company recognized the following assets, liabilities and goodwill as a result of the acquisition:

	July 1, 2021
<b>Assets</b>	
Property, plant and equipment	34,008,460
<b>Total Assets</b>	<b>34,008,460</b>
<b>Liabilities</b>	
Long term loans	16,730,800
Due to related parties	277,660
<b>Total Liabilities</b>	<b>17,008,460</b>
<b>Net Assets</b>	<b>17,000,000</b>
Parent acquired net assets	8,670,000
Consideration transferred by parent Company	20,400,000
Goodwill	11,730,000
Non-controlling interest	8,330,000

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**7-GOODWILL (CONTINUED)**

The following summarizes the financial information of the subsidiary, Saudi Wasit Factory for Entertainment and Beauty Systems that has material non-controlling interest as of December 31, 2021:

	<b>December 31, 2021</b>
<b>Statement of financial position</b>	
<b>Assets</b>	
Total non-current assets	33,424,883
Total current assets	10,860,362
<b>Total Assets</b>	<b>44,285,245</b>
<b>Equity</b>	
Capital	17,000,000
Accumulated losses	(2,013,100)
- Total equity attributable to parent Company	7,643,319
- Non-controlling interest	7,343,581
<b>Total equity</b>	<b>14,986,900</b>
<b>Liabilities</b>	
Total non-current liabilities	15,271,935
Total current liabilities	14,026,410
<b>Total Liabilities</b>	<b>29,298,345</b>
<b>Total shareholders' equity and liabilities</b>	<b>44,285,245</b>
<b>Statement of profit or loss and other comprehensive income</b>	
Expenses	(2,173,222)
Other income	160,122
<b>Total comprehensive losses for the period</b>	<b>(2,013,100)</b>
- Total equity attributable to parent Company	(1,026,681)
- Non-controlling interest	(986,419)

**8- INVESTMENT IN FAIR VALUE THROUGH PROFIT OR LOSS**

The shares have no quoted market price. As of December 31, 2021, the management of the Group believe that the change in fair market value for the investment is immaterial, the movement for the investment is as follow:

	<b>2021</b>
January 1, 2021	-
Additions during the year	3,951,250
Change in fair market value at year end	-
December 31, 2021	<b>3,951,250</b>



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**9- INTANGIBLE ASSETS, NET**

Description	Software licenses		
	Cost	Acc. Amortization	Net book value
Balance as of January 1, 2020	3,380,854	(2,518,190)	862,664
Additions	-	(195,370)	(195,370)
<b>Balance as of December 31, 2020</b>	<b>3,380,854</b>	<b>(2,713,560)</b>	<b>667,294</b>
<b>Balance as of January 1, 2021</b>	<b>3,380,854</b>	<b>(2,713,560)</b>	<b>667,294</b>
Additions	26,000	(200,271)	(174,271)
<b>Balance at December 31, 2021</b>	<b>3,406,854</b>	<b>(2,913,831)</b>	<b>493,023</b>

**10- PREPAYMENTS AND OTHER RECEIVABLES**

	2021	2020
Other receivables	13,690,474	-
Advances to suppliers	1,105,371	-
Employees loans	577,445	318,957
Prepaid expenses	535,518	554,844
Value added tax	267,620	1,191,362
	<b>16,176,428</b>	<b>2,065,163</b>

Included in other receivables a balance outstanding amounting to SR 13,200,000 related to the uncollected amount related to the sale of Al-Jouf project.

During the year, the management of the Group written off an amount of SR 2,346,529 related to value added tax receivable as the management believe that the balance is unrecoverable.

**11- INVENTORIES, NET**

	2021	2020
Fodder	-	446,555
Spare parts	-	3,223,232
Entertaining materials	509,263	-
	<b>509,263</b>	<b>3,669,787</b>
Provision for slow – moving inventory	-	(1,791,381)
	<b>509,263</b>	<b>1,878,406</b>

**12- TRADE RECEIVABLES, NET**

	2021	2020
Trade receivables	1,596,959	1,982,922
Less: Provision for expected credit loss	(279,953)	(25,085)
	<b>1,317,006</b>	<b>1,957,837</b>

The movement of provision for doubtful debts is as follows:

	2021	2020
January 1,	25,085	205,228
Charge for the year	254,868	-
Adjustment of provision	-	(180,143)
December 31,	<b>279,953</b>	<b>25,085</b>

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**13- CASH AND CASH EQUIVALENTS**

	2021	2020
Cash on hand	54,783	70,300
Cash at banks	95,338,226	80,386,060
	<b>95,393,009</b>	<b>80,456,360</b>

Cash at banks deposited in local commercial banks with high credit rating. The management believe that the expected credit loss on its bank balances is immaterial.

**14- NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

	Agricultural tools, and equipment, wells, and irrigation equipment	Building	Land	Furniture, office equipment and computer	Cars and Trucks	Total
<b>Costs</b>						
January 1, 2020	-	-	-	-	-	-
Transferred from property, plant and equipment	96,835,253	-	-	-	4,167,994	101,003,247
Disposals	(1,068,864)	-	-	-	-	(1,068,864)
<b>December 31, 2020</b>	<b>95,766,389</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,167,994</b>	<b>99,934,383</b>
Transferred from property, plant and equipment	45,089,144	18,745,940	31,335,126	3,475,521	-	98,645,731
Disposals	(140,855,533)	(18,745,940)	(31,335,126)	(3,475,521)	(4,167,994)	(198,580,114)
<b>December 31, 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated Depreciation</b>						
January 1, 2020	-	-	-	-	-	-
Transferred from property, plant and equipment	76,706,687	-	-	-	2,349,309	79,055,996
Disposals	(233,777)	-	-	-	-	(233,777)
<b>December 31, 2020</b>	<b>76,472,910</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,349,309</b>	<b>78,822,219</b>
Transferred from property, plant and equipment	12,517,816	41,250,944	-	3,358,443	-	57,127,780
Disposals	(88,990,726)	(41,250,944)	-	(3,358,443)	(2,349,309)	(135,949,999)
<b>December 31, 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
December 31, 2020	19,293,479	-	-	-	1,818,685	21,112,164
Impairment	(3,500,000)	-	-	-	(1,000,000)	(4,500,000)
December 31, 2020	15,793,479	-	-	-	818,685	16,612,164
<b>December 31, 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**14-NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)**

In accordance with International Financial Reporting Standard No. 5 (Non-current assets held for sale and discontinued operations) and as a result of stopping the cultivation of fodder by the end of 2018, the Company's Board of Directors decided to stop the cultivation permanently and to sell the machinery directly related to the cultivation of fodder at least not below the net book value of the assets in the books, that is to provide the necessary liquidity to finance the Company's operational activities effective from of 1/1/2020.

The Group has in the consolidated financial statements a provision for impairment in the value of machinery and equipment in the amount of SR 4.5 million (2020: SR 4.5) to meet any expected decrease in the value of machinery and equipment for growing fodder. During the year, the Group transferred assets from property, plant and equipment to assets held available for sale with net book value amounting to SR 41,517,951. These assets are agricultural equipment that was mainly used in operation, maintenance and agricultural projects. The impairment loss in the group of assets available for disposal is charged to the consolidated statement of profit or loss.

During the year, the Group entered into agreements to transfer the assets with net book value SR 2,301,689 for settlement of creditors dues amounting to SR 2,797,006. The Company gained an amount of SR 495,317 from the disposal.

On September 29, 2021, the Group entered into a sale agreement to sell the entire Al-Jouf Farm, which includes lands, equipment, buildings and motor vehicles with net book value amounting to SR 60,308,749 for SR 85 million that include the related tax property with payments to be made on five installments. The Group gained an amount of SR 24,691,251. Subsequent to the date of the sale transaction, the agreement was amended for the third installment as disclosed in note 6. The Group gained from sale of entire assets held available for sale of Al-jouf project an amount of SR 25,186,568.

**15- CAPITAL**

As of December 31, 2018, the Company's capital was amounting to SR 196 million, consisting of 19.6 million fully paid shares of SR 10 for each.

During December 2019, and based on the Extraordinary General Assembly meeting held on December 31, 2019, the shareholders decided to absorb the accumulated losses as on November 10, 2019 amounting to SR 181 million and reduce the capital by that amount. Subsequent to the absorption, the capital of the Company was SR 15 million instead of SR 196 million, with a decrease of 92.35%, and the number of shares after the reduction become 1.5 million shares at 10 Saudi riyals per share instead of 19.6 million shares, and the Company's articles of association and commercial registry have been amended accordingly.

On September 2, 2020, the Board of Directors of the Company recommended the increase in the Company's capital by an amount of SR 90 million by issuing priority rights shares. On September 22, 2020 corresponding to 5/2/1442H, the Capital Market Authority approved the request and the Extraordinary General meeting of the shareholders dated on October 27, 2020 approved the increase of the Company's capital to SR 105 million instead of SR 15 million and number of shares to 10.5 million shares instead of 1.5 shares. The Company amended its Bylaw and the Commercial Registration accordingly.

On February 8, 2021, the Board of Directors of the Company recommended increasing the Company's capital by an amount of SR 210 million by issuing priority rights shares. On July 14, 2021, the Group announced that it had submitted a file requesting approval to increase the Group's capital by offering rights shares amounting to SR 210 million to the Capital Market Authority, conditional on obtaining the approval of the relevant official authorities and Extraordinary General Assembly.

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**16- LONG TERM LOANS**

As a result of acquisition, The Group has a long-term facility from the Saudi Industrial Development Fund. The total outstanding balance of these loans as at 31 December 2021 is SR 16,870,000 million. Under the loan agreements, the facilities are secured by promissory notes, and corporate guarantees from the shareholders. This loan has lower interest rate which is considered below the market rate. The Company treated the difference between the carrying value of the loan and the proceeds as a deferred income to be amortized over the financing period (the loan duration). Term loans are generally repayable in semi-annual installments. The maturities of the loans based on their respective repayment schedules which commence on March 18, 2022 and spread up to February 3, 2026. The loan agreements contain certain covenants which require that pertinent companies maintain specified financial ratios, mainly current ratio and tangible net worth ratio. There was no non-compliance with covenant which requires the loans to be repayable on demand.

The following represents the loans outstanding as of December 31, 2021:

	<u>2021</u>
<b>Long term loan</b>	
Total loan outstanding as at December 31, 2021 at amortized costs	15,105,254
Less: current portion of long-term loan	<u>(1,604,628)</u>
Noncurrent portion of long-term loan	<u>13,500,626</u>
<b>Deferred income</b>	
Total balance of deferred income	2,081,581
Income for the period	<u>(160,122)</u>
	<u>1,921,459</u>
Current portion of deferred income	<u>(160,122)</u>
Non-current portion of deferred income	<u>1,761,337</u>

**17- PROVISION FOR EMPLOYEES' END OF SERVICE INDEMNITIES**

	<u>2021</u>	<u>2020</u>
January 1	4,857,205	3,063,891
<b>Included in the statement of profit or losses</b>		
Cost of current service and interest cost	309,825	470,309
<b>Included in other comprehensive income statement</b>		
Actuarial (profits) loss	(742,361)	1,354,005
<b>Movement in cash</b>		
End of service paid	<u>(2,123,724)</u>	<u>(31,000)</u>
<b>December 31</b>	<u>2,300,945</u>	<u>4,857,205</u>

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**17-PROVISION FOR EMPLOYEES' END OF SERVICE INDEMNITIES (CONTINUED)**

The following are the main actuarial assumptions:

	2021	2020
Discount rate	2.6	2.2
Salary increase rate	2.6%	3%
retirement age	60 years	60 years

The sensitivity of the obligation of the specific remuneration to changes in the key assumptions is as follows:

			Impact on defined benefit obligation - Increase / (decrease)	
			2021	2020
<b>Change in assumptions</b>				
Discount rate	1%	Increase in assumptions	2,154,848	6,732,029
	1%	Decrease in assumptions	2,438,217	7,642,598
Salary increases rate	1%	Increase in assumptions	2,437,475	7,680,617
	1%	Decrease in assumptions	2,154,214	6,688,653
Employee turnover	1%	Increase in assumptions	2,285,546	7,110,102
	1%	Decrease in assumptions	2,296,625	7,198,918

The current cost of service differences and the interest cost of the employees' end of service indemnities are charged to general and administrative expenses.

**18- ACCRUED EXPENSES AND OTHER PAYABLES**

	2021	2020
Accrued indirect taxes	4,217,766	-
Accrued expenses	3,061,029	675,496
Fines due to Customs	2,560,000	2,930,333
Accrued employee benefits and incentives	1,657,501	-
Advance payments to customers	107,352	186,928
Other credit balances	142,406	-
	<b>11,746,054</b>	<b>3,792,757</b>

**19- DIVIDENDS AND DUES TO SHAREHOLDERS**

	2021	2020
Allocation of surplus stock	2,127,617	2,127,617
Dividends not paid	939,307	940,027
Shares sold by auction	5,125,200	5,137,418
Shareholder cheques not paid	374,187	374,187
Refund of excess capital increase	2,910,743	2,913,079
IPO Surplus Response 2020	1,090,244	1,091,845
IPO Surplus Response 2019	178,937	179,177
Differences resulting from capital reduction	233,124	233,123
	<b>12,979,359</b>	<b>12,996,473</b>

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**20- RELATED PARTIES TRANSACTIONS AND BALANCES**

The Company deals in its normal activities with related parties, and these transactions include providing operational services and others, transactions and balances with related parties as on December 31 include the following:

a) Key transactions with related parties are as follows:

<b>Nature of transaction</b>	<b>Nature of Relationship</b>	<b>2021</b>	<b>2020</b>
Expenses paid on behalf	Non-controlling shareholder in a subsidiary	<u>3,528,354</u>	<u>-</u>

b) Due to related parties

	<b>2021</b>	<b>2020</b>
Mr. Mohammad Ibrahim Haidari	<u>2,572,451</u>	<u>-</u>
Mr. Tariq Mohammad Ibrahim Haidari	<u>955,903</u>	<u>-</u>
	<u>3,528,354</u>	<u>-</u>

c) Key management personnel compensation

Remuneration of key management can be shown as follows:

	<b>2021</b>	<b>2020</b>
Short term employee benefits	<u>2,835,000</u>	<u>2,835,000</u>
Long term employee benefits	<u>236,250</u>	<u>236,250</u>
Incentives	<u>4,836,448</u>	<u>480,000</u>
	<u>7,907,698</u>	<u>3,551,250</u>

**21- PROVISION OF ZAKAT**

a) The main elements of Zakat are as follows:

	<b>2021</b>	<b>2020</b>
Non-current assets	<u>144,638,189</u>	<u>123,063,002</u>
Non-current liabilities	<u>17,562,908</u>	<u>4,857,202</u>
Shareholders' Equity of at the beginning of the year	<u>88,945,253</u>	<u>15,789,261</u>
Net loss before Zakat	<u>4,208,881</u>	<u>(5,990,003)</u>

b) Movement for provision

	<b>2021</b>	<b>2020</b>
January 1,	<u>106,927,278</u>	<u>106,927,278</u>
Additions during the year	<u>-</u>	<u>-</u>
Payments during the year	<u>-</u>	<u>-</u>
<b>December 31,</b>	<u>106,927,278</u>	<u>106,927,278</u>

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**21-PROVISION OF ZAKAT (CONTINUED)****c) Zakat status**

The Holding Company submitted its Zakat returns to Zakat, Tax and Customs Authority (The Authority) for the years from 1995 to 2018 on the basis of the consolidated financial statements and obtained a restricted certificate.

The Company submitted its Zakat return for the year ended 2019 and 2020 to the Authority and obtained a restricted certificate valid until April 30, 2022.

The Holding Company received a letter from Zakat, Tax and Customs Authority (The Authority) on February 25, 2018 which includes a claim for zakat differences of SR 106,927,278 for the years from 1995 to 2011. A provision was made in these consolidated financial statements amounting to SR 88,552,906 during the year 2019, in addition to the amount of provision recorded in the consolidated financial statements for the year ended December 31, 2018 amounting to SR 18,374,372, so the total amount of provision recorded in these consolidated financial statements is SR 106,927,278. On November 17, 2019, the Group submitted an objection to the Authority on the final Zakat assessment for the aforementioned years, and the objection is still under review by the Authority. A final zakat assessment was issued for the amount of SR 7 million, an objection to these zakat assessments was filed with the General Secretariat of the Tax Committees on October 15, 2020.

On June 23, 2021, the Tax Committee for Resolution of Tax Violations and Disputes rejected the Holding Company objection on the additional zakat claim amounting to SR 106,927,278. The Company submitted its objection and believes it has still a high chance of accepting this objection.

**22- SELLING AND MARKETING EXPENSES**

	2021	2020
Salaries and other employees' benefits	332,932	299,765
Depreciation of property, plant and equipment (Note 5)	-	928
Others	31,573	4,866
	<u>364,505</u>	<u>305,559</u>

**23- GENERAL AND ADMINISTRATIVE EXPENSES**

	2021	2020
Salaries and other employees' benefits	6,431,925	6,572,544
Consulting, professional fees and licenses	3,325,299	577,213
Board of directors' meetings and remunerations	2,729,500	117,000
Expected credit losses and write off	2,601,482	-
Property, plant and equipment depreciation (note 5)	1,246,167	1,274,950
Government fees	611,549	380,950
Amortization of intangible assets (note 9)	364,062	21,823
End-of-service indemnity	348,350	271,561
Utilities	242,640	149,738
Traveling and transportation	165,420	34,950
Vehicles expenses	12,520	30,153
Others	1,215,639	212,660
	<u>19,294,553</u>	<u>9,643,542</u>



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**24- RESULTS OF DISCONTUING OPERATIONS**

	2021	2020
Gains from sales of property, plant and equipment	25,186,568	2,430,958
Other income and expenses	(4,254,010)	284,613
	<u>20,932,558</u>	<u>2,715,571</u>

**25- BASIC AND DILUTED SHARE LOSS OF NET LOSS FOR THE YEAR**

	2021	2020
Net profit / (loss) for the year attributable to the shareholders of the parent Company	5,195,300	(5,990,003)
Weighted average number of shares	10,500,000	6,000,000
<b>Basic and diluted loss per share of net loss for the year</b>	<u>0.49</u>	<u>(1.00)</u>

The basic and diluted loss per share was calculated on the basis of the number of shares outstanding at the end of the year.

**26- STATUTORY RESERVE**

Articles 129 and 130 of the Saudi Companies Law stipulate that joint stock companies must allocate 10% of the net profit for the year as a statutory reserve until the reserve reaches 30% of the capital. The Group has not transferred any amount to the statutory reserve due to the disclosed net loss for the year ended December 31, 2021 (December 31, 2020: SR Nil).

**27- GOING CONCERN**

On 25 Safar 1437 AH, Cabinet Decision No. (66) was issued stipulating the cessation of the cultivation of green fodder before 25 Safar 1440H corresponding to November 3, 2020, and accordingly the group ceased the cultivation of green fodder during the year 2018, noting that sales of green fodder represent about 80% of the Group's revenues in 2017 and 2018. On 29/9/2021. The Company has accumulated losses amounting to SR 10.1 as of December 31, 2021 (2020: SR 16 million) and as of that date the Group current liabilities exceeded its current assets by an amount of SR 23.7 million (2020: SR 29.3 million). As of December 31, 2021, the Group has no alternate operations for the plant green fodder which was representing 80% of the revenue for prior years.

The management of the Group believe that despite of these difficulties, the Group is able to continue as a going concern through restructuring its business activities and enter new businesses. As the Group ability to continue is dependent on having adequate funding and profitable future operations, the Group entirely sold Al-Jouf project during the year. Further, the Group's board of directors proposed plans to increase the capital of the Group.

The Group's future plan after the sale of Al- Jouf project is as follows:

- Increase the Company's capital after the reduction by issuing priority rights shares and using the subscription proceeds to purchase income-generating real estate assets, in order to provide a continuous source of income and liquidity for the Company.
- Improving and developing the group's transport fleet and increasing its efficiency to raise the efficiency of the logistics services provided by the group to its customers.
- Maintenance of central refrigerators by replacing some of the current (old) refrigeration devices with new, high-tech, modern ones.
- Work to reschedule and settle the remaining debts of the company and increase the effort made to collect the group's debts with others.
- Focusing on distinguished manpower and working to improve the group's performance in all its departments.

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**28- FINANCIAL RISK MANAGEMENT**

The Group's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value, cash flow, interest rate risk and prices risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the fluctuations of financial markets and the Group's management attempts to mitigate the potential adverse effects on the Group's financial performance.

**Financial Risk Management Framework**

The risk management policy is implemented by top management under policies approved by the Board of Directors. Top management identifies, evaluates financial risks in close collaboration with the Group's operating units. The most important types of risk are credit risk, currency risk or fair value and cash flow interest rates.

Board of Directors has overall responsibility for establishing and overseeing the Group's risk management framework. Executive management team is responsible for developing and monitoring the group's risk management policies, where the team conducts regular meetings. Any changes or matters relating to policy compliance shall be reported to the Board through the Audit Committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and activities of the Group. The Group aims through training, management standards, and procedures to develop a responsible and constructive control environment so that all employees are aware of their roles and obligations.

Audit Committee oversees compliance by management with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The financial instruments included in the statement of financial position include cash and cash equivalent, trade and other receivable, accounts payable, accruals and other payables balances. The methods of evidence used are disclosed in the policy statement for each item.

The offsetting between the financial assets and liabilities were comprised and the net amounts included in the consolidated financial statements when there is a legally enforceable right to offset those amounts and when the Group has an intention to settle them on a net basis or to sell the assets to settle the liability simultaneously.

**Foreign exchange risk**

Foreign exchange risk arises from changes and fluctuation in the value of financial instruments as a result of changes in foreign exchange rates.

The Group has not carried out any materiality transactions by currencies other than the Saudi Riyal. Since the Saudi Riyal is fixed against the US Dollar, it does not represent significant currency risk. The Group's management monitors currency exchange rates and believes that currency risk is not material.

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**28-FINANCIAL RISK MANAGEMENT (CONTINUED)****Commission rate risk**

Commission risk arises from changes and fluctuations in commission rates that affect the future profit of the fair value of the financial instruments. The Group monitors commission rate fluctuation and believes that the effect of commission rate risk is not material.

**Credit risk**

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's financial instruments that can be exposed to credit risk include mainly cash from banks and trade receivable. The Group deposits its cash in reliable and highly reputable banks and the Group has a policy regarding the volume of cash deposited in each bank and management does not expect significant credit risk to arise. Management also does not expect to be exposed to significant credit risk from customer accounts because it has a broad base of customer operating in different activities and multiple locations. It also monitors existing trade receivables and guarantees from customers to cover any debt not expected for the collection.

The maximum exposure to credit risk at the reporting date is as follows:

	<u>2021</u>	<u>2020</u>
<b>Financial assets</b>		
Cash and cash equivalents	95,393,009	80,456,360
Trade receivables - net	1,317,006	1,957,837
Prepayments and other receivables	16,176,428	2,065,163
	<u>112,886,443</u>	<u>84,479,360</u>

The maturity of trade receivables at the reporting date is as follows:

	<u>2021</u>	<u>2020</u>
Less than three months	14,517,006	1,982,922
More than three months and less than six months	-	-
More than six months and less than nine months	-	-
More than nine months and less than a year	-	-
More than a year	-	-
<b>Total before provision deduction</b>	<u>14,517,006</u>	<u>1,982,922</u>
After provision deducting:		
Expected credit loss	(279,953)	(25,085)
Trade receivables, net	<u>14,237,053</u>	<u>1,957,837</u>

**Concentration risk**

Concentration risk arises when a number of counterparties engage in similar activities, or activities in the same geographical area or activities having the same economic advantages, which may affect their ability to meet contractual obligations in a similar manner in the event of any economic, political or any other circumstances changes. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting certain industries.

**Liquidity risk**

Liquidity risk is the risk that the Group will exposure difficulties in obtaining financing to meet commitments associated with financial instruments. Liquidity risk may arise when an asset cannot be sold quickly and at close to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of available liquidity to meet the Group's financial obligations, however, as of December 31, 2021 the Group's current liabilities exceeded its current assets by an amount of SR 23.7 million (2020: SR 29.3 million).

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**28-FINANCIAL RISK MANAGEMENT (CONTINUED)****Capital management risk**

In managing capital, the Group aims to ensure that the Group continues to be able to provide returns to its shareholders and to maintain a strong capital to support its business.

The Group manages the capital structure by monitoring returns on net assets and making adjustments in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or may increase capital. The Group also monitors capital using borrowing rate, which is the total debt (interest-bearing loans, trade payables, accruals and other payable balances). Capital refers to shareholders' equity as shown in the consolidated statement of financial position in addition to the total debt. The rate of borrowing as at December 31, is as follows:

	<u>2021</u>	<u>2020</u>
Loans, trade payables, accruals and other accounts payables	<u>155,807,536</u>	<u>137,087,679</u>
<b>Total debts</b>	<u><b>155,807,536</b></u>	<u><b>137,087,679</b></u>
Cash and cash equivalents	<u>95,393,008</u>	<u>80,456,360</u>
Capital	<u>105,000,000</u>	<u>105,000,000</u>
Accumulated losses	<u>(10,117,222)</u>	<u>(16,054,747)</u>
<b>Total shareholders' equity attributable to the shareholders of the parent Company</b>	<u><b>94,882,778</b></u>	<u><b>88,945,253</b></u>
Capital (shareholders equity + total debt)	<b>250,690,314</b>	<b>226,032,932</b>
Borrowing rate% = (total debt / capital)	<b>62.15%</b>	<b>60.64%</b>

**Fair value**

Fair value is the amount to be received for the sale of an asset or its payment to convert any of the liabilities into regular transactions between the market participants on the measurement date. As such, differences can arise between book values and fair value estimates. The definition of fair value is based on market-based measurement and assumptions used by market participants.

**Fair values for financial instruments recognized at amortized cost**

Management believes that the carrying book values of financial assets and liabilities which recognized at amortized cost are not materially different from their fair values in the consolidated financial statement.

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(All amounts expressed in Saudi Riyals unless otherwise stated)

**29-SEGMENTS INFORMATION**

The Group's main activity consists of sectors including agricultural activity, foodstuff trading, and other activities. The following is a breakdown of the segmental information as at 31 December for each sector:

<b>December 31,2021</b>	<b>Food stuff trading and logistics</b>	<b>Agricultur al activities</b>	<b>Head office &amp; leasing and others</b>	<b>Entertainment and beauty</b>	<b>Total</b>
Sales	6,973,622	-	764,171	-	7,737,793
Non-current assets	7,319,709	-	101,417,008	33,424,883	142,161,600
Operating (income) / loss	155,943	-	(16,983,197)	(1,856,387)	(17,050,982)
Net income / (loss) for the year	371,063	-	5,850,918	(2,013,100)	4,208,881

<b>December 31,2020</b>	<b>Food stuff trading and logistics</b>	<b>Agricultur al activities</b>	<b>Head office &amp; leasing and others</b>	<b>Entertainment and beauty</b>	<b>Total</b>
Sales	6,135,040	1,249,420	808,323	-	8,192,783
Non-current assets	7,007,369	45,618,265	70,437,368	-	123,063,002
Operating (income) / loss	48,943	(2,835,418)	(5,928,399)	-	(8,714,874)
Net income / (loss) for the year	58,243	(119,847)	(5,928,399)	-	(5,990,003)

**30- COMPARATIVE FIGURES**

As disclosed in note 5 to the consolidated financial statements, the Group has reassessed its land included within the property, plant and equipment. As a result, the Group management reclassified an amount of SR 51 million to property investment which impacted the balances as of December 31, 2020 as follow:

<b>Financial statements line</b>	<b>Balance previously reported 2020</b>	<b>Reclassification</b>	<b>Balance restated 2020</b>
Property, plant and equipment	121,449,708	(51,353,316)	70,096,392
Investment property	946,000	51,353,316	52,299,316
	122,395,708	-	122,395,708

**31-SUBSEQUENT EVENTS**

On March 17, 2022, the Group obtained the approval of the Capital Market Authority for the proposed increase in capital by SR 210 million. following to the approval obtained, the group called for the Extraordinary General meeting of the shareholders.

**32-APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements were approved by the Board of Directors on Shaaban 28, 1443H corresponding to March 31, 2022.